



ARLINGTON COUNTY, VIRGINIA

**County Board Agenda Item
Meeting of June 16, 2012**

DATE: May 22, 2012

SUBJECT: Resolution certifying implementation of amendments to Chapter 51.1-144 of the Code of Virginia regarding member contributions to the Virginia Retirement System (VRS)

C. M. RECOMMENDATION:

Adopt the attached form resolution required by the Virginia Retirement System (VRS) certifying that Arlington County will be withholding a 5% VRS member contribution from VRS member employees of Arlington County Government.

ISSUES: This is a request for the Board to adopt a form resolution required by VRS; no issues have been identified.

SUMMARY: The Virginia Retirement System is requiring the County to sign the attached form Resolution certifying our compliance with the recent amendments to Chapter 51.1-144 of the Code of Virginia. The amendments include requiring VRS member employees to pay their portion of the VRS member contribution and the local governments or school boards to increase affected employees' salaries to offset the employees' contributions.

BACKGROUND: Funding for the Virginia Retirement System consists of employer and VRS member contributions. Currently, an employer may opt to pay the VRS member contribution on behalf of the employee. This is a common practice and is how Arlington County administers contributions for its five VRS member employees covered by VRS.

In 2012, the Virginia General Assembly amended and reenacted § 51.1-144 of the Code of Virginia to require VRS members employed by local government or school board employers pay the five percent employee contribution to the VRS, rather than having their employer pay the employee contribution. Local government and school board employers were given the choice to implement withholding the entire 5% Member contribution effective July 1, 2012 or phase in the withholding amount over the next five years. The amendment to § 51.1-144 also requires local government and school board employers to increase the VRS members' salaries to an amount equal to the now required VRS member contribution. This amendment is effective July 1, 2012.

County Manager:

BMD/mjs

County Attorney:

[Handwritten signatures]

37.

Staff: Amy Rozier, Human Resources Department

DISCUSSION: Adopting the attached form resolution is a formality required by VRS documenting that the County will begin withholding the entire 5% VRS member contribution beginning July 1, 2012. The five County VRS member employees impacted by this change have been notified and will have the 5% VRS member contribution withheld from their pay, beginning with the first pay period in July 2012. The requirement to increase their salaries by 5% was incorporated into the FY 2013 Adopted Budget and the affected employees will be receiving an offsetting 5% pay increase, effective July 1, 2012.

FISCAL IMPACT: The 5% salary increase for the impacted employees totals \$21,000 in FY 2013. Four of the VRS member employees work in the Department of Human Services and one works in the Department of Environmental Services. Funding is included in the FY 2013 budget to cover the cost of the salary increase.

**Member Contributions by Salary Reduction for ~~Arlington County, Virginia~~
the County Board of Arlington, Virginia (35106)**

(In accordance with Chapter 822 of the 2012 Acts of Assembly (SB497))

RESOLUTION

WHEREAS, ~~the County Board of Arlington, Virginia~~
~~(35106) Health Department 35106~~ employees who are Virginia Retirement System members who commence or recommence employment on or after July 1, 2012 (“FY2013 Employees” for purposes of this resolution), shall be required to contribute five percent of their creditable compensation by salary reduction pursuant to Internal Revenue Code §414(h) on a pre-tax basis upon commencing or recommencing employment; and

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WHEREAS, ~~the County Board of Arlington, Virginia~~
~~the (35106) Arlington County Health Department 35106~~ employees who are Virginia Retirement System members and in service on June 30, 2012, shall be required to contribute five percent of their creditable compensation by salary reduction pursuant to Internal Revenue Code § 401(h) on a pre-tax basis no later than July 1, 2016; and

WHEREAS, such employees in service on June 30, 2012, shall contribute a minimum of an additional one percent of their creditable compensation beginning on each July 1 of 2012, 2013, 2014, 2015, and 2016, or until the employees’ contributions equal five percent of creditable compensation; and

WHEREAS, ~~the County Board of Arlington, Virginia~~
~~the (35106) Arlington County Health Department 35016~~ may elect to require such employees in service on June 30, 2012, to contribute more than an additional one percent each year, in whole percentages, until the employees’ contributions equal five percent of creditable compensation; and

WHEREAS, the second enactment clause of Chapter 822 of the 2012 Acts of Assembly (SB497) requires an increase in total creditable compensation, effective July 1, 2012, to each such employee in service on June 30, 2012, to offset the cost of the member contributions, such increase in total creditable compensation to be equal to the difference between five percent of the employee’s total creditable compensation and the percentage of the member contribution paid by such employee on January 1, 2012.

BE IT THEREFORE RESOLVED, that ~~the County Board of Arlington, Virginia~~
~~the (35106) Arlington County Health Department 35106~~ does hereby certify to the Virginia Retirement System Board of Trustees that it shall effect the implementation of the member contribution requirement of Chapter 822 of the 2012 Acts of Assembly (SB497) according to the following schedule for the fiscal year beginning July 1, 2012 (i.e. FY2013):

Type of Employee	Employer Paid	Employee Paid
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	Member Contribution	Member Contribution
Plan 1	0%	5%
Plan 2	0%	5%
FY2013 Employees	0%	5%

; and

BE IT FURTHER RESOLVED, that such contribution, although designated as member contributions, are to be made by ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ in lieu of member contributions; and

BE IT FURTHER RESOLVED, that pick up member contributions shall be paid from the same source of funds as used in paying the wages to affected employees; and

BE IT FURTHER RESOLVED, that member contributions made by ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ under the pick up arrangement shall be treated for all purposes other than income taxation, including but not limited to VRS benefits, in the same manner and to the same extent as member contributions made prior to the pick up arrangement; and

BE IT FURTHER RESOLVED, that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the pick up contributions made by ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ directly instead of having them paid to VRS; and

BE IT FURTHER RESOLVED, that notwithstanding any contractual or other provisions, the wages of each member of VRS who is an employee of the ~~County Board of Arlington County Health Department~~ shall be reduced by the amount of the member contributions picked up by ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ on behalf of such employee pursuant to the foregoing resolutions.

NOW, THEREFORE, the officer of ~~the County Board of Arlington, Virginia (35106) Arlington County Health Department 35016~~ are hereby authorized and directed in the name of ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ to carry out the provisions of this resolution, and said officers of ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by ~~the County Board of Arlington, Virginia the (35106) Arlington County Health Department~~ for this purpose.

Governing Body Chairman

CERTIFICATE

I, _____, Clerk of the County Board of Arlington, Virginia~~the Arlington County Health Department~~, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the the County Board of Arlington, Virginia~~Arlington County Health Department~~ held at _____, Virginia at _____ o'clock on _____, 2012. Given under my hand and seal of the the County Board of Arlington, Virginia~~Arlington County Health Department~~ this _____ day of _____, 2012.

Clerk