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G.E.R.S. Throws Cold Water on Suggestion to Restart Loan Program by Partnering With Private Bank

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Governor Albert Bryan has suggested to the ailing Government Employees' Retirement System that it should pursue a partnership with a private banking institution with the aim of restarting the popular loan program the pension system [suspended indefinitely in 2015](#). The program was popular among gov't employees who have said the loans helped with making ends meet and taking care of emergencies, among other obligations.

G.E.R.S. Administrator Austin Nibbs spoke briefly about the governor's suggestion, though he was stopped by Board Chairman Nellon Bowry when attempting to discuss the pitch further. Nonetheless, Mr. Nibbs said the program would include an interest rate of 8 percent, with G.E.R.S. receiving a 4 percent share.

Mr. Bryan's suggestion was not the first attempt to have the retirement system reinstate the loan program, which G.E.R.S. said it suspended "in order to ensure the availability of liquid funds to pay benefits, as well as to ensure the survivability of the system."

Since then, the retirement system has held firm to its stance [and has even contravened law](#) that directed it to reinstate the program. Asked by a board member whether G.E.R.S. was in violation of local law by refusing to restart the loan program, Mr. Bowry said he would not answer the question, though he expounded that G.E.R.S. presumably made its decision not to reinstate in an effort to protect the system. "The board has a fiduciary responsibility that is also law. In your fiduciary responsibility, your first responsibility is to the system and more specifically... the funds of the system, and the ability of the funds to do its primary purpose which is to pay benefits," Mr. Bowry said.

Mr. Bowry also said he would not ask legal counsel to answer the question of legality. Pressed on whether he would block legal counsel from addressing the question in executive session, Mr. Bowry paused, and said he would allow the matter to be addressed behind closed doors.

Board member Vincent G. Liger said Mr. Bryan's suggestion was not new as at least one private banking entity approached the board in the past. "We have had this offer prior to today (Thursday, March 25, 2020). There was a credit union in St. Thomas that came to us that wanted to partner with us, but it's not as easy as it sounds," Mr. Liger said.

The reinstated program would look much different from the original. Mr. Nibbs said loan amounts would be capped at either \$10,000 or \$5,000, and would have a three-year maturity date. With such criteria, he said most gov't employees would not be able to qualify. "They would not be able to qualify because they have so much other debt that they're paying out of their check, that net pay" would not meet the criteria for qualification, said Mr. Nibbs.

He also listed a myriad of cons with the program, among them G.E.R.S.'s liquidity constraints and increased administrative costs even as the board has mandated budget reductions because of pending insolvency, among other negatives.

Mr. Bowry, too, was pessimistic on reinstating the program. He said when the program was suspended in 2015, it was because of the precarious financial condition of G.E.R.S., a situation that has only gotten worse with time.