

Substantially all full time City employees participate in a defined benefit plan. All the defined benefit plans provide a lifetime monthly income based on salary history and years of service. The particulars of the defined benefit plans vary by employee group. Some of these variations include: the level of employee contributions, retirement age, and level of the monthly benefit.

The Firefighters and Police Officers Pension Plan is for uniformed fire & police officers. Other permanent, full-time employees participate in both the Virginia Retirement System (VRS) and the City's Supplemental Retirement Plan. However, the Supplemental Plan has different provisions for General Schedule employees versus Deputy Sheriffs, Medics, and Fire Marshals. VRS has two tiers of benefits (VRS 1 & VRS 2). Membership in the tiers is based on whether the person became a participant before or after July 1, 2010. VRS 2 provides lesser benefits.

In the past, the City has made contributions to a defined contribution plan for Deputy Sheriffs, Medics, and Fire Marshals. The amounts have been subject to the annual budget process.

The City also has retirement plans that are closed. No additional benefits are being earned in these plans. However, the city retains administrative oversight and in some cases ongoing funding responsibility.

The City also sponsors a voluntary deferred compensation plan administered by ICMA-RC. This tax advantaged savings plan comes at no direct cost to the City. Employees make all of the contributions, but the City provides administrative support.

The City makes the majority of the plans' required contributions and the employee contribution varies by employee group and the hire date. Funding should take place over the employee's working lifetime.

Contributions are made on a pre-tax basis for both the City and employees. Investments are diversified, professionally managed, and regularly reviewed. Reviews are by various boards and/or City staff. These boards and City staff have the added resource of several outside specialists: investment consultant, attorney, and auditor. City pension trust funds are tax free.

Generally, defined benefit plans are appreciated most by older employees approaching retirement and appreciated less by younger employees whose retirements are a long ways off.

A few of the key characteristics of defined benefit plans are illustrated below.

Age of Unreduced Retirement Eligibility

Hire Age	Fire & Police	VRS 1	VRS 2	Supplemental Retirement Plan	
				Uniformed	Gen. Sched.
21	46	51	55 ½	50	51
25	50	55	57 ½	50	55
30	55	60	60	55	60
35	55	65	62 ½	60	65
40	55	65	65	65	65
50	55	65	67	65	65

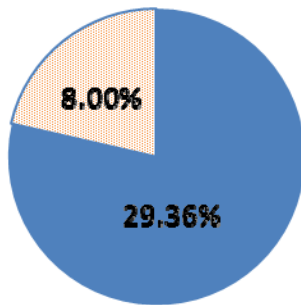
Benefit as a Percentage of Final Average Salary

Years of Service	Fire & Police	VRS 1 & 2	Supplemental Retirement Plan	
			Uniformed	General Schedule
5	12 ½%	8 ½%	3%	4%
10	25%	17%	7 ½%	8%
15	37 ½%	25 ½%	12%	12%
20	50%	34%	17%	16%
25	66%	42 ½%	22%	20%
30	82%	51%	27%	24%
35	82%	59 ½%	32%	28%

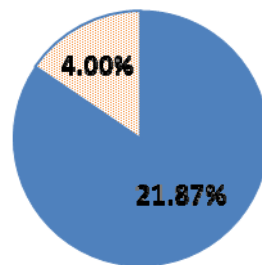
This is a high level overview; more information is contained in the appendices and the plan documents.

FY 2012 Employee and Employer Contribution Rates for New Hires

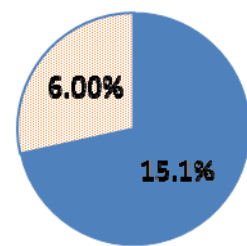
Fire & Police



**Deputy Sheriffs, Medics,
Fire Marshals**



General Schedule



Notes:

The percentages in the circles are the percentages of salary used for funding this fiscal year.
 Size of the pie represents the total percentage pension and disability cost as a percentage of salary.
 The dotted share of the circle depicts the proportion of the total cost borne by the employees/employers.