The Virgin Islands Consortium

Following Judge Order, VI Government Is Coming Up To Date With G.E.R.S. Payments

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ST. THOMAS -- The Government of the Virgin Islands told District Court Judge Curtis Gomez on Wednesday that it had been following a court order that demanded a plan to pay the Government Employees' Retirement System (G.E.R.S.), revealing that the $31 million owed in March, stood at $8,146,218 as of Wednesday.

On March 21, both G.E.R.S. and the G.V.I. submitted their plans as to how the pension system should be paid the amounts owed -- including employee and employer contributions, as well as loan payments that are supposed to be remitted to G.E.R.S.

The government's plan sees the Mapp administration making one delinquent payment and one current payment every payday until July 19, 2018, at which point the government would become current with its employee, employer and loan deduction payments to G.E.R.S. The payments also include interest payments to the pension system.

According to Grace Fahie Lindo, director of payroll at the Department of Finance, payments to G.E.R.S. was ordered a priority by D.O.F. Commissioner Valdamier Collens following the March order by Judge Gomez. But while the judge was pleased with the payments made to the system, he was concerned that a commissioner could determine the priority level of paying the pension system -- when the territory's laws demand that those payments be made.

The government's attorneys -- including Carol Thomas-Jacobs and law firm Greenburg|Traurig -- argued that the government wasn't the sole cause of G.E.R.S.'s many problems. The attorneys pointed to what was described as the pension system's poor management of assets as another reason for its troubles.

Judge Gomez requested the presence of someone who can speak on the territory's liquidity issues, like Mr. Collens or the director of Treasury, at the next hearing, which has been set for July 13. Judge Gomez would also like to know whether any harm was done to government employees whose loan payments to G.E.R.S. were not remitted to the system by the government.

GERS By the Numbers

- The pension system has 8,500 retirees and 9,300 active government employees, for a total of 17,800 members
- From 2000 to early 2018, G.E.R.S.'s withdrawals to make benefit payments totaled $1.5 billion
- Total assets remaining is $716 million
- Current annual payout to retirees is $250 million

G.E.R.S. said the missed payments over the years have hastened the pension system's impending collapse. An assessment of the system, conducted in 2016, concluded that G.E.R.S. would run out of money by February 2023, but with the continued deterioration of funding — G.E.R.S. CEO and Administrator Austin Nibbs said the system is spending $138 million more than what it's taking in — the 2023 projection now seems like an optimistic assessment, said Rocky Joyner of Segal Consulting, who is G.E.R.S.'s actuary.

During the March 14 hearing, Mr. Nibbs said he was not confident that the government would keep its promises, an uncertainty he said was based on passed promises. Nonetheless, Judge Gomez ordered the parties to either work together or separately to come up with a plan that would not only see the government coming current on its payments to the pension system, but crafting a plan of avoidance that would assure the situation does not reoccur.

At Wednesday's hearing, the government proved that it has kept its promise so far, and plans on being clear of its arrears -- and come current -- by July 19.