

# Virginia Retirement System 2003 Fiscal Impact Statement

1. **Bill Number** SB812

**House of Origin**     Introduced     Substitute     Engrossed

**Second House**     In Committee     Substitute     Enrolled

2. **Patron**    Stolle

3. **Committee**    Finance

4. **Title**    State Police Officers' Retirement System.

5. **Summary/Purpose:**

State Police Officers' Retirement System. Increase the multiplier from 1.70 percent of average final compensation to 2.50 percent of average final compensation and eliminate the monthly supplement for state police officers and certain local law enforcement officers retiring on or after July 1, 2003.

6. Fiscal Impact Estimates are:

6a. **Expenditure Impact:**

SPORS (GF)	\$8.7 Million Annually
SPORS (NGF)	\$1.0 Million Annually
Political Subdivisions (Aggregate)	\$41.8 Million Annually

7. **Budget amendment necessary:** No

8. **Fiscal implications:** This bill enhances benefits and results in a fiscal impact. The Commonwealth is currently contributing below the level recommended by the VRS actuary. In addition, VRS investment returns are currently below the actuarial investment assumption and deferred investment losses exist. In the absence of this benefit enhancement, VRS expects future required contributions to increase and approval of this enhancement will increase contributions even more. VRS is also concerned that a review of the overall objectives and benefits of the system has not taken place in many years and recommends that, prior to significant enhancements to benefits being approved, a major study of the system be initiated by the General Assembly similar to that recommended during the 2002 Session in HJR 49. Note that benefit enhancements approved this year will be considered in the June 30, 2003 actuarial valuations and first reflected in contribution rates on July 1, 2004.

9. **Specific agency or political subdivisions affected:** VRS, Department of State Police, and local governments with LEOS/FIRE coverage.

10. **Technical amendment necessary:** No

**11. Othercomments:** None

**Date:** 01/16/03/wgh

**Document:**S812