

Retirees Doomsday: GERS Benefits Could Be Slashed 45 Percent or More if Pension System Collapses in 2023-2024

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ST. THOMAS — The clock is ticking on the solvency of the Government Employees' Retirement System (GERS). And, only cooperation between Gov. Albert Bryan and the Senate on a solution to the pension plan's downward spiral can save government retirees' future income.

About 100 people on Thursday evening attended the second of three townhall meetings sponsored by GERS in the territory. The audience of active and retired government employees at the Charlotte Amalie High School on St. Thomas was smaller and more forgiving than their 300 counterparts who attended the St. Croix session earlier in the week, and [later protested](#) the dire GERS news outside of Government House in Christiansted.

The news from GERS Chief Executive Officer Austin Nibbs was no better on St. Thomas.

“If nothing is done to infuse the system with a significant amount of cash, your benefits will go down 45 percent,” Mr. Nibbs told retirees. “Let’s be honest ... it will be very detrimental to the economy, to members of this system if it is allowed to become insolvent.”

Just a few days earlier — before the coronavirus pandemic wreaked further damage on Wall Street — Mr. Nibbs had told St. Croix retirees that monthly pension payments could take a 30 percent hit, in the worst case scenario.

GERS would need an approximately \$2 billion or more cash infusion and certain structural changes to restore the pension system's health, Mr. Nibbs said. To extend its solvency for a few short years, GERS needs between \$400 million to \$600 million.

Virgin Islands senators and Gov. Albert Bryan campaigned on platforms promising to reform the retirement system and bring it back to solvency. Reforms have not happened yet.

Gov. Bryan has proposed legalizing recreational marijuana use as a means of partially funding the GERS. He projects it could bring in up to \$20 million annually for the fund.

Under the Bryan plan, the cannabis money could then be used to secure a bond of up to \$200 million, he told the Consortium during a recent interview.

The plan is ambitious, to be sure. GERS Investment Analyst Grenville Henderson said cannabis revenue may not be the panacea the governor foresees. “We all know cannabis is still illegal” under federal law, he said. How the retirement system benefits from taxation of an illegal substance is not clear, he added.

Furthermore, [the Senate held](#) Mr. Bryan's amendment to the original medicinal marijuana law, contending that more review was needed, and that the original law had yet to be established.

Mr. Bryan said his administration's goal is to get GERS to \$1.2 billion in assets before his first term is over. This would include finding a money source, he said. “If we can't get there then we failed. When I say we failed, not me as an administration, we as a people, because then our retirees would be facing those cuts. And that means that it's all of us.”

The clock is ticking.