

**GOVERNMENT EMPLOYEES RETIREMENT SYSTEM  
OF  
THE VIRGIN ISLANDS**

**PRESENTATION  
TO  
THE COMMITTEE ON  
GOVERNMENT SERVICES AND HOUSING  
OF  
THE THIRTIETH LEGISLATURE  
OF  
THE VIRGIN ISLANDS OF THE UNITED STATES**

**Earle B. Ottley Legislative Hall  
St. Thomas, Virgin Islands  
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10:00a.m.**

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Administrator/CEO**

Good day Honorable Diane Capehart, Chairman of the Committee on Government Services and Housing of the 30<sup>th</sup> Legislature of the U.S. Virgin Islands, members of the Committee and other distinguished Senators who are present in the chambers. Good day to all. My name is Austin L. Nibbs, Administrator/Chief Executive Officer of the Employees' Retirement System of the Virgin Islands (GERS). Cathy M. Smith, General Counsel of the GERS is appearing with me.

Thank you Madame Chair for your invitation to appear before the Committee on Government Services and Housing to give testimony on the proposed Bill No. 30-0370 (an Act amending Title 3 Virgin Islands Code, Chapter 27 section 723 and Chapter 28, Section 770 (b) providing retirees an option of receiving paper annuity check stubs or check stubs in a digital format).

On July 8, 2011 in the Regular Board of Trustees meeting, the Administrator recommended to the Board that it would be in the best interest of the System that all annuity payments are made by direct deposits because it is more efficient, safe, and cost effective. The Board approved the recommendation and passed Resolution No. 17-2011. The Administrator also recommended on July 8, 2011 that the System cease the practice of mailing paper receipts to retirees who receive direct deposits. The Board approved the recommendation and passed Resolution No. 19-2011.

The Administrator's recommendations were made after the Virgin Islands Economic and Stability Act was enacted and there was an expectation that there would have been a large number of members retiring which would have increase the cost of processing their benefits by paper checks and making paper stubs available.

In addition, in anticipation of the new V3 System going live, the Administrator recommended and the Board approved the processing of annuity payments in house. A payroll implementation plan was put in place. An internal committee conducted extensive research which showed that the System would save approximately \$270,000 annually which included the postage costs to provide paper receipts if the annuity payroll was processed in house. Since March 15, 2013, we have been processing the annuity payroll in house.

From October 1, 2013 through June 5, 2014, there were 718 instances, either one time copy or multiple copies in both districts where retirees requested copies of check stubs. As of May 31<sup>st</sup> payroll, there were 8,397 retirees receiving an annuity of which 95 percent (7,942) receive their annuity by direct deposit. Based on the logs maintained, it shows that there is a small population of retirees who receive their annuity by direct deposit who are requesting copies of their check stubs. Most of these are repeated requests. Only 9 percent of the retirees (718) who receive their annuity by direct deposit (7,942) requested a copy of their check stubs between October 1, 2013 and June 5, 2014.

GERS has informed the retirees by press release, newsletter and on our website, that if they do not have access to a computer or is technologically challenged, the System would provide a copy of their check stubs upon request, or if the retiree can come to our offices, we will assist them in obtaining access to the Member Self Service.

We note that the Social Security Administration (SSA) has announced that due to downsizing and closing of offices, beginning October 1, 2014, all services will be available online, and has informed recipients to create an online account. As you know, social security monthly benefits are received by direct deposit. These recipients can access their check stubs and statements online. Also, annual statements which were sent to everyone that has a social



security number will be issued every five years. This was done to decrease the cost to the SSA. The SSA has stated that it will assist those that are technologically challenged or do not have access to a computer on a case by case basis.

Therefore, the System just like the SSA has made a conscious effort to implement administrative policy that is in the best interest of the System. The objective is to decrease the cost of administering the System with a focus on reducing the unfunded liability.

It will be irresponsible for this body to amend Title 3, Chapter 27, Section 723 and Chapter 28, Section 770 (b) to provide an option to the retirees to receive paper annuity check stubs when this option administratively has already been given to the retirees by the System and is working out fine. To do otherwise, will open the flood gates and the System will revert to where we were two years ago, with increase in the costs to the System in the form of consulting fees to reprogram the software, postage, paper, envelopes, and other administrative costs. The GERS cannot go back to administering the System in a 20<sup>th</sup> century environment. It is for these reasons that the GERS strongly opposes this Bill.

Madame Chair this concludes our presentation. We are available to respond to questions.

Thank you.