

Fund Restoration of 2% Retirement Accrual Rate for ALL General employees in FY2010

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Category: Retirement Benefits
Region: City of Norfolk, Virginia
Target: City of Norfolk General Employees

Description/History:

Prior to July 1, 1980 all General employees accrued retirement benefits at 2% per year of creditable service multiplied by the average of their high three years salary. In 1980, with no trade offs for other benefits or compensation, the accrual rate was reduced to 1.67% for all General employees hired on or after July 1, 1980. Effective January 1, 1997, the accrual rate was increased to 1.75% retroactively for all General employees, and remains at 1.75% to date. The Public Safety accrual rate, as well as the accrual rate for Norfolk's City Council has grown to 2.5%. Employees working side by side, doing the same jobs are retiring with a great disparity in benefits (see the disparity charts in Appendix A). The City of Newport News has a defined benefit plan similar to Norfolk's, but all their General Employees have a 2% retirement accrual rate (Appendix C).

For many years, the 2% restoration has been requested by the ERCs representing City of Norfolk employees. During the FY2008 budget cycle, the ERC was given permission by City Manager Regina Williams to fund the actuarial study themselves to determine the cost to implement restoration of the 2% retirement accrual rate.

In September of 2007, the ERC funded a Cheiron actuarial study based on FY2009 budget data to determine the cost to restore the 2% retirement accrual rate for all general employees. **It is important to note that the \$1,500 cost for the study was paid for entirely from donations from employees.** The cost (see Cheiron study in Appendix B) as of FY2009 would be a one-time 17.1 million dollars, or amortized over a 20-year period would be \$3.45 million per year, with an on-going 1.5% cost to continue funding the increase thereafter. Since it was not funded in FY2009, the cost should be less in FY2010.

It is time that ALL General employees have the same retirement benefits, ending the two-tier retirement system for General employees.

Petition:

We, the undersigned, call on the City Manager, Mayor, and City Council of Norfolk, Virginia, to restore the 2% retirement accrual rate for all General employees hired on or after July 1, 1980, to make their retirement benefits on an equal level with their counterparts hired prior to July 1, 1980. This change is requested for the FY2010 budget and would be retroactive for all General employees that are employed on July 1, 2009.

We ask that this issue be put to a vote by each voting member of the City Council, Mayor, and City Manager during the FY2010 budget deliberations, and that vote be made available to all City of Norfolk employees.

If the vote is in favor of the City of Norfolk employees, we ask that the restoration of the 2% retirement accrual rate for General employees be effective on July 1, 2009.

Name (Printed) / Department

Signature

Address

[Redacted signature and address lines]