

GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM OF THE VIRGIN ISLANDS



Open Letter to Members

Dear Member:

Title 3, Chapter 27, Section 704 (m) of the Virgin Islands Code (VIC) states that **“employee or employer* contributions for service credit on which benefits are to be calculated must be paid prior to the date of issuance of the first retirement benefits payment.”** This issue has been discussed on a number of occasions and in various forums (i.e.: GERS Town Hall Meetings, Legislative Committee Sessions and Overviews before the Legislature’s Finance Committee) over the past few years with passage and subsequent implementation of the Reform Act of 2005. However, the issue has become more controversial, in part, since the March 2012 implementation of our new benefits administration system (V3), which has automated the benefits and retirement process in accordance with the law.

We believe it is important for the members to understand the various circumstances that have resulted in the recent reports about **“missing prior period contributions”**. This phrase simply means that certain contributions have not been made to GERS either by the employee, the employer or both. Some of the circumstances that have resulted in “missing prior period contributions” follow:

a.)	Waiting period when employee entered service. Employee wants credited service for that period of time. <i>Title 3, Chapter 27, Section 703 (b) and 704 (j)</i>
b.)	Employee had short checks due to leave without pay (LWOP) and wants to make up short contributions to get credited service. <i>Title 3, Chapter 27, Section 704(f)</i>
c.)	Employee wants credited service for military service, if eligible under the (VIC). <i>Title 3, Chapter 27, Section 704(d)</i>
d.)	Employee wants credited service for prior military service, sick leave, LWOP, federal service in the VI, study leave, if eligible under the VIC. <i>Title 3, Chapter 27, Section 704(f)(i)</i>
e.)	Employee wants credited service for excess annual leave. <i>Title 3, Chapter 25, Section 581 (e), 587</i>

To address each of the above mentioned scenarios, pursuant to law, the GERS will bill the employee and employer for any “missing prior period contributions”. In other words, the employee will have to pay his or her contributions and the employer will have to pay its contributions for the requested credited service. Nonetheless, Section 704 (l) of the Virgin Islands Code further states that **“If the employer fails or refuses to remit contributions on behalf of any employee for any period wherein service credit is being or has been sought, the employee may remit to the system a sum that equals the employer's and the employee's contributions for the period of credited service he has elected to obtain.”** Thus the law requires that if the member pays his or her contributions but does not have the ability to remit the employer’s contributions and decides to retire, the member will only receive an annuity based on actual contributions paid to the GERS.

Notwithstanding the above, all retirement applications will be accepted and processed as expeditiously as possible in accordance with the law.

We appreciate your patience and understanding as we work to resolve this issue.

Sincerely,

Austin L. Nibbs, CPA
Administrator

* Central Government, Semi-Autonomous Agencies and Instrumentalities.