



Legislation Text

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City of Alexandria, Virginia

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MEMORANDUM

**DATE:** JANUARY 22, 2014

**TO:** THE HONORABLE MAYOR AND MEMBERS OF CITY COUNCIL

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

**DOCKET TITLE:**

Consideration of a Resolution to Opt Into the Hazard Duty Positions Alternate Option in the Virginia Retirement System. [ROLL-CALL VOTE]

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**ISSUE:** Consideration of a Resolution to provide enhance the eligibility of certain Deputy Sheriffs, Medics and Fire Marshals participating in the Virginia Retirement System

**RECOMMENDATION:** That City Council adopt the attached resolution (Attachment 1) which eliminates the option of membership in the VRS Hybrid Plan for any future Deputy Sheriffs, Medics and Fire Marshals and provides Plan 2 benefits while using Plan 1 retirement eligibility to existing, impacted employees.

**BACKGROUND:** There are currently three plans in the Virginia Retirement System, depending on when an employee established membership and when and if the employee has reached 60 months of creditable service. Plan 1 employees became members prior to July 1, 2010, and have accrued 60 months of services before January 1, 2013 (also known as "vested"). Plan 2 employees become members between July 1, 2010, and December 31, 2013, but have not vested. Attachment 2 provides two tables that describe differences in the three Plans. Members of VRS who are in Plan 1 or Plan 2 currently have a one-time, irrevocable option to switch to the Hybrid Plan. Both Plan 1 and Plan 2 are defined benefit plans. The Hybrid Plan is a combined plan with both defined benefit and defined contribution elements.

**DISCUSSION:** The Hybrid Plan was intended to affect General Schedule (non-uniformed or sworn members) and not individuals in the Police, Fire or Sheriff's Departments. Throughout the State these are covered with a benefit called Enhanced Hazardous Duty Coverage (formerly known as LEOS). The City of Alexandria employees in "hazardous duty positions" are not covered by the State's enhanced benefit program but are covered by the City's own Supplemental Retirement Plan, which is considered comparable. However, this technical definition of "non-LEOS" member results in this unintended consequence related to the VRS Hybrid Plan.

City Council approval of the attached Resolution will provide all members of the Virginia Retirement System, currently employed by the City of Alexandria as Deputy Sheriffs, Medics or Fire Marshals with the same eligibility as Plan 1 employees, regardless of their hire date (between July 1, 2010 and December 31, 2013). Future employees of these Departments in these positions will be considered Plan 2 employees with Plan 1 eligibility. No Deputy Sheriffs, Emergency Medics or Fire Marshals will be permitted to opt into the Hybrid Plan or be assigned membership in the Hybrid Plan for VRS.

**FISCAL IMPACT:** The impact of providing all current employees with Plan 1 eligibility and placing all new hires in Plan 2 with Plan 1 eligibility is approximately \$20,000 for a full year and \$10,000 for the remainder of FY 2014. Attachment 3 is a letter from VRS calculating the impact. Although the actuarial valuation reflects an impacted population of 42 employees, recent recruit classes have increased the impacted population.

**ATTACHMENTS:**

Attachment 1: Resolution

Attachment 2: Tables providing comparisons of the VRS Plans

Attachment 3: September 24, 2013, letter from Jose Fernandez, ASA of Cavanaugh McDonald

**STAFF:**

Laura Triggs, Chief Financial Officer

Steven Bland, Retirement Administrator

Christina Zechman-Brown, Assistant City Attorney