

# Employee and Retiree Benefits

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LOB #313:

## **VIRGINIA RETIREMENT SYSTEM**

### **Purpose**

This Line of Business is part of the County's comprehensive array of employee benefit offerings.

### **Description**

In FY 1996, 233 Health Department employees were converted from state to County employment. These employees remained members of the Virginia Retirement System (VRS), and the County is required to pay employer contributions to VRS for retirement benefits provided to the converted employees. The number of County employees who are VRS members has declined as these employees terminate service with the County.

In FY 2006, the Board of Supervisors approved two additional benefits for employees who remain in VRS. First, current and future retirees who participate in a County health plan are eligible to receive the differential between the County retiree health benefit subsidy for which the employee is eligible based on years of service and the subsidy provided by VRS. Second, the County began allowing converted employees to use accrued sick leave to purchase additional service credit in VRS upon retirement. Thus, funding for VRS also includes these County payments made on behalf of the employees.

### **Benefits**

Retirement benefits are part of the total compensation package that helps the County attract and retain employees. VRS contributions are limited to a small group of employees that were converted from state to County employment. By allowing these employees to continue earning service credit in VRS, the County has provided an incentive for them to continue their careers with the County until retirement.

### **Mandates**

The Commonwealth of Virginia requires that jurisdictions either participate in VRS or establish their own retirement system. The County is required to pay employer contributions to VRS for those employees who were converted from state to County employment and remain members of VRS.

### **Trends and Challenges**

The number of County employees who are members of VRS is decreasing and is expected to continue to decline. However, this trend is offset by changes in the employer contribution rates, as the state has been moving gradually toward setting these rates at the level recommended by the VRS Board of Trustees.

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## Resources

Category	FY 2014 Actual	FY 2015 Actual	FY 2016 Adopted
<b>LOB #313: Virginia Retirement System</b>			
<b>FUNDING</b>			
General Fund Employer Contributions	\$454,534	\$529,000	\$652,055
Total Revenue	\$0	\$0	\$0
<b>POSITIONS</b>			
Authorized Positions/Full-Time Equivalents (FTEs)			
<u>Positions:</u>			
Regular	0 / 0	0 / 0	0 / 0
Total Positions	0 / 0	0 / 0	0 / 0

## Metrics

Metric Indicator	FY 2013 Actual	FY 2014 Actual	FY 2015 Actual	FY 2016 Estimate	FY 2017 Estimate
Active County employees covered by VRS	52	47	46	44	40
VRS employer contribution rate	9.33%	11.42%	14.57%	16.46%	NA

The number of active County employees that are VRS members has decreased from 233 in FY 1996 to 46 in FY 2015. Participation is expected to continue to decline as more than half of these employees are currently eligible to retire, and many more are expected to become eligible over the next few years. There is an offsetting trend in the employer contribution rates, which have increased in recent years as the state moves toward full funding of the rates recommended by the VRS Board of Trustees.