



TOWN OF OCCOQUAN

Circa 1734 • Chartered 1804 • Incorporated 1874

314 Mill Street
PO BOX 195
Occoquan, VA 22125
(703) 491-1918
www.OccoquanVA.gov
info@occoquanva.gov

Occoquan Town Council Work Session Meeting April 21, 2020 | 7:00 p.m.

1. Call to Order

2. Regular Business

- a. Update on Kayak Ramp Project

3. FY 2021 Budget Work Session

- a. Consideration/Action-Joining VRS
- b. Consideration/Action-FY 2021 Budget to be Advertised

4. Closed Session

5. Adjournment

Canoe/Kayak Ramp Project Update

4/21/20

Background

In 2013, the Town was awarded a grant through the Federal Highway Administration's Recreational Trails Program (RTP) for the construction of an ADA non-motorized watercraft launch under the Route 123 Bridge. The intent of the project is to provide free water access to the community, including for persons with ambulatory disabilities. This project is consistent with the Town's Comprehensive Plan to increase pedestrian access to the water and will facilitate access to the Town for non-motorized watercraft users on the Occoquan River.

The Town has obtained/renewed/extended all required permitting as necessary.:

- Marine Resource Commission (VMRC) Permit, VMRC#2012-1293 (extended to 11/31/21)
- Army Corps of Engineers, 18-RP-19 (extended to 9/5/23)
- VDOT Land Use Permit, 948-46789
- US Department of the Interior, Project Review Certification
- Section 106 National Historic Preservation Act
- Town of Occoquan Approved Site Plan

Overview

- Project Manager Selected: Rick DeMerle (DeMerle Construction Management LLC)
- Project Kick-off Meeting Held with Town Engineer, Project Manager, Contractor-Delta Marine 10/23/19
- Town Manager, Town Engineer, Project Manager Meeting Held with PWC Building Department 10/31/19
- Construction documents signed by Town/Contractor
- Confirmation with Contractor that work can continue work after 2/15/20 on other portions of dock-once pilings are installed-**Pilings installed by 2/15/20**
- Change Order Drafted/Signed by both parties for Completion of PWC Commercial Building Permit process
- FY 2020 Budget Amendment #2020-001 (Recognizing/Appropriating Grant Funding)-Approved by Council 4/7/20

Next Steps

- Continue working through PWC Commercial Building Permit process-Approved permit anticipated during the week of 5/11/20
- Project Construction-Completion anticipated during the week of 6/1/20



TOWN OF OCCOQUAN

TOWN COUNCIL MEETING

Agenda Communication

3. Budget Work Session	Meeting Date: April 21, 2020
3 A: Virginia Retirement System	

Explanation and Summary¹:

The Virginia Retirement System (VRS) delivers retirement and other benefits to Virginia public employees. VRS has 346,273 active members and serves 833 employers. It delivers benefits to more than 723,000 retirees, and state and local government employees, teachers, law enforcement personnel and judges. It is the 19th largest among public and private pension systems in the United States, based on assets. Approximately 86% of retirees remain in Virginia, which means that a majority of the \$5 billion in benefits paid by VRS in FY 2019 stayed in Virginia and contributed to local economies across the Commonwealth.

On October 15, 2019, Town Council voted unanimously to authorize the Mayor to sign a letter requesting VRS to complete an actuarial study to determine the proposed cost to the Town, should it decide to join VRS. VRS provided the results of the actuarial study to the Town in letter form on March 2, 2020 and in final form on March 13, 2020. Town staff held a conference call with VRS staff on March 11, 2020 to further clarify the retirement system plans and the process for supporting the Council as it considers the Town's participation in the retirement system.

Permanent Town employees who are required to work a minimum of 30 hours per week are eligible to participate in one of the three plans offered by VRS: Plan 1, Plan 2, or the Hybrid Retirement Plan. There are six Town employees who meet this requirement: Town Manager, Police Chief, Town Treasurer, Town Clerk, Maintenance Supervisor, and the Events and Community Development Director. Should the Town decide to join VRS, all employees who meet this requirement will be required to participate in VRS. The Council's decision to join VRS is irrevocable.

Town Participation in VRS

Staff respectfully recommends that the Town join VRS. If the Council agrees, a retirement plan for all eligible employees earning prospective service would be funded by the Town. Eligible employees would also have the ability to purchase all prior service with the Town at full actuarial cost within one year of the Town joining VRS at their own cost. The VRS benefit would provide Council with a competitive recruiting/retention tool as it continues to build the Town organization.

¹ VRS 101: An Introduction to the Virginia Retirement System. January 2020.



TOWN OF OCCOQUAN

TOWN COUNCIL MEETING

Agenda Communication

Proposed Review Process

- **3/17/20 Budget Work Session:** Initial Council Discussion
- **4/7/20 Budget Work Session:** Continued Discussion
- **4/21/20 Budget Work Session:** Formal Consideration/ Action
- **5/1/20:** Earliest effective date, if action taken in April

Town Attorney's Recommendation: Approval as to form.

Town Manager's Recommendation: Approval.

Cost and Financing:

The actuarial study shows the estimated first year employer cost to be \$27,230. VRS performs an annual analysis of the Town's performance in the retirement system and provides the Town with an actuarial valuation report each year to assist with its annual audit. VRS will complete a rate setting report for the Town every two years. Any rate adjustments would take place every two years.

- **5/1/20 Effective Date (FY 2020):** $\$4,534.34 - \$1,645.18$ (Simple IRA) = **\$2,889.15** (net cost for two months)
 - As of 4/14/20, the total expenditure amount in the Personnel Services line item (Account #60000) is \$329,469, \$122,757 less than the FY 2020 Budgeted amount of \$452,226. The projected cost for the remaining two months of the fiscal year is \$73,214, leaving \$49,543 available to absorb the cost of the first two months of the employer cost for VRS. The net cost for two months of VRS is \$2,889, when taking into consideration the \$1,645.18 for Simple IRA contributions that would be redirected to cover the cost of VRS.
- **FY 2021 Budget Proposal:** Replace a portion of the Simple IRA line item (\$10,402) with VRS (\$27,230)
 - $\$27,230 - \$10,402 = \$16,828$ additional funding required for VRS vs. Simple IRA
 - This would leave \$524 in the Simple IRA line item to cover the Town match for the Administrative Assistant position.

Account Number: 60090.



TOWN OF OCCOQUAN

TOWN COUNCIL MEETING

Agenda Communication

Additional Information

On April 8th, the Mayor provided a PowerPoint presentation including an analysis of the proposed VRS plan for the Town to members of Town Council and Town staff. In preparation for this evening's Budget Work Session, staff conducted some additional research regarding VRS and the plan proposed for the Town and has included this information in the PowerPoint presentation to build on the Mayor's information and analysis.

Proposed/Suggested Motion:

"I move to authorize the Mayor to sign the resolution, as presented as Attachment 7 at the April 21, 2020 Budget Work Session, on behalf of the Council to formally enroll the Town into the Virginia Retirement System as a New VRS Employer."

Attachments:

1. 11/8/19 Letter Requesting VRS Actuarial Study
2. VRS 101: An Introduction to the Retirement System
3. 3/13/20 VRS Actuarial Study Letter
4. Draft FY 2021 Budget: Personnel Services including VRS Contributions
5. FY 2021 VRS Budget Follow up Information
6. VRS PowerPoint Presentation-Mayor/Treasurer
7. Resolution-New VRS Employer-Town of Occoquan



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314 Mill Street • PO Box 195 • Occoquan, Virginia 22125
(703) 491-1918 • Fax (703) 491-4962 • info@occoquanva.gov
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TOWN COUNCIL

Earnest W. Porta, Jr., Mayor
Patrick A. Sivigny, Vice Mayor
J. Matthew Dawson
Cindy Fithian
Laurie Holloway
Eliot Perkins

TOWN MANAGER

Kathleen R. Leidich, AICP

November 8, 2019

Mr. Andrew Feagans
Employer Representative Program Manager
Virginia Retirement System
P.O. Box 2500
Richmond, VA 23218-2500

Dear Mr. Feagans,

I am writing to formally request the Virginia Retirement System perform an actuarial study for the Town of Occoquan. The Town is requesting VRS conduct two study scenarios. Scenario 1 would be for the Town to join VRS with employees earning prospective service only. Scenario 2 would be for the Town to join VRS with employees earning prospective service only and allowing employees to purchase all prior service with the Town at full actuarial cost to be completed within one year of the Town joining VRS.

The Town understands that the cost for completing the actuarial study with two scenarios will be a minimum of \$1,250 for Scenario 1 plus the \$250 cost for completing Scenario 2. The effective date of coverage currently under consideration would be April 1, 2020.

The person responsible for uploading the requested demographic file to the VRS secure site will be the Town Treasurer, Carla Rodriguez. Ms. Rodriguez' can be reached at crodriguez@occoquanva.gov or (703) 491-1918.

If you have any questions or concerns please contact the Town Manager at (703) 491-1918 ext. 2 or at KLEIDICH@OCCOQUANVA.GOV.

Sincerely,

A handwritten signature in black ink that reads "Earnest W. Porta, Jr."

Earnest W. Porta, Jr.
Mayor

cc: Carla Rodriguez, Town Treasurer

VRS 101

AN INTRODUCTION TO THE
VIRGINIA RETIREMENT SYSTEM

Helping VRS Members Plan for Tomorrow, Today

The Virginia Retirement System (VRS) serves those who serve others by delivering retirement and other benefits to Virginia public employees. In addition, we help our members plan for tomorrow, today with retirement education, counseling and communications.

Much of our work is described through financial statements, investment returns, actuarial tables and statistics. Yet, our broader story is about delivering benefits to the more than 723,000 retirees, and state and local government employees, teachers, law enforcement personnel and judges who serve their communities every day across the commonwealth. Additionally, we work with more than 800 employers, our partners in delivering benefits to VRS members.

We invite you to become better acquainted with our agency through this introduction, which includes a summary of our retirement plans, membership, funding and resources.

VISION

To be the trusted leader in the delivery of benefits and services to those we serve

MISSION

VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service

VRS BY THE NUMBERS



19th
LARGEST *

among public and private pension systems in the United States, based on assets



41st
LARGEST *

among public and private pension systems in the world, based on assets



APPROXIMATELY
86%

of retirees remain in Virginia.

Of the \$5 billion in benefits paid by VRS in fiscal year 2019, the majority stays in Virginia, where retirees contribute to the local economy

*As ranked by *Pensions & Investments* in 2019



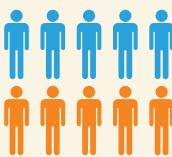
ONE-YEAR RATE
OF RETURN:

6.7%



ACTIVE MEMBERS:

346,273



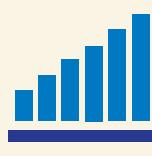
TOTAL RETIREES
AND BENEFICIARIES:

214,545



EMPLOYERS:

833



TRUST FUND:

**\$82.8
billion**



Virginia
Retirement
System

An Independent Agency of the Commonwealth of Virginia

JANUARY 2020

Investments

Overview

The VRS managed investment portfolio ended fiscal year 2019 with a historic year-end high of \$84.4 billion.

VRS investment professionals have the unique responsibility for the strategic long-term investment of the trust.

- The trust supports the future retirements and benefits of more than 723,000 active and retired public employees in Virginia.
- The investment decisions our investment professionals make today must support today's public employees for the next 40 years and beyond.

Strategic Asset Management

VRS manages approximately one-third of assets internally, saving about \$58.7 million in external management fees annually.

VRS' investment professionals have provided an average annual added value of \$225 million per year, adding about \$2.3 billion in additional dollars to the fund over the past 10 years.

VRS Investment Portfolio Rate of Return

(Net of Fees at June 30, 2019)

1-year	6.7%
3-year	8.8%
5-year	6.5%
10-year	9.4%
15-year	7.1%
20-year	6.2%
25-year	8.4%



How Benefits Are Funded

Defined Benefit Plan

- While working, members contribute to their Member Contribution Account, which earns 4% interest annually.
- Employers make contributions to VRS based on actuarial rates.
- The VRS Investment Department invests employee and employer contributions. Approximately two-thirds of benefit payments come from investment earnings.

Defined Contribution Plan

- Based on member and employer contributions (if applicable) and any net investment earnings.



How Benefits Are Paid

Defined Benefit Plan Payments

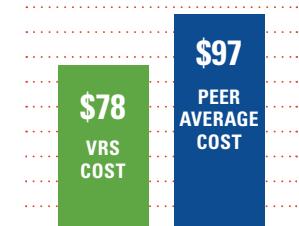
- Members who retire from Plan 1, Plan 2 or the Hybrid Retirement Plan (defined benefit component) will receive a lifetime monthly benefit.
- For the first few years of retirement, the members' monthly benefit comes from their Member Contribution Account.
- After this account is exhausted, their benefit comes from the VRS Trust Fund.

Defined Contribution Plan Payments

- Participants can request a distribution from their plan. A variety of distribution options are available.

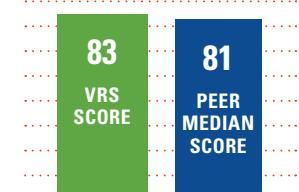
Higher Service and Lower Cost Compared to Peers

Pension Administration Cost Per Active Member and Annuitant



VRS' pension administration costs* at \$78 per active member and retiree are \$18 below the peer average of \$97.

Total Service Score



VRS' total service score was 83 out of 100, exceeding the peer median of 81.

*Reflects numerical rounding.

Defined Benefit Administration Benchmarking Analysis Fiscal Year 2018 – © 2019 CEM Benchmarking, Inc.

Online Service Solutions

myVRS

VRS is shaping our online solutions to provide a holistic experience for members and retirees, guided by a business model that enhances access to services and benefit information at key stages in a member's career and life.

The secure myVRS system includes:

- A goal-based Retirement Planner
- Benefit Estimator for estimating retirement age and lifetime benefit
- Self-service purchase of prior service
- Online refunds
- Online Optional Retirement Plan election



In 2019, VRS moved to a web-based environment for member-record management. Our work continues as we prepare to accept retirement applications and beneficiary changes online.

Personal Finance Just Got Personal

The award-winning myVRS Financial Wellness program includes helpful quick-read articles and mini-courses, as well as useful calculators and videos. These resources, which are free for members, address financial wellness from many angles, including budgeting, saving, paying off debt, choosing insurance coverage and maximizing resources at every stage of life.

We work with our partner iGrad to provide a personalized customer experience for VRS members, who can access tailored content through their myVRS accounts. VRS members now have access to financial wellness mini-courses, and iGrad tracks their progress through pre-course and post-course assessments.

Get started at varetire.org/financial-wellness.



- **Courses:** Learn the fundamentals of money management.
- **Calculators:** Experiment with mortgage, budget, auto and student loan calculators.
- **Games:** Play financial trivia and real-world simulator games.
- **Budget:** Plan for expenses, set goals and keep your finances on track.
- **Live Webinars:** Watch webinars with financial wellness experts.
- **Scholarship Search:** Find quality scholarships to help pay for school.
- **Student Loan Snapshot:** Track your student loans in one place in five minutes or less.

Learn More About the Virginia Retirement System

VRS publishes a *Comprehensive Annual Financial Report* (CAFR). The 2019 CAFR provides complete audited financial statements. You can find this and other resources at varetire.org/publications.



Board of Trustees



The nine-member VRS Board of Trustees sets the retirement plan funding policy and adopts contribution rates based on recommendations from the plan actuary.

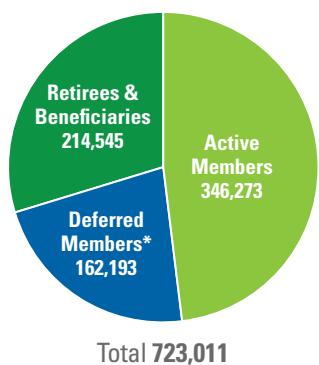
The Board also sets investment policy with the objective of maximizing returns while managing risk within an acceptable range.

- Governor appoints five members, including the chair
- Joint Rules Committee appoints four members
- General Assembly confirms all appointments
- The Board includes:
 - Four investment experts
 - One experienced in employee benefit plans
 - One local government employee
 - One higher education employee
 - One state employee
 - One teacher

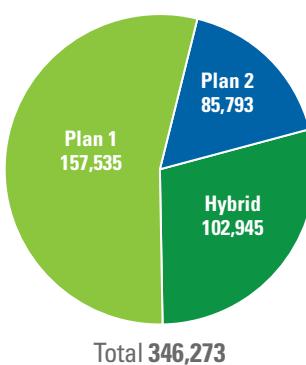
Who We Serve

AT JUNE 30, 2019

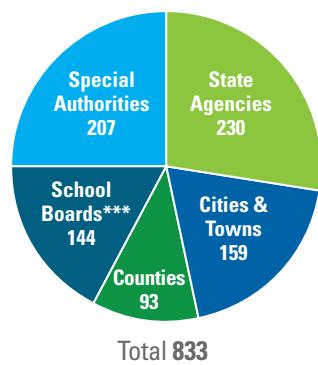
VRS Population



VRS Active Members**



VRS-Participating Employers



* A deferred member has left covered employment but has not withdrawn funds and has service credit in VRS or an account balance in a Virginia optional retirement plan.

** For more detailed information on VRS active members, please refer to the 2019 CAFR.

*** Of the 144 school boards, 132 also provide coverage for non-professional employees and are treated as political subdivisions.

Our Core Values

ACT WITH INTEGRITY

as we perform our role and represent VRS.

DISPLAY TEAMWORK

as we create, plan and execute our work in a trusting and caring way.

DEMONSTRATE ACCOUNTABILITY

in our words, actions and decisions as we work and commit to our Vision.

PERFORM WITH AGILITY

as we respond to change.

VRS Retirement Plans and Benefits

VRS administers three retirement plans:

Plan 1	Plan 2	Hybrid Retirement Plan
A defined benefit plan for employees hired before July 1, 2010, and vested as of January 1, 2013. • After July 1, 2010, and before December 31, 2013; or • Before July 1, 2010, and not vested as of January 1, 2013	A defined benefit plan for employees hired: • After July 1, 2010, and before December 31, 2013; or • Before July 1, 2010, and not vested as of January 1, 2013	A combined defined benefit and defined contribution plan for members hired on or after January 1, 2014. • Members covered under SPORS and VaLORS, and political subdivision members who are covered by enhanced benefits for hazardous duty, are not eligible to participate in this plan.

Defined Contribution Plans

- Commonwealth of Virginia 457 Deferred Compensation Plan
- Virginia Cash Match Plan 401(a)
- Virginia Supplemental Retirement Plan
- Optional Retirement Plan for Higher Education
- Optional Retirement Plan for Political Appointees
- Optional Retirement Plan for School Superintendents

Other VRS Benefits

- Basic Group Life Insurance
- Optional Group Life Insurance
- Health Insurance Credit
- Long-Term Care Programs
- Virginia Local Disability Program
- Virginia Sickness and Disability Program

FYI

Defined Benefit Plan: Provides a monthly benefit during retirement based on age, total service credit and average final compensation.

Defined Contribution Plan: Provides a benefit based on contributions and any net investment returns on contributions.

Connect with VRS



Call

888-827-3847

Monday–Friday, 8:30 a.m.–4 p.m.



Visit Online

varetire.org

Join the Conversation



Find us on Facebook

[facebook.com/
VirginiaRetirementSystem](http://facebook.com/VirginiaRetirementSystem)



Connect with us on LinkedIn

[linkedin.com/company/
virginia-retirement-system](http://linkedin.com/company/virginia-retirement-system)



New Employer

Cavanaugh Macdonald

CONSULTING, LLC

The experience and dedication you deserve

March 13, 2020

Mr. Earnest W. Porta, Jr.
Mayor
Town of Occoquan
314 Mill Street
Occoquan, VA 22125

Town of Occoquan - Cost Study for New Employer With Proposed Effective Date of April 1, 2020

Dear Mr. Porta:

As requested, we have estimated the cost impact of providing retirement benefits to employees of the Town of Occoquan participating in the Virginia Retirement System (VRS) with a proposed effective date of April 1, 2020. In the attached exhibit, we present a summary of the VRS benefits.

Our study is based on the actuarial assumptions and methods used in the June 30, 2019 actuarial valuation. VRS provided us with data identifying six individuals eligible for the proposed benefits. Four of these individuals had prior service with another employer participating in VRS. This resulted in one individual being eligible for Plan 1 and three for Plan 2. The remaining two would be in the Hybrid plan. In the table below, we present a summary of the data used in the study.

Data Summary	
Active Members	
Plan 1 General Members	1
Plan 2 General Members	3
Hybrid General Members	2
Total	6

3550 Busbee Pkwy, Suite 250, Kennesaw, GA 30144

Phone (678) 388-1700 • Fax (678) 388-1730

www.CavMacConsulting.com

Offices in Kennesaw, GA • Bellevue, NE



Mr. Earnest W. Porta, Jr.
March 13, 2020
Page 2

New Employer

In the table below, we present the estimated cost to provide benefits for the eligible employees. We have assumed the administrative expense rate would be the same as it is on an aggregate basis for the Political Subdivisions in the June 30, 2019 actuarial valuation. For determining the DC match for Hybrid members, we assumed the Town would make the mandatory 1.0% contribution only.

Estimated Cost to Join VRS - Prospective Service Only	
Number of Actives	6
Total Payroll	\$328,861
Actuarial Accrued Liability	\$0
Actuarial Value of Assets	\$0
Unfunded Actuarial Accrued Liability	\$0
Gross Normal Cost Rate	12.28%
Less Member Contribution Rate	(4.63%)
Unfunded Accrued Liability Rate	0.00%
Administrative Expenses	<u>0.26%</u>
Total Estimated Defined Benefit Rate	7.91%
DC Match for Hybrid Members	<u>0.37%</u>
Total Employer Estimated Cost Rate	8.28%
Estimated First Year Employer Cost Based on Total Payroll	\$27,230

The contribution rates presented in the table above are a percentage of the payroll for active members included in the study. The DC match for Hybrid members shown above is an estimate. The actual voluntary elections made by the Town's eligible employees to the defined contribution portion of the Hybrid plan will dictate the amount of employer match to the DC plan. The employer is responsible for funding the full employer contribution for the defined contribution portion of the Hybrid Retirement Plan, which includes your match of employees' voluntary contributions. The defined benefit contributions will be offset by your contributions to the defined contribution portion of the Hybrid Retirement Plan. However, the defined benefit contributions cannot be reduced below zero. If the actual employer match for your employees to the defined



Mr. Earnest W. Porta, Jr.
March 13, 2020
Page 3

New Employer

contribution component of the Hybrid Retirement Plan exceeds the estimated rate, you are still responsible for making all required contributions to the DC plan.

The estimated costs shown above are based on the Town's eligible employees as of March 2020 with no assets. Please note that the costs will fluctuate in the future as the plan's data and financial conditions change. If the calculation is redone in the future with different data, plan assets and/or measurement date, the results will change. It is important to keep in mind that future plan experience (e.g., pay increases, turnover and retirement patterns, and the addition of new members) will not match the actuarial assumptions exactly. The deviations of actual from expected plan experience will produce actuarial experience gains and losses which will impact the total employer contribution rate and the cost estimate presented above.

The undersigned is a member of the American Academy of Actuaries and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Please let us know if you have any questions.

Sincerely,

A handwritten signature in blue ink, appearing to read "LL".

Larry Langer ASA, EA, FCA, MAAA
Principal and Consulting Actuary

Copies to: ZaeAnne Allen (VRS)
 Rory Badura (VRS)
 Cynthia Wilkinson (VRS)
 Andrew Feagans (VRS)



VIRGINIA RETIREMENT SYSTEM
SUMMARY OF BENEFIT PROVISIONS

	Non-Hazardous Duty Employees (Non LEO, Fire and/or EMT)			Hazardous Duty Employees (LEO, Fire and/or EMT)	
	Plan 1 (Vested as of 1/1/2013)	Plan 2 (Non-Vested as of 1/1/2013 and new members after that date until 1/1/2014)	Hybrid (Hired on or after 1/1/2014 or by member election)	Plan 1 (Vested as of 1/1/2013)	Plan 2 (Non-Vested as of 1/1/2013 and new members after that date)
Normal retirement eligibility	Age 65 with at least 5 years of service	Normal Social Security Retirement Age with at least 5 years of service	Normal Social Security Retirement Age with at least 5 years of service	Age 60 with at least 5 years of service	Age 60 with at least 5 years of service
Early retirement eligibility	Age 50 with at least 10 years of service, or age 55 with at least 5 years of service	Age 60 with at least 5 years of service	Age 60 with at least 5 years of service	Age 50 with at least 5 years of service	Age 50 with at least 5 years of service
Early retirement reduction	Benefit reduced for each year retirement age is before age 65 or for each year service at retirement is less than 30, whichever provides greater benefit	Benefit reduced for each year retirement age is before Normal Social Security Retirement Age	Benefit reduced for each year retirement age is before Normal Social Security Retirement Age	Benefit reduced for each year retirement age is before age 60 or for each year service at retirement is less than 25, whichever provides greater benefit	Benefit reduced for each year retirement age is before age 60 or for each year service at retirement is less than 25, whichever provides greater benefit
Unreduced Early Retirement	Age 50 with at least 30 years of service	Age plus service equals 90 points	Age plus service equals 90 points	Age 50 with at least 25 years of service	Age 50 with at least 25 years of service
Final Average Compensation	Average of the employee's 36 highest consecutive months of creditable compensation	Average of the employee's 60 highest consecutive months of creditable compensation	Average of the employee's 60 highest consecutive months of creditable compensation	Average of the employee's 36 highest consecutive months of creditable compensation	Average of the employee's 60 highest consecutive months of creditable compensation
Benefit Multiplier	1.70%	1.65% (1.70% for service before 1/1/2013)	1.00%	1.70% or 1.85%	1.70% or 1.85%
Cost-of-Living-Adjustment (COLA)	COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 3% of the CPI plus half of each percent from 3% to 7%, maximum COLA of 5%	COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 2% of the CPI plus half of each percent from 2% to 10%, maximum COLA of 6%	COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 2% of the CPI plus half of each percent from 2% to 10%, maximum COLA of 6%	COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 3% of the CPI plus half of each percent from 3% to 7%, maximum COLA of 5%	COLA increase on July 1 of the second calendar year after retirement. Automatic COLA increase is calculated as the first 2% of the CPI plus half of each percent from 2% to 10%, maximum COLA of 6%
Employee Contributions	5% to DB plan	5% to DB plan	4% to DB plan and 1% to DC plan. Can contribute up to 5% to DC plan.	5% to DB plan	5% to DB plan
Annual supplement from date of retirement to Social Security normal retirement age	No	No	No	Yes	Yes

TOWN OF OCCOQUAN PROPOSED FY 2021 BUDGET - EXPENDITURES

ACTIVITY	FUND DEPT	GENERAL FUND					
		OPERATING					
		ADMINISTRA TION	FINANCE	PARKS/ EVENTS	PUBLIC SAFETY	PUBLIC WORKS	GOVERNING BODY

EXPENDITURES

ACCOUNT

60010 Salaries and Wages	146,221	62,000	0	114,299	41,477	72	364,069
60020 Overtime	0	0	0	0	500	0	500
60030 On-call Labor/Auxiliary Wages	0	0	0	60,255	9,893	0	70,148
60040 Other Benefits (Cell Reimbursement)	300	0	0	240	250	0	790
60050 Payroll Taxes (FICA & Medicare)	11,186	4,743	0	12,399	3,173	0	31,501
60060/60080 Life/Disability Insurance	1,895	598	0	2,496	1,000	0	5,989
60070 Health Insurance	11,932	7,234	0	5,966	5,966	0	31,098
Employer Contributions: VRS	13,615	4,538		4,538	4,538		27,230
60090 Employer Contributions: Simple IRA	524	0	0	0	0	0	524
60000 TOTAL PERSONNEL SERVICES	185,673	79,113	0	200,193	66,797	72	531,849

VRS Follow up Information

Political Subdivision Plans in Aggregate - Average Employer Contribution Rates

Plan Type	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Plans with no Enhanced Hazardous Duty	6.40%	7.20%	6.95%	9.70%	9.30%	9.60%	8.50%	7.40%	6.60%	6.10%	5.80%	5.50%	6.30%
Investment Return - Observed	20.40%	-4.40%	-21.10%	15.43%	19.24%	1.12%	11.80%	15.69%	4.51%	1.90%	12.10%	7.50%	6.70%

Change in
Discount Rate
from 7.5% to
7.0%

Change in
Discount Rate
from 7.0% to
6.75%

At the 3/17/20 Work Session, Council requested at least six years of actuarial performance from VRS to examine the volatility of the contribution rates over time. Above is the historical employer contribution rate experience of political subdivision plans in aggregate for VRS pensions plans with no enhanced hazardous duty coverage, starting in 2007. For plans with no enhanced coverage, as being proposed for the Town, increases in 2010 were due both to lowering the assumed rate of return and investment losses from 2008 and 2009. Employer contribution rates began to reduce in 2013 and 2014 due to pension reforms as well as favorable asset returns during the period.¹

Council also requested staff to confirm whether there were funds available in the FY 2020 budget to absorb the cost of the Town joining VRS prior to FY 2021. Due to salary savings in the Personnel Services line item, the Town could absorb the \$4,534.34 proposed cost to cover the remaining two months of the fiscal year.

The Council discussion at the Work Session also included reference to the Salary Spreadsheet (Attached) that includes the salaries of staff in the towns throughout the Commonwealth, including those with smaller (around 1,000) populations. It is important to note that the smaller towns referenced by Council members, on the Spreadsheet, as being comparable to Town staff salary-wise are enrolled in VRS. All Towns comparable in size to Occoquan in the Northern Virginia area are enrolled in VRS, including Haymarket, Lovettsville, Middleburg, and Round Hill. In addition to the Salary Spreadsheet, I have attached a list of the Cities/Towns that are enrolled in VRS.²

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¹ 3/30/20 Email from ZaeAnne Allen, Employer Coverage Coordinator-Virginia Retirement System

² Virginia Retirement System Comprehensive Annual Financial Report-June 30, 2019.

Town	Populations	Town Manager	Town Treasurer	Town Clerk	Jury PW Supervisor	Jury PW Employee	Admin Clerical PD	Police Chief	Patrol Officer	Patrol Sergeant
Abingdon	7,981	\$ 120,000.00	\$ 89,250.00	\$ 58,286.00	\$ 93,500.00	\$ 25,500.00	\$ 37,970.00	\$ 95,099.00	\$ 45,000.00	\$ 47,560.00
Altavista	3,450	\$ 104,956.00	\$ 69,804.00	N/A	\$ 69,846.00	\$ 27,872.00	\$ 36,420.00	\$ 77,521.00	\$ 56,996.00	\$ 47,764.00
Berea	1,654	\$ 54,410.00	\$ 41,095.00	N/A	\$ 32,540.00	\$ 27,040.00	\$ 5,200.00	\$ 43,000.00	\$ 33,000.00	N/A
Bethel	1,654	\$ 54,410.00	\$ 41,095.00	N/A	\$ 32,540.00	\$ 27,040.00	\$ 5,200.00	\$ 43,000.00	\$ 33,000.00	N/A
Bedford	6,500	\$ 117,300.00	\$ 94,860.00	\$ 50,111.00	\$ 58,344.00	\$ 38,189.00	\$ 41,481.00	\$ 88,740.00	\$ 38,000.00	\$ 46,548.00
Berryville	4,304	\$ 122,417.00	\$ 90,000.00	\$ 40,997.00	\$ 54,824.00	\$ 38,875.00	\$ 42,334.00	\$ 78,511.00	\$ 45,747.00	\$ 58,780.00
Blacksburg	44,678	\$ 175,177.00	\$ 135,145.00	\$ 96,682.00	\$ 135,532.00	\$ 36,146.00	\$ 49,765.00	\$ 117,546.00	\$ 66,713.00	\$ 66,024.00
Blackstone	3,396	\$ 86,666.00	\$ 39,140.00					\$ 67,418.00		
Bluefield	4,882	\$ 95,000.00	\$ 68,800.00	\$ 36,400.00	\$ 55,500.00	\$ 28,000.00	\$ 29,300.00	\$ 67,500.00	\$ 34,000.00	\$ 39,100.00
Bowling Green	1,167	\$ 78,153.00	\$ 61,235.00	\$ 43,518.00				\$ 65,000.00	*15,600.00	A *16,540.00 A
Boyce	589	*19,766.00	A N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Boydtown	434	N/A	N/A	\$ 35,939.28	\$ 34,320.00	\$ 24,113.44	N/A	*32,760.00	A N/A	N/A
Bridgewater	6,106	\$ 158,558.00	\$ 75,559.00	\$ 57,088.00	\$ 68,653.00	\$ 48,478.00	N/A	\$ 80,740.00	\$ 53,464.00	\$ 63,613.00
Broadway	3,880	\$ 105,385.00	\$ 71,545.00					\$ 69,950.00		
Brodnax	274	N/A	N/A	\$ 41,823.60	\$ 40,019.20	\$ 11,440.00	N/A	\$ 50,003.20	N/A	\$ 26,000.00
Cape Charles	1,039	\$ 95,000.00	\$ 70,431.70	\$ 70,431.70	\$ 60,108.73	\$ 36,875.00	N/A	\$ 84,518.27	\$ 43,238.72	N/A
Charlotte Court House	498	N/A	N/A	\$ 32,000.00	N/A	N/A	N/A	N/A	N/A	N/A
Chincoteague	2,900	\$ 150,496.00	\$ 83,802.00	N/A	\$ 106,496.00	\$ 51,447.00	\$ 32,978.00	\$ 106,496.00	\$ 54,019.00	\$ 62,534.00
Christiansburg	22,259	\$ 141,398.00	\$ 118,077.00	\$ 14,000.00				\$ 116,396.00	\$ 65,707.00	\$ 76,066.00
Claremont	343	N/A	N/A	*17,344.00	A *1,200.00	A *2,334.00	A	N/A	N/A	N/A
Clifton Forge	3,565	\$ 109,171.00	\$ 68,265.00	N/A	\$ 63,200.00	\$ 25,640.00	\$ 22,890.00	\$ 63,000.00	\$ 30,260.00	N/A
Colonial Beach	3,579	\$ 100,000.00	\$ 60,000.00	C \$ 59,282.50	\$ 89,027.20	D \$ 37,065.60	\$ 36,566.40	\$ 75,000.00	\$ 37,419.20	\$ 40,404.00
Culpeper	18,413	\$ 152,882.00	\$ 122,340.00	\$ 103,722.92	\$ 84,274.87	\$ 42,486.61	\$ 32,359.56	\$ 124,289.00	\$ 51,249.69	\$ 62,527.00
Dayton	1,606		\$ 63,036.00					\$ 71,368.00		
Dublin	2,534							\$ 47,000.00		
Edenburg	1,096	\$ 58,604.00	\$ 32,500.00	\$ 31,720.00	\$ 45,500.00	\$ 31,685.33	N/A	N/A	N/A	N/A
Exmore	1,378	\$ 82,500.00	\$ 33,561.28	\$ 46,317.79	\$ 39,270.00	\$ 31,029.00	N/A	\$ 61,852.79	\$ 41,000.00	N/A
Farmville	8,216	\$ 114,233.60	\$ 83,761.60	\$ 91,790.40	\$ 104,291.20	\$ 29,000.00	\$ 43,118.40	\$ 97,032.00	\$ 57,035.00	\$ 61,880.00
Front Royal	15,153	\$ 135,000.00	\$ 77,916.80	E \$ 43,700.80	\$ 77,916.80	\$ 42,140.80	\$ 35,193.60	\$ 83,761.60	\$ 40,331.20	\$ 48,288.00
Gladie Spring	1,400		\$ 39,500.00	\$ 30,000.00	\$ 24,500.00	\$ 22,880.00	N/A	\$ 40,000.00	\$ 30,000.00	\$ 30,000.00
Grottoes	2,900	\$ 66,000.00	\$ 50,909.29	\$ 41,592.25	\$ 51,936.77	\$ 30,936.28	*17,600.00	F \$ 60,000.00	\$ 42,337.39	\$ 56,328.00
Haymarket	1,800	\$ 65,000.00	\$ 73,000.00	\$ 53,000.00	N/A		N/A	\$ 100,000.00	\$ 55,900.00	\$ 76,000.00
Herndon	22,670	\$ 186,907.00	\$ 154,347.00	\$ 74,276.28	\$ 94,700.84	\$ 55,232.06		\$ 165,687.00	\$ 54,633.02	\$ 65,989.04
Hillsville	2,655	\$ 84,240.00	\$ 61,984.00	\$ 47,715.00	\$ 59,321.00	\$ 40,600.00	N/A	\$ 65,644.80	\$ 34,840.00	\$ 36,212.00
Honaker	1,800	N/A	\$ 38,600.00	N/A	\$ 42,000.00	\$ 22,880.00	N/A	\$ 37,000.00	\$ 30,000.00	N/A
Leesburg	52,607	\$ 196,266.50	\$ 168,698.40	\$ 101,129.60	\$ 72,021.00	\$ 42,648.00	\$ 79,129.00	\$ 188,727.00	\$ 69,975.30	\$ 77,659.85
Louisa	1,650	\$ 76,336.00	\$ 62,000.00	\$ 33,000.00	\$ 58,698.00	\$ 42,206.00		\$ 60,000.00	\$ 44,040.00	\$ 48,000.00
Lovettsville	2,200	\$ 105,000.00	\$ 63,000.00	\$ 46,500.00	\$ 61,750.00	\$ 56,160.00	N/A	N/A	N/A	N/A
Luray	4,816	\$ 123,973.75	\$ 84,115.19	\$ 53,977.55	\$ 77,886.00	\$ 39,000.00	\$ 43,455.25	\$ 88,983.00	\$ 40,774.50	\$ 49,237.84
Marion	5,855	\$ 129,125.00	\$ 73,543.00	\$ 54,939.00	\$ 63,017.00	\$ 47,289.00	\$ 26,792.00	\$ 79,800.00	\$ 31,000.00	\$ 36,000.00
Middletown	1,334	\$ 70,000.00	E N/A	\$ 52,530.00	\$ 81,600.00	\$ 42,000.00	\$ 34,000.00	\$ 66,000.00	\$ 46,000.00	\$ 52,000.00
Middleburg	841	\$ 127,000.00	\$ 90,000.00	\$ 70,000.00	N/A	\$ 67,400.00	\$ 38,000.00	\$ 102,000.00	\$ 58,500.00	N/A
Mt. Jackson	2,093	\$ 92,019.20	\$ 72,000.00	E \$ 44,990.40	\$ 66,248.00	\$ 36,920.00	N/A	\$ 59,113.60	\$ 44,886.40	\$ 47,923.20
Narrows	2,029	\$ 66,011.49	\$ 50,122.79	N/A			N/A	\$ 58,523.28	\$ 36,791.69	\$ 46,847.82
Nease	2,146	\$ 98,200.00	\$ 68,203.20	N/A			N/A	\$ 67,954.00	\$ 47,112.00	\$ 55,744.00
Oakwood	1,061	\$ 75,000.00	\$ 56,306.00	\$ 50,000.00	\$ 40,269.00	N/A	N/A	\$ 62,200.00	N/A	N/A
Onancock	1,266	\$ 86,000.00								
Onley	516	\$ 55,000.00	N/A	\$ 30,000.00	N/A	N/A	N/A	\$ 55,000.00	\$ 44,000.00	\$ 50,000.00
Orange	5,049	\$ 105,529.00	\$ 71,427.00	E \$ 58,763.00	\$ 71,427.00	\$ 43,851.00	\$ 31,164.00	\$ 103,015.00	\$ 54,631.00	\$ 66,406.00
Pearisburg	2,699		\$ 52,701.00	\$ 52,701.00	\$ 59,074.79	\$ 32,005.43	N/A	\$ 65,557.00	\$ 45,705.79	\$ 46,098.79
Pembroke	1,088							\$ 45,000.00	\$ 34,000.00	\$ 37,000.00
Pulaski	9,086	\$ 105,000.00	\$ 73,759.00	\$ 52,565.00	\$ 88,123.00	\$ 36,440.50	\$ 46,872.00	\$ 95,829.00	\$ 41,426.33	\$ 56,661.67
Purcellville	10,000	\$ 154,500.00	\$ 124,650.00	\$ 78,980.00	\$ 123,600.00	\$ 47,300.00	\$ 49,990.00	\$ 121,750.00	\$ 52,495.00	\$ 73,207.00
Remington	690	*17,435.00	A \$ 40,490.00		\$ 57,150.00	\$ 38,168.00		*23,920.00	A *22,750.00	A
Richlands	5,325	\$ 85,842.00						\$ 62,000.00		
Rocky Mount	4,764	\$ 100,300.00	\$ 80,300.00					\$ 80,300.00		
Round Hill	700	\$ 100,000.00	\$ 64,300.00	\$ 42,200.00	\$ 116,328.00	\$ 39,000.00	N/A	N/A	N/A	N/A
Rural Retreat	1,462							\$ 42,800.00		
St. Paul	980		\$ 56,642.00	N/A	\$ 53,768.00	\$ 33,176.80	N/A	\$ 51,040.00	\$ 32,032.00	\$ 38,272.00
Shenandoah	2,373	\$ 76,645.00	\$ 55,221.00	\$ 29,000.00	\$ 54,075.00	\$ 41,942.00	\$ 42,538.00	\$ 62,678.00	\$ 43,000.00	\$ 54,179.00
South Boston	7,950	\$ 116,600.00	\$ 61,650.00	\$ 70,967.00	\$ 74,550.00	\$ 31,200.00	\$ 31,200.00	\$ 94,764.00	\$ 35,040.00	\$ 76,000.00
South Hill	4,500	\$ 124,000.00	\$ 96,000.00	E \$ 61,000.00	N/A	\$ 34,000.00	\$ 49,000.00	\$ 101,000.00	\$ 39,000.00	\$ 51,000.00
Stanley	1,689	\$ 66,874.16	\$ 38,065.22	\$ 37,297.73	\$ 35,934.61	\$ 35,367.07	N/A	\$ 59,465.82	\$ 45,689.75	N/A
Strasburg	6,617	\$ 105,529.56	\$ 78,507.01	\$ 69,030.48	\$ 65,570.42	\$ 49,826.62	\$ 46,759.36	\$ 85,773.30	\$ 39,667.44	\$ 44,092.41
Tappahannock	2,400	\$ 81,600.00	\$ 50,987.93	\$ 41,689.70	\$ 52,550.04	\$ 32,208.28	\$ 40,800.00	\$ 68,433.15	\$ 41,820.00	N/A
Tazewell	4,240	\$ 110,000.00	\$ 44,978.00					\$ 60,255.00		
Timberhill	2,700	\$ 78,587.00	\$ 44,000.00	N/A	\$ 68,230.00	\$ 39,112.33	N/A	\$ 69,572.00	\$ 48,729.25	\$ 54,910.00
Vinton	8,065	\$ 104,565.30	\$ 67,407.94	\$ 49,151.90	\$ 75,932.84	\$ 29,136.69	\$ 36,000.00	\$ 96,096.55	\$ 39,185.62	\$ 45,443.30
Wakefield	872	N/A	\$ 53,781.00	\$ 47,677.50	N/A	\$ 41,600.00	N/A	N/A	N/A	N/A
Washington	133	N/A	N/A	\$ 53,000.00	N/A	N/A	N/A	N/A	N/A	N/A
West Point	3,300	\$ 129,385.47	\$ 62,337.77	\$ 55,868.38	\$ 78,236.20	\$ 43,393.53	\$ 31,711.73	\$ 70,000.00	\$ 42,689.32	N/A
Windsor	2,600	\$ 87,000.00	\$ 44,650.00	\$ 47,250.00	\$ 56,100.00	\$ 41,820.00	N/A	\$ 63,396.06	\$ 47,401.45	\$ 54,236.36
Woodstock	5,212	\$ 96,673.00	\$ 68,475.00	\$ 38,181.03	\$ 87,460.35	\$ 52,639.41	\$ 43,846.85	\$ 83,431.00	\$ 52,000.00	\$ 58,957.61
Wytheville	8,000	\$ 134,705.66	\$ 93,612.86	\$ 73,856.02	\$ 74,690.00	\$ 62,019.92	\$ 40,185.01	\$ 87,100.40	\$ 50,955.76	\$ 55,702.23
Stephens City	2,041	\$ 71,795.00	\$ 49,549.00	\$ 30,904.00	\$ 53,410.00	\$ 36,712.00	*13,627.00	\$ 70,595.00	\$ 41,226.00	\$ 53,830.00

+Enrolled in VRS

CITIES AND TOWNS: 159

City of Alexandria: A	Town of Appomattox: A	Town of Gordonsville: B	Town of Pennington Gap: A
City of Bristol: B	Town of Ashland: B	Town of Gretna: B	Town of Pound: A
City of Buena Vista: B	Town of Bedford: C	Town of Grottoes: B	Town of Pulaski: B
City of Chesapeake: B	Town of Berryville: B	Town of Grundy: B	Town of Purcellville: B
City of Colonial Heights: B	Town of Big Stone Gap: A	Town of Halifax: B	Town of Quantico: B
City of Covington: C	Town of Blacksburg: B	Town of Hamilton: C	Town of Remington: B
City of Danville: A	Town of Blackstone: B	Town of Haymarket: B	Town of Rich Creek: B
City of Emporia: B	Town of Bluefield: B	Town of Haysi: A	Town of Richlands: A
City of Fairfax: A	Town of Bowling Green: B	Town of Herndon: B	Town of Rocky Mount: B
City of Falls Church: B	Town of Boydtown: B	Town of Hillsville: B	Town of Round Hill: B
City of Franklin: B	Town of Boykins: A	Town of Hurt: B	Town of Rural Retreat: A
City of Fredericksburg: B	Town of Bridgewater: B	Town of Independence: A	Town of Saltville: A
City of Galax: B	Town of Broadway: B	Town of Iron Gate: B	Town of Scottsville: B
City of Hampton: B	Town of Brodnax: A	Town of Jarratt: A	Town of Shenandoah: C
City of Harrisonburg: B	Town of Brookneal: B	Town of Jonesville: B	Town of Smithfield: B
City of Hopewell: B	Town of Burkeville: B	Town of Kenbridge: C	Town of South Boston: B
City of Lexington: B	Town of Cape Charles: B	Town of Kilmarnock: C	Town of South Hill: A
City of Lynchburg: B	Town of Chase City: B	Town of La Crosse: A	Town of St. Paul: B
City of Manassas Park: B	Town of Chatham: B	Town of Lawrenceville: C	Town of Stanley: C
City of Manassas: C	Town of Chilhowie: B	Town of Lebanon: B	Town of Stephens City: B
City of Martinsville: B	Town of Chincoteague: B	Town of Leesburg: B	Town of Strasburg: C
City of Newport News: B	Town of Christiansburg: A	Town of Louisa: B	Town of Tappahannock: A
City of Norfolk: B	Town of Clarksville: B	Town of Lovettsville: B	Town of Tazewell: A
City of Norton: B	Town of Clifton Forge: B	Town of Luray: B	Town of Timberville: B
City of Petersburg: B	Town of Coeburn: B	Town of Madison: B	Town of Troutville: A
City of Poquoson: C	Town of Colonial Beach: B	Town of Marion: B	Town of Urbanna: B
City of Portsmouth: B	Town of Courtland: B	Town of McKenney: B	Town of Victoria: B
City of Radford: C	Town of Craigsville: B	Town of Middleburg: B	Town of Vienna: B
City of Richmond: B	Town of Crewe: B	Town of Middletown: D	Town of Vinton: B
City of Roanoke: B	Town of Culpeper: B	Town of Mineral: A	Town of Wakefield: A
City of Salem: B	Town of Dayton: B	Town of Montross: B	Town of Warrenton: B
City of Staunton: B	Town of Dublin: B	Town of Mount Jackson: B	Town of Warsaw: B
City of Suffolk: B	Town of Dumfries: C	Town of Narrows: A	Town of Waverly: A
City of Virginia Beach: B	Town of Edinburg: A	Town of New Market: B	Town of Weber City: B
City of Waynesboro: B	Town of Elkton: B	Town of Onancock: B	Town of West Point: B
City of Williamsburg: B	Town of Exmore: A	Town of Onley: B	Town of Windsor: B
City of Winchester: C	Town of Floyd: B	Town of Orange: B	Town of Wise: B
Town of Abingdon: B	Town of Front Royal: B	Town of Parksley: B	Town of Woodstock: C
Town of Altavista: B	Town of Gate City: A	Town of Pearisburg: C	Town of Wytheville: B
Town of Amherst: B	Town of Glasgow: B	Town of Pembroke: B	

D

Town of Occoquan
Virginia Retirement System (VRS)
Analysis

VRS Employer Basics

- Acronyms= Defined Benefit (DB) and Defined Contribution (DC)
- If Occoquan joins VRS it is mandatory that all eligible employees participate, currently six (6) Town employees.
- Once joining VRS, Occoquan cannot leave the system and all new employees who are eligible must participate.
- VRS set the 8.28% rate of employer contribution as a blended rate of all three plans in which the Town employees would be enrolled.
- The VRS rate setting goal is to maintain a fully funded plan.
- Hybrid plan rate design reduces volatility to employers over time, and mitigates employer risk by sharing the risk with employees.
- Purchase of prior year service by employee using Simple IRA allowed.

VRS Plans

- **VRS Plan 1**

Traditional DB - **pays a prefunded** monthly benefit based on years of service, 36 months of highest creditable compensation, and **1.7** multiplier.

Covers those in plan prior to 7/1/2010 vested by 1/1/2013. Town Manager is an inactive member in this plan, and she may purchase a year of creditable Occoquan service in this plan at her own expense.

- **VRS Plan 2**

Traditional DB - **pays a prefunded** monthly benefit based on years of service , 60 months highest creditable compensation, and **1.65** multiplier.

Covers those in plan after 7/1/2010, but before 12/31/2013, who were not vested as of 1/1/2013. Treasurer, Town Clerk and Chief of Police are inactive members in this plan. The Chief may purchase 3 years, Clerk may purchase 5 months, and Treasurer 1 month of creditable Occoquan service in this plan.

- **Funding the VRS Plan 1 and Plan 2**

Employee contribution is 5%

Employer contribution determined by VRS (8.28% blended rate for FY2021 and FY2022, adjusted biennially).

VRS Plans (cont'd)

- **VRS Hybrid Retirement Plan** - Mixed DB and DC plan.
 - DB component pays a prefunded monthly benefit based on years of service, highest 60 months compensation and multiplier of 1
 - DC component pays distributions depend on cumulative employee and employer combined contributions and investment performance.
 - For members joining after 1/1/2014. The Maintenance Supervisor and Marketing and Events Coordinator may participate in this plan.
- **Funding the VRS Hybrid Retirement Plan**
 - Employee Contribution
 - 4% mandatory contribution to the DB component
 - 1% mandatory contribution to the DC component.
 - Up to a 4% voluntary contribution to the DC component.
 - Employer Contribution
 - 8.28% Total Estimated Blended Cost Rate (including the employer mandatory 1% match for DC component)
 - Up to a 2.5% DC match depending on voluntary contributions, if any.

Net Cost Analysis

- Following table provides a 5-year net cost analysis for joining VRS.
 - FY2021 highlighted estimate differs slightly from staff budget proposal because the average contribution rate selected for comparative purposes is 8% compared to the quoted 8.28%.
 - FY2021 the net increase in costs represents an approximate 1.8% increase in Town operating expenses, based on a preliminary proposed expenditure budget of \$952,931.
- Factors that could affect future rates
 - Normal cost rate should remain relatively level year to year.
 - Plan experience may affect future rates.
 - Unfunded liabilities differing from assumed (20-year amortization).
 - Investment gains/losses that differ from the assumed 6.75% return.

Town of Occoquan
VRS Cost Analysis

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025
Eligible Staff Salaries¹	3.00%	337,074	347,186	357,602	368,330
Cost of VRS to Town based on an Avg. VRS Contribution Rate²					
	9.00%		32,184	32,184	34,144
2021 budgeted at 8.28%	8.00%	26,966 ³	27,230	28,608	30,350
	7.00%		25,032	25,032	26,557
	6.00%		21,456	21,456	22,763
	5.50%		19,668	19,668	20,866
Cost of Current IRA with 3% Match	10,112 ⁴	10,416	10,728	11,050	11,381
Net increase cost to Occoquan of VRS					
	9.00%		21,456	21,134	22,763
2021 budgeted at 8.28%	8.00%	16,854 ⁴	16,814	17,880	17,558
	7.00%		14,304	13,982	15,175
	6.00%		10,728	10,406	11,381
	5.50%		8,940	8,618	9,484
Marginal cost increase (decrease) to Occoquan of VRS over 2021 base year budget					
	9.00%	-	4,642	(322)	1,629
	8.00%	(40)	1,066	(322)	1,411
	7.00%	-	(2,510)	(322)	1,193
	6.00%	-	(6,086)	(322)	975
	5.50%	-	(7,874)	(322)	866
¹ 2021 proposed salaries for eligible staff currently including the Town Manager, Town Clerk, Chief of Police, Treasurer, Marketing and Event Coordinator and Maintenance Supervisor.					
² VRS employer contribution rates averaged 7.33% from 2007 - 2019, ranging from a 5.5% low in 2018 to a 9.7% high in 2010. The VRS biennial Plan 1, 2 and Hybrid blended Town contribution rate of 8.28% is based on demographic factors of age, years of service, and creditable compensation of the current Town employee profile as well as projected future market conditions and plan experience.					
³ \$26,966 is 8% of salaries for eligible staff which approximates \$27,230 budgeted at 8.28% per VRS study.					
⁴ \$10,112 is 3% of eligible salaries = \$10,402 budgeted IRA FY21. Net increase is \$16,854 or \$16,828 respectively.					

Decision Considerations

- Is VRS considered an attractive retirement option?
 - \$82.3 B capitalization, net positive fund performance/low fees.
 - VRS serves 833 employers across Virginia, including 159 Cities/Towns
- Do current/future employees prefer a DC or DB plan?
 - Current staff members collectively have over 63 years of experience in local government organizations, with over 37 years of collective experience in VRS
 - The Hybrid Plan provides the portability of DC and a guaranteed prefunded benefit of DB
 - High level of employee confidence in stability of plan and member service.
- Cost increase to Town & control of future costs
 - relatively stable rates over time; actuarial rate in effect for 2 years
 - 8.28% blended rate designed to account for volatility
 - rate setting factors are age, compensation factor, years of service, projected market conditions and plan experience considered.
 - slight budget increase year to year after budget in the initial year
- Available means of addressing future cost increases
 - Tax increases
 - Salary/Expense reductions



New VRS Employer - VRS only

WHEREAS, subject to the approval of the Virginia Retirement System (“VRS”) Board of Trustees, *Code of Virginia* § 51.1-130 permits a political subdivision of the Commonwealth of Virginia to make an irrevocable election to join VRS and to provide retirement benefits for its eligible employees as the term is defined in *Code of Virginia* § 51.1-132; and

NOW, THEREFORE, BE IT RESOLVED, that the [insert Locality, School Division, or Other Political Subdivision Name] _____ (the “Employer”), a political subdivision of the Commonwealth of Virginia, acting by and through the [insert name of governing body] _____ hereby irrevocably elects to join VRS and provide VRS retirement benefits for its eligible employees effective the first day of [insert month and year] _____ (“Join Date”); and

BE IT FURTHER RESOLVED, that the Employer agrees to pay the required employer contribution rate on or before the date required by law; and

BE IT FURTHER RESOLVED, that the Employer agrees to pay the required employer cost for participation of its employees in VRS for _____ (see below) * service rendered with the Employer prior to the Join Date, for which credit is authorized and established in a manner prescribed by VRS; and

* In this blank insert the appropriate wording to describe the amount of prior service being granted by your entity (e.g., no, all, up to five years, etc.)

BE IT FURTHER RESOLVED, that the Employer agrees that its eligible employees who are VRS members shall be required to pay member contributions on a salary reduction basis in accordance with *Code of Virginia* § 51.1-144 and § 414(h) of the Internal Revenue Code; and

BE IT FURTHER RESOLVED, that the Employer agrees to comply with all applicable laws and regulations, as well as VRS policies, procedures, and determinations in accordance with VRS’ statutory authority set forth in the *Code of Virginia*, as it may be amended from time to time.

NOW, THEREFORE, the officers of the Employer are hereby authorized and directed in the name of the Employer to carry out the provisions of this resolution and to pay to the Treasurer of Virginia from time to time such sums as are due to be paid by the Employer for this purpose.

Governing Body Chair

CERTIFICATE

I, [insert name] _____, [insert title] _____
of the Employer, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully
organized meeting of the Employer held at [insert county/city/town] _____, Virginia at [insert
time] _____ on [insert date] _____, 20_____. Given under my hand and seal of the
Employer this _____ day of _____, 20_____.

Signature