

Recommendations from General Schedule Representatives

The Virginia Joint Legislative Audit and Review Commission (JLARC) - We recommend that City Council consider delaying any formal changes to the current pension plans until the release of the upcoming report of the Virginia Joint Legislative Audit and Review Commission (JLARC). The findings of this report may present additional opportunities to the City to enhance local sustainability and cost control within the existing VRS system and may reduce the perceived need for additional changes to the Supplemental Retirement Plan.

Make Comparable Changes: The City's Supplemental Retirement Plan is a highly valued benefit and is recognized as a key contributor to the retirement security of a majority of City employees. Unlike the Fire and Police Plan which provides a total pension by one defined benefit plan, the City created the Supplemental Plan because VRS will not allow modifications that would provide the total retirement benefits that the City desired to provide. Should the City make any recommendation or decision to change the Supplemental Plan to a defined contribution plan, in order to be fair to all employees, a comparable change should be made to the Fire and Police Plan.

City Supplemental Retirement Plan: The City Supplement Retirement Plan provides for no annual cost of living adjustment (COLA). This is the only City sponsored pension plan that does not provide a COLA. The City should request an analysis of the supplemental plan to determine the fiscal impact of adding an annual cost of living adjustment factor.

Part-Time Employee Benefits: Retirement benefits for part-time employees are extremely limited. These employees have access only to the City's supplemental retirement plan which replaces just 24% of the employee's average final compensation. Given that part-time employment represents a family-friendly employment option for many workers, the City should strive to improve retirement benefits, including access to post-retirement health care benefits.

Employee Education and Outreach: We recommend that City Council consider enhancing employee educational opportunities on pension plans and other retirement related issues by establishing a mandatory retirement education curriculum for all City employees. This curriculum should include retirement education 1) at the beginning of service, 2) mid-career, and 3) within 5 years of full retirement eligibility.

457 Deferred Compensation Plan: We recommend that City Council consider the establishment of a matched savings program to create an incentive for employees to save for retirement on a pre-tax basis through the existing ICMA-RC 457 plan. The City currently does not contribute to this plan, but may find that a small savings incentive would increase employee participation in the plan and help encourage life-long savings habits among employees.

Salary Adjustments- Prior to any discussion on increased contribution from employees toward retirement plans, fix the present salary deficit facing all employees. GS employees are at 7% behind their comparators and Public Safety employees are 1% behind their comparators. In addition, General Schedule Employees noted that recent and ongoing benefit reductions, as well as limited market rate adjustments/cost of living adjustments, mean that these employees have made indirect contributions to their pensions through reduced compensation for many years.