



GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

OF THE VIRGIN ISLANDS

"Contributing today for a better tomorrow"

Press Release

For Immediate Release

Date: Thursday, April 09, 2020

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GERS vs. GVI Update

The Board of Trustees of the Government Employees' Retirement System (GERS) met through electronic means on Wednesday, April 8, 2020 to consider the decision of the District Court of the Virgin Islands awarding the GERS an additional \$63 million in unpaid employer contributions, including statutory interest and penalties, but denying enforcement of the 1984 consent decree on the Actuarially Determined Employer Contribution (ADEC) which exceeds \$1.6 billion.

The Court took the position that the consent decree did not contemplate the ADEC. The Board disagreed and directed its lawyers to seek review of that portion of the decision in the U.S. Third Circuit Court of Appeal. The Third Circuit Court which is located in Philadelphia, hears appeals from all federal court decisions in the U.S. Virgin Islands. At the same time, the Board authorized a separate action to enforce the ADEC in the Superior Court of the Virgin Islands. We note that as a witness during the trial, the former Commissioner of Finance Valdamier Collens testified that the GVI owes the GERS the ADEC.

The Government of the Virgin Islands (GVI) has already appealed the \$63 million decision (and presumably an additional \$40 million the GVI has already paid under earlier court orders in this current action), contending it owes no more to the GERS. This action by the GVI, expressly supported by the Governor, exemplifies the continued pattern of non-payment of retirement costs which has led the GERS to the edge of insolvency.

In rendering judgment against the GVI, Judge Curtis Gomez left no doubt what the evidence in the case established:

"There is overwhelming evidence that in this case the GERS is on the verge of insolvency. That financial calamity, by some estimates, is projected to occur in 2023."

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Judge Gomez continued:

"Restoring unpaid contributions identified herein gives long serving, long suffering, and understandably anxious government employees several things they deserve: (1) a demonstrable financial commitment by the GVI to make them whole; (2) hope that they will receive their retirement benefits; and (3) hope that the repository of their retirement funds will be supported."

In exercising its fiduciary responsibility to the members and beneficiaries, the Board took note of the resulting grim economic forecast that insolvency of the GERS would occasion by reducing the gross domestic product (GDP) of the Virgin Islands by 25%. The Board also expressed its regret that governors and legislatures since 2006 have failed to take serious steps to avoid the impending economic crisis.

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