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March 27, 2018

Eastern Shore Public Library – 55499

Language in Item 474(I) of the 2018 Appropriation Act allows political subdivisions to make an election regarding their employer contribution rate for the upcoming biennium. This is the final year you may make an election between the Virginia Retirement System (VRS) certified employer contribution rate and the alternate employer contribution rate authorized by the General Assembly. The election will be effective July 1, 2018 through June 30, 2020.

If your political subdivision wishes to pay the VRS certified rate, no further action or documents are needed to affirm this decision. You will pay the certified rate effective July 1, 2018.

However, if your political subdivision wishes to pay the alternate rate, your governing body must pass the attached resolution stating that it elects to pay the alternate rate beginning July 1, 2018. In addition, the 2018 Appropriation Act requires school divisions to obtain the concurrence of the local governing body if electing to pay the alternate contribution rate. Such concurrence must be documented by the attached resolution from the local governing body and sent to VRS.

Please note, the Appropriation Act will not be finalized until signed by the Governor, which we expect will occur after the reconvened session of the General Assembly. VRS does not anticipate any further changes regarding this language; however, we will keep you apprised of any amendments that would change these options.

To assist you in your decision, please find below the certified and alternate contribution rates. Again, you only need to send to VRS the approved resolution if your political subdivision elects the alternate employer contribution rate.

Employer Retirement Contribution Rate Election

- 5.91% – The employer contribution rate certified by the VRS Board of Trustees for the fiscal years 2019-2020.
- 5.91% – The alternate employer contribution rate, which is the higher of the rate certified by the VRS Board for fiscal year 2012 or 100 percent of the VRS Board-certified rate for fiscal years 2019-2020.

Considerations in Electing Your Contribution Rate

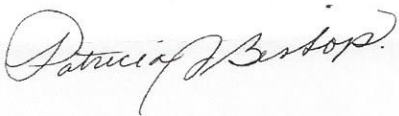
Item 474(I) of the 2018 Appropriation Act offers political subdivisions and school divisions the opportunity to elect an alternate employer contribution rate for budget considerations. This year the alternate rates are higher than or equal to the VRS certified rates. Some governing bodies may consider electing the higher alternate employer contribution rate as a way to reduce the unfunded liability on a scheduled basis. If you are considering using the alternate rate, please be aware that this rate will be in effect through June 30, 2020.

Deadline for Alternate Rate Resolutions

If your governing body elects to pay the alternate rate, the resolution must be passed on or before July 1, 2018 and mailed to VRS, **postmarked no later than July 5, 2018**. The resolutions received by VRS must be the certified original document. Please send all resolutions to Ms. ZaeAnne Allen, employer coverage coordinator, at P.O. Box 2500, Richmond, VA 23218-2500.

If you have any questions about the information in this packet, please contact Ms. ZaeAnne Allen, employer coverage coordinator, at zallen@varetire.org or (804) 775-3514.

Sincerely,



Patricia S. Bishop
VRS Director

(Enclosure)

Item 474(I) of the Proposed 2018 Appropriation Act

I.1. Except as authorized in Paragraph I.2. of this Item, rates paid to the Virginia Retirement System on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia.

2. Rates paid to the VRS on behalf of employees of participating (i) counties, (ii) cities, (iii) towns, (iv) local public school divisions (only to the extent that the employer contribution rate is not otherwise specified in this act), and (v) other political subdivisions shall be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia, unless the participating employer notifies VRS that it has opted to base the employer contribution rate on the higher of: a) the contribution rate in effect for FY 2012, or b) seventy percent of the results of the June 30, 2011 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2012-14 biennium, eighty percent of the results of the June 30, 2013 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2014-16 biennium, ninety percent of the results of the June 30, 2015 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2016-18 biennium, and one-hundred percent of the results of the June 30, 2017 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2018-20 biennium.

3. Every participating employer that opts not to use the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to § 51.1-145(I), Code of Virginia, must certify to the board of the Virginia Retirement System by resolution adopted by its local governing body that it: has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of electing or not electing to utilize the employer contribution rates certified by the Virginia Retirement System Board of Trustees, as provided for in paragraph I.1.

4. Local public school divisions must receive the concurrence of the local governing body if electing to pay the alternate contribution rate set out in paragraph I.2. Such concurrence must be documented by a resolution of the governing body.

5. The board of the Virginia Retirement System shall provide all employers participating in the Virginia Retirement System with a summary of the implications inherent in the use of the employer contribution rates certified by the Virginia Retirement System (VRS) Board of Trustees set out in paragraph I.1, and the alternate employer contribution rates set out in paragraph I.2.



VIRGINIA RETIREMENT SYSTEM
P.O. Box 2500
Richmond, VA 23218-2500

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Subdivisions
(In accordance with the 2018 Appropriation Act Item 474(I))

Resolution to Elect the Alternate Rate

WHEREAS, the 2018 Appropriation Act, Item 474(I)(1), requires that an employer pay the contribution rate certified by the VRS Board of Trustees (“Certified Rate”), unless the employer elects to pay an alternate rate as described in Item 474(I)(2) (“Alternate Rate”); and

WHEREAS, if an employer wishes to pay the Certified Rate, then the employer need not take action on this resolution; and

WHEREAS, if an employer wishes to pay the Alternate Rate established in the 2018 Appropriation Act, then the employer must pass this resolution on or before July 1, 2018, to elect the Alternate Rate; and

WHEREAS, any local public school division that elects to pay the Alternate Rate must receive the concurrence of its local governing body, documented by a resolution of the governing body, on or before July 1, 2018;

NOW, THEREFORE, BE IT RESOLVED, that the [insert Locality, School Division, or Other Political Subdivision Name] _____ (“the Employer”) [insert employer code] _____, does hereby elect to pay the Alternate Rate and acknowledges that its contribution rate effective July 1, 2018 shall be based on the higher of a) the contribution rate in effect for FY 2012, or b) one-hundred percent of the results of the June 30, 2017 actuarial valuation of assets and liabilities as approved by the Virginia Retirement System Board of Trustees for the 2018-20 biennium; and

BE IT FURTHER RESOLVED, that the Employer does hereby certify to the Virginia Retirement System Board of Trustees that it agrees to pay the Alternate Rate of [insert Alternate Rate provided in the attached cover letter] _____% effective July 1, 2018; and

BE IT FURTHER RESOLVED, that the Employer does hereby acknowledge that, if it is a school division, this resolution shall not become effective unless the Virginia Retirement System receives the concurrence of its local governing body documented by a resolution of the local governing body dated on or before July 1, 2018; and

BE IT FURTHER RESOLVED, that the Employer does hereby certify to the Virginia Retirement System Board of Trustees that it has reviewed and understands the information provided by the Virginia Retirement System outlining the potential future fiscal implications of any election made under the provisions of this resolution.

NOW, THEREFORE, the officers of the Employer are hereby authorized and directed in the name of the Employer to carry out the provisions of this resolution, and said officers of the Employer 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 Employer for this purpose.

Governing Body/School Division Chairman

CERTIFICATE

I, [insert name] _____, [insert title] _____ of the Employer, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the Employer held at [insert county/city/town] _____, Virginia at [insert time] _____ on [insert date] _____, 2018. Given under my hand and seal of the Employer this ____ day of _____, 2018.

(signature)

This resolution must be passed on or before July 1, 2018 and mailed to VRS postmarked no later than July 5, 2018.