

Employee and Retiree Benefits

Lines of Business

LOB #309:

RETIREMENT PLAN ADMINISTRATION

Purpose

The Retirement Plan Administration Line of Business includes all operations of the three County retirement systems with the exception of investment and financial management.

Description

Under the direction of the Boards of Trustees for the three County retirement systems, the Retirement Plan Administration agency processes benefit payments to eligible Fairfax County retirees and beneficiaries. The agency also processes payments for the retiree health benefit subsidy from Fund 73030, OPEB Trust, and provides counseling and comprehensive benefits information to active and retired County employees.

Services include providing staff support to the three Boards of Trustees, maintaining records of service and employee contributions, member communication and education, retirement counseling, benefit calculation, processing monthly benefit payments and refunds, processing disability retirement applications, and coordinating the activities of service providers including the Systems' actuary. Information systems required in providing these services are maintained by Retirement Administration Agency staff with support from the Department of Information Technology.

All expenses incurred for these services are paid from the assets of the retirement systems. The actuarially determined employer contribution rate for each retirement system includes an administrative expense component to fund this expense. The rates include 0.20 percent of payroll for the Employees' system, 0.25 percent of payroll for the Uniformed system, and 0.30 percent of payroll for the Police Officers system.

Support provided by other agencies includes check printing and electronic payment processing by the Department of Finance, medical evaluations related to disability by the Health Department, and legal counsel by the Office of the County Attorney. The systems contract with an actuarial services firm for annual actuarial valuations and for certain other calculations, such as IRS Section 415 limits and portability. External professional services are also retained by the Boards of Trustees for legal counsel, medical evaluations and advice.

Strategic issues for the department include:

- Monitoring the performance of the actuary and the success of the funding policy so that plans are adequately funded for the long term; and
- Reviewing processes to identify opportunities to streamline operations and improve the efficiency of services.

Benefits

Retirement Plan Administration processes retirement benefits for each of the County's retirement systems. As a dedicated autonomous resource for the oversight, calculation and payment of retirement program benefits, staff ensures good stewardship of trust assets by providing accurate benefit calculations. Staff also delivers group counseling, personalized counseling and educational programs to explain the value of the benefits that are provided, retirement plan options, and how best to plan for retirement.

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Mandates

The Commonwealth of Virginia requires that jurisdictions either participate in the Virginia Retirement System (VRS) or establish their own retirement system. Jurisdictions that establish their own retirement system must provide benefits that are at least two-thirds of the benefits provided by VRS.

Trends and Challenges

The number of retired members has been growing and is expected to continue to increase. Past automation of functions, including the replacement of the agency's legacy systems with a new comprehensive defined benefit administration system, enabled staff to absorb the growth of the systems to date. With the aging of the County workforce and the associated acceleration in the rate of retirements and the number of retirees, maintaining the necessary level of service with the current staffing levels will continue to be a significant management challenge.

Looking forward, staff will continue to be focused on making optimal use of technology. This will include improvements to internet-based member services applications and continuing efforts to identify other opportunities to enhance member communication and education.

Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
LOB #309: Retirement Plan Administration			
FUNDING			
Expenditures:			
Compensation	\$1,420,116	\$1,406,577	\$1,641,301
Benefits	580,679	594,865	724,599
Operating Expenses	747,428	792,531	1,043,456
Total Expenditures	\$2,748,223	\$2,793,973	\$3,409,356
Revenue:			
General Fund Employer Contributions	\$1,305,798	\$1,345,002	\$1,415,084
Other County Employer Contributions	347,252	353,274	237,761
County Employee Contributions	406,756	386,002	364,493
School Employer Contributions	378,878	384,738	372,711
School Employee Contributions	92,711	89,891	83,813
Total Revenue	\$2,531,395	\$2,558,907	\$2,473,862
POSITIONS			
Authorized Positions/Full-Time Equivalents (FTEs)			
Positions:			
Regular	20 / 20	20 / 20	20 / 20
Total Positions	20 / 20	20 / 20	20 / 20

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Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Employees' Retirement System funding ratio	72.9%	78.3%	74.2%	NA	NA
Uniformed Retirement System funding ratio	79.1%	85.2%	81.0%	NA	NA
Police Officers Retirement System funding ratio	82.1%	86.8%	84.8%	NA	NA

The funding status is determined by the ratio of assets of the system to total actuarial liabilities for benefits by each system. In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 67, the funding ratios are presented using the market value of assets beginning in FY 2014 instead of the smoothed actuarial asset values used previously. The funding ratio for FY 2015 is 74.2 percent for the Employees' system, 81.0 percent for the Uniformed system and 84.8 percent for the Police Officers system. Funding ratios for each system increased between FY 2013 and FY 2015. It should be noted that the funding ratios as published in the County's Comprehensive Annual Financial Report (CAFR) are delayed by one year, with the FY 2015 CAFR reporting the FY 2014 Actual funding ratios shown above.