## Virginia Retirement System 2025 General Assembly Session State Fiscal Impact Statement

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Bill Number: SB934 Patron: Craig

**Bill Title:** Certain unclaimed property presumed abandoned; Volunteer Firefighters' and Rescue

Squad Workers' Service Award Fund.

**Bill Summary:** Provides that any funds or other property held or payable to a member of the Volunteer Firefighters" and Rescue Squad Workers" Service Award Fund that have remained unclaimed for more than five years after such member's forfeiture of his membership or the dissolution of a volunteer emergency medical services agency or volunteer fire department shall be presumed abandoned for the purposes of the Virginia Disposition of Unclaimed Property Act.

Budget Amendment Necessary: No Items Impacted:

**Explanation:** 

**Fiscal Summary:** Allowing Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund (VolSAP) accounts to escheat to the state is not expected to have a fiscal impact on VRS, VolSAP, or Treasury. It may lessen VRS's and VolSAP's administrative burden and cost of maintaining and tracking these funds while improving access. Treasury indicated no administrative impact is expected for additional escheated funds.

### **General Fund Expenditure Impact:**

<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	FY2030
TOTAL						
Nongeneral Fu	ınd Expenditure	Impact:				
<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>
TOTAL						
Position Impa	ct:					
<u>Agency</u>	<u>FY2025</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>

#### **Fiscal Analysis:**

**TOTAL** 

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#### Other:

The VolSAP Board requests this bill. The bill amends Title 55.1 to allow VolSAP accounts to be escheated to the Virginia Department of the Treasury's Division of Unclaimed Property.

VolSAP is a service award program authorized under the Internal Revenue Code and the Virginia Code and was established in 1999 (Va. Code § 51.1-1200 et seq.) as a voluntary defined contribution retirement plan for volunteer firefighters and emergency medical technicians. Eligible volunteer firefighters and emergency medical technicians can contribute money to the VolSAP Fund, which is invested alongside the VRS Trust Fund. In addition, the participants' agencies or departments may make additional contributions on behalf of the participants.

In general, the *Code of Virginia* currently specifies that no accounts under Title 51.1 may be escheated to the Department of the Treasury, Division of Unclaimed Property under the current exemption in Va. Code § 55.1-2544 for any property held or payable pursuant to Title 51.1. An exception to this general prohibition was added by 2024 Acts chapters 267 and 353 to allow funds in a defined contribution plan, deferred compensation plan, or cash match plan held or payable pursuant to Title 51.1 to be escheated to the Division of Unclaimed Property after five years if the account holder cannot be located using all available means.

As of FY 2024, VolSAP holds approximately \$6.4 million assets, a total of 1,863 participant accounts on behalf of 72 departments or agencies. However, more than 500 participant accounts had no contributions made in FY 24 and 39 departments or agencies had no contributions to participant accounts in FY 24, including a number of departments or agencies that have ceased operations. Under Va. Code § 51.1-1209 any VolSAP participant who fails to make the required quarterly contributions for six months forfeits their membership in VolSAP. Currently, VRS holds VolSAP accounts until the account holder requests a distribution even in the event of a forfeiture or dissolution of a department or agency. As the Division of Unclaimed Property has higher visibility than VolSAP, allowing funds held by VolSAP to be escheated after five years at VRS' discretion if the participant cannot be located using all available means will make it easier for participants to locate and claim these funds.