COMMITTEE ON BUDGET, APPROPRIATIONS AND FINANCE

# BILL NO. 36-0417

## Thirty-Sixth Legislature of the Virgin Islands

**October 30, 2026**

To enact the Government Employees Retirement System Vesting Flexibility and Workforce Retention Act

**PROPOSED BY:** Senator Avery L. Lewis

**WHEREAS**, the Government of the Virgin Islands depends upon the knowledge, experience, and continued service of its employees to provide essential public services to the people of the Virgin Islands;

**WHEREAS**, the Government Employees Retirement System (GERS) plays a significant role in recruiting, retaining, and providing retirement security to government employees;

**WHEREAS**, concerns have been raised that employees are leaving government service before completing the ten years of credited service generally required for vesting, resulting in the loss of experienced personnel and raising questions about the effectiveness of the current vesting structure as a workforce retention tool;

**WHEREAS**, employees may leave public service for a variety of reasons, including compensation, career advancement, personal circumstances, and concerns about the time required to qualify for a vested retirement benefit;

**WHEREAS**, the Legislature of the Virgin Islands recognizes that a retirement system should seek to balance the interests of employees who wish to establish a secure retirement

future, the Government as an employer seeking to retain qualified personnel, and GERS in maintaining the financial integrity of the pension system;

**WHEREAS**, alternative vesting schedules, graduated vesting, earlier vesting thresholds, deferred benefit arrangements, retention incentives, and other retirement plan designs may warrant evaluation to determine whether they could improve employee retention and retirement security;

**WHEREAS**, the Legislature recognizes that no change to the vesting structure or retirement benefit formula should be implemented without careful consideration of its legal implications, actuarial impact, fiscal consequences, and effect on existing members and future employees;

**WHEREAS**, the Legislature intends to give GERS the flexibility to identify and recommend innovative, practical, and financially responsible options that reflect the interests of employees, the Government, and the long-term stability of the System; Now, Therefore,

***Be it enacted by the Legislature of the Virgin Islands:***

**SECTION 1.** (a) This act shall be known and may be cited as the Government Employees Retirement System Vesting Flexibility and Workforce Retention Study Act.

The review shall consider the interests of:

(1) government employees seeking greater flexibility, fairness, and security in their retirement planning;

(2) the Government of the Virgin Islands and participating employers seeking to retain qualified and experienced employees;

(3) current GERS members whose accrued benefits and retirement expectations must be carefully considered;

(4) future government employees who may be affected by prospective changes; and

(5) GERS and its beneficiaries, whose interests depend upon the System's long-term financial integrity.

The Legislature intends that the resulting recommendations identify options that are legally permissible, actuarially supportable, fiscally responsible, and acceptable to the parties affected by any proposed changes.

**SECTION 2.** *Comprehensive review of vesting and retention options*.

(a) The Government Employees Retirement System shall conduct a comprehensive study of the existing vesting requirements and evaluate potential alternatives to improve employee retention and retirement flexibility.

(b) GERS shall conduct the study in consultation with:

(1) an independent actuary;

(2) the Division of Personnel;

(3) government employers with employees making contributions to the system;

(4) representatives of public employees and recognized employee organizations, where applicable;

(5) representatives of retirees and other affected GERS members, as appropriate; and

(6) other persons or entities GERS determines would provide relevant expertise or perspectives.

(c) The study shall include an examination of the reasons employees leave government service before reaching the current vesting threshold, to the extent reliable information is available. The study should distinguish departures attributable to retirement-benefit concerns from departures attributable to compensation, working conditions, career advancement, and other factors.

(d) GERS is not limited by the options delineated by this act and may evaluate additional alternatives that could improve employee retention and retirement security while protecting the system's financial position.

**SECTION 3.** *Vesting and retirement plan options to be evaluated*.

(a) Graded or graduated vesting. GERS shall study a vesting structure under which a member earns increasing non-forfeitable interest in an employer-funded retirement benefit as the member completes additional years of credited service before reaching the existing 10 year threshold.

The study shall evaluate appropriate service milestones, possible vesting percentages, eligibility requirements, and the financial effect of each proposed schedule.

(b) *Earlier vesting thresholds.* The study shall evaluate the feasibility of establishing an earlier vesting threshold, including an eight-year threshold or another period recommended by GERS and its actuary, with consideration of whether the option should apply to all eligible members or to specified categories of members.

(c) *Multiple vesting options*. The study shall evaluate the feasibility of providing members with choices among legally permissible vesting arrangements or retirement plan options, including the circumstances under which members could elect an option, the consequences of each election, and whether an election should be revocable or irrevocable.

(d) *Deferred retirement benefits and portability*. The study shall evaluate improvements to the treatment of members who leave government employment before becoming vested, including whether existing law permits additional options to preserve retirement savings, defer benefits, transfer eligible service credits, or otherwise protect the member's retirement interests.

(e) *Employee retention incentives*. The study shall evaluate the feasibility of establishing lawful incentives for employees who reach specified service milestones or remain in government service until vesting. The review may include retirement-related incentives and

other retention measures, provided that the costs, funding sources, and legal requirements are identified.

(f) *Alternative retirement plan structures*. The study shall evaluate the feasibility of other retirement plan designs, including prospective changes applicable to future employees, hybrid retirement arrangements, or other structures that could improve recruitment and retention without imposing unreasonable costs or risks on GERS.

(g) *Differentiated or transitional approaches*. The study shall evaluate whether different arrangements may be appropriate for existing members, employees with substantial credited service, future hires, or other legally permissible categories, with particular attention to fairness, administrative feasibility, and the protection of accrued benefits.

(h) Other innovative approaches. The study shall evaluate any additional options identified by GERS, its actuary, employee representatives, or participating employers that could help retain qualified employees and improve retirement security.

**SECTION 4.** Actuarial, fiscal, and legal analysis. (a) Each principal evaluated under this act must be accompanied by an actuarial and fiscal analysis sufficient to permit an informed comparison with the existing vesting structure.

(b) To the extent reasonably practicable and supported by available data, the analysis shall address the:

(1) projected effect on GERS' actuarial liabilities, funded status, cash flow, and long-term financial sustainability;

(2) anticipated effect on employer contribution requirements and any additional governmental funding obligations;

(3) estimated administrative and implementation costs;

(4) potential effect on employee recruitment, retention, turnover, and the loss of experienced personnel;

(5) treatment of employee contributions, employer-funded benefits, and any applicable refunds or deferred benefits;

(6) effect on current members, future hires, retirees, and other beneficiaries;

(7) legal implications under the Virgin Islands Code and other applicable law, including any relevant contractual, collective bargaining, or federal requirements; and

(8) administrative changes, implementation period, and transition provisions necessary to conduct the option.

(c)(1) In conducting the analyses of valuations, long-term financial forecasts, and system risk analyses required under this act, GERS shall utilize a single, uniform set of actuarial assumptions and conformed financial metrics.

(2) The uniform metrics required under paragraph (1) shall include standard, coextensive parameters for:

(A) the assumed investment rate of return;

(B) inflation and consumer price indexes;

(C) mortality and life-expectancy tables; and

(D) payroll and membership growth projections.

(3) GERS shall not employ disparate methodologies or conflicting baseline assumptions between different plans, tiers, or reporting mechanisms administered by the system.

(d) GERS shall not characterize any proposed option as cost-saving, actuarially sound, or financially sustainable unless the supporting analysis substantiates that conclusion.

**SECTION 5.** Employee and stakeholder input. (a) GERS shall establish a process for obtaining meaningful input from government employees and other affected stakeholders during the study.

(b) The process may include employee surveys, listening sessions, consultations with employee organizations, written submissions, or other reasonable methods of gathering information.

(c) GERS shall make reasonable efforts to obtain input from employees who have left government service before vesting, employees approaching the vesting threshold, long-serving employees, and current members with differing retirement needs.

(d) The final report shall summarize the principal concerns and recommendations received, explain how the feedback was considered, and identify areas of agreement or disagreement among the affected parties.

**SECTION 6**. (a) GERS shall lead and coordinate the study and may obtain assistance from its actuary, the Division of Personnel, participating employers, and other qualified persons or entities.

(b) GERS shall identify the resources required to complete the study, including any additional actuarial or consulting services, and shall disclose those costs in its report.

**SECTION 7**. Report and recommendations. (a) GERS shall submit a written report to the President of the Legislature and the Governor within 120 days after the effective date of this act.

(b) The report shall include:

(1) an assessment of the existing vesting structure and available data concerning employee departures before vesting;

(2) at least three distinct models for improving vesting flexibility or employee retention, including the existing structure as a baseline for comparison;

(3) the advantages, disadvantages, and projected costs of each model;

(4) the actuarial, fiscal, administrative, and legal analyses required under section 4 of this act;

(5) a summary of employee and stakeholder input;

(6) an assessment of the effect of each model on existing members and future employees;

(7) GERS' preferred option, if it identifies one, and the reasons for its recommendation;

(8) any statutory amendments, regulatory changes, funding measures, or administrative actions necessary to implement each recommended option; and

(9) a proposed implementation schedule, including any necessary transition period.

(c) The report shall identify any option that cannot be recommended because of legal restrictions, actuarial concerns, administrative limitations, or funding requirements and explain the basis for that determination.

(d) If GERS determines that additional time is necessary to complete a reliable actuarial analysis, it shall notify the President of the Legislature prior to the deadline in subsection (a) and explain the reason for the delay and provide a reasonable anticipated completion date.

**BILL SUMMARY**

This bill enacts the "Government Employees Retirement System Vesting Flexibility and Workforce Retention Act" to require the Government Employees Retirement System, in consultation with its actuary, the Division of Personnel, participating government employers, and representatives of government employees, to evaluate and recommend flexible vesting options and workforce retention strategies for members approaching the ten-year vesting threshold; to examine alternative vesting schedules, earlier vesting opportunities, retirement benefit portability, and other innovative approaches that balance employee retirement security with the long-term financial sustainability of the Government Employees Retirement System; and for other related purposes