



Response to Questions on the FY 2010 County's Line of Business & Schools Program Review Processes Fall 2008

Request By: Supervisor Bulova

Question: Provide a comparison of the County's Retirement Systems with other jurisdictions.

Response: In November 2006, Mercer Human Resource Consulting, under contract to Fairfax County Government, completed the Fairfax County Retirement Plan Comparison Study (copy attached). This study, performed as a follow-up to their previous studies done in 2000 and 2004, compared Fairfax County's Employees' Retirement System to the general employee retirement plans of the Commonwealth of Virginia, the City of Alexandria, Arlington County, the Federal Government, Montgomery County, Prince William County and Prince George's County.

The Mercer study concluded that "The pension benefits are very strong for Fairfax County; especially for those participants who are eligible to retire before age 65 with unreduced benefits." However, the study also found that Fairfax County's "Retiree medical benefits are still weak because of a lack of coverage for future medical care inflation." With regard to Fairfax County's total retirement package (pension and other post-employment benefits combined), the study determined that "Fairfax County is slightly above the median of the comparison jurisdictions and closer to the top quartile, assuming no inflation."

The Mercer study did not specifically examine the public safety retirement plans among the comparison jurisdictions. For further information, also attached is a table comparing the benefits and characteristics of all of the Fairfax County Retirement Systems: Employees' Plans A and B; Police Officers; and Uniformed Plans A, B, C and D.

MERCER

Human Resource Consulting

November 6, 2006

Fairfax County Retirement Plan Comparison Study - General Employees

Doug Rowe
Tom Skiago

MMC

Marsh & McLennan Companies

General Employees Comparison Study

Summary of Results

- This comparison study is a follow-up to the studies done in 2000 and 2004. Overall, the results are similar to those previous studies.
- The pension benefits are very strong for Fairfax County; especially for those participants who are eligible to retire before age 65 with unreduced benefits.
- The retiree medical benefits are still weak in comparison to other jurisdictions because of a lack of coverage for future medical care inflation.
 - Fairfax's retiree medical value did increase from the previous study because of the recognition of the implicit subsidies for pre-65 retirees, but it is still around 80% lower than the median.
 - Fairfax is still in the lower quartiles if we assume no medical inflation, but the results improve to 40% below median value.
- For the total retirement package, Fairfax is slightly above the median of the comparison jurisdictions and closer to the top quartile assuming no inflation.

General Employees Comparison Study

Public Systems Included in the Comparison

- Fairfax County
- State of Virginia
- City of Alexandria
- Arlington County
- Federal Government
- Montgomery County
- Prince William County
- Prince George's County



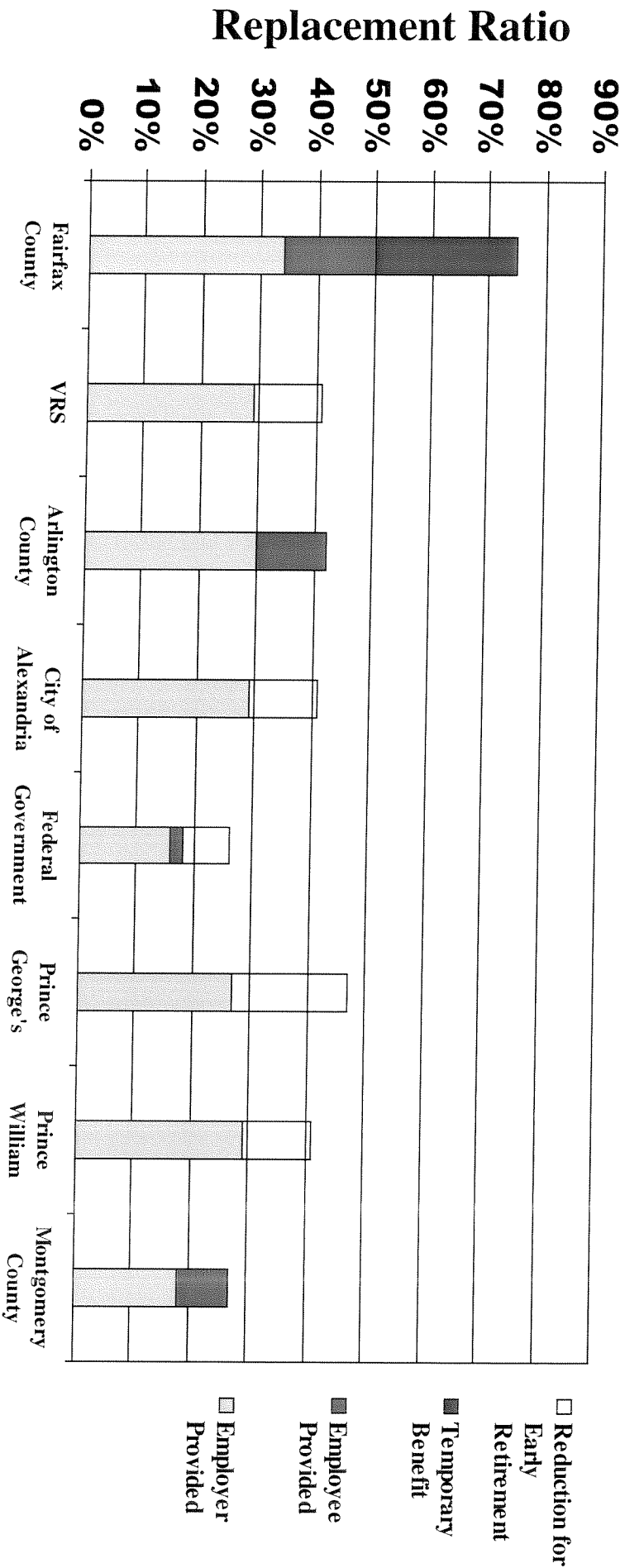
General Employees – Replacement Ratio

- A replacement ratio is the total of the participant's retirement benefits (represented as an annual annuity) over their final pay.
- These charts include all defined benefit and defined contribution plans for two sample “target” employees.
- The chart is shown with each employee:
 - Making only the mandatory employee contributions.
 - Making an optional 5% employee deferral, which would include any employer match if applicable.

General Employees - Replacement Ratio

Only includes Mandatory Employee Contributions

General Employee - Income Replacement
 Percent of Final Year's Pay
 Accrued Benefit at Age: 55
 Final Year's Pay: \$50,000
 Benefit Service: 25 Years



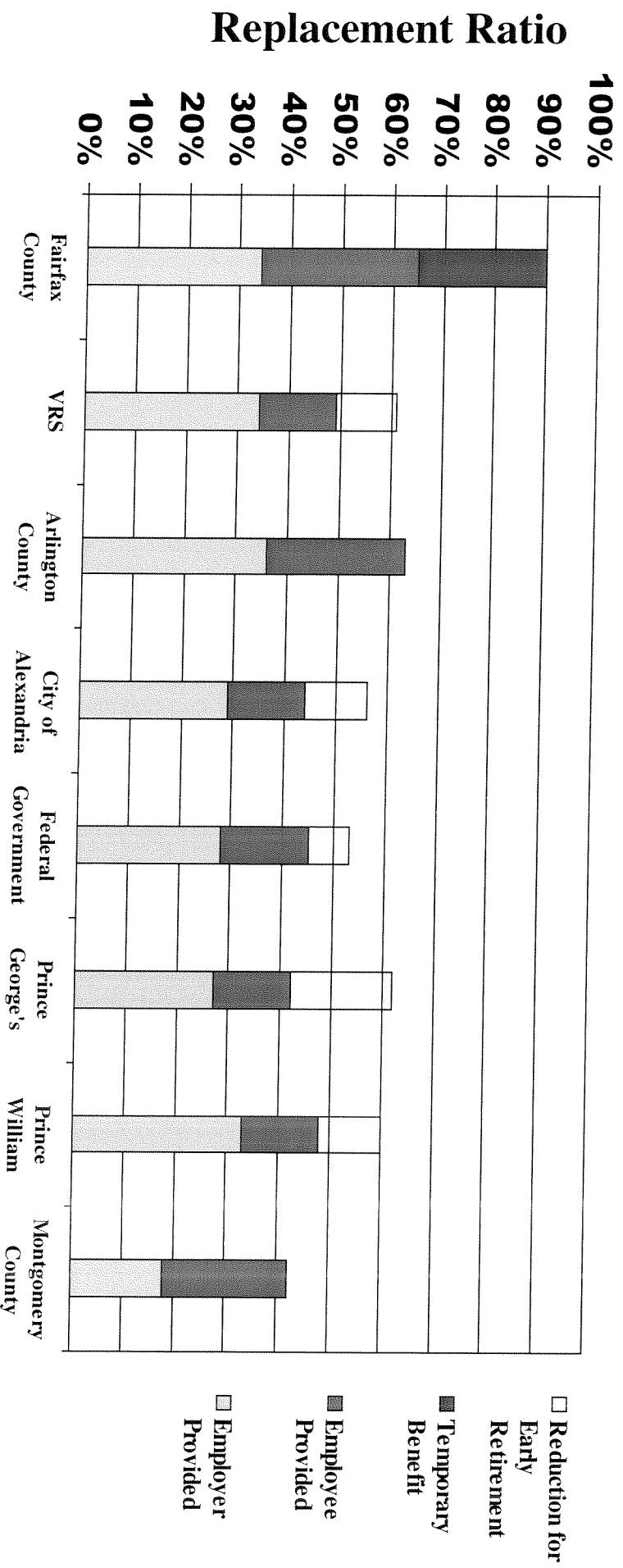
Note: The temporary benefit is paid until the age for unreduced Social Security retirement benefits.

Mercer Human Resource Consulting

General Employees - Replacement Ratio

Includes Optional 5% Employee Contributions and Employer Match, if applicable

General Employee - Income Replacement
 Percent of Final Year's Pay
 Accrued Benefit at Age: 55
 Final Year's Pay: \$50,000
 Benefit Service: 25 Years



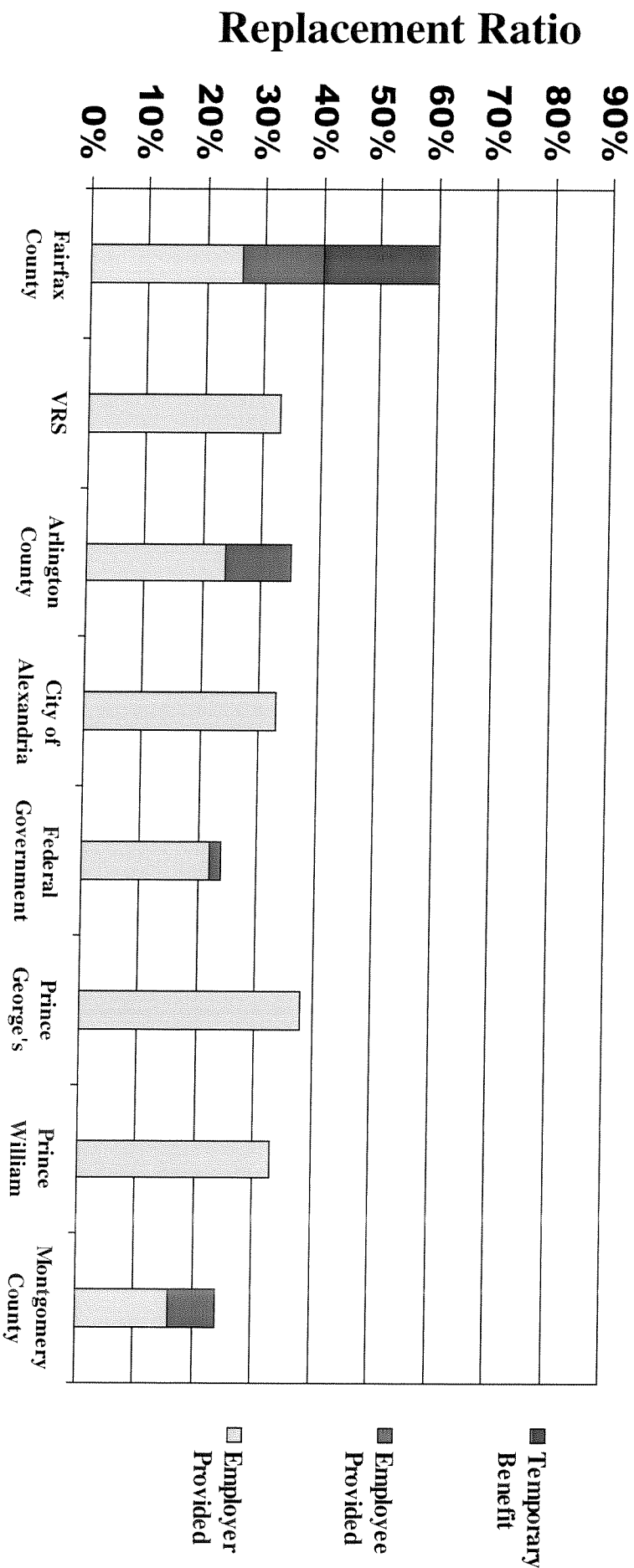
Note: The temporary benefit is paid until the age for unreduced Social Security retirement benefits.

Mercer Human Resource Consulting

General Employees - Replacement Ratio

Only includes Mandatory Employee Contributions

General Employee - Income Replacement
 Percent of Final Year's Pay
 Accrued Benefit at Age: 65
 Final Year's Pay: \$70,000
 Benefit Service: 20 Years



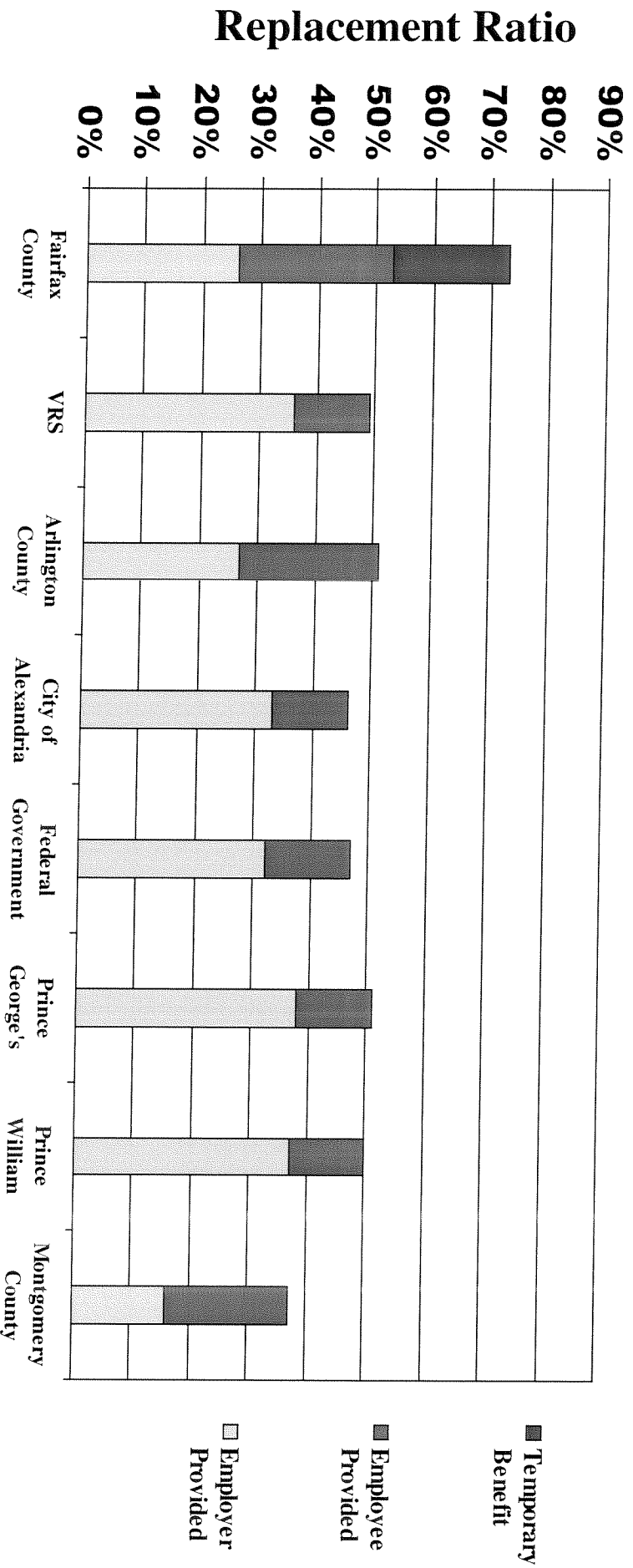
Note: The temporary benefit is paid until the age for unreduced Social Security retirement benefits.

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General Employees - Replacement Ratio

Includes Optional 5% Employee Contributions and Employer Match, if applicable

General Employee - Income Replacement
Percent of Final Year's Pay
Accrued Benefit at Age: 65
Final Year's Pay: \$70,000
Benefit Service: 20 Years



Note: The temporary benefit is paid until the age for unreduced Social Security retirement benefits.

Mercer Human Resource Consulting

General Employees Comparison Study

Relative Values

- A relative value is the approximate value or cost for the employee if he or she tried to duplicate the employer-provided benefits on the open market.
- In general, the relative value is calculated by taking the lump sum value of the additional benefits attributable to the employee staying with the organization until retirement which is then spread as an even percentage of the employee's total projected pay.
- We presented the relative values two ways:
 - How Fairfax County's benefits compare based on current future commitments of the other jurisdictions (with COLA's for defined benefit and retiree medical increases).
 - Where the County stands today relating to their peers (without COLA's or inflation on retiree medical benefits)

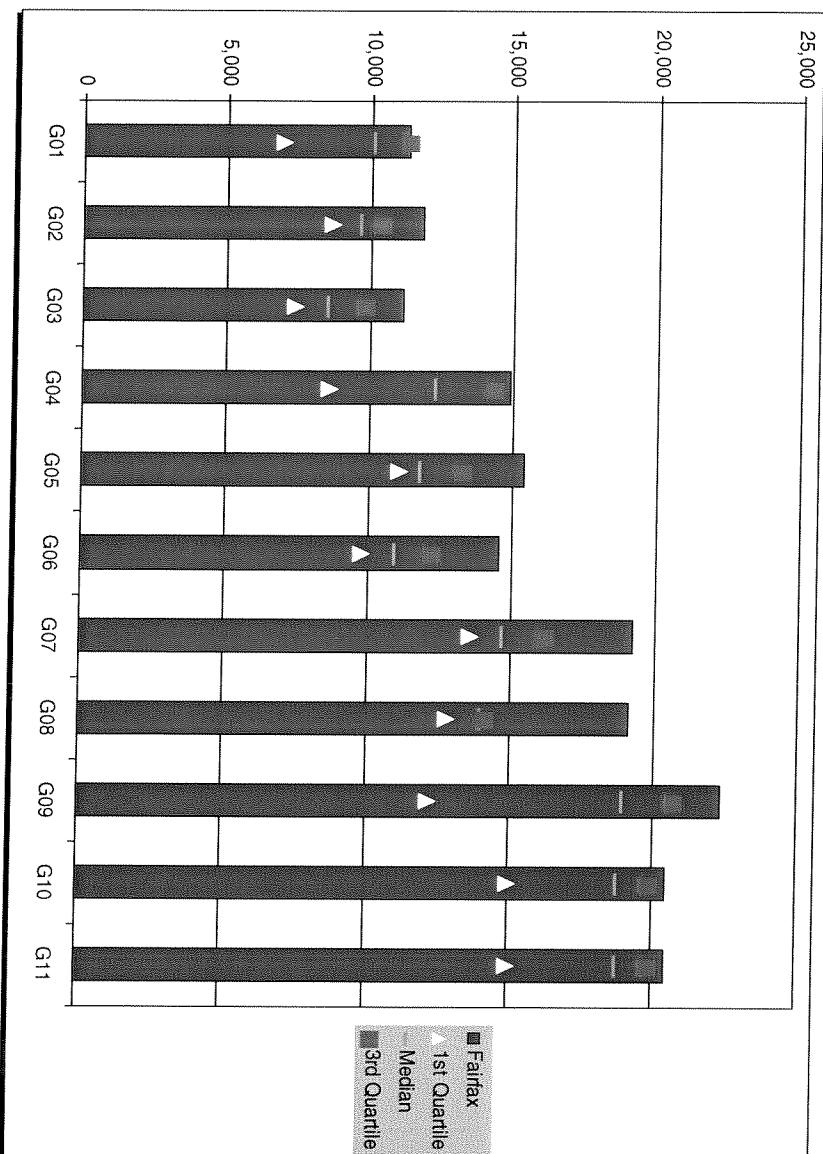
General Employees Comparison Study

Relative Values

- The relative value charts are shown twice; the first set includes an assumption for COLA's and medical inflation and the second set assumes no COLA's or medical inflation increases.
- Each set of charts includes:
 - Retirement/savings (defined benefit plus defined contribution)
 - Retiree medical
 - Total (retirement/savings plus retiree medical)
- Each chart includes 11 employee samples. The blue bar represents the relative value for Fairfax County while the yellow, green, or red 'mark' represents each quartile of all organizations. The legend on the right shows the actual numerical values for the sample employees as well as their general profile.

General Employees - Relative Value Retirement/Savings Plans (DB + DC)

Relative Values



Legend

(Values displayed in \$000's)

Your Values	G01	G02	G03	G04	G05	G06	G07	G08	G09	G10	G11
Your Rank	3	1	1	2	1	1	1	1	2	2	2
Your Index	112	123	131	121	131	134	131	137	118	109	109
First Quartile	\$6.9	\$8.7	\$7.4	\$8.6	\$11.1	\$9.8	\$13.6	\$12.8	\$12.2	\$15.0	\$15.0
Median	\$10.1	\$9.6	\$8.5	\$12.3	\$11.8	\$10.9	\$14.7	\$13.9	\$18.9	\$18.8	\$18.8
Third Quartile	\$11.3	\$10.5	\$9.9	\$14.4	\$13.3	\$12.2	\$16.2	\$14.1	\$20.8	\$20.0	\$20.0

Profile Components												
Salary	\$40K	\$40K	\$40K	\$50K	\$50K	\$50K	\$60K	\$60K	\$70K	\$70K	\$70K	\$70K
Age	20	30	40	30	40	50	50	59	50	61	61	61
Service	0	0	0	10	10	10	20	20	30	30	30	30
% Male	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Family Status	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Single	Single
	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child

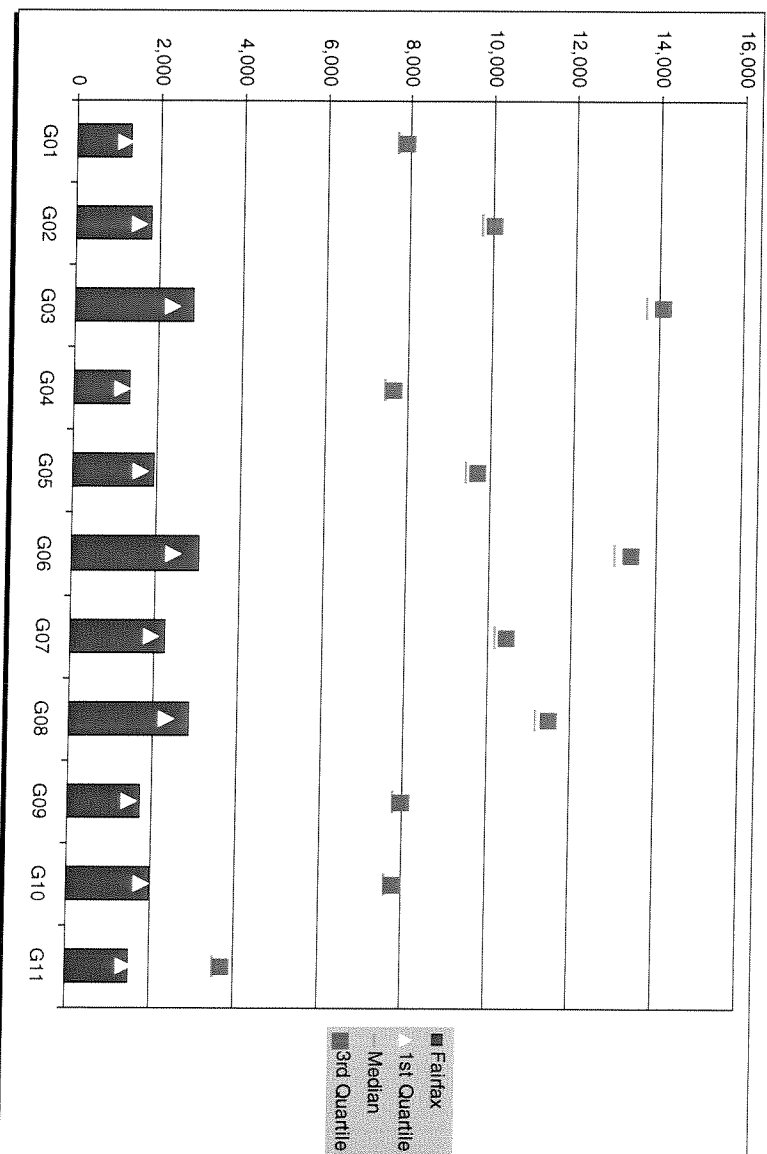
Rank: Numeric rank of your organization's benefit value. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

General Employees - Relative Value

Retiree Medical Plans

Relative Values



Legend

(Values displayed in \$000's)

	G01	G02	G03	G04	G05	G06	G07	G08	G09	G10	G11
Your Values	\$1.3	\$1.8	\$2.8	\$1.3	\$1.9	\$3.0	\$2.3	\$2.9	\$1.7	\$2.0	\$1.5
Your Rank	6	6	6	6	6	6	6	6	6	6	6
Your Index	17	18	21	18	20	23	22	26	22	26	43
First Quartile	\$1.1	\$1.5	\$2.3	\$1.1	\$1.6	\$2.4	\$1.9	\$2.3	\$1.5	\$1.8	\$1.4
Median	\$7.7	\$9.7	\$13.7	\$7.4	\$9.4	\$13.0	\$10.1	\$11.1	\$7.7	\$7.6	\$3.5
Third Quartile	\$7.9	\$10.0	\$14.1	\$7.7	\$9.7	\$13.4	\$10.5	\$11.5	\$8.0	\$7.8	\$3.8

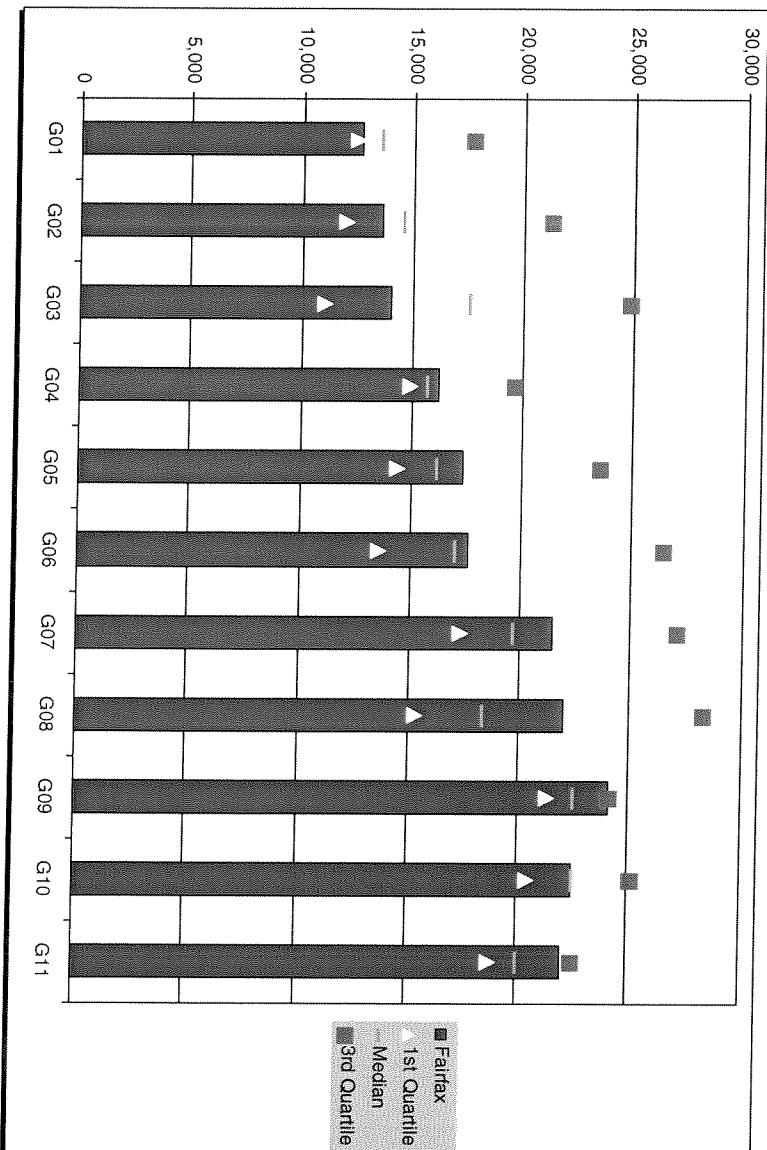
Profile Components												
Salary	\$40K	\$40K	\$40K	\$50K	\$50K	\$50K	\$60K	\$60K	\$70K	\$70K	\$70K	\$70K
Age	20	30	40	30	40	50	50	59	50	61	61	61
Service	0	0	0	10	10	10	20	20	30	30	30	30
% Male	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Family Status	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Single
	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child

Rank: Numeric rank of your organization's benefit value. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

General Employees - Relative Value Total (DB + DC + Retiree Medical)

Relative Values



Legend

(Values displayed in \$000's)

Your Values	G01	G02	G03	G04	G05	G06	G07	G08	G09	G10	G11
Your Rank	6	5	6	4	4	4	4	4	3	5	3
Your Index	93	94	80	104	107	104	109	120	107	100	110
First Quartile	\$12.4	\$12.0	\$11.0	\$14.9	\$14.3	\$13.5	\$17.3	\$21.3	\$21.3	\$20.5	\$18.8
Median	\$13.5	\$14.5	\$17.5	\$15.6	\$16.1	\$17.0	\$19.6	\$18.3	\$22.5	\$22.5	\$20.0
Third Quartile	\$17.7	\$21.3	\$24.8	\$19.7	\$23.6	\$26.5	\$27.1	\$28.3	\$24.2	\$25.2	\$22.5

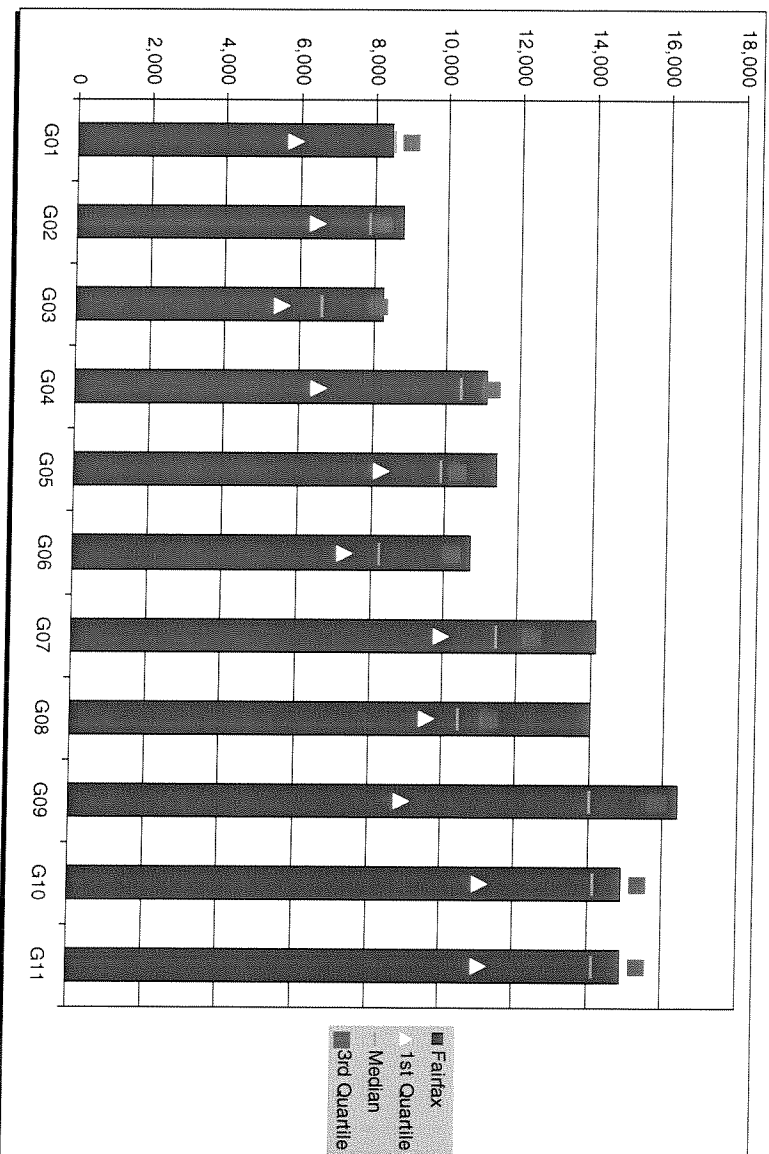
Profile Components												
Salary	\$40K	\$40K	\$40K	\$50K	\$50K	\$50K	\$60K	\$60K	\$70K	\$70K	\$70K	\$70K
Age	20	30	40	30	40	50	50	59	50	61	61	61
Service	0	0	0	10	10	10	20	30	30	30	30	30
% Male	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Family Status	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Single	Single
	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child

Rank: Numeric rank of your organization's benefit value. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

General Employees - Relative Value Retirement/Savings Plans (DB + DC) with no assumed COLA's

Relative Values



Legend

(Values displayed in \$000's)

	G01	G02	G03	G04	G05	G06	G07	G08	G09	G10	G11
Your Values	\$8.5	\$8.8	\$8.2	\$11.1	\$11.4	\$10.7	\$14.1	\$14.0	\$16.4	\$14.9	\$14.9
Your Rank	5	1	2	3	1	1	1	1	2	3	3
First Quartile	99	112	126	107	115	131	124	135	117	105	105
Median	\$5.8	\$6.4	\$5.5	\$6.5	\$8.2	\$7.3	\$10.0	\$9.6	\$8.9	\$11.1	\$11.1
Third Quartile	\$8.5	\$7.9	\$6.6	\$10.4	\$9.9	\$8.2	\$11.4	\$10.4	\$14.0	\$14.1	\$14.1
	\$9.0	\$8.3	\$8.2	\$11.3	\$10.4	\$10.3	\$12.5	\$11.4	\$15.9	\$15.4	\$15.4

Profile Components												
Salary	\$40K	\$40K	\$40K	\$50K	\$50K	\$50K	\$60K	\$60K	\$70K	\$70K	\$70K	\$70K
Age	20	30	40	30	40	50	50	59	50	61	61	61
Service	0	0	0	10	10	10	20	20	30	30	30	30
% Male	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Family Status	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Single	Single
	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child

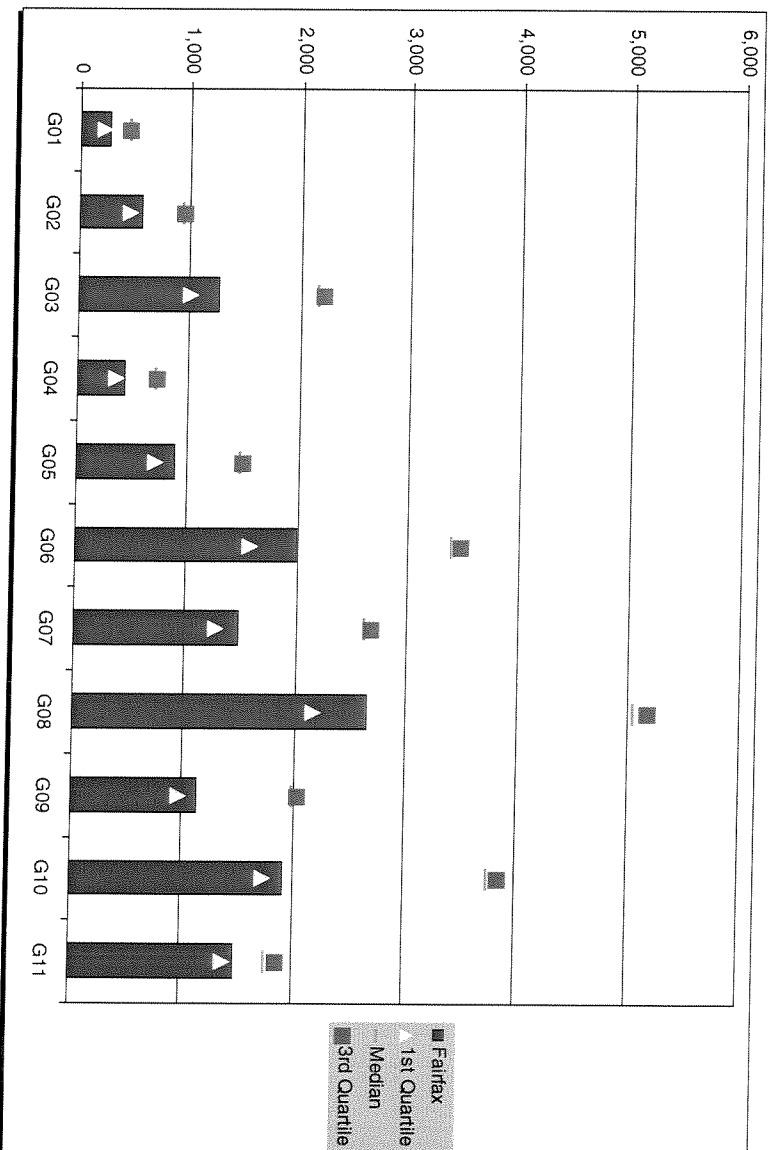
Rank: Numeric rank of your organization's benefit value. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

General Employees – Relative Value

Retiree Medical Plans with no assumed medical inflation increase

Relative Values



Legend

(Values displayed in \$000's)

Your Values	G01	G02	G03	G04	G05	G06	G07	G08	G09	G10	G11
Your Rank	5	5	5	5	5	5	5	5	5	5	6
Your Index	60	61	59	61	61	59	57	53	57	51	85
First Quartile	\$0.2	\$0.5	\$1.0	\$0.3	\$0.7	\$1.6	\$1.3	\$2.2	\$1.0	\$1.7	\$1.4
Median	\$0.4	\$0.9	\$2.2	\$0.7	\$1.5	\$3.4	\$2.6	\$5.0	\$2.0	\$3.7	\$1.7
Third Quartile	\$0.5	\$1.0	\$2.2	\$0.7	\$1.5	\$3.5	\$2.7	\$5.2	\$2.0	\$3.9	\$1.9

Profile Components												
Salary	\$40K	\$40K	\$40K	\$50K	\$50K	\$50K	\$60K	\$60K	\$70K	\$70K	\$70K	\$70K
Age	20	30	40	30	40	50	50	59	50	61	61	61
Service	0	0	0	10	10	10	20	20	30	30	30	30
% Male	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Family Status	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Single	Single
	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child

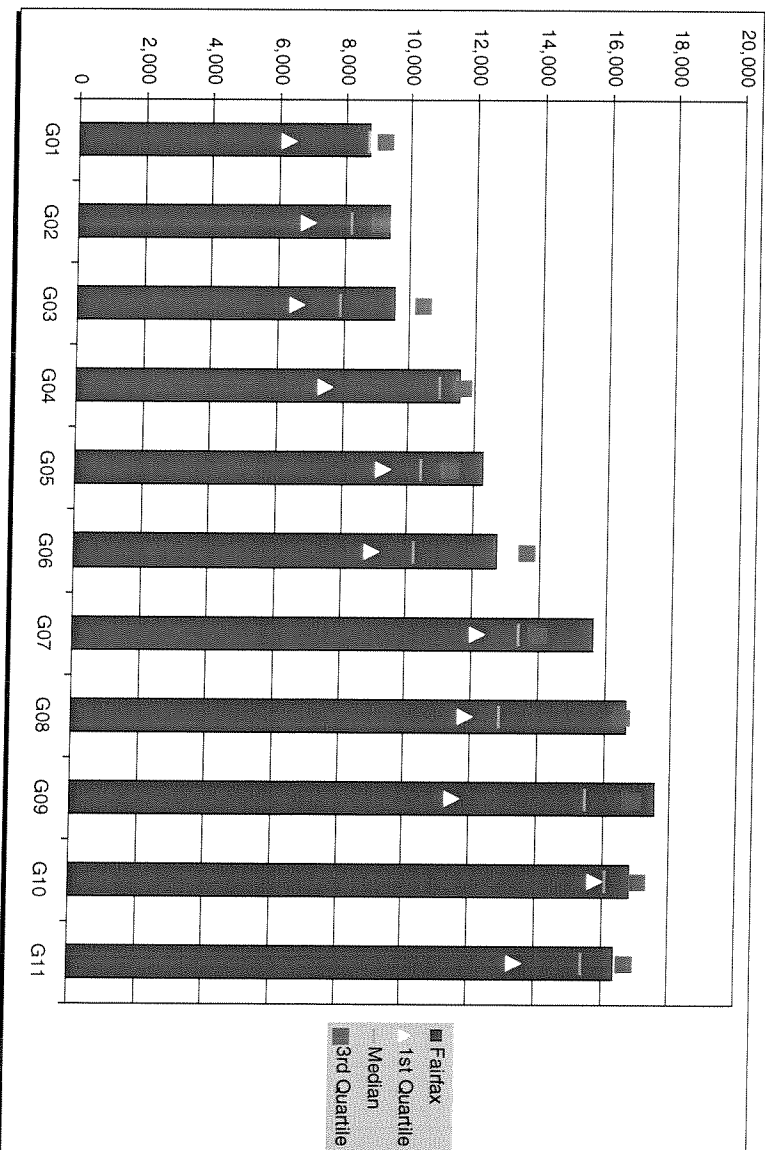
Rank: Numeric rank of your organization's benefit value. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

General Employees - Relative Value

Total (DB + DC + Retiree Medical) with no assumed COLA's or medical inflation increase

Relative Values



Legend

(Values displayed in \$000's)

	G01	G02	G03	G04	G05	G06	G07	G08	G09	G10	G11
Your Values	\$8.7	\$9.3	\$9.5	\$11.5	\$12.3	\$12.7	\$15.6	\$16.7	\$17.5	\$16.8	\$16.4
Your Rank	4	2	3	3	2	3	2	2	2	3	3
Your Index	101	114	121	105	118	125	117	130	114	105	107
First Quartile	\$6.3	\$6.9	\$6.6	\$7.5	\$9.3	\$9.0	\$12.2	\$11.9	\$11.5	\$15.8	\$13.4
Median	\$8.7	\$8.2	\$7.9	\$10.9	\$10.4	\$10.2	\$13.4	\$12.9	\$15.4	\$16.1	\$15.4
Third Quartile	\$9.2	\$9.1	\$10.4	\$11.7	\$11.4	\$13.6	\$14.0	\$16.5	\$16.9	\$17.1	\$16.7

Profile Components												
Salary	\$40K	\$40K	\$40K	\$50K	\$50K	\$50K	\$60K	\$60K	\$70K	\$70K	\$70K	\$70K
Age	20	30	40	30	40	50	50	59	50	61	61	61
Service	0	0	0	10	10	10	20	20	30	30	30	30
% Male	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Family Status	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Married	Single
	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child	0 Child

Rank: Numeric rank of your organization's benefit value. The highest value is ranked as "1".

Index: The percentage relationship of your values to the median values of the peer group -- 100 represents the median.

Appendix

- Summary of plan provisions
- Assumptions

Appendix – Summary of Plan Provisions

General Employees	Defined Benefit Plan					Defined Contribution Plan	Retiree Medical
	Earliest Unreduced Retirement	Formula	Years In FAP	Early Retirement Date Early Retirement Factor	Employee Contribution Rate	Employee and Employer Contributions	Employer Portion
Fairfax County	Age 65 and 5 50 and rule of 80	2.0% * FAP * svc (increase by 3.0%) Pre SS benefit: 1.0% * FAP * months breakpoint (increased by 3.0%)	36 highest consecutive months	Age 50 and rule of 75 Actuarially reduced	5.333%	Employee deferrals only	Subsidy based on years of service Years <65 ≥65 5-9 \$ 30 \$ 30 10-14 \$ 65 \$ 65 15-19 \$155 \$155 20-24 \$190 \$190 25+ \$220 \$220
Organization C	Age 65 and 5 30 years svc and at least age 50	1.7% * FAP * svc Automatic COLA	36 highest consecutive months	Age 55 and 5 Age 50 and 10 6% per year for 5 years prior to unreduced retirement 4.8% thereafter 7.2% for age 50 up to age 55 or actuarial present value	None – the 5.0% member contribution is picked up by the employer	Match 50% with a \$480 Max	\$48/year of service (max 30 years) up to the cost of retiree only coverage
Organization G	Age 62 and 5 Rule of 80	1.5% * FAP * svc (up to 30 years) Automatic COLA	3 years	Age 55 and 5 Age 54 and 17 53 and 19 52 and 21 51 and 23 50 and 25 6% per year for each year prior to unreduced benefit	4.0%	ER makes 2% contribution. 100% match with a \$520 max	Employer rate based on service Years <65 ≥65 0-9 16% 20% 10-14 32% 40% 15-19 48% 60% 20-22 64% 80% 23-24 74% 88% 25+ 80% 93%
Organization B	Age 65 and 5 55 and 30	1.7% * FAP * svc Automatic COLA	3 highest consecutive years	Age 55 and 5 Age 50 and 10 6% per year for 5 years prior to unreduced retirement 4.8% per year thereafter 7.2% for age 50 up to age 55 or actuarial present value	None – the 5.0% member contribution is picked up by the employer	Employee deferrals only	ER \$260 per month for all coverage levels
Organization E	Age 62 and 5 Age 60 and 20 30 years of service regardless of age	1% * FAP * svc (10% increase if age 62 with 20 years) Social Security Supplement	3 years	55 years old with 10 years of service 5% per year under age 62	0.80% for basic plan	ER 1% contribution Match 100% for first 3%, 50% for next 2%	ER rate is between 70%-75% of the premium depending on the plan

Appendix – Summary of Plan Provisions

General Employees	Defined Benefit Plan					Defined Contribution Plan	Retiree Medical Plan
	Earliest Unreduced Retirement	Formula (DB)	Years In FAP	Early Retirement Date Early Retirement Factor	Employee Contribution Rate	Employee and Employer Contributions	Employer Portion
Organization F	Age 65 and 5 30 years svc and at least age 50	1.7% * FAP * svc Automatic COLA	3 years	Age 55 and 5 Age 50 and 10 6% per year for 5 years prior to unreduced retirement 4.8% thereafter 7.2% for age 50 up to age 55 or actuarial present value	None – the 5.0% member contribution is picked up by the employer	Match 100% of first 1.50%	\$5.50 per year of service (up to 30 years) for retirees with 15 + years
Organization H						ER contributes 6%. EE must contribute 3.0% and 6.0% over SSWB	Less than 5 years, ER-0% Over 5 years of service, ER 50% graded up 2% per year to 70% max
Organization D	62 and 5 63 and 4 64 and 3 65 and 2 30 years regardless of age	1.96% * FAP * svc Automatic COLA	3 years	55 and 15 6% per year prior to age 62 (max of 42%)	0% below SSWB 5% above SSWB	Employee deferral only	Depending on the plan, ER pays 75% or 80% of the premium.

Appendix – Assumptions

- Salary Scale: 4.0%
- Social Security Wage Base: 3.5%
- Cost of living: 3.0%
- Growth in accounts and discount rate: 7.0%
- Conversion from account balance to an annuity: 7.0% interest rate and the GATT 2003 mortality table
- Pre-retirement increases in medical costs: 10.0% for the first five years; 8.0% for the next five; and 5.0% thereafter
- Post-retirement increases in medical costs: 5.0%

The 'no assumed COLA' relative value charts had a 0% cost of living and medical inflation assumption; all other assumptions remained the same.

We received the plan provision information either directly from each organization or from the information given on their websites.

Fairfax County Retirement Systems At-A-Glance

	Employees' Plans A & B	Police Officers	Uniformed Plans A, B, C, & D
Normal Retirement Eligibility	Age 65, or Rule of 80 (Age+Service = 80, minimum age 50)	Age 55 or 25 years of service	Age 55 with 6 years of service, or 25 years of service.
Early Retirement Eligibility	Rule of 75 (Age+Service = 75)	20 years of service (if hired after 7-1-81)	20 years of service
Employee Contribution Rate	Plan A = 4% + 5 ¹ / ₃ % in excess of Social Security (SS) taxable wage base Plan B = 5 ¹ / ₃ %	10%	Plan A = 4% + 5 ³ / ₄ % in excess of Social Security (SS) taxable wage base Plan B = 7.08% + 8.83% in excess of SS taxable wage base Plan C = 4% Plan D = 7.08%
Interest Credited to Employee Contribution Balance	5%	None	5%
Social Security Participation	Yes	No	Yes
Benefit Formula: Normal Retirement	<p>Base Benefit Plan A: 1.8% x years of service x final average salary up to Social Security breakpoint, plus 3% AND 2% x years of service x final average salary in excess of SS breakpoint plus 3%.</p> <p>Base Benefit Plan B: 2% x years of service x final average salary plus 3%</p> <p>Pre-Social Security Benefit (Pre-SSB) = 1% x years of service x final average salary up to Social Security breakpoint, plus 3% (payable until eligibility for unreduced Social Security benefits).</p> <p>At early retirement, members are subject to reduced benefit amounts according to the age they retire – In addition, no Pre-SSB is payable.</p>	<p>Base Benefit: 2.8% x years of service x final average salary plus 3%.</p> <p>Pre-Social Security Benefit (Pre-SSB): None</p>	<p>Base Benefit Plans A & B: 2% x years of service x final average salary plus 3%.</p> <p>Base Benefit Plans C & D: 2.5% x years of service x final average salary plus 3%.</p> <p>Pre-Social Security Benefit (Pre-SSB) for members of Plans A & B = 0.2% x years of service x final average salary plus 3%. <i>(Payable until eligibility for unreduced Social Security benefits.)</i></p> <p>Pre-SSB for members of Plans C & D = 0.3% x years of service x final average salary plus 3%. <i>(Payable until eligibility for unreduced Social Security benefits.)</i></p>

Fairfax County Retirement Systems At-A-Glance

	Employees' Plans A & B	Police Officers	Uniformed Plans A, B, C, & D
Benefit Formula: Normal Retirement <i>(continued)</i>			Pre-62 Supplement for members of Plans A & B only : See specifics on pages 8-10 of Uniformed Handbook Pre-SSB and Pre-62 benefits are payable when a Uniformed member takes an EARLY retirement ; however, early retirement percentages do apply to both supplements and the base annuity amounts - see pages 13 & 14.
Benefit Cap	None	None	None
Employer Contribution Rates (as of July 1, 2008)	9.62%	22.34%	26.46%
Ordinary Disability Benefits – ELIGIBILITY	5 years of service	No service requirement	5 years of service
Ordinary Disability Benefits – FORMULA	2% x final average salary (FAS) x years of service plus 3%. Maximum – 60%; Minimum – \$300 per year	2.8% x final average salary (FAS) x years of service plus 3%. Minimum – 10% of FAS	2% x final average salary (FAS) x years of service plus 3%. Maximum – 60% of FAS
Service-Connected Disability – FORMULA	66 ² / ₃ % of final average salary , reduced by 30% of any primary Social Security benefit to which member is entitled and reduced by any Virginia Workers' Compensation.	66 ² / ₃ % of the salary at time of injury, reduced by any Virginia Workers' Compensation; at time normal retirement date would have been attained, benefit changes to 60% of the current maximum salary for the position from which retired.	Before 12/9/1996: 66 ² / ₃ % of salary at time of retirement. Reduced by any Virginia Workers' Compensation and 40% of any primary Social Security benefit to which the member is entitled. 40% reduction does not apply to Social Security disability benefits that are based on a different disability. After 12/9/1996: Non-severe: 40% of salary at time of retirement Severe: 90% of salary at time of retirement.

Fairfax County Retirement Systems At-A-Glance

	Employees' Plans A & B	Police Officers	Uniformed Plans A, B, C, & D
Service-Connected Disability – FORMULA (continued)			Reduced by any Virginia Workers' Compensation and 30% of Social Security disability benefits (other than those awarded based on a different disability.)
Service-Connected Disability – OFFSET for other income	Must submit W-2's; benefit is reduced by any earnings in excess of the difference between the disability benefit and the current salary of the position from which retired.	Must submit W-2's; benefit is reduced by any earnings in excess of the difference between the disability benefit and the member's average salary.	No offset for any outside earnings.
Service-Connected Disability Example: Annual benefit with \$50,000 Average Final Compensation/ \$52,000 final salary	66 ² / ₃ % of FAS (\$50,000) \$33,335 (tax exempt) (before any offsets)	66 ² / ₃ % of final salary (\$52,000) \$34,668 (tax exempt) (before any offsets)	<u>Before 12/9/1996:</u> 66 ² / ₃ % of final salary (\$52,000): \$34,668 (tax exempt) (before any offsets) <u>After 12/9/1996:</u> Non-severe (40% of \$52,000): \$20,800 (tax exempt) Severe (90% of 52,000): \$46,800 (tax exempt)
Death Benefit – BEFORE retirement -- Applies to <i>CURRENT</i> spouse only	Employee Contribution Balance OR 50% of accrued benefit (if spouse is sole beneficiary and member had a minimum of 5 years of service). \$10,000 is payable to the member's designated beneficiary or estate if member's death is service-connected. – 50% annuity ceases if spouse remarries before age 60.	Automatic Surviving Spouse and Children monthly benefit of \$2,010.54 (spouse) and \$804.21 (child) maximum family \$4,021.07, indexed annually (<i>As of 7-1-08</i>). In the event of a line of duty death, spouse may choose either the above OR 66 ² / ₃ % of salary plus 3%. – Either benefit chosen ceases if spouse remarries at any age.	Employee Contribution Balance OR 50% of accrued benefit (if spouse is sole beneficiary and member had a minimum of 5 years of service). \$10,000 is payable to the member's designated beneficiary or estate if member's death is service-connected. – 50% annuity ceases if spouse remarries before age 60.

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	Employees' Plans A & B	Police Officers	Uniformed Plans A, B, C, & D
Death Benefit AFTER normal, early, or deferred vested retirement IF member chooses to provide a survivor benefit for a CURRENT spouse	<p>Joint and Last Survivor Benefit (J&LS) benefit of 50%, 66²/₃%, 75% or 100% of base benefit if elected at retirement (if elected, annuity actuarially reduced). Member's J&LS election must be acknowledged by spouse on application.</p> <p>If no J&LS elected, remaining amount (if any) of employee contribution balance is payable to beneficiary.</p> <p>J&LS benefits do NOT cease if surviving spouse remarries at any time after death of member.</p>	<p>Joint and Last Survivor Benefit (J&LS) benefit of 50%, 66²/₃%, or 100% if elected at retirement (if elected, annuity actuarially reduced). Acknowledgement of spouse not required. PLUS Automatic. Surviving Spouse and Children monthly benefit of \$2,010.54 (spouse) and \$804.21 (child) - maximum family benefit of \$4,021.07, indexed annually. (As of 7-1-08) –Automatic benefit for spouse ceases if surviving spouse remarries at any age after death of member.</p> <p>J&LS benefits do NOT cease if surviving spouse remarries at any time after death of member</p>	<p>Joint and Last Survivor Benefit (J&LS) benefit of 50%, 66²/₃%, 75% or 100% of base benefit if elected at retirement (if elected, annuity actuarially reduced). Acknowledgement of spouse not required. If no J&LS elected, remaining amount (if any) of employee contribution balance.</p> <p>J&LS benefits do NOT cease if surviving spouse remarries at any time after death of member.</p>
Death Benefit – after ordinary disability retirement	<p>Excess (if any) of Employee Contribution Balance over benefits received.</p> <p>J&LS election is not offered to members retiring due to a disability.</p>	<p>No automatic surviving spouse and children's benefit is payable. Excess (if any) of Employee Contribution Balance over benefits received will be paid to beneficiary.</p> <p>J&LS election is not offered to members retiring due to a disability.</p>	<p>J&LS benefit of 50%, 66²/₃%, 75% or 100% of base benefit if elected at retirement (if elected, annuity actuarially reduced). Acknowledgement of spouse not required. If no J&LS elected, remaining amount (if any) of employee contribution balance.</p>
Death Benefit – after service-connected disability retirement	<p>Excess (if any) of Employee Contribution Balance over benefits received.</p> <p>J&LS election is not offered to members retiring due to a disability.</p>	<p>Automatic Surviving Spouse and Children monthly benefit of \$2,010.54 (spouse) and \$804.21 (child) - maximum family benefit of \$4,021.07, indexed annually. (As of 7-1-08).</p> <p>J&LS election is not offered to members retiring due to a disability.</p>	<p>J&LS benefit of 50%, 66²/₃%, 75% or 100% of base benefit if elected at retirement (if elected, annuity actuarially reduced). Election must be acknowledged by spouse. If no J&LS elected, remaining amount (if any) of employee contribution balance.</p>

Fairfax County Retirement Systems At-A-Glance

	Employees' Plans A & B	Police Officers	Uniformed Plans A, B, C, & D
Death Benefit for Surviving Children	Children may be designated as beneficiaries – otherwise no benefit is provided.	Automatic benefit payable to children up to a family maximum per month. See County Ordinance for specific guidelines for children's eligibility. Children may be designated as beneficiaries but returns of contribution will only be made if partial balance still exists after any automatic benefits cease.	Children may be designated as beneficiaries – otherwise no benefit is provided.
Beneficiary Designation	Your beneficiary may be anyone you choose. Your beneficiary may be more than one person.	Anyone you choose may be your designated beneficiary. However, if you have a current spouse and/or minor children, an automatic benefit is payable to that surviving spouse and surviving children up to a family maximum, instead of a payment of contributions. If you have no spouse or surviving children eligible for the automatic benefit, your beneficiary will receive a return of contributions.	Your beneficiary may be anyone you choose. Your beneficiary may be more than one person.
Beneficiary Payment BEFORE retirement	Beneficiaries are paid only if there is not a current spouse listed as the sole primary beneficiary on member's data card. If a current spouse IS listed as sole primary beneficiary, spouse has an option of 50% annuity or return of contributions and interest.	If there is not a spouse or dependent children eligible for the automatic benefit, contribution balance will be paid according to beneficiary information listed on data card.	Beneficiaries are paid only if there is not a current spouse listed as the sole primary beneficiary on member's data card. If a current spouse IS listed as sole primary beneficiary, spouse has an option of 50% annuity or return of contributions and interest.
Beneficiary Payment AFTER Retirement	Beneficiaries are paid only if there is no J&LS elected. In the case of a spouse passing away before all contributions and interest are exhausted, there may be money left for a beneficiary.	If there is not a spouse or dependent children eligible for the automatic benefit, contribution balance will be paid according to beneficiary information listed on data card.	Beneficiaries are paid only if there is no J&LS elected. In the case of a spouse passing away before all contributions and interest are exhausted, there may be money left for a beneficiary.
Deferred Vested Benefits	Commences at age 65 (or earlier with reduction when age plus service equals 75 or more.)	Commences at age 55.	Commences at age 55.

Fairfax County Retirement Systems At-A-Glance

	Employees' Plans A & B	Police Officers	Uniformed Plans A, B, C, & D
Deferred Retirement Option Program	A Deferred Retirement Option Program (DROP) is available in all three Retirement Systems. An employee must be eligible for normal service retirement to participate. DROP participation is limited to three years. Sunset Provision – No eligible member may apply to participate in the DROP with an effective date after December 31, 2013.		
In Case of Remarriage AFTER Retirement	No benefits payable to a spouse for a marriage taking place after a member's retirement date unless new spouse is made beneficiary of member's contribution balance in the event there are dollars remaining in member's contribution balance.	Automatic benefits are payable to a CURRENT spouse of a Police member who passes away after retirement.	No benefits payable to a spouse for a marriage taking place after a member's retirement date unless new spouse is made beneficiary of member's contribution balance in the event there are dollars remaining in member's contribution balance.
J&LS Benefit for previous spouse if divorce occurs BEFORE retirement	None provided	None provided	None provided
Death Benefit for previous spouse if divorce occurs AFTER retirement	The following information is the same for all three systems: If retiring member elects a J&LS at retirement and then becomes divorced after retirement, spouse is still entitled to J&LS benefit unless he/she specifically acts to dissolve this agreement as part of divorce agreement.		
Impact of Qualified Domestic Relations Orders (QDROS)	The following information is the same for all three systems: If a member is married upon retirement and chooses a J&LS benefit, this election holds firm upon divorce unless the spouse of the member gives up that right by way of a formal, court-approved document.		
QDRO and Remarriage	The following information is the same for all three systems: If a member has a QDRO prior to retirement and member's annuity is specifically attached for purposes of this QDRO, this percentage or amount comes from member's total annuity amount prior to any subsequent J&LS election for a current spouse. e.g. Member's monthly annuity is \$4,000 and previous spouse is entitled to 50%. Member's annuity is \$2,000 and previous spouse receives \$2,000. Member's \$2,000 is what will have the J&LS percentage applied to it for a subsequent J&LS for a current spouse. Reduction % for J&LS will be based on current spouse's age and will be applied to the entire amount – then that dollar amount will be subtracted from member's \$2,000 monthly annuity amount. If member dies, QDRO dissolves and current spouse starts to receive his or her % of the monthly annuity the member was receiving.		