The Virgin Islands Consortium

GERS Personal Loan Program Relaunch a Success: Over $6 Million Disbursed to Members

Amid legislative scrutiny and public demand, the GERS program successfully restarts, maintaining an 8% interest rate benefiting both the system and members

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After years of delays and threats of legal action against the Government Employees' Retirement System, a limited version of the system's personal loan program finally recommenced on April 29th, 2024. By all accounts from GERS's administrator Angel Dawson, the resumption of the program has been a resounding success.

A bill introduced by Sen. Milton Potter in March 2024 proposed a September 30th, 2024 deadline for the restart of the loan program. Bill 35-0196 also sought to remove the 8 percent interest rate cap on personal loans and limit GERS's liability to $75,000. However, GERS officials have decided to keep interest rates stable. “The 8 percent interest rate is a good rate of return for the system,” Mr. Dawson noted.

In an update from Mr. Dawson during Thursday's GERS Board of Trustees meeting, he indicated that there were 1,563 expressions of interest submitted following the announcement of the program's recommencement. He added that 170 potential applicants were disqualified after failing to meet the relevant criteria. Initial skepticism quickly faded as increasing numbers of applicants were approved, Mr. Dawson noted. “We even had two cases of persons who were not even members of the GERS applying for loans,” he remarked.

Ultimately, 1,366 qualifying individuals were scheduled for loan appointments. “As of May 29th, we have processed 628 of the eligible individuals that expressed interest. That was a total of $6,187,190.00,” announced Mr. Dawson. He noted that the figure accounts for 31% of the $20 million allocated to the personal loan program by the System's board. The average loan request is in the region of $9,852, “which is just shy of the maximum $10,000.” Most loans have been distributed on St. Croix, with 388 successful applicants to date.

After processing the remaining loan applicants, the personal loan program will boast a balance of $6.5 million. Mr. Dawson anticipates that the program will reopen in July to liquidate the remaining funds. “Summer is coming and there's all kinds of needs and desires. That $6.5 million will probably go very quickly.”?

For Mr. Dawson, the personal loan program is benefiting more than just the recipients. “If you consider that there's generally an economic multiplier effect of three, that would represent some almost $19 million in economic activity for the territory” based on the assumption that most of the money remains within the USVI. “We're doing our part to help the economy as well through this loan program,” stated the GERS administrator.