

# City of Alexandria, Virginia

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## MEMORANDUM

DATE: OCTOBER 15, 2008

TO: PARTICIPANTS IN THE CITY OF ALEXANDRIA SUPPLEMENTAL RETIREMENT PLAN

THRU: STEVEN BLAND, RETIREMENT ADMINISTRATOR

FROM: LAURA B. TRIGGS, DIRECTOR OF FINANCE

SUBJECT: PROPOSED FIFTH PENSION PLAN AMENDMENT TO THE SUPPLEMENTAL RETIREMENT PLAN

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The City maintains the City of Alexandria Supplemental Retirement Plan (the “Plan”) for eligible employees of the City who are not sworn Firefighters or Police Officers. Recently, a Fifth Amendment has been proposed to the Plan. A meeting has been scheduled for Thursday, October 23, 2008, to provide employees the opportunity to hear about and comment on the proposed changes to the Plan. **This amendment makes no changes to benefits, contributions, or eligibility.**

Attached is a List of Section Changes Made by the Fifth Amendment. The changes can be broken into three types of changes.

1. Compliance with federal regulations

The federal government establishes pension plan rules and guidelines for both public and private pension plans. Along with providing favorable tax treatment for pension plans, the government sets limits on benefits, contributions, and the timing of payouts. Generally, these rules are designed to prevent abuses of pension plans created for small business owners or for the very highly paid. While these rules rarely affect participants in public pension plans, the Internal Revenue Service (IRS) requires that these provisions appear in the Plan Document. The Plan Document is the written description of the plan, which describes the benefits that the plan provides and how the plan operates.

In 2006, Congress enacted the Pension Protection Act (PPA), which included several provisions required for a pension plan to maintain tax-preferred status. However, the IRS and the Department of Labor (DOL) did not update their regulations for over a year. Once this process was complete, the IRS and DOL set a deadline of December 31, 2008, for public pension plans to comply with the new regulations. The Fifth Amendment adds, deletes, and modifies language so that the Plan complies with PPA.

2. Technical corrections

Technical changes have been made to the Plan Document to modify language in sections for administrative purposes, to delete obsolete sections and to correct typographical errors.

3. Restatement of the Plan Document

Typically, plan amendments do not include the entire text of the underlying Plan documents they amend. Instead, they only contain the sections of the document that they alter. As a plan evolves over time, the original Plan Document plus a series of plan amendments govern it, making it awkward to manage. Combining the Plan Document and all amendments into one document will simplify plan management. The Plan Document has been restated to include all changes from all amendments.

The proposed amendment was presented to the City Council Employee Pension Compensation Committee on September 2, 2008. This committee has recommended adoption of the Fifth Amendment. This proposed amendment will be presented to City Council before the end of the year in order to meet the federal deadlines.

A copy of the proposed plan amendment is available on the City's website. Go to [alexandriava.gov/finance](http://alexandriava.gov/finance) and select *Pension Administration Division*. Select either *City Employees (Non-Public Safety)* or *Deputy Sheriffs, EMTs, and Fire Marshals*. If you need a printed copy, please e-mail [theresa.nugent@alexandriava.gov](mailto:theresa.nugent@alexandriava.gov) or call Theresa Nugent at 703.838.4518. We recommend that you periodically visit this site to view information about your plan. Announcements of meeting times and places and other information will be posted there.

See the table below for details on the informational meeting:

<b>Meeting Location And Address</b>	<b>Room</b>	<b>Date and Time</b>
301 King Street – City Hall	Council Workroom 2410	Thursday October 23, 2008 11:30 a.m. – 2:30 p.m.

cc: James K. Hartmann, City Manager  
Mark Jinks, Deputy City Manager  
Michele Evans, Deputy City Manager  
Christopher Spera, Assistant City Attorney

**ATTACHMENTS:**

- 1) List of Section Changes Made by the Fifth Amendment
- 2) August 28, 2008, Memorandum to Mayor William D. Euille and Councilman Paul C. Smedberg regarding Proposed Fifth Amendment to the City of Alexandria Supplemental Retirement Plan