

Virginia Conference of the
American Association of
University Professors and the
Faculty Senate of Virginia

Virginia Retirement System:
Competitiveness, Equity, and
Assurance for the Future

FULLY FUNDING VRS, PROVIDING OPTIONS FOR MEMBERS

Retirement benefits are critical to keeping Virginia institutions competitive in their recruitment and retention of highly qualified faculty. These benefits must be competitively generous, equitable, and guaranteed for the future by the combination of prudent management of and state support for its pension plans.

We call for **full funding of the VRS Board Certified Rates**. Actuarial estimates conducted by JLARC conclude that present assets are sufficient to meet only 83.0 percent of long-term obligations for state employees. This represents a precipitous decline from 2002, when long-term obligations were fully covered. The unfunded actuarial liability in the State Employees Fund is currently \$2.5 billion. The AAUP and Faculty Senate of Virginia support the VRS Board of Trustees in urging the funding of the Board Certified Rates. The Virginia Retirement System must be built on sound accounting procedures, and the best way to assure that we are on solid footing is to follow the recommendations of the Board of Trustees that administers the Virginia Retirement System. We strongly urge our legislators to fund the Virginia Retirement System Board Certified Rates.

The AAUP and FSVA support two measures that would improve our institutions' competitiveness in attracting and retaining excellent faculty, and would provide for greater equity between members of the VRS and those in optional retirement plans. **HB 1972** allows teaching and administrative faculty who are in optional retirement plans to make a one-time irrevocable decision to opt-in to the VRS after completing ten years of service. Many younger faculty members choose optional retirement plans when they are first hired because of these plans' portability. After ten years, these faculty members have most likely committed themselves to stay in the Commonwealth. Valued teachers and administrators who know that they will have flexibility in adjusting their retirement benefit options are more likely to choose to stay in Virginia.

HB 1973 requires that the Commonwealth's contribution to participating member's defined contribution account not be less than the percentage contribution for participating members in the defined benefit plan. This would create greater equity between members in the two plans.