

City Pension Plan Changes Announced

At their January 26, 2010 meeting, City Council approved several changes to the City Pension plan. Outlined below you will find a summary of these changes, which became effective March 1, 2010.

Calculating Your Benefit

Your pension benefit under the City Pension Plan is calculated by using a formula based on your average final compensation (average annual compensation paid to an employee during their 36 highest paid consecutive months) multiplied by a specified percentage (the multiplier). This determines your benefit amount per year of service with NNPS. Previously the multiplier used for Non-VRS (Virginia Retirement System) employees was 2.0%. The multiplier used for VRS employees was 0.3%. The VRS employee multiplier is lower for the City Pension Plan because these employees also receive a pension benefit from VRS which uses a multiplier of 1.7%.

Non-VRS Employees: The multiplier will remain at 2.0% for all earnings through February 28, 2010. All earnings beginning March 1, 2010 will be multiplied by 1.85%.

VRS Employees: The multiplier will remain at 0.3% for all earnings through February 28, 2010. All earnings beginning March 1, 2010 will be multiplied by 0.15%. The multiplier for VRS remains at 1.7%.

Employees hired before July 1, 2009 in Child Nutrition Services, Custodial Services, Plant Services and Transportation are considered non-VRS employees. All others hired before July 1, 2009 are VRS employees. Additionally, all new employees hired July 1, 2009 or later are VRS employees.

Overtime Compensation

Previously overtime earnings were included in determining an employee's average final compensation or AFC for non-VRS employees. Overtime earned on or before February 28, 2010 will continue to be included in the AFC calculation. Beginning March 1, 2010, a maximum of \$3,000 of overtime earned per calendar year will be included in the AFC calculation for non-VRS employees.

Supplemental Earnings

Supplemental earnings for performing duties which are not part of the employee's primary position, such as coaching and club sponsorship, are not included in the AFC calculation. Supplements paid for duties that are part of the employee's primary position, such as elementary school Lead Teacher, teaching an extra period or extended day and completion of advanced studies (beyond Masters degree) for non-teaching positions, are included in calculating the AFC and will continue to be included beginning March 1, 2010.

City Credited Service

Full-time employees of NNPS (hired before July 1, 2009) are considered members of the City Pension Plan. Options in the City Pension Plan are currently provided for purchasing additional credited service. Through February 28, 2010, time worked or purchased through these options will be included as city credited service when determining if an employee is eligible to retire based on years of service. Beginning March 1, 2010 only time worked will be considered as city credited service for determining retirement eligibility (based on service). However, time obtained through the purchase of additional service will continue to be considered for determining an employee's pension benefit amount.

Questions

Questions regarding the changes and their impact on your individual situation may be directed to the NNPS Benefits office at 881-5061.