The Virgin Islands Consortium

G.E.R.S. Won't Cut Retirees' Benefits By 30 Percent; At Least Not Yet

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ST. CROIX -- The Government Employees' Retirement System Board of Trustees decided not to cut retirees' benefits by 30 percent on January 1, 2017, news that will be well received by retirees who feared that their annuities would have seen a dramatic decrease early next year, after G.E.R.S.'s actuary recommended the move. The potential decrease was first reported by The Consortium in September.

The recommendation was one of many given by G.E.R.S.'s actuary, Rocky Joyner of Segal Consulting, as a list of actions that must be taken to salvage the system — which is set to collapse in seven years or less, according to the actuary and board members — if an infusion of cash of either $600 million, $1.4 billion or $1.7 billion is not implemented before year’s end. G.E.R.S.’s unfunded liability is now over $3 billion, according to Board Administrator Austin Nibbs.

G.E.R.S. has yet to receive any of the requested funds from the government, but the board's vice chairman, Edgar Ross, said the responsibility of saving the system should not be burdened by retirees, but rather the government.

Yet, G.E.R.S. remains in a precarious position. The board decided to continue paying retirees what they currently receive, but stressed that if something is not done immediately, retirees would see even deeper cuts by 2023.

The board also chastised Governor Kenneth Mapp for his recent castigation of its members; Mr. Mapp has called for the current G.E.R.S. board to be replaced with new members with investment acumen. The governor also called for the resignation of Mr. Nibbs.

“The question today is why the G.E.R.S. board of directors and Mr. Nibbs, who I am now convinced needs to be replaced as the administrator of the G.E.R.S., wasting time and holding retirees monies hostage on some premise that the government isn’t paying them any money that is owed,” the territory’s leader said, referring to a lawsuit brought against the Government of the Virgin Islands by G.E.R.S., as the system seeks to force the government to pay the unfunded liability.

The governor then pointed out that his administration has been making payments to the system every two weeks since he took office; a reality that was not realized during the Governor John P. de Jongh administration, he said.

At Tuesday's meeting, board members returned fire, with Chairman Wilbur Callender calling the governor dishonest, while pointing out successes of the board, and failures of the government -- specifically its failure to make contributions that has left the pension system reeling.

Also on Tuesday, the board approved a request by G.E.R.S. Attorney Kathy Smith to ask the Legislature to repeal a law that allows government employees to retire, start receiving benefits and continue receiving benefits if they decide to return to the workforce.

The board also approved a request by Mr. Nibbs that would see payments being made to retirees monthly instead of bimonthly. That approval would come through legislative action.

And it approved allowing West Indian Company employees into G.E.R.S.