

The Virgin Islands Consortium

No More Retirement After 20 Years If James-Sponsored Bill Becomes Law

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Government employees would have to work 25 years before retirement benefits take effect.

ST. THOMAS -- According to the Government Employees' Retirement System (GERS), the term "vesting" [means](#): "When a [government employee] has worked and contributed to GERS for a minimum of ten (10) years." It adds that "a member's vested interest is their last salary plus the total amount of contributions paid to GERS."

On September 23, all but three senators -- Tregenza Roach, Kenneth Gittens and Terrence "Positive" Nelson -- [sent](#) to Governor Kenneth Mapp a Neville James-

sponsored GERS bill that they contend is intended to keep the struggling program afloat. They said taking no action on the aging system would have been irresponsible.

"I'm proud to be a member of this body that is going to vote for what we're presently doing with the retirement system," Sen. Kurt Violet proclaimed. "Other changes can be made after, but we need to pass this bill tonight, send it up to government house and request that the governor sign it before next week so that it becomes law before [new] employees are vested."

The senator said arguments about what should be done and who's to blame could be made at a later time, but if nothing is done now, "the system will collapse in 7 years and everybody will do without."

But dissenting Sen. Tregenza A. Roach, in a press release issued last Friday, explained his no vote after receiving "numerous" calls from constituents who were concerned about his decision. The senator said he could not support the measure for many reasons, the chief of them being the fact that James' bill did not include the \$600 million that GERS officials said was needed to salvage the broken pension system, and that the measure attempts to save GERS on the backs of Tier II participants -- or government employees who have recently served ten years or more in government -- by forcing the measure through before October 1, the day Tier II employees were set to vest, so that those being vested after the October 1 deadline would be affected by the new measure.

In a telephone interview with The Consortium this morning, Sen. Violet said Tier II employees from October 1, 2005 to October 1, 2015 -- roughly 1,000 -- will be affected by the GERS changes.

For Roach, the measure sent to Government House needed a lot more work.

"Without the necessary infusion of money, the changes contained in the bill will have little impact," Sen. Roach said. "I was disappointed that critical players were not even talking," he added, referring the Government House and GERS board members.

The most troubling portion of the measure for the senator, however, was the extra cost for the new members compared to what they were projected to receive in return.

"Philosophically, I felt uncomfortable supporting this rush to cut off Tier II GERS members before they could vest," Sen. Roach said. "When they testified before the body, the actuaries said that Tier II members will actually be paying 30% more into the system for a package that will be worth 30% less. If we succeed, we will literally be saving the system on the backs of the Tier II employees."

Yet, Violet contended that the bill, while not perfect, was needed to save GERS.

"Nobody wanted to address the retirement system but everybody wanted to save it by doing nothing," he told this publication this morning. The senator, emerging as a star in the 31st Legislature, said changes included in the James-sponsored measure, although not as all-encompassing as what GERS board members and officials recommended, would still affect the program, including pension obligation changes.

Vialet went on, stating that the current benefits were simply too generous. He said the bill changes the retirement age so that the system is not taken advantage of. For example, someone who entered a government department at age 20 can retire at 40 and start receiving benefits immediately for the rest of his/her life. James' bill, however, carries the years required to 25, and language that says one must arrive at age 58 to be eligible to receive benefits. Tough changes, Vialet agreed, but they were needed, he said, to safeguard the deteriorating program.

There are currently roughly 8,000 retirees and 9,000 active members in the system, Vialet said. But that ratio is not sustainable. And the senator was not supportive of government employees who are currently enrolled in alternative retirement program, confirming to The Consortium that 400 Juan F. Luis Hospital and Medical Center employees are not on GERS, and another 200 at the Roy Lester Schneider Hospital.

"You cannot continuously downside government and expect the system to not collapse," contended Vialet. "The ratio can't be one active to one retiree -- that's why I have suggested to the governor that those 600 [hospital] employees should be enrolled as Tier II employees."

Added to the 600 hospital employees, Vialet said there are about 400 more government employees working on contract who are enrolled in other programs. He said adding them to GERS will help bolster the program because more active members means the system becomes more lucrative and is able to sustain those already retired and receiving benefits.

It was unlikely that governor Mapp would approve the measure, as the administration, through Finance Commissioner Valdamier Collens, said the [government did not have the \\$600 million needed to save GERS](#), and recommended that the senate hold the measure. Mapp's Communications Director Kimberly Jones told The Consortium this morning that Lieutenant Governor Osbert Potter, acting as governor while [Mapp travels](#), said he would take action on "everything that needed to be addressed," including the GERS measure, before October 1. However, Ms. Jones could not confirm if Potter had approved or vetoed the measure, and promised to return with a response later this morning.

Sen. Roach was also troubled, he said, with the suggestion that the system should broaden its investment approach to include an increase in equity investments outside of the United States.

"With the limitation that its funds be invested primarily in U.S. stocks and bonds required by our Virgin Islands Code, the System's experts testified that it has performed well. I did not see the need for the change," he concluded. Testifiers had argued at one of the three hearings organized by Sen. James and held on all three islands, that including language in the measure that would see investments being made outside the U.S., where some bets may be more risky but also more lucrative, as a way of building profits, should be considered.

Image Credit: Newsworks.

