The Virgin Islands Consortium

Retired Firefighters Refuse To Sign Document Diminishing Their G.E.R.S. Annuities

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ST. CROIX -- Davidson Charlemagne tells The Consortium he will not sign a document from the Government Employees' Retirement System that diminishes his annuity payments from a rate of 3 percent to 2.5 percent. "That's not what was agreed upon," he said. "And I'm not going to agree to it. G.E.R.S. had no problem taking my money monthly, but when it's time to pay an agreed upon amount, they're saying something different."

Mr. Charlemagne is among 32 other recently retired firefighters who received letters from G.E.R.S. asking that they take a lower rate -- which is generally multiplied by the amount of years a government employee worked, to determine what the monthly retirement payments will be. The lower rate is a result of a new calculation that G.E.R.S. is utilizing, and which has so far only affected the recently retired 33 firefighters.

G.E.R.S. is basing its decision to reduce the firefighters annuity payments from 3 to 2.5 percent on Virgin Islands Code, Title 3, Chapter 27, Section 718 (k), which reads:

The employer shall pay to the System the total cost of any special, early retirement program in advance of the commencement of the early retirement program. If the employer is in default of payment for any prior special, early retirement program, the System may not distribute any special early retirement benefits from any additional special, early retirement program until full payment for the previous special early retirement program is made.

Mr. Charlemagne said he paid more than what was required over his 21-year tenure at the V.I. Fire Service, but the plan sponsor, which is the government, has not done its part in paying G.E.R.S., and so Mr. Charlemagne and the other firefighters are left on their own, with expected monthly wages diminished by over 10 percent -- an amount that could have huge impacts on those affected.

Mr. Charlemagne served 21 years as a firefighter, which, at 3 percent would require G.E.R.S. to pay him 63 percent of his salary. At the 2.5 rate, Mr. Charlemagne would only be paid 52.5 percent. He said G.E.R.S. is promising to raise the rate back to 3 percent once the plan sponsor pays up, but that's a promise Mr. Charlemagne said he could not trust.

"You want me to take a cut in my pay and hoping that the government eventually pays that portion sometime, whenever that is -- could be the next ten years -- that's what you're telling me?" Mr. Charlemagne asked. Board Administrator Austin Nibbs said Mr. Charlemagne should take the 2.5 percent, adding that the board would be meeting with the governor next week, although he said he did not know what would take place at that meeting.

"So there's no promise or deadline, or date, maybe it will be given to us in a year's time? There's no kind of commitment; this is just by hope and promises?" Mr. Charlemagne pressed. Mr. Nibbs said, "All I'm waiting for is to get your adjustment to 2.5 percent. The government will be able to tell us whether they can do it or not, but my recommendation to you now is to take the 2.5 percent."

Mr. Charlemagne suggested a class action lawsuit be levied at G.E.R.S. for breaking its promise of paying the employees at 3 percent. He also lamented the lack of urgency showed by others affected by this decision.

And Mr. Charlemagne was not the only firefighter at yesterday's meeting raising concern about the decrease. A firefighter from St. Thomas named Ian Williams spoke for over 20 minutes, decrying the board's action as detrimental to his own plans.

Among other ways in which the cut would affect him, Mr. Williams explained that his wife's mother was battling cancer on the mainland, and that a lot of the burden is to be shouldered by his retirement, which he had already calculated at 3 percent.

Yet, the board didn't budge. Following the community discussions, it moved into its regular meeting without commenting on the concerns of the firefighters. At the end, Board Chairman Chairman Wilbur Callender said some people might have misunderstood what he said during a recent program on which he was a guest. Recounting his statement, Mr. Callender reiterated what has been said many times by board members, that the system would be out of cash by 2023. At that time, he said, if there's no injection of cash by the plan sponsor, annuities would have to be slashed by up to 50 percent.

But no such plans are in place, he stressed.