

Response to Questions on the Retirement System Review

Request By: Supervisor Cook

Question: Provide a comparison of employee and employer contribution rates in the region.

Response: A comparison of employee contribution rates to other jurisdictions in the region is provided in the table below. These rates include required contributions for both base and supplemental plans when applicable.

Jurisdiction	General Employees	Uniformed Public Safety Employees
Fairfax County	4% or 5.33%	7.08% (URS) 8.65% (PORS)
City of Alexandria	7% to 11%	8%
Arlington County	4%	7.5%
Loudoun County	5% to 9%	5%
Prince William County	5% to 9%	6.44%

Employer contribution rates as listed in the FY 2016 Comprehensive Annual Financial Report (CAFR) for each jurisdiction are provided in the table below. However, it should be noted that employer contribution rates are not a reliable indicator of the employer-provided value of retirement benefits because they include the amortization of any unfunded liability. The amount of unfunded liability varies between jurisdictions based on the history of investment returns, liability performance, and funding decisions. The policy for funding the unfunded liability also varies between jurisdictions based on factors such as the length of the amortization period and the percent of the calculated contribution rate that is funded. As a result, jurisdictions may have similar benefit levels but have disparate employer contribution rates due to differences in the amortization of the unfunded liability, which is not relevant to the benefits provided to new hires. A calculation of the value of benefits of each jurisdiction's current retirement plans, such as was included in the retirement study conducted by Aon Hewitt in 2012, would allow for a more reliable measure of the employer-provided value offered by each jurisdiction. Upon Board direction, staff can work with an outside consultant to develop updated calculations for the County plans and the plans offered by other jurisdictions in the region.

Jurisdiction	General Employees	Uniformed Public Safety Employees
Fairfax County	21.99%	38.83% (URS) 37.98% (PORS)
City of Alexandria	13.4%	43.3%
Arlington County	21.9%	
Loudoun County	9.90%	
Prince William County	13.32%	14.76%