



THE UNITED STATES VIRGIN ISLANDS

OFFICE OF THE GOVERNOR
GOVERNMENT HOUSE

Charlotte Amalie, V.I. 00802
340-774-0001

March 11, 2014

VIA HAND DELIVERY

Honorable Shawn Michael Malone
President
30th Legislature of the Virgin Islands
Capitol Building
St. Thomas, Virgin Islands 00802

RE: *Pension Reform Legislation*

Dear Senator Malone:

The reform of the Government Employees Retirement System ("GERS" and "System") is one of the most significant fiscal challenges facing our Territory today. As difficult as this challenge is, the consequence of inaction is greater. Simply stated, if we fail to act, within a few short years the System will no longer have the capacity to meet its obligations to retirees on an annual basis.

Even as we remain focused on our current economic situation, by continuing to prioritize and reduce expenditures, identify and build sustainable revenue sources, to address our operating deficit and grow our economy, the solvency of the System is a priority that must be addressed now. The GERS actuaries project that if no significant actions are taken, the System will be out of money by 2023. The Pension Reform Task Force ("Task Force"), established by Executive Order in May 2012, included System stakeholders from across the community, who determined that if we are to meet this challenge and forestall the insolvency of the System, immediate action must be taken to modify benefits to retirees and current employees, and both employees and the plan sponsors must increase their contributions. As such, today I am submitting comprehensive pension reform legislation that is the result of a collaborative effort between my office, the GERS Board of Trustees and the Pension Reform Task Force.

The Pension Reform Task Force and its Advisory Committee made recommendations to address this critical situation in its April 2013 report, which report was submitted to the 30th Legislature on May 15, 2013. For the last several years, the GERS has submitted redline amendments to Chapters 27 and 28(A) of Title 3, Virgin Islands Code, and have held meetings

with the 29th and 30th Legislatures to discuss the Systems' \$1.8 billion unfunded liability and a continuing annual disbursement wherein expenditures exceed revenues by approximately \$80 million. The time is right for action. We are now seeing the revitalization and emergence of retiree advocate groups who are publicly agitating for change and engaging legal representation to advocate for pension reform; and the early retirement of valued employees anxious about the unknown as to the changes that may be undertaken.

We have collectively drafted this legislation to remove the threat of insolvency, restore a positive trajectory to System funding, and attain a funded percentage of 36% - 42% by 2031 and forestall the 2023 risk. Membership in this important Task Force was intentionally broad and deep as its ramifications and solutions touch many in our community. It included representatives from unions, retiree advocates, the Chambers of Commerce, and the Government. The full range of solutions were evaluated.

The corrective measures to be implemented will not be pleasant for any of the parties involved. Increased contributions will be required by current employees and to a much larger extent by Government employers, which will necessarily have a material and growing impact on the General Fund budget over the coming years, and therefore, affect all across our community. Current retirees and workers will be affected as benefits will be modified. This action is supported by the April 12, 2013 Attorney General's Opinion, which opines that both Tier I and Tier II employees as well as retirees can be impacted by pension reform. The Government and the people of the Virgin Islands must face this challenge together in order to ensure the survival of the System. Beyond the fact that the System is at risk, if we do not meet this challenge, the insolvency of the System will have far greater consequences to the economy for years to come. Thus, we must act.

We are not the only community facing this challenge. We have all watched the deteriorating situation of our closest neighbor, Puerto Rico, who has taken steps to address its pension system woes. We have seen the bankruptcy judge in Detroit dictate harsh measures by ordering reduced retirement benefits. In its analysis of the national public pension fund challenge, the Pew Center on the States' research has shown that during 2010 state governments had pension debts totaling \$757 billion. While few plans are well-funded, many others are not, and if changes are not made, retirees, workers, and taxpayers will be left with rising costs and unpaid promises for years to come.

During the many meetings held, the governing principle learned was that there is no one-size-fits-all solution. Every state and municipality has a unique set of policy preferences and budgetary challenges. The Task Force assessed the full range of possible strategies for meeting this challenge which have been considered across the country. These strategies included conversion of the System to a defined contribution plan, changes to the System's investment

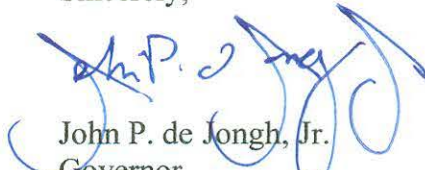
policy, dedication of specific revenue streams that now flow to the Government, modification to the contribution calculations, and myriad others. The Task Force specifically evaluated the issuance of pension bonds, which were once viewed by public policy makers and bankers as a solution to this problem. But pension bonds have fallen out of favor, as the Center for Retirement Research concluded that most pension bonds issued are in the red, and thus have increased System costs. The increase in system risk of such a bond issuance is now credited with contributing to the bankruptcy of Stockton, CA. In our meetings, all of these strategies were discussed. We acknowledged the tenet that change never comes easy, and real change requires good information, debate, and the fortitude to implement difficult choices.

This legislation addresses paying down the existing pension debt by proposing several steps including the following:

- asking employers and employees to contribute a larger amount toward their pension benefits;
- reducing benefits already being received; increasing the age and years of service needed before retiring;
- limiting the annual cost of living increase; and
- changing the formula used to calculate benefits.

The solvency of the GERS is important to all in our community and not just limited to those employed or once employed in the public sector. This legislation is intended to strengthen and sustain the Government of the Virgin Islands' pension system and avoid its forecasted collapse. This is a challenge that we must meet to assure a stable future for all Virgin Islanders.

Sincerely,



John P. de Jongh, Jr.
Governor

Enclosure

THIRTIETH LEGISLATURE OF THE UNITED STATES VIRGIN ISLANDS

REGULAR SESSION

2014

An Act amending Title 3 Virgin Islands Code, chapters 27 and 28A as it pertains to the retirement of personnel.

PROPOSED BY: GOVERNOR

Be it enacted by the Legislature of the Virgin Islands:

1 **SECTION 1.** Title 3 Virgin Islands Code, chapter 27 is amended as follows:
2

3 (a) § 701(c) is amended in the first sentence by inserting the word "Government" before the
4 words "Employees Retirement System" and by striking the words "of the Government"
5 after the word "system".
6

7 (b) § 702(h) is amended by striking the words "the date of establishment" and inserting
8 "October 1, 1959." in its place.
9

10 (c) § 702(i) is amended by striking the words "the date of establishment" and inserting
11 "October 1, 1959" after the word "after"; and § 702(n) is amended by striking "\$65,000"
12 and inserting "an amount equal to the Social Security Annual Contribution and Benefit
13 Base".
14

15 (d) § 703 is amended as follows:
16

17 1. In subsection (b), in the second sentence by striking the words "upon completion of
18 one month of service" and inserting the word "on the first day of service".
19

20 2. By re-designating subsection (f) as subsection (g) and inserting a new subsection
21 (f) to read:

22 "(f) Any employee whose services are compensated on a contractual fee or
23 per diem basis and who works exclusively for the Government at least 40 hours
24 per week may be included as a member and receive service credit for such period
25 by paying contributions pursuant to section 704 of this chapter."
26

1 3. In the renamed subsection (g) by striking paragraph (1) in its entirety and
2 renumbering the remaining paragraphs and in the new paragraph (g) (1) by striking
3 the words "or per diem"
4

5 (e) § 704 is amended by striking subsection (t) in its entirety and inserting a new subsection
6 (t) to read:
7

8 "(t) Any member may purchase additional service credit, which shall be added to
9 his years of service credit already accrued for service worked and contributions
10 paid.

11 The following provisions shall apply:

12 (1) "Additional Service Credit" means service credit that may be purchased by the
13 member for time he has not actually worked while in the service of the
14 employer. "Service Credit" as used in this section has the same meaning as
15 "Membership Service" as used in section 702 (i) & (g) of this chapter.

16 (2) No member may purchase more than five years of additional service credit.

17 (3) Once a member makes an election to purchase service credit, he may modify
18 or cancel his election. A member may make another election to purchase
19 additional service credit, if the amount of service credit previously purchased
20 is less than five years.

21 (4) A member must pay the full amount charged to him for the additional service
22 credit prior to his date of retirement.

23 (5) A member may make payment for additional service credit in a lump sum
24 payment or in installments before his date of retirement. When a member
25 elects to make payment in installment payments via payroll deductions he will
26 have a total of two years for each year of additional service credit to make
27 payment, provided that the final payment must be made prior to his date of
28 retirement.

29 (6) The amount that shall be charged to a member for the purchase of additional
30 service credit must include the employer's and employee's share of
31 contribution; however, the system shall also charge to the member an
32 additional charge that is recommended by the System's actuarial consultant,
33 and adopted by the GERS Board of Trustees.

34 (7) A member must have at least 10 years of service credit before he is eligible to
35 purchase additional service credit.

36 (8) Additional service credit may not be used to qualify a member for duty or
37 non-duty disability.

38 (9) When a member completes payment for additional service credit, the
39 additional service credit shall be added to his years of service credit and he
40 must qualify for a service retirement annuity based on his years of
41 membership service as referred to in paragraph (1) of this subsection.
42 Additional service credit may be used to qualify a member for a regular
43 service retirement annuity only if the member has accrued at least 15 years of
44 service credit by the time he completes payment for additional service credit.

1 (10) Any member, who fails to complete the payment of additional service
2 credit requested, shall be eligible to retain the amount of service credit for
3 which he has already paid.

4 (11) The Board of Trustees may change the additional charge or factor as
5 recommended by the System's actuarial consultant, but such adjustment
6 cannot be applied to members who are currently paying for additional service
7 credit on installment.“
8

9 (f) § 705 is amended as follows:

- 10 1. In subsection (a) by striking the word "Board" and inserting the word "System".
- 11 2. By striking subsection (b) in its entirety and inserting a new subsection (b) to
12 read:
13 "(b) Any member retiring pursuant to the provisions of this chapter shall notify,
14 in writing, the System of the intent to retire at least one year prior to the date of
15 retirement. The member shall notify his Department Head of his intent to retire at
16 least three months prior to the date of his retirement.”
17
- 18 3. In subsection (c), by striking “fifty-five” and replacing it with “sixty”.
- 19 4. In subsection (d), in the first sentence by striking the word ”thirty” and inserting
20 “ten (10)” in its place, by adding “and is sixty two (62) years of age,” after
21 “credited service” and before “may retire”, and striking “notwithstanding his age,
22 without reduction of annuity”. In the second sentence, by inserting “two (62)”
23 after “sixty” and striking “(60)” before “Years”.
24
- 25 5. In subsection (d), in the third sentence, by adding “is fifty five years of age and”
26 after “who” and before “has completed”, by striking “(20)”adding “five (25)”
27 after the word “twenty” and before the word “years”, and by striking “may retire
28 notwithstanding his age without reduction of annuity” and replacing it with “or
29 who is sixty (60) years of age and has completed ten (10) years or more of
30 credited service as a police officer, eligible employee with the Virgin Islands
31 Water and Power Authority, eligible employee working with chlorine, sewage or
32 carcinogens, firefighter, including a firefighter employed by the Virgin Islands
33 Port Authority, marshal and probation officer of the Superior Court, peace officer
34 as defined in Title 5, section 3561, Virgin Islands Code, emergency medical
35 technician, a radiology or x-ray technician employed by the Department of Health
36 or the Virgin Islands Hospitals, or corrections officer, or combination thereof,
37 may retire on a full service retirement annuity”.
- 38 6. In subsection (e)(1) by striking “(60)” and inserting “two (62)” after the word
39 “sixty”, and by adding “and who has not received a refund of accumulated
40 contributions, shall be entitled to receive a deferred service retirement annuity
41 payable upon attainment of age sixty two (62)” after the word “service”.
42
43
44
45
46

1 7. In subsection (e)(2) by striking “(20)” and inserting “five (25)” after the word
2 “Twenty”, by striking “sixty (60) or” before the second use of “fifty-five”, and by
3 striking “, as the case may be” and adding “; or prior to age sixty (60) years and
4 after at least ten (10) years of credited service and who has not received a refund
5 of accumulated contributions, shall be entitled to receive a deferred service
6 retirement annuity payable upon attainment of age sixty (60)” in its place.
7

8 (g) § 706 is amended as follows:
9

- 10 1. In subsection (c), by striking “Any” at the beginning of the sentence and inserting
11 “Notwithstanding any other laws to the contrary, any” in its place.
12
- 13 2. In subsection (d), by striking “\$65,000” and replacing it with “the Social Security
14 Annual Contribution and Benefit Base”, and by adding at the end of the paragraph
15 “Any amount exceeding \$65,000 shall be calculated using the bifurcated method as
16 determined by the actuary and approved by the Board.”
17
- 18 3. By adding a new subsection (e) to read as follows:
19 “ (e) Notwithstanding any other laws to the contrary, beginning October 1, 2014,
20 every member’s compensation or service retirement annuity will be reduced by
21 10%.”
22

23 (h) § 707 is amended as follows:
24

- 25 1. In subsection (c) by inserting "upon written actual notice to the System" after the
26 word "annulment" and by striking the word "automatically".
27
- 28 2. In the second sentence of subsection (d) by striking the word "Board" and inserting
29 the word "System" and in the third sentence of subsection (d) by striking the word
30 "his" where it first appears and inserting the word "the" and by striking the word
31 "his" where it next appears and inserting the word "an".
32
- 33 3. In the first sentence of subsection (e) by striking the word "is" and inserting the word
34 "was".
35

36 (i) § 708 is amended as follows:
37

- 38 1. The word “retirement” is added after “disability” and before “annuity” in the heading.
39
- 40 2. In the first sentence of subsection (a) by striking the word “incapacitated” and
41 inserting the word “disabled”, by striking the word "wilful" and inserting the word
42 "willful", by adding the word “retirement” after “disability” and before “annuity”.
43
- 44 3. In subsection (a) by inserting a paragraph at the end to read:
45

1 "The decision shall be based on the opinion of the physician(s) selected to
2 perform the independent medical examination, and not by the opinion of the
3 physicians selected by the member or any other entity, including, but not limited
4 to the Social Security Administration or Workers Compensation Administration."
5

6 4. In subsection (b), the first sentence, by inserting "retirement" after "disability" and
7 before "annuity", and by striking "\$65,000 per annum" and inserting "the Social
8 Security Annual Contribution and Benefit Base per annum exclusive of any cost of
9 living annuity, bonuses or adjustments. Any amount exceeding \$65,000 shall be
10 calculated using the bifurcated method as determined by the actuary and approved by
11 the Board" in its place.
12

13 5. In subsection (c) by striking the words "totally and permanently incapacitated means
14 inability to perform substantial gainful employment" and inserting paragraphs (1) and
15 (2) to read as follows:
16

17 " (1) A member is totally and permanently disabled only if his physical or mental
18 impairment or impairments are so severe that he is unable to perform his previous
19 work and cannot engage in any other kind of gainful employment which exists in
20 the territory.
21

22 (2) Substantial gainful employment" means any work that is generally done for
23 pay or profit that the member is able to perform with sufficient regularity and
24 duration to provide a reliable source of income that provides an annual income
25 that exceeds the poverty threshold for one person as determined by the Virgin
26 Islands Department of Human services, irrespective of the number of hours or
27 days that the member actually works."
28

29 8. In subsection (d), first sentence, by striking the words "Board of Trustees" and
30 inserting the word "System" and by adding an "s" to the word "earning"; and in the
31 second sentence by striking the words "Board of Trustees" where it appears for the
32 second time. In the last sentence, the word "retirement" is added after "disability"
33 and before "annuity".
34

35 9. In subsection (d) by striking the words "Board of Trustees" wherever it appears and
36 inserting the word "System."
37

38 10. In subsection (d) by inserting the word "retirement" after "disability" and before
39 "annuity" wherever it appears.
40

41 (j) § 709 is amended in subsection (c) by striking the words "Board of Trustees" and
42 inserting the word "System."
43

44 (k) § 710 is amended as follows:
45

- 1 1. The word “retirement” is added after “disability” and before “annuity” in the
2 heading.
- 3
- 4 2. By adding “retirement” after “disability” and before “annuity” wherever it appears.
- 5
- 6 3. In subsection (b), by striking the word "Board" and inserting the word "System".
- 7
- 8 4. In subsection (c), by striking the word "board" in the first sentence and inserting
9 “System”.
- 10
- 11 5. In the first sentence of subsection (d), by striking “\$65,000 per annum” and inserting
12 “the Social Security Annual Contribution and Benefit Base per annum exclusive of
13 any cost of living annuity, bonuses or adjustments. Any amount exceeding \$65,000
14 shall be calculated using the bifurcated method as determined by the actuary and
15 approved by the Board” in its place.

16

17 (l) § 711 is amended in subsections (a) (b) and (c) by striking the word "Board" wherever it
18 appears and inserting the word “System”, and by inserting “retirement” after “disability”
19 and before “annuity” wherever it appears.

20

21 (m) § 712 is amended by striking subsections (b) through (f) and inserting a new subsection
22 (b) to read as follows:

23

24 “(b) Upon the death of a retired member, unless an optional benefit has been
25 elected as provided in section 707 of this title, a lump-sum payment equal to the
26 excess of the member's total contributions, over the amounts received by the
27 member in annuity payments up to the time of his death.”

28

29 (n) § 713 is amended as follows:

- 30
- 31 1. By striking the word “Board” wherever it appears and inserting the word “System”,
32 and by capitalizing the letter “s” at the beginning of the word "system" wherever it
33 appears.
 - 34
 - 35 2. In subsection (a), first sentence, by adding “does not have ten years of credited
36 service and” after “who” and before “is”, and striking the phrase “plus regular
37 interest,”.
 - 38
 - 39 3. In subsection (b), second sentence, by striking the phrase “the interest paid on those
40 contributions prior to withdrawal,”.
 - 41
 - 42 4. By adding a new subsection (c) as follows:

43

44 “(c) (1) Whenever the System receives from the employer a member’s
45 contributions, due to partial payment(s) of the ‘salary right’ of a member, as defined by
46 3 V.I.C. § 702(z), and such contributions are not adequate to permit the System to

1 adjust the member's service retirement annuity for paid membership service, or, no
2 Notice of Personnel Action (NOPA) is received to permit the System to adjust the
3 member's service retirement annuity, the System shall refund the member's contributions
4 to the member.
5

6 (2) Refund of the member's contributions shall be final and in lieu of his receipt
7 of membership service credit, and the member shall not be entitled to any membership
8 service credit that he would have received, or to which he would have been entitled, if
9 contributions were paid on compensation created by the 'salary right'."
10

11 (o) § 714 (d) is amended by deleting subsection (d) and adding a new subsection (d) as
12 follows:
13

14 “(d) The rate of contribution to the system on the part of a member of the
15 Legislature who becomes a member of the system shall be 13.0% of his annual salary for
16 FY2015, 15.0% for FY2016, 17.0% for FY2017, 18.0% for FY2018, 19.0% for FY2019,
17 20.0% for FY2020, and 21.0% for FY2021. Thereafter, the rates shall be established by
18 the Board of Trustees. This rate shall apply to service rendered beginning January 9,
19 1989. For purposes of this chapter, service as a member of the Legislature during any part
20 of a calendar year shall be deemed to be a year of credited service; Provided that
21 contributions are made for the full calendar year.”
22

23 (p) § 715 is amended in subsection (a), 6th sentence, by inserting the words “by the retirees”
24 after the word “elected”; in the seventh sentence by inserting the word “appointed” after
25 the word “Each” and inserting the words “, and each elected member shall serve a term of
26 three years”; in paragraph (a) (1) by striking the word "Appointed" and capitalizing the
27 letter "m" at the beginning of the word "members"; by striking paragraph (a) (2) and
28 inserting a new paragraph (a) (2) to read:
29

30 “(a) (2) With the exception of the two members from the Central Labor Council,
31 members of the Board of Trustees shall have at least five years of experience and at least
32 a bachelor's or a master's degree in business management; business administration,
33 economics; finance; insurance; accounting; actuarial science; taxation; or a medical
34 degree, law degree or a licensed real estate appraiser.”
35

36 (q) § 715 (h) and (i) are amended by capitalizing the letter "s" at the beginning of the word
37 "system" wherever it appears.
38

39 (r) § 717 is amended in the following instances:
40

41 1. In subsection (b), by deleting the subsection and adding a new subsection (b) to read:
42

43 “(b) The Board is vested with the discretionary investment strategy authority to
44 vary the investment criteria set out in this section by no greater than 25% of the
45 aggregate amounts specified. The Board is prohibited from changing the

1 securities ratings specified in this section; however, in its discretion, the Board
2 may invest a maximum of 15% of the portfolio in below investment grade
3 securities. The Board shall have the discretion, after determining it is in the best
4 interest of the System to hold securities which have been downgraded to below
5 investment grade, and those securities shall not apply towards the 15% below
6 investment grade allocation. The Board shall make investment decisions in
7 accordance with the “prudent investor standard”. The reserves of the System in
8 excess of the cash requirements for current operations shall be invested and
9 reinvested in a diversified portfolio of assets so as to meet the objectives and
10 goals set forth by the Board of Trustees in the System’s Investment Policy
11 Statement. The following types of securities and investments, including certain
12 limitations, shall comprise at least 80% of the System’s assets:”
13

14 2. By deleting subsection (b) (4) and adding a new subsection (b) (4) as follows:
15

16 “(b) (4) Bond or any other evidences of indebtedness issued or guaranteed by
17 any corporation chartered under the laws of the United States, provided that these
18 securities bear a rating of “B” or better by any two nationally known security
19 rating concerns. Not more than 5 percent of total investments shall consist of any
20 one issue of these bonds.”
21

22 3. By deleting subsection (b) (5) and adding a new subsection (b) (5) as follows:
23

24 “(b) (5) Bank loans and convertible securities that bear a rating of “B” or better by
25 any two known security rating concerns. Not more than two percent of total
26 investments shall consist of any one issue of these bonds.”
27

28 4. By deleting subsection (b) (8) and adding a new subsection (b) (8) as follows:
29

30 “(b) (8) Common and preferred stocks of any corporation chartered under the laws
31 of the United States, or of any state, district or territory thereof, if listed on a
32 national securities exchange as defined in the Federal Securities Exchange Act,
33 and are legal for trust funds in the Virgin Islands; or common and preferred stocks
34 of any foreign corporation if listed on any internationally recognized security
35 exchange. The investment in the stock of any single corporation should not
36 exceed one percent of the market value of the total investments of the fund on the
37 date of purchase or be greater than 1% of the total outstanding stock of the
38 corporation. The aggregate amount to be invested in common and preferred stocks
39 shall be limited to 70% of the market value of the total investment of the System.
40 Investment in foreign stocks shall be limited to 35% of the market value of the
41 total investment of the System.”
42

43 5. In subsection (b) (11) first paragraph, beginning of the second sentence, by
44 capitalizing the letter "a" in the word "any" and capitalizing the letter "s" at the
45 beginning of the word "system" wherever it appears.
46

- 1 6. In the second paragraph in subsection (b) (11) by striking “\$50,000” and inserting
2 “\$75,000”. By capitalizing the letter “s” at the beginning of the word “system”
3 wherever it appears. By striking the sentence “In case of separation from service for
4 any reason, including death or disability of the member, the balance due on the loan
5 and any accrued interest thereon, shall be deducted from any refund of contributions,
6 annuity, death benefit or any other benefit due to the member or to his beneficiary.”
7 and inserting the sentence “In case of separation from service for any reason,
8 including death or disability of the member, any delinquent balance due on the loan,
9 and any accrued interest thereon, may be deducted from the accumulated
10 contributions of the member.”
11
- 12 7. In subsection (b) (12) by capitalizing the letter "s" in the word "system" where it first
13 appears, by striking the words "initial and phases" where they appear for the first and
14 second times and by striking the word "Board" in the last sentence and inserting the
15 word "System".
16
- 17 8. In subsection (b) (12) (B) by striking the word "two" and inserting the word "three"
18 and by striking the number "2" and inserting the number "3".
19
- 20 9. In subsection (b) (12) (C) by deleting the current language and inserting “The Loan
21 authorized under this subsection may not extend beyond a thirty (30) year period or
22 age 70.”
23
- 24 10. In subsection (b) (12) (D) by capitalizing the letter "s" at the beginning of the word
25 "system" wherever it appears.
26
- 27 11. In subsection (b) (12) (E) by capitalizing the letter "s" at the beginning of the word
28 "system" wherever it appears and by striking the word "Board" wherever it appears
29 and inserting the word "System".
30
- 31 12. In subsection (b) (12) (F) and (F) (1) by capitalizing the letter "s" at the beginning of
32 the word "system" wherever it appears.
33
- 34 13. In subsection (b) (12) (G) by capitalizing the letter "s" at the beginning of the word
35 "system" wherever it appears.
36
- 37 14. In subsection (b) (12) by striking paragraphs (I) and (J).
38
- 39 15. In subsection (b) (12) (K) by capitalizing the letter "s" at the beginning of the word
40 "system" and by striking the last sentence.
41
- 42 16. In subsection (b) (12) (L) by striking the number "11" and inserting the number "12"
43 and by capitalizing the letter "(b)" where it twice appears.
44

- 1 17. In subsection (b) (12) (N) by capitalizing the letter "s" at the beginning of the word
2 "system" wherever it appears and by striking the words "Board of Trustees" and
3 inserting the word "System".
4
- 5 18. In subsection (b) (13) by capitalizing the letter "s" at the beginning of the word
6 "system".
7
- 8 19. In subsection (b) (13) (C) by striking the word "eighteen" and inserting the word
9 "forty" and by striking the number "18" and inserting the number "40".
10
- 11 20. In subsection (b) (13) (H) by striking the word "Board" and inserting the word
12 "System" and by capitalizing the letter "s" at the beginning of the word "system"
13 where it appears for the second and third times.
14
- 15 21. In subsection (b) (14) by placing a period after the number "\$50,000", by striking the
16 words "and that the recipient has no other outstanding personal loan from the
17 system." and inserting in its place the sentence, "Retired members may refinance an
18 existing personal loan once per fiscal year in accordance with the rules established by
19 the Board."
20
- 21 22. In subsection (b) (15) by capitalizing the letter "s" at the beginning of the word
22 "system".
23
- 24 23. In subsection (b) (15) (A) by adding the word "active" before the word "members"
25 and by striking the word "Board" and inserting the word "System" in its place.
26
- 27 24. In subsection (b) (15) (F) by striking the word "Board" and inserting the word
28 "System".
29
- 30 25. In subsection (b) (16) by striking the word "Board" wherever it appears and inserting
31 the word "System".
32
- 33 26. In subsection (b) (17) by deleting subsection (b) (17) and adding a new subsection (b)
34 (17) as follows:
35
36 “(b) (17) Bonds or other indebtedness issued by foreign governments or
37 foreign corporations provided that (a) these securities bear a “B” or better rating
38 by any two internationally known securities rating concerns, and (b) not more
39 than 5% of total investments shall consist of any one issue of these bonds,
40 excluding Germany, Canada and Australia. The aggregate amount to have
41 invested in foreign bonds shall be limited to 3% of the market value of the total
42 investments of the system on the date the investment was made.”
43
- 44 27. In subsection (b) (18) by deleting subsection (b) (18) and adding a new subsection (b)
45 (18) as follows:

1
2 “(b) (18) If the Board determines that compliance with this section will result in
3 lower overall anticipated earnings for the System than would be obtainable from
4 alternative investment opportunities that would lead to superior total portfolio
5 performance, the Board may substitute those alternative investments, to the extent
6 actually available for acquisition, for the investments otherwise specified by this
7 section. Additionally, if adherence to the guidelines specified in this section
8 would conflict with the Board's fiduciary obligations, or would conflict with the
9 ”Prudent Investor Standard”, the Board may deviate from the guidelines provided
10 in this section. All investment decisions made pursuant to this section shall be
11 made in accordance with the prudent investor standard.”
12

13 28. In subsection (b)(20)(A) by adding the following subsections:
14

- 15 “(vi) Financial Futures
 - 16 (vii) Swaps, to include, interest Rate Swaps and Credit Default Swaps
 - 17 (viii) Financial Options and swap options
 - 18 (ix) Non USD currency exposure
 - 19 (x) Currency forwards
- 20

21 The instruments identified in vi-x above shall not apply to the fixed
22 income portfolio 10% maximum.”
23

24 28. By re-lettering the remaining paragraphs in subsection (b)(12) after striking
25 paragraphs (I) and (J).
26

27 (s) § 718 is amended by:
28

29 1. Deleting subsection (b) and adding a new subsection (b) as follows:
30

31 “(b) Each employee who is a member of the Government Employees
32 Retirement System shall contribute a percentage of his compensation as
33 prescribed by the Government Employees Retirement System Board of
34 Trustees. However, the Government Employees Retirement System Board
35 of Trustees may not increase rates, in addition to rates already in effect, by
36 more than 3.0% over a five-year period. Each employee who is a member
37 of the Government Employees Retirement System shall contribute a
38 percentage of compensation as follows:
39

- 40 (1) Regular members shall pay a rate of 9.0% of their compensation for
41 FY2015, 10% for FY2016, 11% for FY2017, 12% for FY2018, 13% for
42 FY2019, 14% for FY2020, and 15% for FY2021. Thereafter, the rates
43 shall be established by the Board of Trustees.
44

1 (2) Any police officer, firefighter, including a firefighter or police officer
2 employed by the Virgin Islands Port Authority, marshal of the Supreme
3 and Superior Court, or corrections officer, eligible employees with the
4 Virgin Islands Water and Power Authority, and eligible employees
5 working with chlorine, sewage or carcinogens shall pay a rate of 11.625%
6 of their compensation for FY2015, 12.625% for FY2016, 13.625% for
7 FY2017, 14.625% for FY2018, 15.625% for FY2019, 16.625% for
8 FY2020, and 17.625% for FY2021. Thereafter, the rates shall be
9 established by the Board of Trustees.”

10
11 2. Deleting subsection (g) and adding a new subsection (g) as follows:
12

13 “(g) The employer shall contribute an amount paid upon a percentage of
14 employees' compensation of 19.50% for FY2015, 21.50% for FY2016, 23.50%
15 for FY2017, 25.50% for FY2018, 27.50% for FY2019, 29.50% for FY2020, and
16 31.50% for FY2021. Thereafter, the rates shall be established by the Board of
17 Trustees.”
18

19 3. In subsections (a), (d), (t), (h), U) and (k) by capitalizing the letter "s" at the
20 beginning of the word "system" wherever it appears and in subsection (e) by
21 striking the word "annually" and inserting the word "bi-annually"
22

23 (t) § 718a is amended in subsection (f) by capitalizing the letter "s" at the beginning of the
24 word "system";
25

26 (u) § 718b is amended in the second sentence by striking the words "six percent" and
27 inserting the words "a rate" and by inserting the words "determined by the Board." after
28 the word "compensation";
29

30 (v) § 718c (a) is amended by striking the words "six percent" and inserting the words "a rate"
31 and by inserting the words "determined by the Board" after the word "compensation"
32 where it appears for the second time;
33

34 (w) § 719 is amended by capitalizing the letter "s" at the beginning of the word "system"
35 where it appears in the first paragraph for the second time and where it appears in the
36 second paragraph; in § 719 (1) by capitalizing the letter "s" at the beginning of the word
37 "system" where it appears for the first and third time in the first paragraph; in § 719 (2)
38 by capitalizing the letter "s" at the beginning of the word "system" wherever it appears
39 and in § 719 (4) by capitalizing the letter "s" at the beginning of the word "system" where
40 it appears for the first time and in the last sentence by striking the words "approve the
41 annual operating budget for the system, and";
42

43 (x) § 720 is amended in the first paragraph by striking the word "Board" and inserting the
44 word "System";
45

1 (y) § 721 is amended in the first paragraph by capitalizing the letter "s" at the beginning of
2 the word "system";
3

4 (z) § 724 is amended as follows: in subsection (c) by striking the word "Board" and inserting
5 the word "System" and by adding subsections (d), (e), (f) and (g) to read as follows:
6

7 "(d) Any person who endorses or cashes any member's retirement check without
8 written authorization shall be guilty of a felony and shall be subject to the
9 penalties prescribed in subsection (a) of the section;
10

11 (e) Any person who withdraws the proceeds of a member's retirement check,
12 which was electronically deposited into the member's account, without written
13 authorization, shall be guilty of a felony and shall be subject to the penalties
14 prescribed by subsection (a) of this section;
15

16 (f) The acts prescribed in subsections (a), (d), and (e) apply to the endorsement or
17 cashing of retirement checks, or the withdrawal of the proceeds of retirement
18 checks electronically deposited into a member's account, after the member is
19 deceased;
20

21 (g) Any person who commits an act proscribed in subsections (a), (d), and (e)
22 shall be subject to any other criminal or civil penalty contained elsewhere in the
23 Virgin Islands Code."
24

25 (aa) § 725 is amended in subsection (a) by capitalizing the letter "s" at the beginning
26 of the word "system".
27

28 (bb) § 729 is amended as follows:
29

30 1. In subsection (e) by striking the word "employees" and inserting
31 the word "employee's".
32

33 2. By adding subsection (f) to read:
34

35 "(f) Except for persons with disabilities as established by the Virgin
36 Islands Code and approved by the Board, no cost-of-living annuity shall
37 be paid until FY2019, at which point the Board shall periodically, at least
38 every five years, re-evaluate the cost-of-living calculations and determine
39 any cost-of-living adjustment."
40

41 (cc) § 730 is amended by deleting subsection (c) in its entirety and replacing it with a
42 new subsection (c) to read:
43

44 "(c) Except for persons with disabilities as established by the Virgin Islands Code
45 and approved by the Board, no cost-of-living annuity shall be paid until FY2019,

1 at which point the Board shall periodically, at least every five years, re-evaluate
2 the cost-of-living calculations and determine any cost-of-living adjustment.”

3
4 (dd) § 732 is repealed and replaced with the words "Reserved for future use"

5
6 (ee) § 733 is amended as follows:

- 7
8 1. In subsection (a) by striking the words "11% of his annual
9 compensation" and inserting the words "15% of his annual
10 compensation for FY2015 and prior, 16% for FY2016, 17% for
11 FY2017, 18% for FY2018, 19% for FY2019, 20% for FY2020, and
12 21% for FY2021".
13
14 2. In subsection (c) second paragraph, last sentence by striking the
15 number "11" and inserting the number "15" and by striking the word
16 “members” after the word “the” and inserting the word “member's”.
17
18 3. The Language of Subsection (d) is deleted in its entirety and replaced
19 with the following the language:
20

21 “(d) (1) The rate of contribution to the System on the part of a
22 member of the Judiciary who becomes a member of the system shall be as
23 follows:
24

25 (A) Contribution rate for new judges is 17% of annual salary
26 FY2015 though FY2017.

27 (B) Contribution rate for sitting judges who became member of the
28 System prior to FY2015 is 15% of annual salary for FY2015.

29 (C) Contribution rate for sitting judges who became member of the
30 System prior to FY2015 is 16% of annual salary for FY2016

31 (D) Contribution rate for sitting judges who became member of the
32 System prior to FY2015 is 17% of annual salary for FY2017

33 (E) Contribution rate for all judges who became member of the
34 System is 18% of annual salary for FY2018

35 (F) Contribution rate for all judges who became member of the
36 System is 19% of annual salary for FY2019

37 (G) Contribution rate for all judges who became member of the
38 System is 20% of annual salary for FY2020

39 (H) Contribution rate for all judges who became member of the
40 System is 21% of annual salary for FY2021

41 (I) Thereafter, the rates shall be established by the Board of
42 Trustees.

43 (J) These rates apply to service rendered beginning from the first
44 date of the term as a member of the judiciary.

1 (K) For purposes of this chapter, service as a member of the
2 Judiciary during any part of a calendar year shall be deemed to
3 be a year of credited service; provided that contributions are
4 made for the full calendar year.”

- 5
6 4. In subsection (e) by striking the language in paragraph (2) and
7 inserting new language to read:
8

9 “In the computation of total credit for prior service or membership
10 service, nine months or more of service constitutes one year of
11 service; six to eight months inclusive, constitutes three quarters (.75)
12 of a year; three to five months inclusive, constitutes one half (.50) of a
13 year; less than three months constitutes one quarter (.25) of one year
14 and not more than one year service credit shall be granted for service
15 rendered during a fiscal year. Fifteen days or more of service during
16 any month constitutes one month of service; five to fourteen days
17 inclusive, constitutes one half (.50) of one month; less than five days,
18 inclusive constitutes one quarter (.25) of a month.”
19

- 20 5. In subsection (f) by striking the second paragraph; and by adding
21 subsection (k) to read:
22

23 “(k) No credited service benefit may be paid to any member of
24 the judiciary until the System has received retirement
25 contributions payments from the employer and employee.”
26

27 **SECTION 2.** Title 3 Virgin Islands Code, chapter 28A is amended in the following
28 instances:
29

30 (a) §750 (b) is amended by capitalizing the letter "s" at the beginning of the word
31 "system".
32

33 (b) § 751 (a) (2) is amended by capitalizing the letter "s" at the beginning of the word
34 "system".
35

36 (c) § 751 (a) (5) is amended by striking the words “the most recent five years of” and
37 “within the last ten years of service”.
38

39 (d) § 751 (a) is amended by adding subsections 10, 11 & 12 as follows:
40

41 “(10) "Eligible employee with the Virgin Islands Water and Power
42 Authority" means every production employee working within the power plant,
43 every lineman or plant operator and his support-crew employees for a period of

1 not less than five years as certified by the Executive Director of the Authority for
2 purposes of this chapter only.
3

4 (11) "Eligible employee working with chlorine, sewage or carcinogens"
5 means any person employed by the Government of the Virgin Islands certified by
6 such department's chief executive officer or his designee as having worked
7 continuously and directly for a period of five years or more with chlorine, sewage
8 or a carcinogen as defined by the Second Annual Report on Carcinogens
9 published by the Public Health Service, United States Department of Health and
10 Human Services, dated December 1981, as revised for purposes of this chapter
11 only.
12

13 (12) "Compensation" means amounts received as pay, salary or
14 remuneration for services rendered, provided that the maximum amount of
15 compensation to be used for contributions by the members or in the computation
16 of any annuity or benefit hereunder may not exceed the Social Security Annual
17 Contribution and Benefit Base. Overtime pay or compensation for special services
18 may not be included as compensation."
19

20 (e) § 751 is amended by deleting subsection (b).
21

22 (f) § 752 is amended as follows:
23

- 24 1. In subsection (b), second sentence by striking the words "upon completion of
25 one month of service" and inserting the word "immediately" in its place.
- 26 2. By striking subsection (f) and inserting a new subsection (f) to read:
27

28 "(f) Any employee whose services are compensated on a contractual, fee
29 or per diem basis and who works exclusively for the Government at least 40
30 hours per week may be included as a member and receive service credit for
31 such periods by paying contributions pursuant to section 704 (f) of this title."
32

- 33 3. By adding a subsection (g) to read:
34

35 "(g) The following persons shall be excluded from membership in the
36 System:

- 37 (1) Any casual employee.
- 38 (2) Any part-time employee who does not regularly work at least 50% of
39 the normal work period.
- 40 (3) Any provisional employee."
41

42 (g) § 753 is amended as follows:
43

- 44 1. In subsection (a) second sentence by capitalizing the letter "s" at the
45 beginning of the word "system" wherever it appears and striking the
46 phrase "the interest paid on those contributions prior to withdrawal"

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45

2. In subsection (b) by adding the following sentence at the end "Provided that such employee must have been a bona fide Virgin Islands resident prior to entering military service and pays an amount equal to contributions which would have been deducted from his salary during the period."
3. In subsection (d), second sentence by capitalizing the letter "s" at the beginning of the word "system" wherever it appears.
4. In subsection (e), first sentence, by deleting the word "constitutes" and replacing it with "constitute".
5. In subsection (g) by capitalizing the letter "s" at the beginning of the word "system" and adding the following sentence at the end "The member shall pay contributions in the manner prescribed in subsection (a) of this section".
6. In subsection (h) by capitalizing the letter "s" at the beginning of the word "system" wherever it appears;
7. In subsection (i) by capitalizing the letter "s" at the beginning of the word "system" wherever it appears.
8. In subsection (k), second sentence, by striking the words "Board of Trustees" and inserting the word "System" and in the last sentence by striking the words "Benefits Division" and inserting the word "System".
9. In subsection (l) second sentence by deleting the word "members" and replacing it with the word "member".
10. In subsection (l) by striking the words "Board of Trustees" and inserting the word "System".
11. In subsection (n) fourth sentence, by striking the words "Benefits Division" and inserting the word "System's".
12. Subsection (q) is repealed and a new subsection (q) is inserted to read:

"(q) Any member may purchase additional service credit, which shall be added to his years of service credit already accrued for service worked and contributions paid.

The following provisions shall apply:

- 1 (1) "Additional Service Credit" means service credit that may be
2 purchased by the member for time he has actually worked while in
3 the service of the employer. "Service Credit" as referred to and
4 used in this section has the same meaning as "Membership
5 Service" in title 3 Virgin Islands Code, Chapter 27, section 702 (i);
- 6 (2) No member may purchase more than 5 years of additional service
7 credit;
- 8 (3) Once a member makes an election to purchase additional service
9 credit, he may modify or cancel his election. A member may make
10 another election to purchase additional service credit, if the amount
11 of service credit previously purchased is less than five years;
- 12 (4) A member must pay the full amount charged to him for the
13 additional service credit prior to his date of retirement;
- 14 (5) A member may make payment for additional service credit in a
15 lump sum payment or in installments before his date of retirement.
16 When a member elects to make payment in installment payments
17 via payroll deductions he will have a total of two years for each
18 year of additional service credit to make payment, provided that
19 the final payment must be made prior to his date of retirement;
- 20 (6) The amount that must be charged to a member for the purchase of
21 additional service credit, shall at a minimum, include the
22 employer's and the employee's share of contributions; however, the
23 System shall also charge to the member, in addition to the
24 contribution herein prescribed, an additional charge or factor that is
25 recommended by the System's actuarial consultant. This additional
26 charge must be adopted by the GERS Board of Trustees and
27 administered by the Administrator of the System;
- 28 (7) A member must have at least 10 years of service credit before he is
29 eligible to purchase additional service credit;
- 30 (8) Additional service credit may not be used to qualify a member for
31 Duty or Non-Duty Disability;
- 32 (9) When a member completes payment for additional service credit,
33 the additional service credit must be added to his years of service
34 credit and he must still qualify for a service retirement annuity
35 based on his years of membership service as referred to in
36 paragraph (1) of this subsection. Additional service credit may be
37 used to qualify a member for a regular service retirement annuity
38 only if the member has accrued at least 15 years of service credit
39 by the time he completes payment for additional service credit;
- 40 (10) The Board of Trustees may change the additional charge or
41 factor recommended by the System's actuarial consultant, but such
42 adjustment cannot be applied to members who are currently paying
43 for additional credit on installment."

44
45 (h) § 754 is amended as follows:
46

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44

1. In subsection (a) by deleting the words “the Board in [care] of”.
2. By striking subsection (b) and inserting a new subsection (b) to read:

"(b) Any member retiring pursuant to the provisions of this chapter shall notify the System, in writing of the intent to retire at least one (1) year prior to the date of retirement. The member must notify his Department Head of the intent to retire at least three months prior to the date of his retirement."
3. In subsection (c) by deleting the language after the comma after “corrections officer” and replace with the following language:

"eligible employees with the Virgin Islands Water and Power Authority, eligible employees working with chlorine, sewage or carcinogens shall be eligible to receive a retirement annuity at age sixty and upon completion of 10 years of service, or age fifty five with 25 years of service;"
4. In subsection (d), by deleting the entire first sentence beginning with “Notwithstanding” and inserting “Any member who is age sixty five years with at least ten years of service may retire on a full service retirement annuity” in its place. In second sentence, by striking “Any” and inserting “Additionally, any” in its place, and by changing “fifty” to “sixty”, changing “sixty” to “sixty-five”.
5. Subsection (e) is deleted.
6. In subsection (f)(1) change “sixty” to “sixty-five”, and by inserting “and who has not received a refund of accumulated contributions, shall be entitled to receive a deferred service retirement annuity payable upon attainment of age sixty five (65)” after the word “service”.
7. In subsection (f) (2) by striking the word "or" which comes after the words "Superior Court" and after the words "corrections officer" by inserting the words "eligible employees with the Virgin Islands Water and Power Authority, and eligible employees working with chlorine, sewage or carcinogens,".
8. In subsection (f) (2), delete the phrase “but not as much as twenty years of credited service”.
9. In subsection (f) (2) the last sentence, strike “sixty or” after “attainment of” and before “fifty-five”, and strike “as the case may be.” And insert “; or prior to age sixty (60) years and after at least ten (10) years of credited

1 service and who has not received a refund of accumulated contributions,
2 shall be entitled to receive a deferred service retirement annuity payable
3 upon attainment of age sixty (60)." in its place; and
4

5 10. By renaming subsection (f) subsection (e).
6

7 (i) § 755 is amended as follows:
8

9 1. In subsection (b) by adding after "corrections officer" and before "or
10 combination thereof", the words "eligible employees with the Virgin
11 Islands Water and Power Authority, and eligible employees working with
12 chlorine, sewage or carcinogens".
13

14 2. In subsection (b) (1) by adding the following sentence at the end: "If the
15 member is less than 55 years of age and has 20 years of credited service,
16 the annuity shall be calculated at 1.75% and receive a reimbursement of
17 the overage in excess of the contribution paid over the regular rate for
18 contributions."
19

20 3. In subsection (b) (2) by striking "twenty" in the first sentence and
21 inserting "twenty-five".
22

23 4. In subsection (b) (2) by adding after "corrections officer" and before "or a
24 combination thereof", the words "eligible employees with the Virgin
25 Islands Water and Power Authority, and eligible employees working
26 with chlorine, sewage or carcinogens".
27

28 5. By deleting subsection (b) (3) in its entirety.
29

30 6. In subsection (b) (4) by adding after "corrections officer" and before "or
31 combination thereof", the words "eligible employees with the Virgin
32 Islands Water and Power Authority, and eligible employees working
33 with chlorine, sewage or carcinogens".
34

35 7. In subsection (d) by striking "\$65,000 per annum" and inserting "the
36 Social Security Annual Contribution and Benefit Base per annum
37 exclusive of any cost of living annuity, bonuses or adjustments. Any
38 amount exceeding \$65,000 shall be calculated using the bifurcated method
39 as determined by the actuary and approved by the Board."
40

41 8. By adding a new subsection (e) to read as follows:
42

43 "(e) Notwithstanding any other laws to the contrary, beginning October 1,
44 2014, every member's compensation or service retirement annuity will be
45 reduced by 10%."

1
2 (j) § 756 is amended as follows:
3

- 4 1. In subsection (c) by inserting the words "upon notice to the System", and
5 by striking the word "automatically".
6
- 7 2. In subsection (d) by capitalizing the letter "s" where it first appears in the
8 word "system".
9
- 10 3. By striking subsection (e) in its entirety and inserting a new subsection (e)
11 to read:
12
13 "(e) If a deceased member who was eligible for retirement and elected one
14 of the optional settlements specified in this section, whomever the member
15 selected to receive the optional benefit shall receive the same benefit they
16 would have received if the date of the member's death had also been the
17 date of his retirement and if retirement had preceded death. In the event
18 benefits are paid to a surviving spouse, no other payment shall be made
19 pursuant to this section."
20
- 21 4. By striking the first two sentences in subsection (f) and inserting a new
22 sentence to read: "The following options are available to members
23 pursuant to this section."
24

25 (k) § 757 is amended as follows:
26

- 27 1. By inserting "retirement" after "disability" and before "annuity" in the
28 heading.
29
- 30 2. In subsection (a), by inserting "retirement" after "disability" and before
31 "annuity" wherever it appears.
32
33
- 34 3. In subsection (a) (1) by striking the word "Board" and inserting the word
35 "System" and by inserting the following sentence after the semicolon at
36 the end to read:
37
38 "The decision shall be based on the opinion of the physician(s) selected to
39 perform the independent medical examination, and not by the opinion of
40 the physicians selected by the member or any other entity, including, but
41 not limited to the Social Security Administration or Workers
42 Compensation Administration."
43
- 44 4. In paragraph (2) by striking the words "office of the Board" and inserting
45 the word "System".
46

1 5. By striking paragraph (3) and inserting a new paragraph (3) to read:
2

3 “(3) For the purpose of this section a member is totally and permanently
4 disabled if his physical or mental impairment or impairments are so severe
5 that he is unable to perform his previous work and cannot, considering his
6 age, education and work experience, engage in any other kind of
7 substantial gainful employment which exists in the Territory regardless of
8 whether the work exists in the immediate area in which the member lives,
9 a specific job vacancy exists or the member would be hired if he applied
10 for work.”
11

12 6. By inserting paragraph (4) to read:
13

14 "(4) Substantial gainful employment" means any work that is generally
15 done for pay or profit that the member is able to perform with sufficient
16 regularity and duration to provide a reliable source of income that
17 provides an annual income that exceeds the poverty threshold for one
18 person as determined by the Virgin Islands Department of Human
19 Services, irrespective of the number of hours or days that the member
20 actually works."
21

22 7. In subsection (b) by adding “retirement” after “disability” and before
23 “annuity”;
24

25 8. In subsection (b) by striking “\$65,000 per annum” and inserting “the
26 Social Security Annual Contribution and Benefit Base per annum
27 exclusive of any cost of living annuity, bonuses or adjustments. Any
28 amount exceeding \$65,000 shall be calculated using the bifurcated method
29 as determined by the actuary and approved by the Board” in its place.
30

31 9. In subsection (c) first sentence, by striking the words "Board of Trustees"
32 and inserting the word "System", by adding the letter "s" at the end of the
33 word "earning" and in the second sentence by striking the word "Board",
34 where it twice appears and inserting the words "System" and "System's"
35 respectively.
36

37 10. In subsection (c), last sentence, by adding “retirement” after “disability”
38 and before “annuity”.
39

40 (l) § 758 is amended by adding subsection (d) to read:
41

42 "(d) In the event benefits are paid to a surviving spouse or the deceased member's
43 child under this section, no other payments shall be made pursuant to this
44 section."
45

46 (m) § 759 is amended as follows:

- 1
- 2 1. By adding “retirement” after “disability” and before “annuity” in the
- 3 heading.
- 4
- 5 2. In subsections (a), (b),(c) & (d) by adding “retirement“ after “disability”
- 6 and before “annuity” wherever they appear.
- 7
- 8 3. In subsections (b) and (c) by striking the word "Board" and inserting the
- 9 word “System”.
- 10
- 11 4. In subsection (d) by and by striking “\$65,000 per annum” and inserting
- 12 “the Social Security Annual Contribution and Benefit Base per annum
- 13 exclusive of any cost of living annuity, bonuses or adjustments. Any
- 14 amount exceeding \$65,000 shall be calculated using the bifurcated method
- 15 as determined by the actuary and approved by the Board” in its place.
- 16
- 17 5. In subsection (f) by striking the words "Board of Trustees" and inserting
- 18 the word "System".
- 19
- 20 6. In subsection (f), first line by adding “disability retirement” after “non-
- 21 duty” and before “annuity”.
- 22
- 23 7. In subsection (f), third line by adding “retirement” after “disability” and
- 24 before “annuity”.
- 25
- 26 8. In subsection (f), last sentence by adding “retirement” after “disability”
- 27 and before “annuity”.
- 28

29 (n) § 760 is amended as follows:

- 30
- 31 1. By adding “retirement” after “disability” and before “annuities” in the
- 32 heading.
- 33 2. In subsection (a) by inserting “retirement“ after “disability” and before
- 34 “annuity” in the first sentence; by changing “55” to “65”; and changing
- 35 “Board” to “System” wherever it appears in this section.
- 36 3. In subsection (b) by inserting “retirement” after “disability” and before
- 37 “annuity” wherever it appears.
- 38 4. In subsection (b) by striking the word "board" and inserting the word
- 39 "System".
- 40

41 (o) § 761 is amended as follows:

- 42
- 43 1. In subsection (a) by striking the word "is" after “member” and before
- 44 “payable” and inserting the word "are".
- 45

- 1 2. In subsection (b) by striking the words "of the annual salary of the
- 2 member at the date of retirement as defined in section 751 (a) of this title,
- 3 plus".
- 4
- 5 3. In subsection (c) by striking the second sentence.
- 6
- 7 4. In subsection (d) by striking subsection (d) in its entirety.
- 8

9 (p) § 762 is amended as follows:

- 10
- 11 1. In subsection (a) after "who" and before "is", by inserting the words "does
- 12 not have ten years of credited service and" and striking the phrase "plus
- 13 regular interest as defined in section 751,".
- 14
- 15 2. In subsection (a) (2) by striking the word "Board" and inserting the word
- 16 "System".
- 17
- 18 3. In subsection (c) by striking the words "a [sic] five" and inserting the word
- 19 "three" and by adding the following sentence at the end "The member
- 20 shall pay to the system the withdrawn contributions, the interest paid on
- 21 those contributions prior to withdrawal, the income the system would
- 22 have earned had those contributions remained in the System, and the
- 23 interest on the unpaid balance, if the member elects to redeposit on an
- 24 installment basis, provided the payments do not exceed a period of three
- 25 consecutive years."
- 26
- 27 4. By adding a new subsection (d) as follows:
- 28

29 "“(d) (1) Whenever the GERS receives from the employer a

30 member’s contributions, due to partial payment(s) of the ‘salary right’ of a

31 member, as defined by 3 V.I.C. § 702(z), and such contributions are not

32 adequate to permit the GERS to adjust the member’s service retirement

33 annuity for paid membership service, or, no Notice of Personnel Action

34 (NOPA) is received to permit the GERS to adjust the member’s service

35 retirement annuity, the GERS shall refund the member’s contributions to

36 the member.

37

38 (2) Payment of the member’s contributions to the member shall be

39 final and in lieu of his receipt of membership service credit, and the

40 member shall not be entitled to any membership service credit that he

41 would have received, or to which he would have been entitled, if

42 contributions were paid on compensation created by the ‘salary right.’”

43

44 (q) § 763 is amended as follows:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46

1. In subsection (a) in the second sentence by striking the word “currently” after the word “Legislature” and before the words “in service” and inserting after the words “in service” the words “prior to December 29, 2006”. In the third sentence, by striking the word “currently” after the word “member” and before the words “in service” and inserting after the words “in service” the words “prior to December 29, 2006”; and by striking the words “on the date of enactment of this section”; In the fourth sentence, by striking the words "11% of his annual compensation" and inserting the words "15% of his annual compensation for FY2015, 16% for FY2016, 17% for FY2017, 18% for FY2018, 19% for FY2019, 20% for FY2020, and 21% for FY2021".
2. In subsection (c) by inserting after the words “System after” the words “prior to December 29, 2006”; by striking the word “new”; by adding a comma after the word “program”; and by striking the words "11% of his annual compensation" and inserting the words "15% of his annual compensation for FY2015, 16% for FY2016, 17% for FY2017, 18% for FY2018, 19% for FY2019, 20% for FY2020, and 21% for FY2021" and by striking the last sentence.
3. By striking subsection (d) in its entirety and inserting a new subsection (d) to read:

"(d) Members of the Legislature must make arrangement with the System to pay the entire amount due as contributions, including any interest paid, and the income the System would have earned had those contributions remained in the system for the benefits provided, and the interest on the unpaid balance, if the member elects to deposit on an installment basis. If the member elects to pay on an installment basis, the member shall have a maximum of 48 months before any retirement benefits are received to pay the contributions and the applicable interest."
4. In subsection (e) by changing “fifty” in the last sentence to “sixty”.
5. In subsection (f) by deleting subsection (2).
6. By adding subsection (l) to read as follows:

“(l) In the computation for total credit for prior service or membership service, nine months or more of service constitutes one year of service; six to eight months inclusive, constitutes three quarters (.75) of a year; three to five months inclusive, constitutes one half (.50) of a year; less than three months constitutes one quarter (.25) of a year. Not more than one year service credit shall be granted for all service rendered during a fiscal year. Fifteen days or more of service during any month constitutes a

1 month of service; five to fourteen days inclusive constitutes one half (.50)
2 of a month; less than five days inclusive constitutes one quarter (.25) of a
3 month."
4

5 (r) § 766 is amended as follows:
6

- 7 1. In subsection (b) by striking the word "system" wherever it appears, and
8 inserting the word "System".
9
- 10 2. In subsection (b) by deleting the subsection and replacing it with the
11 following:
12

13 “The Board is vested with the discretionary investment strategy
14 authority to vary the investment criteria set out in this section by
15 no greater than 25% of the aggregate amounts specified. The
16 Board is prohibited from changing the securities ratings specified
17 in this section; however, in its discretion, the Board may invest a
18 maximum of 15% of the portfolio in below investment grade
19 securities. The Board shall have the discretion, after determining it
20 is in the best interest of the System to hold securities which have
21 been downgraded to below investment grade, and those securities
22 shall not apply towards the 15% below investment grade
23 allocation. The Board shall make investment decisions in
24 accordance with the “prudent investor standard”. The reserves of
25 the system in excess of the cash requirements for current
26 operations shall be invested and reinvested in a diversified
27 portfolio of assets so as to meet the objectives and goals set forth
28 by the Board of Trustees in the System’s Investment Policy
29 Statement. The following types of securities and investments,
30 including certain limitations, shall comprise at least 80% of the
31 System’s assets:”
32

- 33 3. By deleting subsection (b) (4) and adding a new subsection (b) (4) as
34 follows:
35

36 “(b)(4) Bond or any other evidences of indebtedness issued or guaranteed
37 by any corporation chartered under the laws of the United States, provided
38 that these securities bear a rating of ”B” or better by any two nationally
39 known security rating concerns. Not more than 5% of total investments
40 shall consist of any one issue of these bonds.”
41

- 42 4. By deleting subsection (b) (5) and adding a new subsection (b) (5) as
43 follows:
44

1 “(b) (5) Bank loans and convertible securities that bear a rating of “B” or
2 better by any two known security rating concerns. Not more than 2% of
3 the total investments shall consist of any one issue of these bonds.”
4

- 5 5. In subsection (b)(8), line 9 by striking “60” and inserting “70”; and in the
6 last line striking “10” and inserting “35”.
7
8 6. In subsection (b) by striking paragraph (10) in its entirety and inserting a
9 new paragraph (10) to read:

10
11 “(10) Personal loans to members of the System. Provided that a
12 member shall not have more than two loans in a fiscal year, any member
13 of the System who has contributed to the System for at least two years has
14 the privilege of borrowing from the retirement system. The amount that
15 any member may borrow may not exceed 75% of the member's
16 contribution credits in the System and shall not, in any event, exceed the
17 sum of \$75,000. In case of separation from service for any reason,
18 including death or disability of the member, any delinquent balance due on
19 the loan, and any accrued interest thereon, shall be deducted from the
20 accumulated contributions of the member.
21

22 This rate includes a charge for insurance on loans against death or
23 total and permanent disability, which development shall effect a
24 cancellation of any unpaid balance of a loan and any accrued interest
25 thereon. The principal amount and interest thereon, must be repaid to the
26 System in installments at least equal to 5% of the member's salary and at a
27 rate that will effect repayment of the loan before the member attains age
28 70. The repayment must be deducted from the salary of the member when
29 the member's contributions to the System are deducted.”
30

- 31 7. In subsection (b) (11) (B) by striking "\$250,000" and inserting
32 "\$350,000".
33
34 8. In (b) (11) (C) after the word “period” by inserting “or age 70”.
35
36 9. In subsection (b) (11) (M) by striking the word "Board of Trustees" and
37 inserting the word "System".
38
39 10. In subsection (b) (11) (N) by striking the word “Board's” and inserting the
40 word “System's”.
41
42 11. In subsection (b) (12) by striking the word "system" and inserting the
43 word "System".
44
45 12. In subsection (b) (12) (C) by striking the number "18" and inserting the
46 number "40".

1
2 13. In subsection (b) (12) (E) by striking the word "system's" and inserting the
3 word "System's".
4

5 14. In subsection (b) (12) (F) by striking the word "Board" and inserting the
6 word "System".
7

8 15. In Subsection (b) (13) by striking paragraph (13) in its entirety and
9 inserting a new paragraph (13) to read:
10

11 "(13) Personal loans to members who have retired and are entitled
12 to annuities, are available, provided such loans do not exceed \$50,000.
13 Retired members may refinance an existing personal loan once per fiscal
14 year in accordance with the rules established by the Board. The Board
15 shall prescribe rules and regulations for the issuance of such loans which
16 insure a reasonable repayment schedule, at least three collateral options,
17 and rate of interest not less favorable to the recipient as the rate charged
18 for personal loans to members who are not retired. No member who has
19 retired shall be denied a personal loan because of his age, race, sex, color,
20 creed, national origin, disability, or political affiliation. This payment shall
21 include a charge for insurance on loans against death which developments
22 shall effect a cancellation of any unpaid balance of a loan and accrued
23 interest thereon. The loan authorized under this paragraph shall be payable
24 within a period not to exceed 10 years."
25

26 16. In subsection (b) (14) (B) insert the word "land" after the word "No" and
27 before the word "loan".
28

29 17. In subsection (b) (15) (M) by striking the word "system's" and inserting
30 the word "System's".
31

32 18. In subsection (b) by deleting subsection (16) in its entirety and adding a
33 new subsection (16) as follows:
34

35 "(16) Bonds or other indebtedness issued by foreign governments
36 or foreign corporations provided that (a) these securities bear a "B" or
37 better rating by any two internationally known securities rating concerns,
38 and (b) not more than 5 percent of total investments shall consist of any
39 one issue of these bonds, excluding Germany, Canada and Australia. The
40 aggregate amount to have invested in foreign bonds shall be limited to 3
41 percent of the market value of the total investments of the system."
42

43 19. In subsection (b) by deleting subsection (17) in its entirety and adding a
44 new subsection (17) as follows:
45

1 “(17) If the Board determines that compliance with this section
2 will result in lower overall anticipated earnings for the System than
3 would be obtainable from alternative investment opportunities that would
4 lead to superior total portfolio performance, the Board may substitute
5 those alternative investments, to the extent actually available for
6 acquisition, for the investments otherwise specified by this section.
7 Additionally, if adherence to the guidelines specified in this section would
8 conflict with the Board's fiduciary obligations, or would conflict with the
9 “Prudent Investor Standard”, the Board may deviate from the guidelines
10 provided in this section. All investment decisions made pursuant to this
11 section shall be made in accordance with the prudent investor standard.”
12

13 20. In subsection (b) (19)(A) by adding the following subsections:

- 15 “(vi) Financial Futures
- 16 (vii) Swaps, to include, interest Rate Swaps and Credit Default Swaps
- 17 (viii) Financial Options and swap options
- 18 (ix) Non USD currency exposure
- 19 (x) Currency forwards

20
21 The instruments identified in vi-x above shall not apply to the fixed
22 income portfolio 10% maximum.”
23

24 (s) § 767 is amended as follows:

- 25
- 26 1. In subsection (a) by striking the words “system and recommend to the
27 Governor and Legislature any adjustments in contributions” and inserting
28 the word "System" in its place; by striking the “s” on the end of
29 “contributions” and adding the word “rates” at the end of the last sentence.
30
- 31 2. In subsection (b) by deleting subsections (b) (1) (2) and (3) and replacing
32 them with the following:

33 “(1) Regular members shall pay a rate of 9.5% of their
34 compensation for FY2015, 10.5% for FY2016, 11.5% for FY2017,
35 12.5% for FY2018, 13.5% for FY2019, 14.5% for FY2020, and
36 15.5% for FY2021. Thereafter, the rates shall be established by
37 the Board of Trustees.
38

39 (2) Any police officer, firefighter, including a firefighter or police
40 officer employed by the Virgin Islands Port Authority, marshal of
41 the Supreme and Superior Court, or corrections officer, eligible
42 employees with the Virgin Islands Water and Power Authority, and
43 eligible employees working with chlorine, sewage or carcinogens
44 shall pay a rate of 11.625% of their compensation for FY2015,
45

1 12.625% for FY2016, 13.625% for FY2017, 14.625% for FY2018,
2 15.625% for FY2019, 16.625% for FY2020, and 17.625% for
3 FY2021. Thereafter, the rates shall be established by the Board of
4 Trustees.

5
6 (3) The employer shall contribute an amount paid upon a
7 percentage of employees' compensation of 19.50% for FY2015,
8 21.50% for FY2016, 23.5% for FY2017, 25.5% for FY2018,
9 27.5% for FY2019, 29.5% for FY2020 and 31.5% for FY2021.
10 Thereafter, the rates shall be established by the Board of Trustees.”

11
12 3. In subsection (b) (3) (e) by striking “annually” and inserting “bi-
13 annually.”

14
15 4. In subsection (b) (3) (g) by striking “Trustee[s]” and inserting “Trustees.”

16
17 5. In subsection (b) (3) (h) by striking the words "twenty one" and inserting
18 the word "ten working".

19
20 6. In subsection (b) (3) by striking paragraph (k) in its entirety and inserting
21 a new paragraph (k) to read:

22
23 "(k) The System shall not pay benefits to an employee unless his and the
24 employer's contributions adequately finance benefits and related costs
25 provided under this chapter."
26

27 (t) § 767b is amended by striking all the language after the heading and inserting new
28 language to read:

29
30 "Notwithstanding the provisions of this chapter, participation in any early
31 retirement program shall be voluntary for eligible employees as defined in this
32 chapter. Any person eligible for early retirement may elect within one (1) year of
33 eligibility to participate in the regular retirement program with contributions as a
34 percentage of compensation established by law or the Board. If the person eligible
35 for early retirement becomes a participant in the early retirement program, the
36 person shall pay the difference in contributions retroactive to the original date of
37 their commencement of employment, including interest. The member shall pay to
38 the System the contributions and the interest on the unpaid balance if the member
39 elects to deposit on an installment basis. If the member elects to pay on an
40 installment basis, the member shall have the maximum of thirty-six months before
41 any retirement benefits are received to pay the contributions and the applicable
42 interest."
43

44 (u) § 767c is amended by striking subsection (b) in its entirety and inserting a new
45 subsection (b) to read:
46

1 "(b) A member in a position that does not qualify him as a person eligible for
2 early retirement who is transferred to a position so eligible may elect within one
3 (1) year of eligibility to contribute at the additional rate of compensation for
4 which he shall receive full benefits after twenty years of credited service, if that
5 the employee has been eligible and paying at the higher rate for at least ten years.
6 The employee shall be required at the time he becomes eligible for early
7 retirement or at the time he elects to participate, pursuant to section 767 (b) of
8 this chapter, to pay retroactive contributions for credited service to the time he
9 makes the election to pay for the difference between the rates for the time he
10 seeks credit. The member shall pay to the System the contributions and the
11 interest on the unpaid balance if the member elects to deposit on an installment
12 basis. If the member elects to pay on an installment basis, the member shall have
13 the maximum of thirty-six months before any retirement benefits are received to
14 pay the contributions and the applicable interest."
15

16 (v) § 767d is amended by striking the words "marshals of the Superior Court" and
17 inserting the words "marshals of the Supreme and Superior Courts", and by adding
18 "eligible employees with the Virgin Islands Water and Power Authority, and eligible
19 employees working with chlorine, sewage or carcinogens" after the words
20 "correction officers".
21

22 (w) § 770b is amended by inserting subsection (e) to read:
23

24 "(e) The System shall have the right to withhold any payment for verification that
25 the member is still entitled to the annuity."
26

27 (x) § 770l is amended as follows:
28

- 29 1. The Language of Subsection (e) is deleted in its entirety and replaced with
30 the following the language:

31 “(e) (1) The rate of contribution to the System on the part of a
32 member of the Judiciary who becomes a member of the system shall be as
33 follows:
34

35 (A) Contribution rate for new judges is 17% of annual salary
36 FY2015 though FY2017.

37 (B) Contribution rate for sitting judges who became member of the
38 System prior to FY2015 is 15% of annual salary for FY2015.

39 (C) Contribution rate for sitting judges who became member of the
40 System prior to FY2015 is 16% of annual salary for FY2016

41 (D) Contribution rate for sitting judges who became member of the
42 System prior to FY2015 is 17% of annual salary for FY2017
43

1 (E) Contribution rate for all judges who became member of the
2 System is 18% of annual salary for FY2018

3 (F) Contribution rate for all judges who became member of the
4 System is 19% of annual salary for FY2019

5 (G) Contribution rate for all judges who became member of the
6 System is 20% of annual salary for FY2020

7 (H) Contribution rate for all judges who became member of the
8 System is 21% of annual salary for FY2021

9 (I) Thereafter, the rates shall be established by the Board of
10 Trustees.

11 (J) These rates apply to service rendered beginning from the first
12 date of the term as a member of the judiciary.”

13
14 2. By inserting a new subsection (e)(2) to read:

15
16 “In the computation for total credit for prior service or
17 membership service, nine months or more of service constitutes one year
18 of service; six to eight months inclusive, constitutes three quarters (.75) of
19 a year; three to five months inclusive, constitutes one half (.50) of a year;
20 less than three months constitutes one quarter (.25) of a year. Not more
21 than one year service credit shall be granted for all service rendered during
22 a fiscal year. Fifteen days or more of service during any month constitutes
23 a month of service; five to fourteen days inclusive constitutes one half
24 (.50) of a month; less than five days inclusive constitutes one quarter (.25)
25 of a month.”

26
27 3. By deleting subsection (f)(1) and replacing it with the following:

28
29 “(1) Vesting in a service retirement annuity attaches upon
30 completion of one term. Any member is eligible for a judicial annuity
31 beginning at age 50 for any member with ten (10) or more years of service
32 as of October 1, 2013, and age 55 for any new member with less than ten
33 (10) years of service as of October 1, 2013, equal to rates to be determined
34 by the Board of Trustees.”

35
36 4. In subsection (f) by striking paragraph (2).

37
38 5. By renumbering subsection (f)(3) as (f)(2).

39
40 6. In subsection (i) by striking all the language after the word "judges" and
41 inserting the words "and magistrates of the Superior Court and the justices
42 of the Supreme Court of the Virgin Islands". This section takes effect
43 retroactively on November 2, 2005.

44
45 7. By adding subsection (l) to read:

1
2 "(I) No credited service benefit may be paid to any member of the
3 judiciary until the system has received retirement contributions payments
4 from the employer and employee."
5

6 **SECTION 3.** Act No. 6110 (Bill No. 21-0193) is amended by striking Section 10
7 in its entirety.
8

9 **SECTION 4.** Act No. 6463 (Bill No. 24-0150) is amended in Section 25 by
10 striking Sub-section (b) in its entirety.
11

12 **BILL SUMMARY**
13

14 **SECTION 1**, of this Bill amends chapter 27 of title 3 Virgin Islands Code pertaining to
15 the Retirement of Personnel. In section 702 Definitions, prior service would now mean service
16 before October 1, 1959, and membership would mean service after October 1, 1959. In section
17 703 a member would become eligible to enter the System as soon as he commences employment
18 without having to wait one month before becoming eligible. Contract employees who work 40
19 hours per week would be eligible to enter the System instead of having to wait five years to
20 become eligible. A federal employee who is not eligible to receive a federal pension can also
21 apply to become a member of the System provided that within 36 months he pays the required
22 sums into the System.
23

24 A significant change is added to chapter 27 in section 704 which would authorize a
25 member of the System to purchase additional time for which he has not worked by paying into
26 the System based on a formula prescribed in subsection (t) of section 704. A maximum of five
27 years would be allowed.
28

29 Subsection 705 would change the amount of notice to be given to the System before
30 retiring. The change would be from three months to one year notice to the System of the intent to
31 retire and a three month notice to the department head.
32

33 In subsection 708 the change defines totally and permanently incapacitated and
34 substantial gainful employment.
35

36 Subsection 715 adds real estate appraiser, business managers and business administrators
37 among the persons that can be nominated to become members of the Board of Trustees. This
38 widens the pool of professionals that can be selected taking into consideration the level of
39 education required by this section.
40

41 Section 717 (b) (12) (B) increases the amount of mortgage money that can be borrowed
42 from \$250,000 to \$350,000 over a maximum of 30 years amortization period. This section also
43 sets an age limit within which the loan is to be paid. That age limit would now be 70 where none
44 existed before. See subsection (b) (12) (C). Auto loans under subsection (b) (13) (C) would

1 increase from \$18,000 to \$40,000. It is interesting to note that while auto loans have increased,
2 loan for the purchase of land remain at \$50,000; see § 717 (b) (15) (B).

3
4 Section 718 increases the employer contribution rates by 3% for seven years and
5 employee contribution rates by 1% for three years.

6
7 Section 733 increases the contribution of the Judiciary from 11 % to 15% and gradually
8 increasing the rate of contribution by 1% each year for the next 7 years.

9
10 Other changes to this chapter include changing the reference to the retirement system as
11 the System and in some instances where the Board of Trustees had certain responsibilities that
12 authority is conferred in the system.

13
14 **SECTION 2** of this Bill amends chapter 28A and slightly changes the benefits program
15 for Tier II members of the system. Subsection 751 adds paragraph 10 and 11 defining who is
16 eligible for early retirement due to their employment. Subsection 753 further clarifies service
17 credit.

18
19 Most of the changes are identical to the changes made to Chapter 27 of Title 3, Virgin
20 Islands code it pertains to the purchase of additional time, the eligibility of members and annuity
21 for disability and the requirements thereto.

22
23 Section 754 increases the early retirement age from 50 to 55, and for regular retirement
24 from 60 to 65.

25
26 Subsection 763 would require a 15% contribution for members of the Legislature who
27 desire to participate in the retirement program established for members of the legislature. The
28 rate of contribution will gradually increase by 1% each year, for the next 7 years as well. The
29 current contribution now stands at 11%.

30
31 Subsection 766 sets mortgage loans at \$350,000 up from \$250,000 over a 30 year period
32 and adds the age factor of 70.

33
34 Subsection 767 will gradually increase the current contribution of regular members and
35 hazardous employee member by 1% each year for the next 7 years. It also increases the current
36 Employer contribution by 2% each year for the next 7 years.

37 Section 770 (l) increases the contribution rate for new judges to 17% and sitting judges to
38 15% gradually increasing by 1% each year for the next 7 years. Additionally the vesting age
39 increases from 50 to 55 for judges with less than ten (10) years of service as of October 1, 2014.