

## VRS CHANGES – 2012 SESSION

	Plan 1 Vested <sup>1</sup>	Plan 1 non-vested	Plan 2	Hybrid
Who is a member	Hired prior to 7/1/10 and vested prior to 1/1/13	Hired prior to 7/1/10 but vested on or after 1/1/13	Hired after 7/1/10 but before 1/1/14	Hired on or after 1/1/14
Average Final compensation <sup>2</sup>	Average of high <b>36</b> months	Average of high <b>60</b> months	Average of high <b>60</b> months	Average of high <b>60</b> months
Multiplier	<b>1.7%</b> for all service	<b>1.7%</b> for service prior to 1/1/13; <b>1.65%</b> for service after 12/31/12	<b>1.7%</b> for service prior to 1/1/13; <b>1.65%</b> for service after 12/31/12	<b>1.0%</b> for defined benefit plan (N.A. for defined contribution)
COLA	Maximum 5%	Maximum 3%	Maximum 3%	Maximum 3%
COLA for early retirees	Early retirees with less than 20 years service- no COLA until one year after unreduced retirement date	Early retirees with less than 20 years service- no COLA until one year after unreduced retirement date	Early retirees with less than 20 years service- no COLA until one year after unreduced retirement date	Early retirees with less than 20 years service- no COLA until one year after unreduced retirement date
Employee Contribution now	0	0	4%	N.A.
Employee Contribution, as of July 1	5%	5%	5%	Defined benefit, 4% as of 1/1/14; see below for defined contribution
Required salary increase	5%	5%	5%	None
Normal Retirement	Age <b>65</b> with <b>5</b> years service	Age <b>65</b> with <b>5</b> years service	Normal Social Security Retirement Age <sup>3</sup> with 5 years service	Normal Social Security Retirement Age with 5 years service
Early retirement - unreduced benefit	Age <b>50</b> with <b>30</b> years service	Age plus years of service= <b>90</b>	Age plus years of service= <b>90</b>	Age plus years of service= <b>90</b>
Early retirement - reduced benefit	Age <b>50</b> with <b>10</b> years service or <b>55</b> with <b>5</b> years service	Age <b>60</b> with <b>5</b> years service	Age <b>60</b> with <b>5</b> years service	Age <b>60</b> with <b>5</b> years service
Defined contribution, employee contribution	N.A.	N.A.	N.A.	At least 1%; up to 5%
Defined contribution, employer contribution	N.A.	N.A.	N.A.	Match first 2% equally; 50% of next 3%

<sup>1</sup> Vesting occurs after one accumulates credits for 5 years of service in one or more VRS-covered positions.

<sup>2</sup> For Average Final Compensation, VRS looks for the highest consecutive 36 or 60 months.

<sup>3</sup> For VRS purposes, Normal Social Security Retirement Age is the age between 65 and 67, when a person become eligible to receive a full (unreduced for age) retirement benefit. This applies to Plan 2 and Hybrid employees.

**Comparison of Pay Adjustments: City of Alexandria and Comparator Jurisdictions**

Jurisdiction	Fiscal Year							Notes	
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Proposed	Compounded % Increase Thru FY 2012	
<b>Alexandria</b>									
Average Merit-based Step Increase	3.4%	3.4%	3.4%	0.0%	3.4%	3.4%	3.4%	18%	Merit-step increases for eligible employees have been included in the City's approved operating budget in every year from FY 2007-FY 2013P, except FY 2010.
Cost of Living Adjustment (COLA)	3.0%	1.5%	-	-	-	-	-	5%	
Market-Rate Adjustments (GS Employees)	-	2.0%	-	-	-	-	-		
Market-Rate Adjustments (Sworn PS Employees)	-	-	-	-	-	-	-		
One-time Bonus	-	-	\$500 / 2.0%	-	-	-	-		In FY 2009 the budget provided a one-time \$500 pay supplement to all employees and a 2% one-time longevity pay supplement to employees at the top of their grade. Both supplements were prorated for part-time employees. Steps were added to the pay scale in FY 2011 and FY 2012 (Q and R Steps) to enable employees at the end of the pay scale to receive a pay increase. The FY 2013 Proposed budget includes funding for a one-time 2.3% pay increase for eligible Sworn Public Safety employees who are at the top of the pay scale.
Top of Range Adjustment/Additional Step	-	-	-	-	2.3%	2.3%	2.3%		
Market-based Pay Scale Adjustment	-	-	-	-	-	-	7.00%		The FY 2013 Proposed budget includes funding to bring the General Schedule pay scale in line with the market by eliminating the two lowest steps and adding 2.3% (equivalent of one step) to the top of the scale. If approved, General Schedule employees at the top of the scale will be eligible for a pay increase if warranted by performance.
<b>Arlington County</b>									
Average Merit-based Step Increase	2.5%	2.5%	2.5%	0%	2.5%	2.5%	2.5%	13%	Merit-step increases for eligible employees have been included in the County's approved operating budget in every year from FY 2007-FY 2013P, except FY 2010. The amount shown is the value of the average step increase. Arlington has variable step increase amounts ranging from 4.1% to 2.3%.
Market Rate Adjustment (MRA)	2.0%	1.5%	0%	1.0%	0%	0%	0%	5%	In FY 2010 the County Board of Supervisors approved 1% MRA as part of FY 2009 close-out.
One-time Bonus	No	No	No	\$500	2.0%	1.0%	0.0%		In FY 2010 the budget provided a one-time \$500 pay supplement to all employees. In FY 2011-FY 2012 one-time lump sum pay supplements are provided for employees at the end of the scale not eligible for merit-step increases.

**Comparison of Pay Adjustments: City of Alexandria and Comparator Jurisdictions**

Jurisdiction	Fiscal Year							Notes	
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Proposed	Compounded % Increase Thru FY 2012	
<b>Fairfax County</b>									
Pay for Performance (General County Employees)	4.52%	5.0%	5.03%	0%	0%	0%	0%	15%	The FY 2013 proposed budget does not include funding for General County employee pay for performance increases. Pay increases are awarded on a performance basis to eligible employees.
Average Merit/Step Increase (Public Safety Employees)	2.25%	2.25%	2.25%	0%	0%	0%	0%	7%	The FY 2013 proposed budget does not include funding for Public Safety employee merit-based step increases. Approximately 45 percent of Public Safety employees are eligible for a 5% step increase each year, resulting in an average increase of 2.25% in the years in which merit increments were funded.
Market Rate Adjustment	4.25%	2.92%	2.96%	0%	0%	2.00%	2.18%	13%	Between FY 2007 and FY 2009, the MRA for General County employees impacted the min, mid, and max point of each pay scale but had no impact to individual salaries. Beginning in FY 2012, the MRA was applied to individual salaries for General County employees. The MRA for Public Safety employees adjusts each pay grade, directly impacting salaries. For FY 2012, the County Board of Supervisors directed staff to identify FY 2011 year-end balances to carryover to fund a 2% MRA for employees implemented at the end of September 2011. The County Executive's FY 2013 Proposed budget includes funding for a 2.18% MRA for employees.
Market-Based Adjustment	2.0%	-	-	-	-	-	-	-	In FY 2007 Fire and Rescue personnel received a 2% increase as a result of a market study. This increase was given in addition to the merit-step increase and MRA.
<b>Prince William County</b>									
Merit-based Step Increase	3.25%	3.35%	3.0%	0%	0%	0%	3.0%	10%	The FY 2013 Proposed budget includes funding for merit-step increases for the first time since FY 2009. General Schedule and Public Safety employees who receive a performance rating of "Fully Achieved" will be eligible for a 3% pay increase.
Market Rate Adjustment	3.0%	2.75%	0%	0%	0%	2.0%	0.0%	8%	PWC provided across-the-board market pay adjustments in FY 2007, FY 2008 and again in FY 2012 to remain competitive with other Northern Virginia jurisdictions.
Top of Range Adjustment/Additional Step	-	-	-	-	-	-	3.0%	-	The FY 2013 Proposed budget includes funding to extend the pay scale 3% in order to provide eligible employees at the top of the pay scale a pay increase if merited by performance.
One-time Bonus	-	-	-	-	-	-	1%-2%	-	Under PWC's Performance Plus system, employees who receive a performance rating of "Exceeds" are eligible for a one-time bonus of 1% of salary. Employees who receive a rating of "Greatly Exceeds" are eligible for a one-time bonus of 2% of salary. This is in addition to the 3% merit-based step increase.

**Comparison of Pay Adjustments: City of Alexandria and Comparator Jurisdictions**

Jurisdiction	Fiscal Year							Notes	
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Proposed	Compounded % Increase Thru FY 2012	
<b>Montgomery County</b>									
Merit-based Step Increase	3.5%	3.5%	3.5%	3.5%	0%	0%	0%	15%	Funding for merit-based step increases is not included in the FY 2013 recommended budget and have not been funded since FY 2010.
Pay Scale Adjustment	4.00%	4.00%	4.5%	0%	0%	0%	0%	14%	Funding for pay scale adjustments are not included in the FY 2013 recommended budget. The County is expected to initiate 3 classification studies in FY 2013.
One-time Bonus	-	-	-	-	-	-	\$2,000/2%		The FY 2013 recommended budget includes funding for one-time lump sum payments in the amount of \$2,000. Note, senior management employees will receive either a 2% pay increase or \$2,000 which ever amount is greater. The average increase to employee's salaries will be 3%.
Top of Range Adjustment/Additional Step	2% or 3%	2% or 3%	2% or 3%	-	-	-	2% or 3%		The FY 2013 recommended budget includes funding for merit-based longevity steps for eligible employees who are at the top of their grade and have 20+ years of service. Note, the longevity differential is 2% for non-represented employees and 3% for employees represented by the largest union.
<b>Prince George's County</b>									
Merit-based Step Increase	Yes	No	No	No	No	No	No	N/A	Merit-based step increases have not been funded since FY 2007. Staff is still working to determine from PGC staff the average percent increase to salaries in the year when merit-based step increases were funded.
COLA	3.00%	2.50%	3.00%	0%	0%	0%	0%	9%	
One-time Bonus	-	-	-	-	-	-	\$1,250		In the FY 2013 Proposed budget funding is included to provide employees with a one-time bonus of \$1,250.

**Comparison of Pay Adjustments: City of Alexandria and Comparator Jurisdictions**

Jurisdiction	Fiscal Year							Compounded % Increase Thru FY 2012	Notes
	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Proposed		
<b>Federal Government</b>									
Increment (Merit/Step equivalent)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	16%	Federal employees are eligible for within-grade step increases that are based on performance and longevity. The increment between each step is worth approximately 3% of an employee's salary.
Total Average General Pay Adjustment	2.20%	3.50%	3.9%	2.0%	0.0%	0.0%	0.5%	13%	The total general pay adjustments for civilian General Schedule employees consists of an across-the-board pay adjustment to base pay and an adjustment to locality pay. This increase was frozen for two years starting in January 2010. For FY 2013, President Obama has proposed a 0.5% general pay increase. It is unclear at this time how that increase will be distributed between an across-the-board increase and locality pay.
Across the Board Increase	1.70%	2.50%	2.90%	1.50%	0%	0%	-		The General Schedule pay scale is usually adjusted annually through an across-the-board pay increase based on nationwide changes in the cost of wages and salaries of private industry workers. An increase was not given in FY 2011 or FY 2012.
Locality Pay Increase	0.50%	1%	1.00%	0.50%	0%	0%	-		Locality pay is a geographic-based percentage rate added to an employee's base pay to reflect pay levels for non-Federal workers in certain areas of the country. This rate is normally adjusted on an annual basis, however, it has been frozen since FY 2010.

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Cost of Living Adjustment (COLA)	3.0%	1.5%	-	-	-	-	-	5%	
Market-Rate Adjustments (GS Employees)	-	2.0%	-	-	-	-	-		
Market-Rate Adjustments (Sworn PS Employees)	-	-	-	-	-	-	-		
One-time Bonus	-	-	\$500 / 2.0%	-	-	-	-		In FY 2009 the budget provided a one-time \$500 pay supplement to all employees and a 2% one-time longevity pay supplement to employees at the top of their grade. Both supplements were prorated for part-time employees. Steps were added to the pay scale in FY 2011 and FY 2012 (Q and R Steps) to enable employees at the end of the pay scale to receive a pay increase. The FY 2013 Proposed budget includes funding for a one-time 2.3% pay increase for eligible Sworn Public Safety employees who are at the top of the pay scale.
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Market-Based Adjustment	2.0%	-	-	-	-	-	-	-	In FY 2007 Fire and Rescue personnel received a 2% increase as a result of a market study. This increase was given in addition to the merit-step increase and MRA.
<b>Prince William County</b>									
Merit-based Step Increase	3.25%	3.35%	3.0%	0%	0%	0%	3.0%	10%	The FY 2013 Proposed budget includes funding for merit-step increases for the first time since FY 2009. General Schedule and Public Safety employees who receive a performance rating of "Fully Achieved" will be eligible for a 3% pay increase.
Market Rate Adjustment	3.0%	2.75%	0%	0%	0%	2.0%	0.0%	8%	PWC provided across-the-board market pay adjustments in FY 2007, FY 2008 and again in FY 2012 to remain competitive with other Northern Virginia jurisdictions.
Top of Range Adjustment/Additional Step	-	-	-	-	-	-	3.0%		The FY 2013 Proposed budget includes funding to extend the pay scale 3% in order to provide eligible employees at the top of the pay scale a pay increase if merited by performance.
One-time Bonus	-	-	-	-	-	-	1%-2%		Under PWC's Performance Plus system, employees who receive a performance rating of "Exceeds" are eligible for a one-time bonus of 1% of salary. Employees who receive a rating of "Greatly Exceeds" are eligible for a one-time bonus of 2% of salary. This is in addition to the 3% merit-based step increase.

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One-time Bonus	-	-	-	-	-	-	\$2,000/2%		The FY 2013 recommended budget includes funding for one-time lump sum payments in the amount of \$2,000. Note, senior management employees will receive either a 2% pay increase or \$2,000 which ever amount is greater. The average increase to employee's salaries will be 3%.
Top of Range Adjustment/Additional Step	2% or 3%	2% or 3%	2% or 3%	-	-	-	2% or 3%		The FY 2013 recommended budget includes funding for merit-based longevity steps for eligible employees who are at the top of their grade and have 20+ years of service. Note, the longevity differential is 2% for non-represented employees and 3% for employees represented by the largest union.
<b>Prince George's County</b>									
Merit-based Step Increase	Yes	No	No	No	No	No	No	N/A	Merit-based step increases have not been funded since FY 2007. Staff is still working to determine from PGC staff the average percent increase to salaries in the year when merit-based step increases were funded.
COLA	3.00%	2.50%	3.00%	0%	0%	0%	0%	9%	
One-time Bonus	-	-	-	-	-	-	\$1,250		In the FY 2013 Proposed budget funding is included to provide employees with a one-time bonus of \$1,250.

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Total Average General Pay Adjustment	2.20%	3.50%	3.9%	2.0%	0.0%	0.0%	0.5%	13%	The total general pay adjustments for civilian General Schedule employees consists of an across-the-board pay adjustment to base pay and an adjustment to locality pay. This increase was frozen for two years starting in January 2010. For FY 2013, President Obama has proposed a 0.5% general pay increase. It is unclear at this time how that increase will be distributed between an across-the-board increase and locality pay.
Across the Board Increase	1.70%	2.50%	2.90%	1.50%	0%	0%	-		The General Schedule pay scale is usually adjusted annually through an across-the-board pay increase based on nationwide changes in the cost of wages and salaries of private industry workers. An increase was not given in FY 2011 or FY 2012.
Locality Pay Increase	0.50%	1%	1.00%	0.50%	0%	0%	-		Locality pay is a geographic-based percentage rate added to an employee's base pay to reflect pay levels for non-Federal workers in certain areas of the country. This rate is normally adjusted on an annual basis, however, it has been frozen since FY 2010.

**Summary of Compensation and Significant Benefit Changes  
General Scale Employees**

		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Proposed
<b>Pay &amp; Compensation</b>	Merit-based Pay Increase (weighted average)	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%	3.0%
	Cost of Living Adjustment	3.0%	1.5%	-	-	-	-	-
	Market Rate Adjustment	2.0%	-	-	-	-	-	-
	One-time Pay Supplements	-	-	\$500	-	-	-	-
	Added Step to End of Pay Scale (+2.3%)	-	-	-	-	Q Step	R Step	-
	One-Time Longevity Step	-	-	2.0%	-	-	-	-
	Market-based Pay Scale Adjustment	-	-	-	-	-	-	7.0%
<b>Benefits</b>								
Virginia Retirement System - City Contribution								
	Plan 1: hired before FY 2011	11.66%	11.66%	12.07%	12.07%	12.78%	12.78%	15.30%
	Plan 2: hired during/after FY 2011	-	-	-	-	8.78%	8.78%	11.30%
Virginia Retirement System - Employee Contribution* (as a % of salary)								
	Plan 1: hired before FY 2011	-	-	-	-	-	-	-
	Plan 2: hired during/after FY 2011	-	-	-	-	4.0%	4.0%	4.0%
Supplement Retirement - City Contribution (includes Part-time)								
	Hired before FY 2010	5.32%	5.32%	5.64%	6.39%	6.39%	7.26%	7.06%
	Hired during/after FY 2010	-	-	-	4.39%	4.39%	5.26%	5.06%
Supplement Retirement - Employee Contribution* (as a % of salary; includes Part-time)								
	Hired before FY 2010	-	-	-	-	-	-	-
	Hired during/after FY 2010	-	-	-	2.0%	2.0%	2.0%	2.0%
Health Insurance Employee <u>Minimum</u> Contribution** (Full-time; as a % of total premium costs)								
	Current Employees	3.3%	6.6%	10.0%	10.0%	13.0%	16.0%	20.0%
	New Employees	10.0%	10.0%	10.0%	10.0%	20.0%	20.0%	20.0%
Health Insurance Employee <u>Minimum</u> Contribution (Part-time; as a % of total premium costs)								
	Current Employees	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%
	New Employees	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%	50.0%

\*Employees hired during FY 2010 (7/1/2009 - 6/30/2010) contribute 2% of salary towards the City Supplemental retirement plan. Employees hired during FY 2011 to present contribute 2% of salary towards the City Supplemental Plan and 4% of salary towards VRS.

\*\*Represents the minimum employee contribution to health care premium costs. Depending on the plan they are enrolled in, some employees contribute more towards the cost of their health care. Additional information can be found on page 8-19 of the City Manager's FY 2013 Proposed Budget.

**Summary of Compensation and Significant Benefit Changes  
Sheriff Deputy, EMS, and Fire Marshall**

Pay & Compensation	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013 Proposed
	Merit-based Pay Increase (weighted average)*	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%
Cost of Living Adjustment	3.0%	1.5%	-	-	-	-	-
Market Rate Adjustment	-	-	-	-	-	-	-
One-time Pay Supplements	-	-	\$500	-	-	-	-
Added Step to End of Pay Scale (+2.3%)	-	-	-	-	Q Step	R Step	-
One-Time Top of Scale Supplement	-	-	2.0%	-	-	-	2.3%
Market-based Pay Scale Adjustment	-	-	-	-	-	-	-
<b>Virginia Retirement System - City Contribution</b>							
Plan 1: hired before FY 2011	11.66%	11.66%	12.07%	12.07%	12.78%	12.78%	15.30%
Plan 2: hired during/after FY 2011	-	-	-	-	8.78%	8.78%	11.30%
<b>Virginia Retirement System - Employee Contribution** (as a % of salary)</b>							
Plan 1: hired before FY 2011	-	-	-	-	-	-	-
Plan 2: hired during/after FY 2011	-	-	-	-	4.0%	4.0%	4.0%
<b>Supplement Retirement</b>							
City Contribution	8.75%	8.75%	6.5%	6.7%	9.74%	10.81%	10.98%
Employee Contribution	-	-	-	-	-	-	-
<b>Health Insurance Employee <u>Minimum</u> Contribution*** (Full-time; as a % of total premium cost)</b>							
Current Employees	3.3%	6.6%	10.0%	10.0%	13.0%	16.0%	20.0%
New Employees	10.0%	10.0%	10.0%	10.0%	20.0%	20.0%	20.0%

\*\*Represents the weighted average of sworn Sheriff's Office personnel only. The weighted average salary increase for EMS and Fire Marshall is included with the salaries of sworn Police Officers and Firefighters because these employees work within the Fire Department. EMS and Fire Marshall employees are shown on this page however because they receive the same retirement benefits as sworn Sheriff's Office employees.

\*\*Employees hired starting in FY 2011 (7/1/2011) to the present contribute 4% of salary towards VRS.

\*\*\*Represents the minimum employee contribution to health care premium costs. Depending on the plan they are enrolled in, some employees contribute more towards the cost of their health care. Additional information can be found on page 8-19 of the City Manager's FY 2013 Proposed Budget.

**Summary of Compensation and Significant Benefit Changes  
Sworn Police Officers and Firefighters**

		FY 2007	FY 2008	FY 2009	FY 2010	FY 2011		FY 2012	FY 2013 Proposed	
<b>Pay &amp; Compensation</b>	Merit-based Pay Increase (weighted average)	3.8%	3.8%	3.8%	3.8%	3.8%		3.8%	3.8%	
	Cost of Living Adjustment	3.0%	1.5%	-	-	-		-	-	
	Market Rate Adjustment	-	-	-	-	-		-	-	
	One-time Pay Supplements	-	-	\$500	-	-		-	-	
	Added Step to End of Pay Scale (+2.3%)	-	-	-	-	Q Step		R Step	-	
	One-Time Top of Scale Supplement	-	-	2.0%	-	-		-	2.3%	
	Market-based Pay Scale Adjustment	-	-	-	-	-		-	-	
Sworn Police and Fire Pension Plan										
City Contibution										
<b>Benefits</b>	Pension	20.0%	20.0%	21.96%	21.85%	21.65%		24.28%	25.35%	
	Disability	2.35%	2.35%	4.45%	4.94%	3.52%		4.35%	5.00%	
	Employee Contibution (as a % of salary)									
	Pension	7.5%	7.5%	7.40%	7.40%	7.20%		7.20%	7.20%	
	Disability	0.50%	0.50%	0.60%	0.60%	0.80%		0.80%	0.80%	
	Health Insurance Employee Minimum Contribution* (Full-time; as a % of total premium cost)									
	New Employees	3.3%	6.6%	10.0%	10.0%	13.0%		16.0%	20.0%	
	10.0%	10.0%	10.0%	10.0%	20.0%		20.0%	20.0%		

\*Represents the minimum employee contribution to health care premium costs. Depending on the plan they are enrolled in, some employees contribute more towards the cost of their health care. Additional information can be found on page 8-19 of the City Manager's FY 2013 Proposed Budget.