



# ACT 7261 Frequently Asked Questions



To help our members better understand the application of **Act 7261**, known as the Virgin Islands Economic Stability Act of 2011, below are answers to some Frequently Asked Questions, initiated by the Division of Personnel and concurred with by the GERS as relating to retirement issues.

**Q: Which employees' salaries will be reduced based on Act 7261?**

A: All employees of the Legislative and the Executive branch of government whose salary exceed \$26,000 will receive a salary reduction. The salaries of those employees who make between \$26,000 and \$28,260 will be reduced to \$26,000. Employees whose salaries are higher than \$28,260 are subject to the full 8% cut.

Examples:

| Employee 1  | Employee 2   | Employee 3   |
|---|--|--|
| Salary = \$20,000 to \$25,999<br><br><b>No salary cut will be applied</b> | Salary - \$27,560<br>8% cut ( $\$27,560 \times .08$ ) = \$2,204.80<br>If the full amount of the cut is implemented, their salary would fall below \$26,000 so the<br><b>New Annual Salary = \$26,000</b> | Salary = \$50,000<br>8% cut ( $\$50,000 \times .08$ ) = \$4,000<br><br><b>New Annual Salary = \$46,000</b> |

**Q: How about employees of the Superior and Supreme Courts, will the 8% salary cut in Act 7261 apply to them?**

A: The salary cuts do not automatically apply to employees of the Superior or Supreme Courts or to the Judges and Justices. Act 7241 asks the Judiciary to voluntarily comply with this provision, request an equivalent reduction in its budget or act in alternative ways to accomplish the provisions of the Act.

**Q: When will the eight (8%) percent salary cuts begin and when will the end?**

A: The salary cuts will begin on July 4, 2011, so the employee will see a reduction on their July 28, 2011 check/advice. The cuts will expire on July 13, 2013.

**Q: I have submitted my retirement paper work for the \$10,000 incentive and plan to retire on September 30, 2011; will my salary be reduced until I retire?**

A: Yes.

**Q: Will I have to pay GERS the difference of the Employer/Employee contribution when I become eligible to retire in two years?**

A: Yes. In order to get full service credit at your pre-8% salary you will have to make a contribution payment to GERS for both the employee and employer contribution difference. A GERS Benefits Analyst can assist you with that calculation.

**Q: How will the salary reduction affect my career incentive pay?**

A: Employees who currently receive Career Incentive Pay will not have their incentive reduced. Employees who become eligible for career incentive during the salary reduction period will have their career incentive calculated on their pre-8% salary.

**Q: The Act states that Autonomous and Semi-autonomous entities receiving any portion of their funding from the General Fund will have to take the 8% cut. Which entities do and don't have to take the cut?**

A:

| DO  | DON'T  |
|---|--|
| <ul style="list-style-type: none"><li>• V.I. Waste Management Authority</li><li>• V.I. Public Television System (WTJX)</li><li>• Governor Juan F. Luis Hospital and Cardiac Medical Center</li><li>• Roy Lester Schneider Hospital &amp; Medical Center (Schneider Regional Medical Center)</li><li>• University of the Virgin Islands</li><li>• V.I. Housing Finance Authority</li></ul> | <ul style="list-style-type: none"><li>• Port Authority</li><li>• Water and Power Authority</li><li>• Public Finance Authority</li><li>• Government Employees Retirement System</li><li>• Virgin Islands Housing Authority</li><li>• Virgin Islands Lottery</li></ul> |

**Q: Can I gain access to a Counselor to help me address my changes in compensation or retirement planning?**

A: Yes. CIGNA's Employee Assistance Program offers counseling sessions with 5 contractual counselors throughout the Virgin Islands. You may call 1-800-433-1230 to gain access to this service.

**Q: Am I eligible to receive food stamps?**

A: Anyone can apply for food stamp benefits; however, eligibility is determined by the number of people in the household as well as the household earned and unearned income. There is a standard income limit based on household size. Eligibility is also determined by citizenship of each household member (US born, naturalized or green card holder for 5 years).

**Q: How can I apply for food stamp assistance?**

A: The individual must fill out an application at the Department of Human Services. If he/she is unable to do so, he/she may choose an authorized representative to apply for the household.

**Q: Will the salaries of new employees be reduced by 8%?**

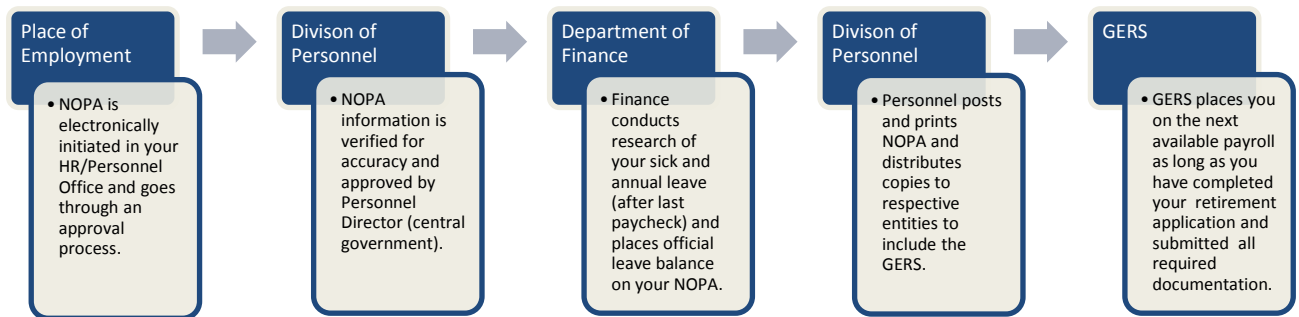
A: Yes. The ERP-HR module will apply an 8% reduction to all current and newly hired employees hired until July 3, 2013.

**Q: My salary is paid 100% from federal funds; will my salary be reduced by 8% also? And if so, what will happen to the excess federal funds?**

- A: Yes. Your agency will have to contact its Federal Grantor agency to determine if the savings derived from the 8% cut can be reprogrammed to some other line item to support the project/program.
- Q: Will my supplemental life insurance premium and benefit decrease based on the 8% salary reduction?**
- A: Yes. Your supplemental biweekly life insurance premium will be reduced and your supplemental life insurance benefit will also be reduced if you elected to take the salary multiplier option.
- Q: I heard that Doctors, Nurses and Teachers are excluded from the 8% salary reduction. Is this true?**
- A: No. All employees will have their pay cut by 8% in accordance with the law to include the Governor, Lieutenant Governor and all Senators.
- Q: Will the Government continue to hire and promote employees to fill critical voids created by the recent retirement wave?**
- A: Yes. The Government will continue its limited hiring process for “mission critical” positions. Employees are welcome to actively compete for any position posted on the Division of Personnel’s website, [www.dopusvi.org](http://www.dopusvi.org).
- Q: I am a retiree and my former agency head would like me to work for 75 days on a special project, can I do so without my annuity payment being stopped?**
- A: Yes. You will still be able to work for the 75 days in accordance with Section 706 (c) of Title 3, Chapter 27 without having to forfeit your retirement annuity. All 75 day appointments will be made in accordance with the 75 Day Policy approved by the Governor.
- Q: Who qualifies for the \$10,000 incentive payment?**
- A: Any member employed by an agency receiving any portion of their funding from the general fund for payment of salaries and who has attained 30 or more years of credited service completed as of the date of enactment, July 5, 2011.
- Q: Are Class III/ Law Enforcement Officers who have more than 20 years of credited service, but less than 30 years of credited service, eligible to retire and receive the \$10,000 incentive payment?**
- A: No. Only Class III/ Law Enforcement Officers with 30 years or more of credited service will be eligible to receive the \$10,000 incentive payment.
- Q: Is the \$10,000 incentive payment a payment in lieu of my annual leave lump sum or is it an additional payment? Will the \$10,000 incentive payment be taxed?**
- A: The \$10,000 incentive payment is an additional payment you will receive separate and apart from your annual leave lump sum payout and yes, both payments will be taxed.
- Q: What is the deadline for an employee with 30+ years of service to put their department on notice of their intent to retire to be eligible for the \$10,000 incentive?**

- A: The deadline to submit a fully signed and initial copy of the Voluntary Retirement Incentive Program form (VRIP) to your department is August 15, 2011. The VRIP form can be found on the Division of Personnel's website, or in the office of your departmental HR officer.
- Q: Can the \$10,000 incentive payment be used to buy credited service?**
- A: Yes. The employee may use the \$10,000 incentive payment for whatever they like.
- Q: Will employees be allowed to use their excess annual leave bank hours and sick leave to buy credited service?**
- A: Yes. Nothing in this new law seeks to prohibit that right that employees already have under Title3, Chapter 27 relative to converting sick and annual leave bank hours into service credit. It must be noted that employees who seek to convert time into service credit must pay the employee/employer contribution value and any lost investment opportunity fee to GERS.
- Q: Will the normal retirement formula of 9 months equal one (1) year be acceptable in attaining eligibility under the Act 7261?**
- A: Yes.
- Q: If you have at least 2 more years to go, can you apply for the Voluntary Leave without Pay Program under section 593, leave for two years and upon your return retire?**
- A: Yes. Once your agency heads recommendation is approved by the Governor for participation in the Voluntary Leave without Pay (VLWOP) Program, you may retire upon your return to government service.
- Q: I want to take Voluntary Leave without Pay; is my job guaranteed for the two years?**
- A: Yes. Once your agency head's recommendation is approved, your position is guaranteed. However, failure to return within five (5) days of the end of the VLWOP period will be considered Job Abandonment and you will lose all rights to your position.
- Q: How do I know if I am eligible to retire?**
- A: In order to determine your eligibility, you would have to call the GERS to set up an appointment with a Benefits Analyst in order to have an evaluation of your years of service done. Note: Even though you may have been on the job physically for 30 years, there is the possibility that you could owe contributions for a period of time while you worked. Thus, for purposes of retirement, you would be required to pay in those contributions and lost investment income in order to have that time counted towards your retirement as "credited service".
- Q: How soon can I expect to receive my first annuity check after my effective retirement date?**
- A: Ordinarily it would take six (6) to eight (8) weeks after receipt of your final NOPA. **GERS can only place you on the retirement payroll upon receipt of your final NOPA.** \*\*Determining factor is when your final NOPA is received from your employer.

*\*Below is an illustrative chart of the NOPA process.*



If you have questions relative to retirement processing or benefits, call our Member Services Division at 776-7703 (STT/STJ) or 718-5480 (STC).

**\*\*\* Please note that all retirement laws/rules as outlined in the Virgin Islands Code, Title 3, Chapters 27, 28A and 28B will apply when processing retirement applications unless otherwise amended by Act 7261.**