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Bill Allowing Gov't Retirees to be Rehired and Keep Their Pension While Contributing to GERS Moves Forward

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Legislation that would allow government retirees to be rehired by the government under special terms was approved by the Committee on Finance Tuesday and has been forwarded to the Committee on Rules and Judiciary for further vetting.

Sponsored by Senator Milton Potter, the measure is an Act amending Virgin Islands Code to allow retirees to re-enter government service and retain their annuity while paying a contribution to the Government Employees' Retirement System.

Mr. Potter in his explanation of the measure said the pension system would not be stressed by the proposed measure if it were to become law. "In fact, it offers a financial benefit to the system in

that GERS would continue to receive both the employer and the employee contributions without the obligations of having to recalculate the retiree's service annuity," he said.

"It widens the pool of potential employees to help the government of the Virgin Islands fill hundreds of positions," Mr. Potter stated, adding that a returning retiree must go through the application process. He also explained that the GVI would get the opportunity to retain institutional knowledge from a pool of highly trained individuals to fill vacant positions.

"What is clear is that the landscape of our labor force is changing. Millennials today make up 50 percent of the workforce but many of them are not attracted to work for 30 years for the same employer. Most seek work flexibility that promotes work-life balance; they are seeking opportunities for entrepreneurship," he added.

The bill says if a retiree is chosen for a job within the GVI, this person would be retained for three years and must pay employee contributions into the system. "He or she will not be allowed to accumulate annual leave payout upon separation," Mr. Potter said. He went on to describe the measure as a win-win situation. "It will generate badly needed income for both the retiree and the GERS in general, while creating a pool of qualified applicants to fill government vacancies."

Austin Nibbs, GERS CEO and administrator, said the legislation has the full backing of the pension system. "The advantage for GERS by passing this bill is the additional contributions that will be collected from employee and employer by filling the vacant positions," he said.

"We see no disadvantages by the passing of this bill at this time. It was reported that there are approximately 1,000 [vacant] positions, and using the average salary of the active employee of \$46,000... the additional contributions that will be collected is approximately \$18 million. The amount can be greater or smaller depending on the salary," Mr. Nibbs said, giving the most ambitious estimate of retirees who would potentially take the offer.

According to language found in the measure, seen [here](#), "The retired member may reenter the government service not earlier than 18 months from the date of the member's retirement." However, Mr. Nibbs suggested an amendment to the bill that would define a new category called "a break in service" instead of retirement. The break in service would be anywhere from 90 days to 12 months, and would allow the government employee who retired to return to work thereafter.

The category defining "break in service" was suggested so that the bill does not contravene federal law, which under the Internal Revenue Service defines retirement as separation from service. Mr. Nibbs said that knowingly making advanced preparation for a return to service would be a violation of the IRS code. "This retirement violates IRS code 401A and can result in disqualification," Mr. Nibbs said.

Cindy Richardson, director designee of the V.I. Division of Personnel informed the committee during her testimony that the department is in full support of the intention of the bill and offered some amendments.

"We propose that retirees coming back into service are grouped under a new classification titled Retiree Rehires, which would demand a new contribution tier among other things that would be incumbent for Personnel to develop," she said.

"We would also ask that this proposal not extend to exempt positions and only be available through the central government and through a competitive hiring process that would net the most qualified candidates for each position," Ms. Richardson said, according to her testimony.

She further suggested that agencies hiring would have to show the Division of Personnel that they were unable to fill the position for six months and provide proof that internal promotion was not an option. “Further, a recruitment plan must be shared with the Division of Personnel and include provision for succession planning,” she said.

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