

Summary of Plan Comparison for Sworn Employees RRS Police and Fire (P&F) vs. VRS Hazardous 1 and 2

Compare	RRS P&F DB (Basic / Enhanced)	VRS Hazardous Plan 1	VRS Hazardous Plan 2
1 Eligibility	Since inception	Before July 1, 2010 AND vested as of January 1, 2013	After July 1, 2010 OR before July 1, 2010 but not vested as of January 1, 2013
2 Defined Benefit Plan (DB)	X	X	X
3 Defined Contribution Plan (DC)			
4 Employee Mandatory Contributions %	1.50% / 5.45%	5.0%	
5 Employer Matching Contributions %			
6 Employee Multiplier	1.65%	1.70% or 1.85%	1.85%
7 Cost of Living Adjustment (COLA)	Ad Hoc	X	X
8 Vesting Requirement	5 years OR active member and age 60 OR job-related disability	5 years (60 months) of creditable service	
9 Average Final Compensation	Average of highest 36 consecutive months of creditable compensation	Average of 36 consecutive months (3 years) of highest creditable compensation	Average of 60 consecutive months (5 years) of highest creditable compensation
10 Creditable Compensation	Salary + Differential Pay + Educational + Bonuses + Severance	Salary	
11 Normal Service Retirement (NSR)	Age 60 or 25 years / Age 60 or 20 years (max 35 years)	Must be vested and minimum age 60. 25 years of creditable service and minimum age 50.	
12 Early Service Retirement (ESR)	Must be vested and age 50 OR 25/20 years of service	Reduced Benefit Only: Must be vested and minimum age 50	
13 Disability Retirement	Must be active, under age 60. Must be vested if non-job related disability.	Disability Retirement Multiplier: 1.70%	Disability Retirement Multiplier: 1.65%
14 Hazardous Duty Supplement	Multiplier 0.75% until age 65	Minimum 20 years hazardous duty service credit \$16,884	



CITY OF RICHMOND

Transition to the Virginia Retirement System (VRS)



This brief provides information on the City of Richmond transitioning to the Virginia Retirement System (VRS) from the Richmond Retirement System (RRS).

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VRS Transition Resources and Contact

Question	Contact
For questions about the transition	VRStransitionquestions@rva.gov
To find out more about the transition, FAQ, and future	www.rva.gov/retirement-transition
For Richmond Retirement System questions	retirement@rva.gov
For questions about what VRS plan you will go into	Contact the VRS customer service center at 1-888-827-3847 www.varetire.org/contact

The information in this brief is subject to change.

Overview of VRS and RRS

About VRS

VRS is the 14th largest pension fund in the U.S. and the 42nd largest in the world.

VRS is an independent state agency.

VRS participants include:

- Approximately 832 employers
- More than 778,000 members

VRS members include: public school (K-12) teachers, state police, Virginia law officers and the judiciary, and employees of state agencies, public colleges and universities, and political subdivisions (that is, localities, authorities, commissions, districts, regional institutions, and community service boards that participate in VRS).

About RRS

RRS is one of seven independent retirement systems in Virginia.

RRS participants include:

- City of Richmond and Richmond Behavioral Health Authority
- More than 10,000 members

RRS functions as a component unit of the city, governed by the Board of Trustees.

The Board of Trustees has seven members, of which, two are appointed by the Mayor, and five are appointed by the City Council. Of the five members appointed by the City Council, two members are city employees.

Summary of DB Plan Comparison for General Employees

RRS General DB vs. VRS Plan 1 and 2

Compare	RRS General DB (Basic / Enhanced)	VRS Plan 1	VRS Plan 2
1 Eligibility	Before July 1, 2006 / Executives before or after July 1, 2006	Before July 1, 2010 AND vested as of January 1, 2013	After July 1, 2010 - December 31, 2013 OR before July 1, 2010 but not vested as of January 1, 2013
2 Defined Benefit Plan (DB)	X	X	X
3 Defined Contribution Plan (DC)			
4 Employee Mandatory Contributions %	1.0% / 4.57%	5.0%	
5 Employer Matching Contributions %			
6 Employee Multiplier	1.75% / 2.00%	1.70%	Service prior to January 1, 2013: 1.70% Service on or after January 1, 2013: 1.65%
7 Cost of Living Adjustment (COLA)	Ad Hoc	X	X
8 Vesting Requirement	5 years OR active member and age 65 OR job-related disability	5 years (60 months) of creditable service	
9 Average Final Compensation	Average of highest 36 consecutive months of creditable compensation	Average of 36 consecutive months (3 years) of highest creditable compensation	Average of 60 consecutive months (5 years) of highest creditable compensation
10 Creditable Compensation	Salary + Differential Pay + Educational + Bonuses + Severance	Salary	
11 Normal Service Retirement (NSR)	Age 65 OR 30 years	Must be vested and minimum age 65 OR Minimum age 50 with 30 years of creditable service	Must be vested and minimum of normal Social Security age or Age + Service Years = 90 ("Rule of 90")
12 Early Service Retirement (ESR)	Must be vested and age 55 OR 30 years of service	Must be vested and minimum age 55 OR Minimum age 50 with 10 years of service	Reduced Benefit Only: Must be vested and minimum age 60
13 Disability Retirement	Must be active, under age 65. Must be vested if disability is non-job related.	Disability Retirement Multiplier: 1.70%	Disability Retirement Multiplier: 1.65%

Summary of DC Plan Comparison for General Employees RRS General DC vs. VRS Hybrid (DC and DB)

Compare	RRS General DC	VRS Hybrid (DC & DB)
1 Eligibility	After July 1, 2006	After January 1, 2014
2 Defined Benefit Plan (DB)		X
3 Defined Contribution Plan (DC)	X	X
4 Employee Mandatory Contributions %		4.0% DB portion and 1.0% DC portion
5 Employee Voluntary Contributions % Limit		Up to 4.0% DC Portion
6 Employer Matching Contributions %	<5 years = 5.0% 5-9 years = 6.0% 10-14 years = 8.0% 15+ years = 10.0%	1.0% Mandatory DC Up to 2.5% Voluntary DC
7 Employee Multiplier		1.0%
8 Cost of Living Adjustment (COLA)	Ad Hoc	COLA applied to DB portion only
9 Vesting Requirement	5 years OR active member and age 65 OR job-related disability OR death while an active member	DB: 5 years (60 months) of creditable service
10 Average Final Compensation		Average of 60 consecutive months (5 years) of highest creditable compensation
11 Creditable Compensation	Salary + Differential Pay + Educational + Bonuses + Severance	Salary
12 Normal Service Retirement (NSR)	Withdraw vested assets from the plan upon separation from service or retirement	DB Portion: Must be vested and minimum of normal Social Security age or Age + Creditable Years = 90 ("Rule of 90")
13 Early Service Retirement (ESR)		DB Portion Reduced Benefit Only: Must be vested and minimum age 60
14 Disability Retirement	Must be active, under age 65 Must be vested members if disability is non-job related.	Virginia Local Disability Program (VLDP) Short-Term Disability (STD) Long-Term Disability (LTD)

What Will the VRS Transition Mean for Employees?

What Do I Need to Do?

RRS will be closed to new city employees as of January 1, 2024. New hires from January 1, 2024 will go into VRS.

Current city employees will have until December 31, 2024 (one year) to choose either to stay in RRS or switch to VRS.

Each employee must make the choice themselves. No one is required to change to VRS. However, the decision is irrevocable.

Attend the VRS information sessions. Register for the sessions by scanning this QR code:



Prior VRS employees may return to their previous plan.

RRS will stay in place for the remaining existing participants.

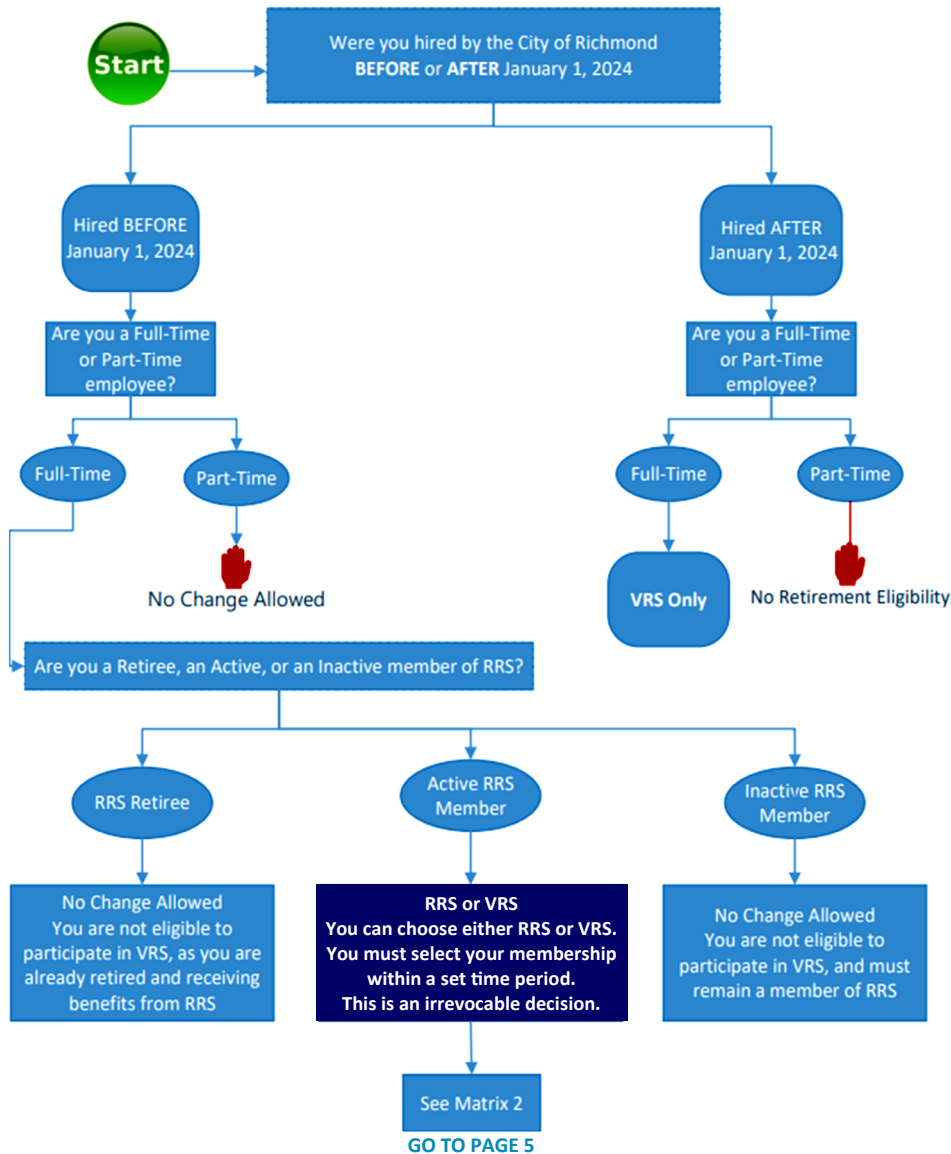


Which Retirement System is Available to Me?

MATRIX 1



I am (or was previously) an employee of the City of Richmond.
WHICH RETIREMENT SYSTEM IS AVAILABLE TO ME?



CITY OF RICHMOND

Summary of Plan Comparisons



The following matrices provide a summary of plan comparisons for the following:

- General employee **defined contribution (DC)** and **defined benefit (DB)** plans; and
- Sworn employee plans

The plan groupings in each of the matrices are not intended to reflect where **RRS** employees will go in **VRS**. The criteria for determining where employees will go are illustrated in the matrices on pages 4-5.

Transition Timeline

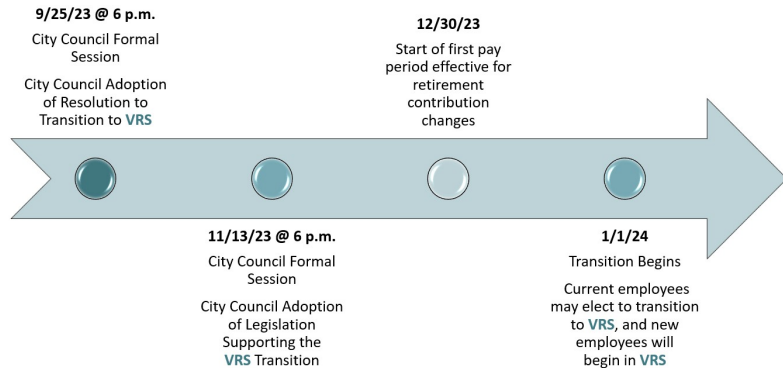
The **VRS** transition begins January 1, 2024. **RRS** will close to new employees as of December 31, 2023.

Following January 1, current employees have until December 31, 2024 to decide whether to stay in **RRS** or switch to **VRS**.



Implementation

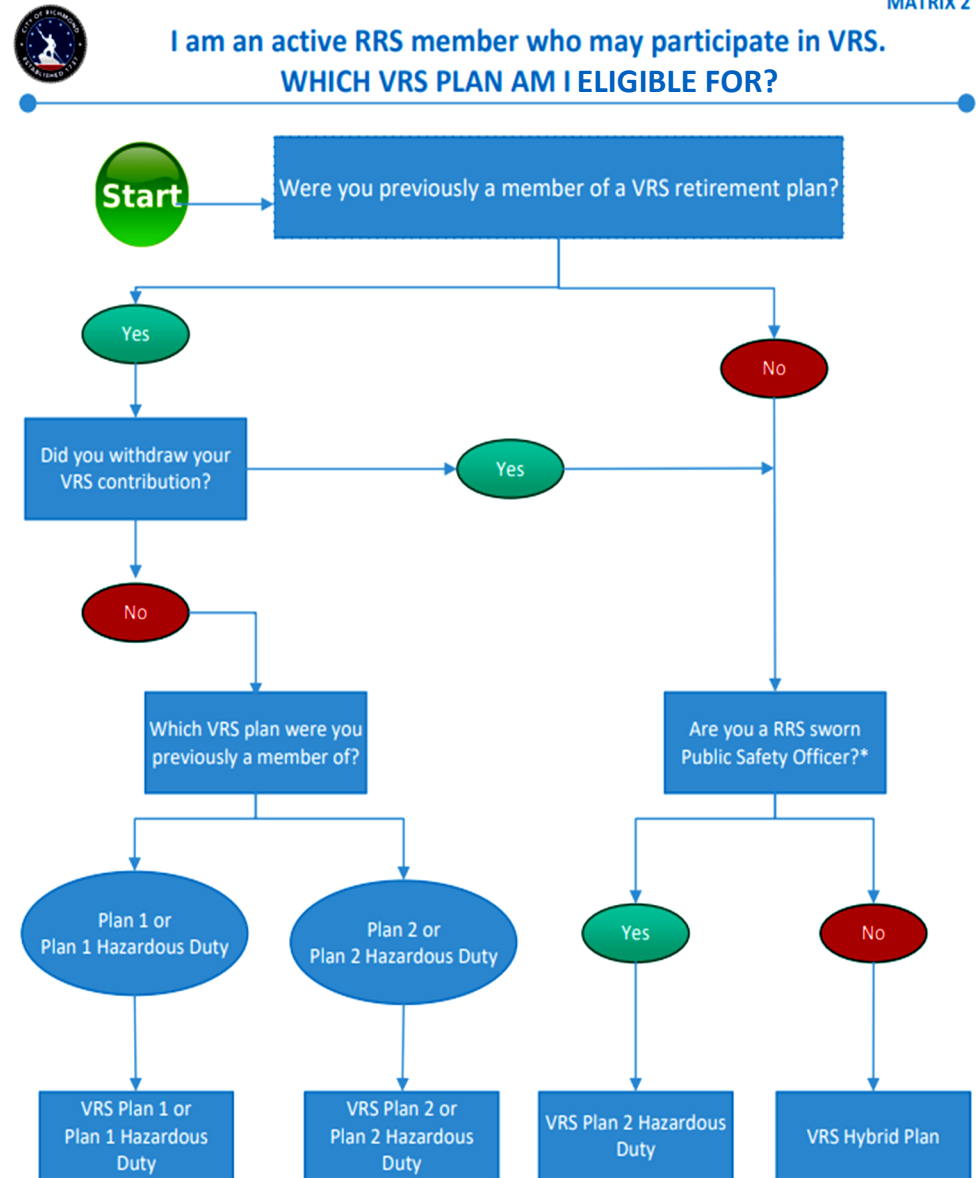
City Council approved for the city to move into **VRS**. **RRS**, **VRS**, and the city will coordinate the implementation. Employees will be provided education and counseling sessions.



Remember—As a current employee, it is your decision!

Where Will I Go in **VRS**?

MATRIX 2



*A Sworn Public Safety Officer is a full-time salaried local law enforcement officer or firefighter.

Why Transition to VRS?

VRS Offers More Plan Options for General Employees

VRS and RRS offer both **defined benefit** and **defined contribution** retirement plans.

However, under RRS, the **defined contribution** plan is the **only** option for city general employees hired after July 1, 2006.

PLAN/EMPLOYEE TYPE	RRS/CITY	VRS
DEFINED BENEFIT		
GENERAL EMPLOYEE	**	✓
SWORN EMPLOYEE	✓	✓
DEFINED CONTRIBUTION		
GENERAL EMPLOYEE	✓	✓
SWORN EMPLOYEE	✓	✓

**Available only to general employees hired before July 1, 2006, and executives of the City of Richmond.

Defined Benefit is a pension plan to which employees and employers contribute money that provides a guaranteed monthly retirement payment based on certain inputs and calculations. The retirement system manages the investments and risks.

Defined Contribution is a retirement plan that contributes money into investment accounts. Payout is based on contributions to the plan and investment performance. The employee manages the investments and risks.

Create Equity in Employee Retirement Contribution

Currently, the employee **RRS** retirement base contribution varies by plan. To create equity in employee contribution, all employees will be required to contribute 5.00 percent of their salary to retirement. **Employee salaries will be adjusted to cover the cost of the contribution increase.**

Employee	Retirement Contribution		Salary Adjustment <small>(covers new contribution and FICA tax)</small>
	Current	2024 Rate	
DB General	1.00%	5.00%	4.58%
DB Sworn	1.50%	5.00%	4.01%
DC All	0.00%	5.00%	5.72%

The tables below show the change in the contribution by plan.

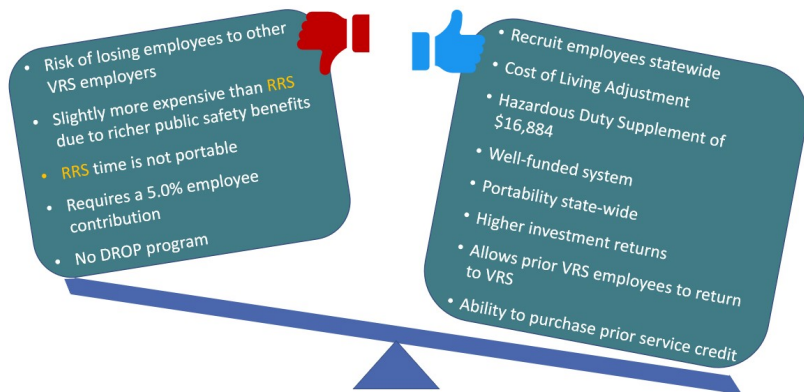
RRS Contribution Rate Change for DB Plan Members

	Current EE Rate (Base + Additional)	2024 EE Rate (Base + Additional)
General Employee DB Basic	1%	5%
General Employee DB Enhanced	1% + 3.57%	5% + 3.57%
Sworn Employee DB Basic	1.5%	5%
Sworn Employee DB Enhanced	1.5% + 3.95%	5% + 3.95%

RRS Contribution Rate Change for DC Plan Members

	Current EE Rate	Current ER Rate
<5 Years (5% total)	0%	5%
5-<10 Years (6% total)	0%	6%
>10-15 Years (8% total)	0%	8%
15+ Years (10% total)	0%	10%
	2024 EE Rate	2024 ER Rate
>10 Years (6% total)	5%	1%
>10-15 Years (8% total)	5%	3%
15+ Years (10% total)	5%	5%

Why Transition to VRS? The Pros Outweigh the Cons



Disadvantages to VRS include the following:

1. VRS employees must contribute 5.0 percent.
2. VRS is slightly more expensive due to richer public safety benefits.
3. Under VRS, there is no Deferred Retirement Option Program (DROP) for Sworn employees.
4. Prior RRS service credit cannot be transferred to VRS.
5. There is risk of losing employees to other VRS employers.

However, it is strongly believed that the VRS pros outweigh its cons. Moreover, there are actions the city can take to mitigate the first two items. Also, although VRS does not have DROP, VRS offers the Partial Lump Sum Option Program (PLOP) for all Sworn and general employees. All in all, the pros outweigh the cons.

Why Transition to VRS?

VRS Provides a Cost of Living Adjustment (COLA)

VRS and RRS provide several benefit options.

However, a key difference from RRS is that VRS provides an annual cost of living adjustment (COLA). RRS does not have an annual COLA. The COLA helps your retirement benefit keep pace with rising costs each year.

No.	Benefit	City/RRS	VRS
1.	Cost of Living Increase (COLA)	Ad Hoc	✓
2.	457 Deferred Compensation Plan (w/employer matching)		✓
3.	Disability Retirement	✓	✓
4.	Virginia Local Disability Program (Hybrid Plan)		✓
5.	Virginia Sickness and Disability Program (state employees, Plan 1 & 2)		✓
6.	Long-Term Care Insurance Plan		✓
7.	Health Insurance (must be active at time of retirement) City = Ages 55 - 65	✓	✓
8.	Health Insurance Credit		✓
9.	Life Insurance Plans	✓	✓
10.	Line of Duty Act (LODA)	✓	✓
11.	Sworn Officer Supplement (VRS adjusted every 2 years)	0.75% Until Age 65	\$16,884/yr. Until Social Security Age

Note: Employer has an option to offer custom benefits in VRS.

Why Transition to VRS?

VRS Provides Better Benefits to Sworn Employees

If you are a Sworn employee, **VRS** provides a higher multiplier for calculating your retirement benefit: 1.85 percent versus 1.65 percent under **RRS**. This is on top of the COLA.

VRS also provides an annual supplement of \$16,884 (or \$1,407 per month) to Sworn employees who retire prior to reaching Social Security normal retirement age, with at least 20 years of hazardous duty service credit. The supplement continues until the employee reaches normal retirement age under Social Security.

A more detailed comparison of the plans for Sworn employees is provided on page 16.

Sworn Plan Options		
Provision	RRS	VRS Hazardous Plan 2
Retirement Eligibility (Age/Service)	60 / or 25 (Basic) or 20 (Enhanced)	60/5 or 50/25
Final Average Pay	3 Years	5 Years
Vesting	5 Years	5 Years
Employee Contributions	1.50% or 5.45% (Enhanced)	5.00%
Benefit Multiplier	1.65%	1.85%
Early Retirement	5% reduction/year Age 50 or 25/20 Service Years (Basic/Enhanced)	6% reduction 1 st 5 years then 4.8% Preceding Age 60 with 5 years of service or age 50 with 25 years of service
Duty Death/Disability	Yes	Yes
Temporary Supplement	0.75% to age 65	\$16,884/year (\$1,407/month) to Social Security age
Retiree COLA	Ad Hoc	Automatic, up to 3%/year
Option Programs	Deferred Retirement Option Program (DROP)	Partial Lump Sum Option Payment (PLOP)

A Sworn employee / public safety officer is a full-time salaried local law enforcement officer or firefighter.

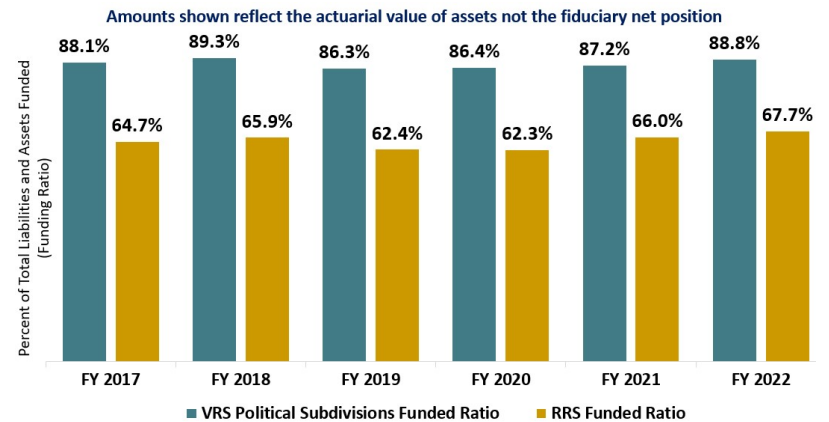
Why Transition to VRS?

VRS is a Better Funded Retirement System

VRS is better funded. For example, for FY 2022, the funded ratio for **VRS** political subdivisions was 88.8 percent, while **RRS** was 67.7 percent.

In contrast to **VRS**, **RRS'** funded status is considered to be below the minimum threshold of 80 percent for a healthy pension system.

RRS will need an infusion of cash, estimated at \$100 million, to raise its funded status to 80 percent.



VRS political subdivisions include localities (cities, counties, and towns), authorities, commissions, districts, regional institutions, and community service boards that participate in **VRS**. School boards that also provide **VRS** coverage for non-teacher employees are also treated as political subdivisions.