

Summary of Potential Plan Design Changes #1 – Minimum Retirement Age

Potential Change:		
Increase Minimum Retirement Age in Employees' system from age 55 to age 60; Establish a minimum retirement age of 50 in the Uniformed and Police systems		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.48% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 16.12% to 15.86% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 17.98% to 17.27% of pay
<p style="font-size: 1.2em; font-weight: bold;">ERS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.5em; font-weight: bold; color: green;">7.48%</p>	<p style="font-size: 1.2em; font-weight: bold;">URS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.5em; font-weight: bold; color: red;">15.86%</p>	<p style="font-size: 1.2em; font-weight: bold;">PORS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.5em; font-weight: bold; color: blue;">17.27%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases by 2.9% 	<ul style="list-style-type: none"> Normal Cost decreases by 1.6% 	<ul style="list-style-type: none"> Normal Cost decreases by 3.9%
<p style="font-size: 1.2em; font-weight: bold;">ERS</p> <p>0% (1%) (2%) (3%) (4%) (5%)</p> <p style="font-size: 1.5em; font-weight: bold; color: green;">(2.9%)</p>	<p style="font-size: 1.2em; font-weight: bold;">URS</p> <p>0% (1%) (2%) (3%) (4%) (5%)</p> <p style="font-size: 1.5em; font-weight: bold; color: red;">(1.6%)</p>	<p style="font-size: 1.2em; font-weight: bold;">PORS</p> <p>0% (1%) (2%) (3%) (4%) (5%)</p> <p style="font-size: 1.5em; font-weight: bold; color: blue;">(3.9%)</p>
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 15.6% decrease in the Normal Cost (from 8.86% to 7.48%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 6.8% decrease in the Normal Cost (from 17.01% to 15.86%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 6.9% decrease in the Normal Cost (from 18.54% to 17.27%)
Employee Share of New Normal Cost:		
<ul style="list-style-type: none"> 42% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 31% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 33% Based on 8.65% EE Rate

Potential Change:

Increase Minimum Retirement Age in Employees' system from age 55 to age 60; Establish a minimum retirement age of 50 in the Uniformed and Police systems

Employees'	Uniformed	Police																								
<p>Projected General Fund Savings*:</p> <ul style="list-style-type: none"> <li data-bbox="203 407 389 436">• \$0.82 million <li data-bbox="618 407 805 436">• \$0.43 million <li data-bbox="1031 407 1218 436">• \$0.82 million <p style="text-align: center;">Total Savings of \$2.07 million across systems *Based on current payroll</p>																										
<p>Impact to Employees:</p> <ul style="list-style-type: none"> <li data-bbox="203 577 589 667">• Employees would be required to work up to 5 more years prior to retirement <li data-bbox="203 674 574 793">• Annuity payments would increase due to higher years of service and a higher final average salary <li data-bbox="618 577 992 667">• Employees would be required to work up to 7 more years prior to retirement <li data-bbox="618 674 992 793">• Annuity payments would increase due to higher years of service and a higher final average salary <li data-bbox="1031 577 1404 667">• Employees would be required to work up to 7 more years prior to retirement <li data-bbox="1031 674 1404 793">• Annuity payments would increase due to higher years of service and a higher final average salary 																										
<p>Comparison to Other Jurisdictions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td data-bbox="203 913 574 1003">VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)</td> <td data-bbox="500 913 574 942">None</td> <td data-bbox="618 913 894 972">VRS Plan 2 (Loudoun, Prince William)</td> <td data-bbox="927 913 967 942">50</td> <td data-bbox="1031 913 1308 972">VRS Plan 2 (Loudoun, Prince William)</td> <td data-bbox="1333 913 1373 942">50</td> </tr> <tr> <td data-bbox="203 1014 451 1073">Federal Government (FERS)</td> <td data-bbox="500 1014 574 1073">Age 55-57</td> <td data-bbox="618 1014 865 1073">Federal Government (FERS)</td> <td data-bbox="927 1014 967 1043">50</td> <td data-bbox="1031 1014 1279 1073">Federal Government (FERS)</td> <td data-bbox="1333 1014 1373 1043">50</td> </tr> <tr> <td data-bbox="203 1089 402 1119">Arlington County</td> <td data-bbox="500 1089 574 1119">None</td> <td data-bbox="618 1089 829 1119">City of Alexandria</td> <td data-bbox="927 1089 967 1119">50</td> <td data-bbox="1031 1089 1243 1119">City of Alexandria</td> <td data-bbox="1333 1089 1373 1119">50</td> </tr> <tr> <td></td> <td></td> <td data-bbox="618 1148 821 1178">Arlington County</td> <td data-bbox="927 1148 1000 1178">None</td> <td data-bbox="1031 1148 1230 1178">Arlington County</td> <td data-bbox="1333 1148 1406 1178">None</td> </tr> </table>			VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)	None	VRS Plan 2 (Loudoun, Prince William)	50	VRS Plan 2 (Loudoun, Prince William)	50	Federal Government (FERS)	Age 55-57	Federal Government (FERS)	50	Federal Government (FERS)	50	Arlington County	None	City of Alexandria	50	City of Alexandria	50			Arlington County	None	Arlington County	None
VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)	None	VRS Plan 2 (Loudoun, Prince William)	50	VRS Plan 2 (Loudoun, Prince William)	50																					
Federal Government (FERS)	Age 55-57	Federal Government (FERS)	50	Federal Government (FERS)	50																					
Arlington County	None	City of Alexandria	50	City of Alexandria	50																					
		Arlington County	None	Arlington County	None																					
<p>Previous Related Benefit Changes:</p> <ul style="list-style-type: none"> <li data-bbox="203 1262 589 1381">• As of January 1, 2013, the Minimum Retirement Age was increased from age 50 to 55 for new hires <li data-bbox="618 1262 699 1291">• N/A <li data-bbox="1031 1262 1112 1291">• N/A 																										

Summary of Potential Plan Design Changes #2 – Retirement Eligibility

Potential Change:

Increase Retirement Eligibility from Rule of 85 (Age plus Years of Service) to Rule of 90 for Employees' System

Retirement Eligibility for Uniformed System stays at 25 YOS or Age 55 with 6 YOS

Retirement Eligibility for Police System stays at 25 YOS or Age 55

Employees'	Uniformed	Police
<h3>New Normal Cost:</h3>		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.62% of pay 	<ul style="list-style-type: none"> Normal Cost remains at 16.12% of pay 	<ul style="list-style-type: none"> Normal Cost remains at 17.98% of pay
<p>ERS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center;">7.62%</p>	<p>URS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center;">16.12%</p>	<p>PORS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center;">17.98%</p>
<h3>Percentage Change in Normal Cost:</h3>		
<ul style="list-style-type: none"> Normal Cost decreases by 1.0% 		
<p>ERS</p> <p>0% (1%) (2%) (3%) (4%) (5%)</p> <p style="text-align: center;">(1.0%)</p>		
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 14.0% decrease in the Normal Cost (from 8.86% to 7.62%) 	<ul style="list-style-type: none"> The changes in 2013 decreased the Normal Cost by 5.2% (from 17.01% to 16.12%) 	<ul style="list-style-type: none"> The changes in 2013 decreased the Normal Cost by 3.0% (from 18.54% to 17.98%)
<h3>Employee Share of New Normal Cost:</h3>		
<ul style="list-style-type: none"> 41% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 31% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 32% Based on 8.65% EE Rate

Potential Change:

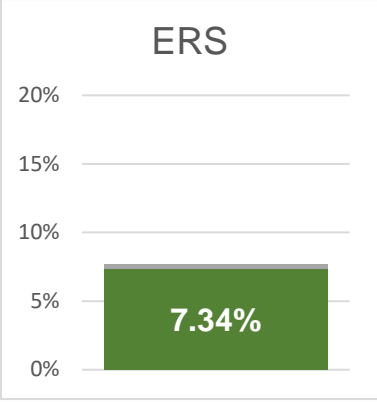
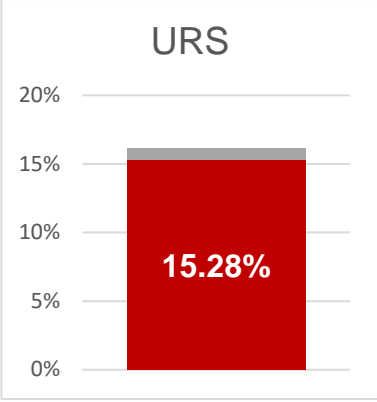
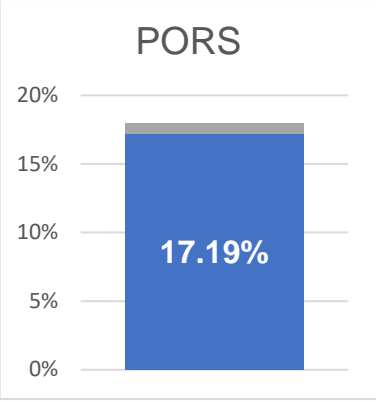
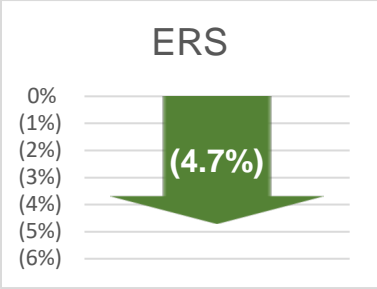
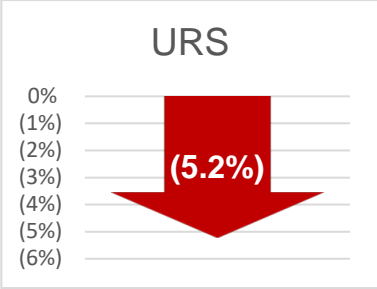
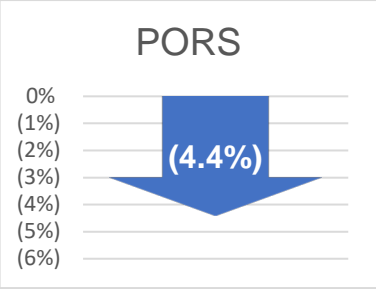
Increase Retirement Eligibility from Rule of 85 (Age plus Years of Service) to Rule of 90 for Employees' System

Retirement Eligibility for Uniformed System stays at 25 YOS or Age 55 with 6 YOS

Retirement Eligibility for Police System stays at 25 YOS or Age 55

Employees'	Uniformed	Police																								
<p>Projected General Fund Savings*:</p> <ul style="list-style-type: none"> \$0.30 million <p style="text-align: center;">Total Savings of \$0.30 million across systems *Based on current payroll</p>																										
<p>Impact to Employees:</p> <ul style="list-style-type: none"> Employees would be required to work for 2.5 more years prior to retirement Annuity payments would increase due to higher years of service and a higher final average salary 																										
<p>Comparison to Other Jurisdictions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%;">VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)</td> <td style="width: 33%;">Rule of 90 <i>or</i> Normal SS Retirement Age with 5 YOS</td> <td style="width: 33%;">VRS Plan 2 (Loudoun, Prince William)</td> <td style="width: 33%;">25 YOS <i>or</i> Age 60 with 5 YOS</td> <td style="width: 33%;">VRS Plan 2 (Loudoun, Prince William)</td> <td style="width: 33%;">25 YOS <i>or</i> Age 60 with 5 YOS</td> </tr> <tr> <td>Federal Government (FERS)</td> <td>30 YOS <i>or</i> Age 60 with 20 YOS <i>or</i> Age 62 with 5 YOS</td> <td>Federal Government (FERS)</td> <td>20 YOS</td> <td>Federal Government (FERS)</td> <td>20 YOS</td> </tr> <tr> <td>Arlington County</td> <td>Rule of 80 <i>or</i> 30 YOS <i>or</i> Age 62 with 5 YOS</td> <td>City of Alexandria</td> <td>25 YOS <i>or</i> Age 55 with 5 YOS</td> <td>City of Alexandria</td> <td>25 YOS <i>or</i> Age 55 with 5 YOS</td> </tr> <tr> <td></td> <td></td> <td>Arlington County</td> <td>25 YOS <i>or</i> Age 52 with 5 YOS</td> <td>Arlington County</td> <td>25 YOS <i>or</i> Age 52 with 5 YOS</td> </tr> </table>			VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)	Rule of 90 <i>or</i> Normal SS Retirement Age with 5 YOS	VRS Plan 2 (Loudoun, Prince William)	25 YOS <i>or</i> Age 60 with 5 YOS	VRS Plan 2 (Loudoun, Prince William)	25 YOS <i>or</i> Age 60 with 5 YOS	Federal Government (FERS)	30 YOS <i>or</i> Age 60 with 20 YOS <i>or</i> Age 62 with 5 YOS	Federal Government (FERS)	20 YOS	Federal Government (FERS)	20 YOS	Arlington County	Rule of 80 <i>or</i> 30 YOS <i>or</i> Age 62 with 5 YOS	City of Alexandria	25 YOS <i>or</i> Age 55 with 5 YOS	City of Alexandria	25 YOS <i>or</i> Age 55 with 5 YOS			Arlington County	25 YOS <i>or</i> Age 52 with 5 YOS	Arlington County	25 YOS <i>or</i> Age 52 with 5 YOS
VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)	Rule of 90 <i>or</i> Normal SS Retirement Age with 5 YOS	VRS Plan 2 (Loudoun, Prince William)	25 YOS <i>or</i> Age 60 with 5 YOS	VRS Plan 2 (Loudoun, Prince William)	25 YOS <i>or</i> Age 60 with 5 YOS																					
Federal Government (FERS)	30 YOS <i>or</i> Age 60 with 20 YOS <i>or</i> Age 62 with 5 YOS	Federal Government (FERS)	20 YOS	Federal Government (FERS)	20 YOS																					
Arlington County	Rule of 80 <i>or</i> 30 YOS <i>or</i> Age 62 with 5 YOS	City of Alexandria	25 YOS <i>or</i> Age 55 with 5 YOS	City of Alexandria	25 YOS <i>or</i> Age 55 with 5 YOS																					
		Arlington County	25 YOS <i>or</i> Age 52 with 5 YOS	Arlington County	25 YOS <i>or</i> Age 52 with 5 YOS																					
<p>Previous Related Benefit Changes:</p> <ul style="list-style-type: none"> As of January 1, 2013, Retirement Eligibility was changed from the Rule of 80 to the Rule of 85 for new hires N/A N/A 																										

Summary of Potential Plan Design Changes #3 – Salary Averaging

Potential Change:		
Increase Salary Averaging Period from 3 Years to 5 Years		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.34% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 16.12% to 15.28% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 17.98% to 17.19% of pay
 <p style="text-align: center; font-weight: bold; font-size: 1.2em;">ERS</p> <p style="text-align: center;">20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.5em; color: green; font-weight: bold;">7.34%</p>	 <p style="text-align: center; font-weight: bold; font-size: 1.2em;">URS</p> <p style="text-align: center;">20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.5em; color: red; font-weight: bold;">15.28%</p>	 <p style="text-align: center; font-weight: bold; font-size: 1.2em;">PORS</p> <p style="text-align: center;">20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.5em; color: blue; font-weight: bold;">17.19%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases by 4.7% 	<ul style="list-style-type: none"> Normal Cost decreases by 5.2% 	<ul style="list-style-type: none"> Normal Cost decreases by 4.4%
 <p style="text-align: center; font-weight: bold; font-size: 1.2em;">ERS</p> <p style="text-align: center;">0% (1%) (2%) (3%) (4%) (5%) (6%)</p> <p style="text-align: center; font-size: 1.5em; color: green; font-weight: bold;">(4.7%)</p>	 <p style="text-align: center; font-weight: bold; font-size: 1.2em;">URS</p> <p style="text-align: center;">0% (1%) (2%) (3%) (4%) (5%) (6%)</p> <p style="text-align: center; font-size: 1.5em; color: red; font-weight: bold;">(5.2%)</p>	 <p style="text-align: center; font-weight: bold; font-size: 1.2em;">PORS</p> <p style="text-align: center;">0% (1%) (2%) (3%) (4%) (5%) (6%)</p> <p style="text-align: center; font-size: 1.5em; color: blue; font-weight: bold;">(4.4%)</p>
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 17.2% decrease in the Normal Cost (from 8.86% to 7.34%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 10.2% decrease in the Normal Cost (from 17.01% to 15.28%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 7.3% decrease in the Normal Cost (from 18.54% to 17.19%)
Employee Share of New Normal Cost:		
<ul style="list-style-type: none"> 42% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 32% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 33% Based on 8.65% EE Rate

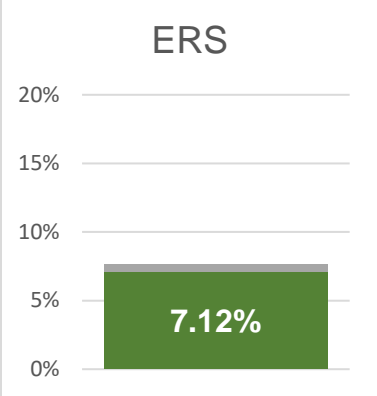
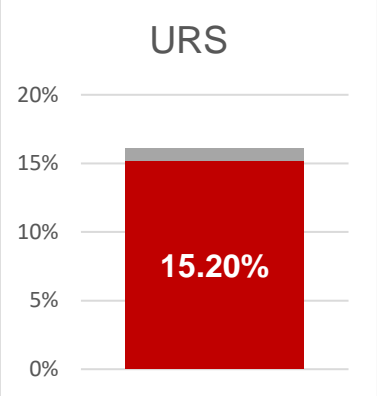
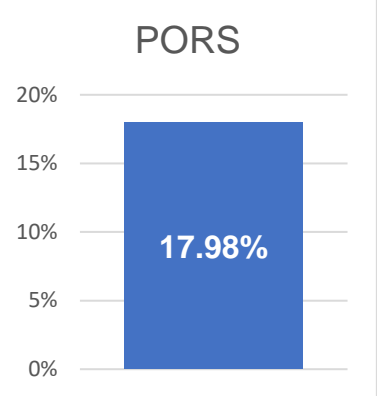
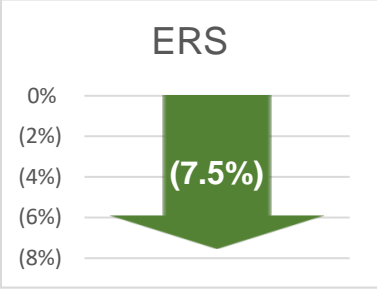
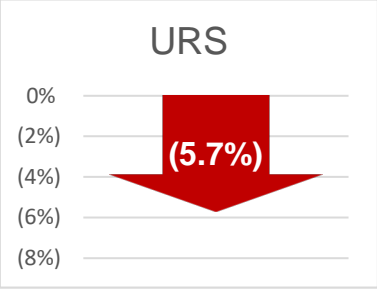
Potential Change:

Increase Salary Averaging Period from 3 Years to 5 Years

Employees'	Uniformed	Police									
<p>Projected General Fund Savings*:</p> <ul style="list-style-type: none"> <li data-bbox="203 373 389 405">• \$1.34 million <li data-bbox="617 373 803 405">• \$1.39 million <li data-bbox="1031 373 1218 405">• \$0.92 million <p style="text-align: center;">Total Savings of \$3.65 million across systems *Based on current payroll</p>											
<p>Impact to Employees:</p> <ul style="list-style-type: none"> <li data-bbox="203 546 568 693">• Annuity payments would likely decrease based on 2 additional annual salaries (likely lower) being included in average <li data-bbox="617 546 982 693">• Annuity payments would likely decrease based on 2 additional annual salaries (likely lower) being included in average <li data-bbox="1031 546 1396 693">• Annuity payments would likely decrease based on 2 additional annual salaries (likely lower) being included in average 											
<p>Comparison to Other Jurisdictions:</p> <table border="0" style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 33%; vertical-align: top;"> <p>VRS Hybrid Plan 5 Years (Alexandria, FCPS, Loudoun, Prince William)</p> </td> <td style="width: 33%; vertical-align: top;"> <p>VRS Plan 2 5 Years (Loudoun, Prince William)</p> </td> <td style="width: 33%; vertical-align: top;"> <p>VRS Plan 2 5 Years (Loudoun, Prince William)</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>Federal Government 3 Years (FERS)</p> </td> <td style="vertical-align: top;"> <p>Federal Government 3 Years (FERS)</p> </td> <td style="vertical-align: top;"> <p>Federal Government 3 Years (FERS)</p> </td> </tr> <tr> <td style="vertical-align: top;"> <p>Arlington County 3 Years</p> </td> <td style="vertical-align: top;"> <p>City of Alexandria 4 Years</p> <p>Arlington County 3 Years</p> </td> <td style="vertical-align: top;"> <p>City of Alexandria 4 Years</p> <p>Arlington County 3 Years</p> </td> </tr> </table>			<p>VRS Hybrid Plan 5 Years (Alexandria, FCPS, Loudoun, Prince William)</p>	<p>VRS Plan 2 5 Years (Loudoun, Prince William)</p>	<p>VRS Plan 2 5 Years (Loudoun, Prince William)</p>	<p>Federal Government 3 Years (FERS)</p>	<p>Federal Government 3 Years (FERS)</p>	<p>Federal Government 3 Years (FERS)</p>	<p>Arlington County 3 Years</p>	<p>City of Alexandria 4 Years</p> <p>Arlington County 3 Years</p>	<p>City of Alexandria 4 Years</p> <p>Arlington County 3 Years</p>
<p>VRS Hybrid Plan 5 Years (Alexandria, FCPS, Loudoun, Prince William)</p>	<p>VRS Plan 2 5 Years (Loudoun, Prince William)</p>	<p>VRS Plan 2 5 Years (Loudoun, Prince William)</p>									
<p>Federal Government 3 Years (FERS)</p>	<p>Federal Government 3 Years (FERS)</p>	<p>Federal Government 3 Years (FERS)</p>									
<p>Arlington County 3 Years</p>	<p>City of Alexandria 4 Years</p> <p>Arlington County 3 Years</p>	<p>City of Alexandria 4 Years</p> <p>Arlington County 3 Years</p>									
<p>Previous Related Benefit Changes:</p> <ul style="list-style-type: none"> <li data-bbox="203 1255 284 1287">• N/A <li data-bbox="617 1255 698 1287">• N/A <li data-bbox="1031 1255 1112 1287">• N/A 											

Summary of Potential Plan Design Changes

#4 – Eliminate Pre-Social Security Supplement

Potential Change:		
Eliminate Pre-Social Security Supplement for Employees' and Uniformed Systems As Police Officers do not participate in Social Security, there is no impact to the Police System		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.12% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 16.12% to 15.20% of pay 	<ul style="list-style-type: none"> Normal Cost remains at 17.98% of pay
 <p>ERS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.2em; font-weight: bold; color: green;">7.12%</p>	 <p>URS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.2em; font-weight: bold; color: red;">15.20%</p>	 <p>PORS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.2em; font-weight: bold; color: blue;">17.98%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases by 7.5% 	<ul style="list-style-type: none"> Normal Cost decreases by 5.7% 	
 <p>ERS</p> <p>0% (2%) (4%) (6%) (8%)</p> <p style="font-size: 1.2em; font-weight: bold; color: green;">(7.5%)</p>	 <p>URS</p> <p>0% (2%) (4%) (6%) (8%)</p> <p style="font-size: 1.2em; font-weight: bold; color: red;">(5.7%)</p>	
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 19.6% decrease in the Normal Cost (from 8.86% to 7.12%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 10.6% decrease in the Normal Cost (from 17.01% to 15.20%) 	<ul style="list-style-type: none"> The changes in 2013 decreased the Normal Cost by 3.0% (from 18.54% to 17.98%)
Employee Share of New Normal Cost:		
<ul style="list-style-type: none"> 43% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 32% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 32% Based on 8.65% EE Rate

Potential Change:

Eliminate Pre-Social Security Supplement for Employees' and Uniformed Systems
 As Police Officers do not participate in Social Security, there is no impact to the Police System

Employees'	Uniformed	Police
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Projected General Fund Savings*:

- | | |
|---|--|
| <ul style="list-style-type: none"> \$2.15 million | <ul style="list-style-type: none"> \$1.52 million |
| Total Savings of \$3.67 million across systems
*Based on current payroll | |

Impact to Employees:

- | | |
|---|---|
| <ul style="list-style-type: none"> Annuity payments would be lower between retirement and normal Social Security age | <ul style="list-style-type: none"> Annuity payments would be lower between retirement and normal Social Security age |
|---|---|

Comparison to Other Jurisdictions*:

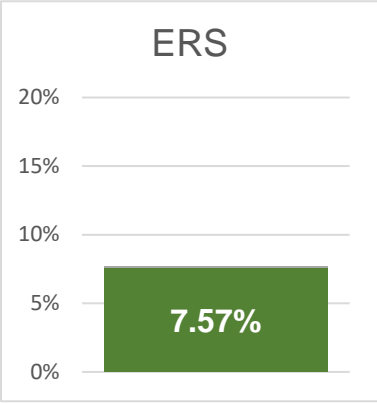
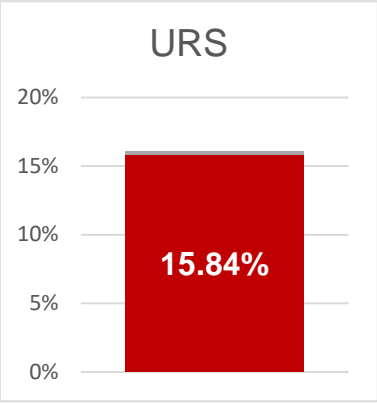
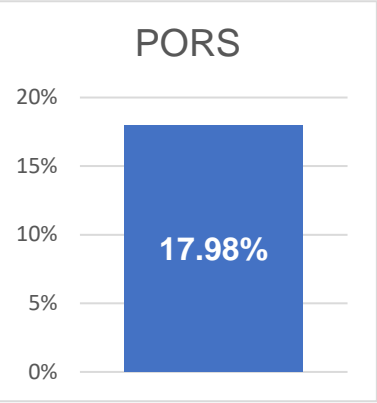
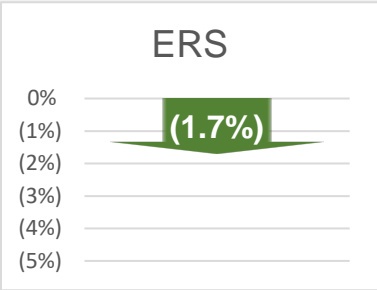
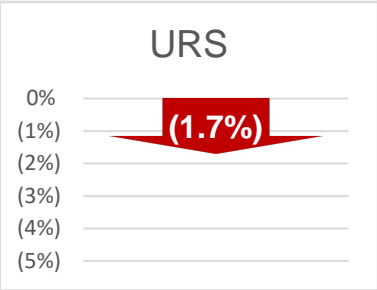
VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William)	Option	VRS Plan 2 (Loudoun, Prince William)	Supplement	VRS Plan 2 (Loudoun, Prince William)	Supplement
Federal Government (FERS)	Supplement	Federal Government (FERS)	Supplement	Federal Government (FERS)	Supplement
Arlington County	Option	City of Alexandria	None	City of Alexandria	None
		Arlington County	Option	Arlington County	Option

* Details regarding these plan benefits are included on Pages 44 and 45 of the October 3, 2017 presentation

Previous Related Benefit Changes:

- | | | |
|--|---|---|
| <ul style="list-style-type: none"> In 2013, Pre-Social Security supplement was eliminated from DROP balances for new hires only | <ul style="list-style-type: none"> In FY 1997, pre-Social Security supplement was eliminated in conjunction with an increase in the multiplier from 1.8% to 2.3% Pre-Social Security supplement was reinstated at 0.3% in FY 2002 In 2013, Pre-Social Security supplement was eliminated from DROP balances for new hires only | <ul style="list-style-type: none"> N/A |
|--|---|---|

Summary of Potential Plan Design Changes #5 – Limit Pre-Social Security Supplement

Potential Change:		
Limit Pre-Social Security Supplement to 5 Years for the Employees' System and 7 Years for the Uniformed System As Police Officers do not participate in Social Security, there is no impact to the Police System		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.57% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 16.12% to 15.84% of pay 	<ul style="list-style-type: none"> Normal Cost remains at 17.98% of pay
 <p>ERS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.2em; font-weight: bold; color: white;">7.57%</p>	 <p>URS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.2em; font-weight: bold; color: white;">15.84%</p>	 <p>PORS</p> <p>20% 15% 10% 5% 0%</p> <p style="font-size: 1.2em; font-weight: bold; color: white;">17.98%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases by 1.7% 	<ul style="list-style-type: none"> Normal Cost decreases by 1.7% 	
 <p>ERS</p> <p>0% (1%) (2%) (3%) (4%) (5%)</p> <p style="font-size: 1.2em; font-weight: bold; color: white;">(1.7%)</p>	 <p>URS</p> <p>0% (1%) (2%) (3%) (4%) (5%)</p> <p style="font-size: 1.2em; font-weight: bold; color: white;">(1.7%)</p>	<ul style="list-style-type: none"> The changes in 2013 decreased the Normal Cost by 3.0% (from 18.54% to 17.98%)
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 14.6% decrease in the Normal Cost (from 8.86% to 7.57%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 6.9% decrease in the Normal Cost (from 17.01% to 15.84%) 	
Employee Share of New Normal Cost:		
<ul style="list-style-type: none"> 41% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 31% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 32% Based on 8.65% EE Rate

Potential Change:

Limit Pre-Social Security Supplement to 5 Years for the Employees' System and 7 Years for the Uniformed System

As Police Officers do not participate in Social Security, there is no impact to the Police System

Employees'	Uniformed	Police
<p>Projected General Fund Savings*:</p>		
<ul style="list-style-type: none"> \$0.48 million 	<ul style="list-style-type: none"> \$0.46 million 	
<p>Total Savings of \$0.94 million across systems *Based on current payroll</p>		
<p>Impact to Employees:</p>		
<ul style="list-style-type: none"> Supplement would begin no earlier than age 62 for ERS 	<ul style="list-style-type: none"> Supplement would begin no earlier than age 60 for URS 	
<p>Comparison to Other Jurisdictions*:</p>		
<p>VRS Hybrid Plan (Alexandria, FCPS, Loudoun, Prince William) Option</p>	<p>VRS Plan 2 (Loudoun, Prince William) Supplement</p>	<p>VRS Plan 2 (Loudoun, Prince William) Supplement</p>
<p>Federal Government (FERS) Supplement</p>	<p>Federal Government (FERS) Supplement</p>	<p>Federal Government (FERS) Supplement</p>
<p>Arlington County Option</p>	<p>City of Alexandria None Arlington County Option</p>	<p>City of Alexandria None Arlington County Option</p>
<p>* Details regarding these plan benefits are included on Pages 44 and 45 of the October 3, 2017 presentation</p>		
<p>Previous Related Benefit Changes:</p>		
<ul style="list-style-type: none"> In 2013, Pre-Social Security supplement was eliminated from DROP balances for new hires only 	<ul style="list-style-type: none"> In FY 1997, pre-Social Security supplement was eliminated in conjunction with an increase in the multiplier from 1.8% to 2.3% Pre-Social Security supplement was reinstated at 0.3% in FY 2002 In 2013, Pre-Social Security supplement was eliminated from DROP balances for new hires only 	<ul style="list-style-type: none"> N/A

Summary of Potential Plan Design Changes #6 – Limit Retiree COLA

Potential Change:		
Limit application of the Retiree COLA to the first \$30,000 in benefits (increased by COLA in subsequent years)		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.61% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 16.12% to 15.06% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 17.98% to 16.88% of pay
<p style="text-align: center;">ERS</p> <p style="text-align: center;">20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.2em; color: green;">7.61%</p>	<p style="text-align: center;">URS</p> <p style="text-align: center;">20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.2em; color: red;">15.06%</p>	<p style="text-align: center;">PORS</p> <p style="text-align: center;">20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.2em; color: blue;">16.88%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases by 1.2% 	<ul style="list-style-type: none"> Normal Cost decreases by 6.6% 	<ul style="list-style-type: none"> Normal Cost decreases by 6.1%
<p style="text-align: center;">ERS</p> <p style="text-align: center;">0% (2%) (4%) (6%) (8%)</p> <p style="text-align: center; font-size: 1.2em; color: green;">(1.2%)</p>	<p style="text-align: center;">URS</p> <p style="text-align: center;">0% (2%) (4%) (6%) (8%)</p> <p style="text-align: center; font-size: 1.2em; color: red;">(6.6%)</p>	<p style="text-align: center;">PORS</p> <p style="text-align: center;">0% (2%) (4%) (6%) (8%)</p> <p style="text-align: center; font-size: 1.2em; color: blue;">(6.1%)</p>
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 14.1% decrease in the Normal Cost (from 8.86% to 7.61%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in an 11.5% decrease in the Normal Cost (from 17.01% to 15.06%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 9.0% decrease in the Normal Cost (from 18.54% to 16.88%)
Employee Share of New Normal Cost:		
<ul style="list-style-type: none"> 41% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 32% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 34% Based on 8.65% EE Rate

Potential Change:

Limit application of the Retiree COLA to the first \$30,000 in benefits (increased by COLA in subsequent years)

Employees'	Uniformed	Police
<p>Projected General Fund Savings*:</p> <ul style="list-style-type: none"><li data-bbox="203 407 389 436">• \$0.33 million<li data-bbox="618 407 805 436">• \$1.75 million<li data-bbox="1029 407 1216 436">• \$1.28 million <p data-bbox="542 453 1081 483">Total Savings of \$3.36 million across systems</p> <p data-bbox="691 485 932 514">*Based on current payroll</p>		
<p>Impact to Employees:</p> <ul style="list-style-type: none"><li data-bbox="203 579 574 758">• The COLA provided to new hires when they retire would be calculated on only the portion of retirement income that falls below a certain threshold<li data-bbox="203 764 574 821">• Annuity payments later in retirement would be reduced<li data-bbox="203 827 574 915">• Provides inflation protection to a core level of annuity payments	<ul style="list-style-type: none"><li data-bbox="618 579 990 758">• The COLA provided to new hires when they retire would be calculated on only the portion of retirement income that falls below a certain threshold<li data-bbox="618 764 990 821">• Annuity payments later in retirement would be reduced<li data-bbox="618 827 990 915">• Provides inflation protection to a core level of annuity payments	<ul style="list-style-type: none"><li data-bbox="1029 579 1401 758">• The COLA provided to new hires when they retire would be calculated on only the portion of retirement income that falls below a certain threshold<li data-bbox="1029 764 1401 821">• Annuity payments later in retirement would be reduced<li data-bbox="1029 827 1401 915">• Provides inflation protection to a core level of annuity payments
<p>Comparison to Other Jurisdictions:</p> <ul style="list-style-type: none"><li data-bbox="203 989 451 1018">• Data not available<li data-bbox="618 989 867 1018">• Data not available<li data-bbox="1029 989 1278 1018">• Data not available		
<p>Previous Related Benefit Changes:</p> <ul style="list-style-type: none"><li data-bbox="203 1100 289 1129">• N/A<li data-bbox="618 1100 704 1129">• N/A<li data-bbox="1029 1100 1115 1129">• N/A		

Summary of Potential Plan Design Changes #7 – Reduce Multiplier

Potential Change:		
Reduce base multiplier (currently 2.0% in Employees', 2.5% in Uniformed, and 2.8% in Police) by 0.1%		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases from 7.70% to 7.14% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 16.12% to 15.30% of pay 	<ul style="list-style-type: none"> Normal Cost decreases from 17.98% to 17.19% of pay
<p style="text-align: center;">ERS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center; font-weight: bold; color: green;">7.14%</p>	<p style="text-align: center;">URS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center; font-weight: bold; color: red;">15.30%</p>	<p style="text-align: center;">PORS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center; font-weight: bold; color: blue;">17.19%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> Normal Cost decreases by 7.3% 	<ul style="list-style-type: none"> Normal Cost decreases by 5.1% 	<ul style="list-style-type: none"> Normal Cost decreases by 4.4%
<p style="text-align: center;">ERS</p> <p>0% (2%) (4%) (6%) (8%)</p> <p style="text-align: center; font-weight: bold; color: green;">(7.3%)</p>	<p style="text-align: center;">URS</p> <p>0% (2%) (4%) (6%) (8%)</p> <p style="text-align: center; font-weight: bold; color: red;">(5.1%)</p>	<p style="text-align: center;">PORS</p> <p>0% (2%) (4%) (6%) (8%)</p> <p style="text-align: center; font-weight: bold; color: blue;">(4.4%)</p>
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 19.4% decrease in the Normal Cost (from 8.86% to 7.14%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 10.1% decrease in the Normal Cost (from 17.01% to 15.30%) 	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 7.3% decrease in the Normal Cost (from 18.54% to 17.19%)
Employee Share of New Normal Cost:		
<ul style="list-style-type: none"> 43% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 32% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 33% Based on 8.65% EE Rate

Potential Change:

Reduce base multiplier (currently 2.0% in Employees', 2.5% in Uniformed, and 2.8% in Police) by 0.1%

Employees'	Uniformed	Police																														
<p>Projected General Fund Savings*:</p> <ul style="list-style-type: none"> <li data-bbox="203 407 602 436">• \$2.08 million <li data-bbox="602 407 1019 436">• \$1.35 million <li data-bbox="1019 407 1421 436">• \$0.92 million <p style="text-align: center;">Total Savings of \$4.35 million across systems *Based on current payroll</p>																																
<p>Impact to Employees:</p> <ul style="list-style-type: none"> <li data-bbox="203 575 602 636">• Annuity payments would be lower <li data-bbox="602 575 1019 636">• Annuity payments would be lower <li data-bbox="1019 575 1421 636">• Annuity payments would be lower 																																
<p>Comparison to Other Jurisdictions:</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <tbody> <tr> <td style="width: 33%; padding: 5px;">VRS Hybrid Plan¹ (Loudoun, Prince William)</td> <td style="width: 33%; padding: 5px;">VRS Plan 2 (Loudoun, Prince William)</td> <td style="width: 33%; padding: 5px;">VRS Plan 2 (Loudoun, Prince William)</td> </tr> <tr> <td style="text-align: right; padding: 5px;">1%</td> <td style="text-align: right; padding: 5px;">1.70% <i>or</i> 1.85%</td> <td style="text-align: right; padding: 5px;">1.70% <i>or</i> 1.85%</td> </tr> <tr> <td style="padding: 5px;">Federal Government^{2,3} (FERS)</td> <td style="padding: 5px;">Federal Government² (FERS)</td> <td style="padding: 5px;">Federal Government² (FERS)</td> </tr> <tr> <td style="text-align: right; padding: 5px;">1% <i>or</i> 1.1%</td> <td style="text-align: right; padding: 5px;">1.7% (1% after 20 YOS)</td> <td style="text-align: right; padding: 5px;">1.7% (1% after 20 YOS)</td> </tr> <tr> <td style="padding: 5px;">City of Alexandria¹ (VRS Hybrid + Supplemental)</td> <td style="padding: 5px;">City of Alexandria</td> <td style="padding: 5px;">City of Alexandria</td> </tr> <tr> <td style="text-align: right; padding: 5px;">1.8%</td> <td style="text-align: right; padding: 5px;">2.5%</td> <td style="text-align: right; padding: 5px;">2.5%</td> </tr> <tr> <td style="padding: 5px;">Arlington County⁴</td> <td style="padding: 5px;">Arlington County</td> <td style="padding: 5px;">Arlington County</td> </tr> <tr> <td style="text-align: right; padding: 5px;">1.7%</td> <td style="text-align: right; padding: 5px;">2.7%</td> <td style="text-align: right; padding: 5px;">2.7%</td> </tr> <tr> <td style="padding: 5px;">FCPS¹ (VRS Hybrid + Supplemental)</td> <td></td> <td></td> </tr> <tr> <td style="text-align: right; padding: 5px;">1.8%</td> <td></td> <td></td> </tr> </tbody> </table> <p>¹ The VRS Hybrid Plan also includes a defined contribution component with a 1% to 3.5% employer contribution. ² Federal employees also receive a 1% to 5% employer contribution to a defined contribution plan. ³ The defined benefit component of FERS for general employees is 1%, but increases to 1.1% for those retiring at age 62 or older with 20 or more years of service. ⁴ Arlington County general employees also receive a 4.2% employer contribution to a defined contribution plan.</p>			VRS Hybrid Plan ¹ (Loudoun, Prince William)	VRS Plan 2 (Loudoun, Prince William)	VRS Plan 2 (Loudoun, Prince William)	1%	1.70% <i>or</i> 1.85%	1.70% <i>or</i> 1.85%	Federal Government ^{2,3} (FERS)	Federal Government ² (FERS)	Federal Government ² (FERS)	1% <i>or</i> 1.1%	1.7% (1% after 20 YOS)	1.7% (1% after 20 YOS)	City of Alexandria ¹ (VRS Hybrid + Supplemental)	City of Alexandria	City of Alexandria	1.8%	2.5%	2.5%	Arlington County ⁴	Arlington County	Arlington County	1.7%	2.7%	2.7%	FCPS ¹ (VRS Hybrid + Supplemental)			1.8%		
VRS Hybrid Plan ¹ (Loudoun, Prince William)	VRS Plan 2 (Loudoun, Prince William)	VRS Plan 2 (Loudoun, Prince William)																														
1%	1.70% <i>or</i> 1.85%	1.70% <i>or</i> 1.85%																														
Federal Government ^{2,3} (FERS)	Federal Government ² (FERS)	Federal Government ² (FERS)																														
1% <i>or</i> 1.1%	1.7% (1% after 20 YOS)	1.7% (1% after 20 YOS)																														
City of Alexandria ¹ (VRS Hybrid + Supplemental)	City of Alexandria	City of Alexandria																														
1.8%	2.5%	2.5%																														
Arlington County ⁴	Arlington County	Arlington County																														
1.7%	2.7%	2.7%																														
FCPS ¹ (VRS Hybrid + Supplemental)																																
1.8%																																
<p>Previous Related Benefit Changes:</p> <ul style="list-style-type: none"> <li data-bbox="203 1415 602 1444">• N/A <li data-bbox="602 1415 1019 1476">• In FY 1997, multiplier increased from 1.8% to 2.3% <li data-bbox="602 1476 1019 1537">• In FY 2000, multiplier increased from 2.3% to 2.5% <li data-bbox="1019 1415 1421 1476">• In FY 2000, multiplier increased from 2.5% to 2.8% 																																

Summary of Potential Plan Design Changes #8 – Add Longevity Steps

Potential Change:		
Add 5% longevity steps at 25 and 30 years for Pay Plans in the Uniformed and Police Systems; Would create separate pay plans for new hires		
Employees'	Uniformed	Police
New Normal Cost:		
<ul style="list-style-type: none"> Normal Cost remains at 7.70% of pay 	<ul style="list-style-type: none"> Normal Cost <i>increases</i> from 16.12% to 16.30% of pay 	<ul style="list-style-type: none"> Normal Cost <i>increases</i> from 17.98% to 18.08% of pay
<p style="text-align: center;">ERS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.2em; color: green;">7.70%</p>	<p style="text-align: center;">URS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.2em; color: red;">16.30%</p>	<p style="text-align: center;">PORS</p> <p>20% 15% 10% 5% 0%</p> <p style="text-align: center; font-size: 1.2em; color: blue;">18.08%</p>
Percentage Change in Normal Cost:		
<ul style="list-style-type: none"> The changes in 2013 decreased the Normal Cost by 13.1% (from 8.86% to 7.70%) 	<ul style="list-style-type: none"> Normal Cost <i>increases</i> by 1.1% 	<ul style="list-style-type: none"> Normal Cost <i>increases</i> by 0.6%
<p style="text-align: center;">URS</p> <p>3% 2% 1% 0%</p> <p style="text-align: center; font-size: 1.2em; color: red;">1.1%</p>	<p style="text-align: center;">PORS</p> <p>3% 2% 1% 0%</p> <p style="text-align: center; font-size: 1.2em; color: blue;">0.6%</p>	<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 4.2% decrease in the Normal Cost (from 17.01% to 16.30%)
<ul style="list-style-type: none"> Including the changes in 2013, this change would result in a 2.5% decrease in the Normal Cost (from 18.54% to 18.08%) 	Employee Share of New Normal Cost:	
<ul style="list-style-type: none"> 41% Based on 5.33% EE Rate 	<ul style="list-style-type: none"> 30% Based on 7.08% EE Rate 	<ul style="list-style-type: none"> 32% Based on 8.65% EE Rate

Potential Change:

Add 5% longevity steps at 25 and 30 years for Pay Plans in the Uniformed and Police Systems; Would create separate pay plans for new hires

Employees'	Uniformed	Police			
<p>Projected General Fund Savings*:</p> <table border="0" data-bbox="605 401 1427 443"><tr><td data-bbox="605 401 1016 443">• (\$0.30) million</td><td data-bbox="1016 401 1427 443">• (\$0.12) million</td></tr></table> <p data-bbox="399 453 1222 537">Total <u>Cost</u> of \$0.42 million across systems. Does not include cost impact related to the pay increases themselves. <small>*Based on current payroll</small></p>			• (\$0.30) million	• (\$0.12) million	
• (\$0.30) million	• (\$0.12) million				
<p>Impact to Employees:</p> <table border="0" data-bbox="605 600 1427 852"><tr><td data-bbox="605 600 1016 852">• Employees would be incentivized to work additional years to get longevity increases; however, any financial benefits to the systems would be offset by higher annuity payments</td><td data-bbox="1016 600 1427 852">• Employees would be incentivized to work additional years to get longevity increases; however, any financial benefits to the systems would be offset by higher annuity payments</td></tr></table>			• Employees would be incentivized to work additional years to get longevity increases; however, any financial benefits to the systems would be offset by higher annuity payments	• Employees would be incentivized to work additional years to get longevity increases; however, any financial benefits to the systems would be offset by higher annuity payments	
• Employees would be incentivized to work additional years to get longevity increases; however, any financial benefits to the systems would be offset by higher annuity payments	• Employees would be incentivized to work additional years to get longevity increases; however, any financial benefits to the systems would be offset by higher annuity payments				
<p>Comparison to Other Jurisdictions:</p> <table border="0" data-bbox="204 936 1427 978"><tr><td data-bbox="204 936 605 978">• N/A</td><td data-bbox="605 936 1016 978">• N/A</td><td data-bbox="1016 936 1427 978">• N/A</td></tr></table>			• N/A	• N/A	• N/A
• N/A	• N/A	• N/A			
<p>Previous Related Benefit Changes:</p> <table border="0" data-bbox="204 1047 1427 1089"><tr><td data-bbox="204 1047 605 1089">• N/A</td><td data-bbox="605 1047 1016 1089">• N/A</td><td data-bbox="1016 1047 1427 1089">• N/A</td></tr></table>			• N/A	• N/A	• N/A
• N/A	• N/A	• N/A			