



Government Employees Retirement System of the Virgin Islands

AMENDMENTS TO BILL NO. 29-0099

TITLE 3, CHAPTER 27 OF THE VIRGIN ISLANDS CODE

Retirement of Personnel; Federal Benefits

October 11, 2012



Title 3, Chapter 27

Title 3 Chapter 27 Section 718 (b)

Delete subsection (b) and add a new subsection (b) as follows:

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

Title 3 Chapter 27 Section 718 (b)

Each employee who is a member of the Government Employees' Retirement System shall contribute a percentage of compensation as follows:

- (1) Regular members must pay a rate of 9% of his compensation for FY2014, 10% for FY2015, and 11% for FY2016. Thereafter, the rates shall be established by the Board of Trustees.*
- (2) Any police officer, firefighter, including a firefighter or police officer employed by the Virgin Islands Port Authority, marshal of the Supreme and Superior Court, or corrections officer, eligible employees with the Virgin Islands Water and Power Authority, and eligible employees working with chlorine, sewage or carcinogens must pay a rate of 11% of his compensation for FY2014, 12% for FY2015, 13% for FY2016. Thereafter, the rates shall be established by the Board of Trustees.*

Title 3 Chapter 27 Section 718 (b)

Deleting subsection (g) and add a new subsection (g) as follows:

(g) The employer shall contribute an amount paid upon a percentage of employees' compensation of 20.50% for FY2014, 23.50% for FY2015, 26.50% for FY2016, 29.50% for FY2017, 32.50% for FY2018, 35.50% for FY2019 and 38.50% for FY2020. Thereafter, the rates shall be established by the Board of Trustees.

Title 3 Chapter 27 Section 717

Delete subsection (b) and add a new subsection (b) as follows:

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

Title 3 Chapter 27 Section 717

Deleting subsection (b) (4) and add a new subsection (b) (4) as follows:

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

Title 3 Chapter 27 Section 717

Delete subsection (b) (5) and add a new subsection (b) (5) as follows:

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

Title 3 Chapter 27 Section 717

Delete subsection (b) (8) and add a new subsection (b) (8) as follows:

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

Title 3 Chapter 27 Section 717 (b) (11)

Deleting \$50,000.00 and replace with **\$75,000.**

The amount which any member may borrow shall not exceed seventy-five (75%) percent of the member's contribution credits in the System and shall not, in any event, exceed the sum of \$75,000.

Title 3 Chapter 27 Section 717

Delete subsection (b) (17) and add a new subsection (b) (17) as follows:

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

Title 3 Chapter 27 Section 717

Deleting subsection (b) (18) and add a new subsection (b) (18) as follows:

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

Title 3 Chapter 27 Section 713 (a)

Amend 1st sentence after who, by *adding “does not have ten years of credited service and”*

(a) Upon withdrawal from service, any member who **does not have ten years of credited service and** is not then eligible for a service retirement annuity shall be entitled to receive a refund of the accumulated contributions, plus regular interest, including contributions made by the member to any superseded retirement system.

Government Employees Retirement System of the Virgin Islands

AMENDMENTS TO BILL NO. 29-0099

TITLE 3, CHAPTER 28A OF THE VIRGIN ISLANDS CODE

Retirement of Personnel; Federal Benefits

October 11, 2012



Title 3, Chapter 28A

Title 3 Chapter 28A Section 751 (a) (5)

Delete the “most recent five” after the, and after service, delete “within the last 10 years of service”.

(5) Average Compensation means the average rates of annual compensation for the years of credited service subject to the maximum salary limitations in effect during the service.

Title 3 Chapter 28A Section 754 (c)

Delete language after “corrections officer” in line 4, and add the following:

“shall be eligible to receive a retirement annuity at age 55 and upon completion of 10 years of service, or age 50 and upon 25 years of service.”

Title 3 Chapter 28A Section 754 (c)

(c) A police officer, eligible employee with the Virgin Islands Water and Power Authority, eligible employee working with chlorine, sewage or carcinogens, firefighter, including a firefighter and police officer employed by the Virgin Islands Port Authority, marshal of the Supreme and Superior Court, or corrections officer, **shall be eligible to receive a retirement annuity at age 55 and upon completion of 10 years of service, or age 50 and upon 25 years of service.**

Title 3 Chapter 28A Section 754 (d)

Delete the first sentence beginning with "Notwithstanding". In line 2 after change "fifty to sixty five. In line 3, add "credited" after "of " and before "service" In the last line change "fifty to sixty-five.

(d) Any member who is age **sixty-five** years with at least ten years of **credited** service may retire on a service annuity which shall be reduced by .325 of 1% for each month, or fraction thereof, that the member's age is less than **sixty-five** years.

Title 3 Chapter 28 Section 754 (e)

Delete subsection (e).

(e) Notwithstanding his age, a police officer, eligible employee with the Virgin Islands Water and Power Authority, eligible employee working with chlorine, sewage or carcinogens, firefighter, including a firefighter employed by the Virgin Islands Port Authority, marshal of the Supreme Court or the Superior Court, or corrections officer who has completed twenty years or more of credited service may retire on a full retirement annuity.

Title 3 Chapter 28A Section 754 (f)

(1)

Change “fifty to sixty-five, and change “twenty” to twenty-five .

(f) Any member whose withdrawal from service occurs:

(1) prior to age sixty-five years but after at least ten years of credited service; or

Title 3 Chapter 28A Section 754 (f)

(2)

Delete after service in line 5, “but not as much as twenty years of credited service”, and in line 7 changing sixty to “sixty-five”.

(2) in the case of a police officer, eligible employee with the Virgin Islands Water and Power Authority, eligible employee working with chlorine, sewage or carcinogens, firefighter, including a firefighter or police officer employed by the Virgin Islands Port Authority, marshal of the Supreme and Superior Court, or corrections officers, prior to age **sixty-five** years and after at least ten years of credited service, but not as much as **twenty-five years** of credited service, and who has not received a refund of accumulated contributions, is entitled to receive a deferred service annuity payable upon attainment of age **sixty-five** or fifty-five years, as the case may be.

Title 3 Chapter 28A Section 762 (a)

Amended as follows:

1st sentence after who, add “does not have ten years of credited service and”

(a) Upon withdrawal from service, any member who **does not have ten years of credited service and** is not then eligible for a service retirement annuity is entitled to receive a refund of the accumulated contributions, plus regular interest as defined in section 751, including contributions made by the member to any superceded retirement system.

Title 3 Chapter 28A Section 763 (e)

Change fifty in paragraph 2, line 2 to “fifty-five”.

Vesting in a service retirement annuity shall attach upon completion of three (3) terms. Any such member shall be eligible for service retirement beginning at age **fifty five (55)** on a service retirement annuity equal to the rate set forth:

Title 3 Chapter 28A Section 766 (b)

Delete line 2, and adding the following language after the first sentence ***“The Board is prohibited from changing the securities ratings specified in this section, however, in its discretion, the Board may invest a maximum of 15% of the portfolio in below investment grade securities. The Board shall have the discretion, after determining it is in the best interest of the System to hold securities which have been downgraded to below investment grade, and those securities shall not apply towards the 15% below investment grade”.***

Title 3 Chapter 28A Section 766 (b)

Change “prudent man standard” to “prudent investor standard” in line 4.

The Board shall make investment decisions in accordance with the “**prudent investor standard**”.

Title 3 Chapter 28A Section 766 (b)

Delete “the following types of securities and under the conditions and limitations herein prescribed” and add the following language :

“a diversified portfolio of assets so as to meet the objectives and goals set forth by the Board of Trustees in the System’s Investment Policy Statement. The following types of securities and investments, including certain limitations, shall comprise at least 80% of the System’s assets:”

Title 3 Chapter 28A Section 766 (b) (4)

Delete in line 2 “domestic railroad corporation, or in equipment trust certificates” and add “corporation chartered under the laws of the United States.

Line 3, change BB to “B”.

Line 4 by changing “2” to “5”.

Title 3 Chapter 28A Section 766 (b) (4)

Amended Language:

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

Title 3 Chapter 28A Section 766 (b) (5)

- Delete line 1, and replacing it with “Bank loans and convertible securities that bear a rating of “B” or better by any two known security concerns”.

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

Title 3 Chapter 28A Section 766 (b) (8)

Change “60” to “70” in line 9.

The aggregate amount to be invested in common and preferred stocks shall be limited to **70** percent of the market value of the total investment of the system

Title 3 Chapter 28A Section 766 (b) (10)

Change “\$50,000” to “\$75,000” in line 6.

The amount that any member may borrow may not exceed 75% of the member's contribution credits in the system and shall not, in any event, exceed the sum Of \$75,000.

Title 3 Chapter 28A Section 766 (b) (17)

Delete subsection (b) (17) and replace with the following:

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

Title 3 Chapter 28A Section 767 (b) (1), (2) and (3)

Delete subsection (b) (1) (2) and (3) and replace with the following:

- (1) Regular members must pay a rate of 9.5% of his compensation for FY2014, 10.5% for FY2015, and 11.5% for FY2016. Thereafter, the rates shall be established by the Board of Trustees.***
- (2) Any police officer, firefighter, including a firefighter or police officer employed by the Virgin Islands Port Authority, marshal of the Supreme and Superior Court, or corrections officer, eligible employees with the Virgin Islands Water and Power Authority, and eligible employees working with chlorine, sewage or carcinogens must pay a rate of 11.625% of his compensation for FY2014, 12.625% for FY2015, 13.625% for FY2016. Thereafter, the rates shall be established by the Board of Trustees.***

Title 3 Chapter 28A Section 767 (b) (1), (2) and (3)

(3) The employer shall contribute an amount paid upon a percentage of employees' compensation of 20.50% for FY2014, 23.50% for FY2015, 26.5% for FY2016, 29.5% for FY2017, 32.5% for FY2018, 35.5% for FY2019 and 38.5% for FY2020. Thereafter, the rates shall be established by the Board of Trustees.

Title 3 Chapter 28A Section 770 (I)

Delete subsection (e) and replacing it with the following:

(e) The rate of contribution to the System on the part of a member of the Judiciary who becomes a member of the system shall be as follows:

Contribution rate for new judges to 17⁰%.

Contribution rate for sitting judges to 15⁰% at beginning of the next term.

Contribution rate for sitting judges to 16⁰% at beginning of second year of new term.

Title 3 Chapter 28A Section 770 (I)

Contribution rate for sitting judges to 17% at beginning of third year of new term.

Thereafter, the rates shall be established by the Board of Trustees.

These rates apply to service rendered beginning from the first date of the member's term as a Judge of the Superior Court or Supreme Court of the Virgin Islands.

Title 3 Chapter 28A Section 770 (I)

Delete subsection (f) (1) and replacing it with the following:

Vesting in a service retirement annuity attaches upon completion of one term. Any member is eligible for a judicial annuity beginning at age 50, and age 55 for any new member with less than ten (10) years of service as of October 1, 2012, equal to rates to be determined by the Board of Trustees.



QUESTIONS