



Legislation Details (With Text)

File #:	14-2246	Name:	Consideration of a Resolution to Amend and Restate The City of Alexandria Pension Plan for Firefighters and Police Officers (CLOSED PLAN)
Type:	Resolution	Status:	Agenda Ready
File created:	12/16/2013	In control:	City Council Legislative Meeting
On agenda:	1/14/2014	Final action:	
Title:	Consideration of a Resolution to Amend and Restate the City of Alexandria Pension Plan for Firefighters and Police Officers (Closed Plan). [ROLL-CALL VOTE]		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. 14-2246_1 Resolution Old F&P Plan, 2. 14-2246_2 List of Section Changes_Old Fire and Police, 3. 14-2246_3 Restatement Old Fire and Police, 4. 14-2246_After Items		

Date	Ver.	Action By	Action	Result
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City of Alexandria, Virginia

MEMORANDUM

DATE: JANUARY 8, 2014

TO: THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

FROM: RASHAD M. YOUNG, CITY MANAGER /s/

DOCKET TITLE:

Consideration of a Resolution to Amend and Restate the City of Alexandria Pension Plan for Firefighters and Police Officers (Closed Plan). [ROLL-CALL VOTE]

ISSUE: Consideration of the proposed amendment to the City of Alexandria Pension Plan for Firefighters and Police Officers (the "Plan").

RECOMMENDATION: That City Council adopt the attached resolution (Attachment 1) which amends and restates the City of Alexandria Pension Plan for Firefighters and Police Officers. Below are the reasons these changes are necessary.

- To make technical corrections that add, delete, or modify the Plan Document language to clarify the Plan administration and to comply with Internal Revenue Service ("IRS") regulatory requirements;

- To restate the Plan Document to combine the January 1, 2009 Restatement and the subsequent amendments into one document;

These changes, which are recommended at this time, make **no change to benefits, contributions, or eligibility and are cost neutral to the City.**

BACKGROUND: The Plan, a defined benefit plan, provides both retirement and disability benefits to firefighters and police officers. The Plan was closed to new employees hired after February 12, 1979, when the City of Alexandria Retirement Income Plan (the “Retirement Income Plan”), a defined contribution plan, was created. There are no active employees and 124 retired employees participating in this plan. A defined contribution plan links benefits to employer contributions and investment return while a defined benefit plan links benefits to the employee’s salary and years of service.

The Plan was last restated at the December 9, 2008 City Council meeting and took effect on January 1, 2009. Amendment One and Two to the January 1, 2009 Plan Restatement were adopted in 2011 and 2012 respectively.

The proposed changes in the restatement make technical corrections to ensure that the Plan Document reflects actual practice and to comply with the IRS regulatory requirement.

DISCUSSION: The attached *List of Section Changes Made for IRS Compliance* (Attachment 2) lists all of the proposed changes. The changes can be summarized as noted below.

Compliance with Federal Regulations

The Federal Government establishes pension plan rules and guidelines for both public and private pensions. Along with providing favorable tax treatment for pension plans, the government sets limits on benefits, contributions and the timing of pension payouts. Generally, these rules are designed to prevent abuses of pension plans created for small business owners or for highly paid individuals. While these rules rarely affect participants in public pension plans, the IRS requires that these provisions appear in our Plan Document to maintain favorable tax status for the Plan.

Technical Corrections

Technical changes have been made to the Plan Document to modify language in the sections for administrative purposes, to delete obsolete section and to correct typographical errors. A plan document is a formal, written instrument that establishes a retirement plan and its provisions and describes how the plan operates.

Plan Document Restatement

Typically, plan amendments do not include the entire text of the underlying Plan Document they amend. Instead, they only contain the sections of the document that they alter. As a plan evolves over time, the original plan document plus a series of plan amendments governs it, making it awkward to manage. Combining the Plan Document and all its amendments into one document will simplify plan management. The Plan Document has been restated to include all changes from amendments 1-2 as well as the changes needed for compliance with Federal Regulation and for technical corrections. The plan was last restated in 2009.

FISCAL IMPACT: There is no fiscal impact. The proposed plan amendment makes no changes to eligibility, benefits, or contributions, and are cost neutral to the plan.

ATTACHMENTS:

1. Resolution to Amend and Restate the City of Alexandria Pension Plan for Firefighters and Police Officers
2. List of Section Changes Made for IRS Compliance
3. Proposed Restatement of the City of Alexandria Pension Plan for Firefighters and Police Officers

STAFF:

Laura Triggs, Chief Financial Officer/Director of Finance

Steven Bland, Retirement Administrator