



MEMBER HANDBOOK
SWORN EMPLOYEE GROUP

Richmond Retirement System

RRS

Building your financial future.

TABLE OF CONTENTS

INTRODUCTION	1
DEFINED BENEFIT PLAN AND ENHANCED DEFINED BENEFIT PLAN	4
How it Works	4
Becoming Vested in This Plan	5
Determining What You Will Receive in Retirement	5
Contributing to the Costs of This Plan	7
Applying to Retire	7
Taxes	8
Benefit Payment Options	9
Life Events	12
The Effects of Terminating Employment	14
Becoming A Deferred Vested Member	15
DROP	16
DEFINED CONTRIBUTION 401(A) PLAN	18
How it Works	18
Becoming Vested in This Plan	18
Determining Your Account Balance	18
Receiving Funds in This Plan	19
Life Events	20
The Effects of Terminating Employment	22
OTHER POST-EMPLOYMENT BENEFITS	23
AFTER YOU RETIRE	25
REFERENCE TABLES	26
YOUR ‘APPLY TO RETIRE’ CHECKLIST	31
GLOSSARY	32

The purpose of the **Member Handbook for Sworn Police Officers and Firefighters** is to provide members with knowledge of RRS plans and policies; however, this handbook is not a legal document.

For additional information, please see **Chapter 78 of the Code of the City of Richmond** and the **Defined Contribution 401(a) Plan Document**. Both are legal documents with specific language on how plans are to be administered. If this publication conflicts with either document, the legal document controls.

INTRODUCTION

The Richmond Retirement System (RRS) administers defined benefit and defined contribution retirement plans for City of Richmond and Richmond Behavioral Health Authority employees.

Plans are different for **sworn police officers and firefighters, general employees, and senior executive employees**.

All **sworn police officers and firefighters** have 90 days from their effective hire or rehire date to choose 1 of the following 3 plans:

- **Defined Benefit Plan**
- **Enhanced Defined Benefit Plan**
- **Defined Contribution 401(a) Plan**

17th Street Market, Courtesy of the Virginia Tourism Corporation



YOUR RRS BENEFITS

YOUR RETIREMENT SYSTEM

The RRS is a component unit of the City of Richmond. The system administers defined benefit and defined contribution retirement plans for more than 10,000 members, and the system has approximately \$500 million in net assets.

The RRS Board of Trustees and professional staff have a fiduciary responsibility to act in the interests of its members and to administer benefits in accordance with federal, state, and local laws.

Every year the RRS publishes a comprehensive annual financial report for the plan year July 1 to June 30 with information about how the organization spends and invests the funds in its care.

YOUR BOARD OF TRUSTEES

The RRS Board of Trustees is a seven-member group that supervises the administration of defined benefit and defined contribution retirement plans. Members are appointed by Richmond City Council and the Mayor in accordance with the Richmond City Charter, and at any time, at least two members will be classified City of Richmond employees.

The board meets monthly, and meeting dates are posted on the system's website.

YOUR PROFESSIONAL STAFF

The RRS Executive Director leads a professional staff to serve the board. This staff also performs direct services for RRS members, and this includes answering questions about your benefits.

If you have a question about your benefits, you can:

- **Schedule an appointment.** The RRS is open Monday through Friday from 8:00 a.m. to 5:00 p.m., and you can schedule an appointment to meet one-on-one with a retirement counselor by emailing or calling the RRS.
- **Look online.** Forms, publications, and additional information about your RRS benefits are available at www.richmondgov.com/retirement.
- **Attend a class.** Classes are scheduled each month so that you can learn more about your RRS benefits. This schedule is available by going to www.richmondgov.com/retirement and clicking *Education*.
- **Ask during walk-in hours.** Walk-in hours are Monday through Friday from 10:00 a.m. to 12:00 p.m. and 1:00 p.m. to 3:00 p.m. For questions that may take more than 15 minutes to answer, you may be asked to submit a form or schedule an appointment.
- **Call or email.** To call the RRS, please dial (804) 646-5958 or toll-free 1-888-288-2781. To email the RRS, please write to retirement@richmondgov.com. If you choose to write or leave a voicemail, you will receive a return call or email within 1 business day.

YOUR RRS MEMBERSHIP

RRS members include **active members, deferred vested members,** and **retirees.** You are an active member if:

- You are a full-time, permanent employee of the City of Richmond or Richmond Behavioral Health Authority (RBHA), **and...**
- You do NOT work for the Circuit Court, Commonwealth Attorney, Office of the City Treasurer, Office of the General Registrar, or Sheriff’s Office.

YOUR RRS PLAN

Active members can accrue benefits in one of three RRS plans. These plans are called the **Defined Benefit Plan, Enhanced Defined Benefit Plan,** and **Defined Contribution 401(a) Plan.**

Because you are a **sworn police officer or firefighter,** you self-elected the plan you have. This was done when you were first hired or during election periods in 2004 and 2006, and this election cannot be changed.

The following is a quick overview of these plans:

	DEFINED BENEFIT PLAN	ENHANCED DEFINED BENEFIT PLAN	DEFINED CONTRIBUTION 401(A) PLAN
THIS IS A PENSION PLAN	✓	✓	
THIS IS NOT A PENSION PLAN			✓
THIS PLAN HAS A VESTING REQUIREMENT	✓	✓	✓
ICMA-RC IS THE RECORD KEEPER FOR THIS PLAN			✓
THE RRS IS THE RECORD KEEPER FOR THIS PLAN	✓	✓	
YOU ARE ABLE TO APPLY FOR RRS DISABILITY RETIREMENT BENEFITS	✓	✓	✓

THE DEFINED BENEFIT PLAN AND ENHANCED DEFINED BENEFIT PLAN

HOW IT WORKS

Age and Service Requirements

The **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** are pension plans, and with these plans you will apply to begin receiving a monthly payment from the RRS when you meet age or service requirements.

You will be eligible for **unreduced** pension benefits when you turn age 60.

If you are in the **Defined Benefit Plan**, you can become eligible for **unreduced** pension benefits before you turn age 60 if you earn 25 years of **creditable service**.

If you are in the **Enhanced Defined Benefit Plan**, you can become eligible for **unreduced** pension benefits before you turn age 60 if you earn 20 years of **creditable service**.

Additionally, if you are **vested**, the requirement for a **reduced** pension benefit is age 50.

If you meet the age or service requirement for an **unreduced** pension benefit, the amount that you will receive from the RRS each month is determined by the following formula:

LIFETIME PENSION PAYMENT

$$0.0165 \times \text{AVERAGE FINAL COMPENSATION} \times \text{YEARS OF CREDITABLE SERVICE, UP TO 35} = \text{ANNUAL BENEFIT} \div 12 = \text{MONTHLY BENEFIT}$$

PUBLIC SAFETY SUPPLEMENT (PAYABLE TO AGE 65)

$$0.0075 \times \text{AVERAGE FINAL COMPENSATION} \times \text{YEARS OF CREDITABLE SERVICE, UP TO 25} = \text{ANNUAL BENEFIT} \div 12 = \text{MONTHLY BENEFIT}$$

This formula shows the **Basic Benefit Payment Option** for an **unreduced** retirement benefit.

The **Basic Benefit Payment Option** is the sum of the lifetime pension payment shown above and the public safety supplement (payable to age 65).

For the lifetime pension payment, the maximum years of creditable service that will be used to calculate this benefit is 35 years.

For the public safety supplement (payable to age 65) the maximum years of creditable service that will be used to calculate this benefit is 25. Additionally, this supplement is not payable to **deferred vested members**.

The **Basic Benefit Payment Option** is 1 of 5 payment options, and it is described in greater detail on page 9.

If you have a **Defined Benefit Plan** or **Enhanced Defined Benefit Plan**, you will be eligible to apply for **unreduced** pension benefits when you turn age 60, after you earn 25 years of creditable service in the **Defined Benefit Plan**, or after you earn 20 years of creditable service in the **Enhanced Defined Benefit Plan**.

BECOMING VESTED IN THIS PLAN

Vesting refers to your right to receive a lifetime monthly pension benefit. If you terminate employment and are vested, you will be able to apply to receive a lifetime monthly pension benefit when you meet age and/or service requirements. If you terminate employment and are not vested, you will not be able to apply to receive a lifetime monthly pension benefit.

You are 100% vested if:

- You have 5 years of **creditable service**,
- You are an **active member** and are age 60 or older, **or**
- You are approved for job-related disability retirement benefits.

DETERMINING WHAT YOU WILL RECEIVE IN RETIREMENT

Three things will affect the amount of your lifetime monthly pension benefit: your **average final compensation**, your years of **creditable service**, and when you choose to begin receiving RRS benefits. Understanding how the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** work will enable you to maximize this employee benefit.

Your Average Final Compensation

To determine your **average final compensation**, the RRS will first look at your entire earnings history and isolate your highest 36 consecutive months of earnings in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan**. Next, the RRS will use that information to create an annual average.

Earnings, for this purpose, is defined by the **Code of the City of Richmond** as **creditable compensation**, and it includes your base salary, differential pay, educational incentive pay, bonuses, and severance pay, but it does not include overtime pay.

$$\text{TOTAL CREDITABLE COMPENSATION, HIGHEST 36 CONSECUTIVE MONTHS} \div 3 = \text{AVERAGE FINAL COMPENSATION}$$

Your Years of Creditable Service

For many employees, **creditable service** will simply be the amount of time that you worked for your employer. While **creditable service** cannot include any periods of leave without pay, **creditable service** can include:

- **Military Service.** Creditable service can include periods of active duty military service protected by the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA).
- **Part-Time Service.** Creditable service can include part-time service. For every two months of part-time service, you can earn 1 month of creditable service if: you worked at least 20 hours each week for at least 18 months; you transitioned directly from a part-time position to a full-time position eligible for RRS benefits; and you make up employee contributions, as required.
- **Ported Service.** If you are a vested member of the Employees' Retirement System of the City of Norfolk, Newport News Employees' Retirement System, or Virginia Retirement System, you may be eligible to port creditable service to the RRS to consolidate your retirement benefits. To port service, you need to be an **active member**, and service can only be ported during your first 18 months in the

Defined Benefit Plan and Enhanced Defined Benefit Plan.

- **Purchased Prior Service.** Creditable service can include service that is purchased. If you are vested, you may be eligible to purchase:
 - » Time that you worked for the City of Richmond or RBHA in a temporary, seasonal, provisional, CETA, or contractual basis, provided that this service was full-time.
 - » Time that you worked for a different state or political subdivision (but not federal government); however, time purchased cannot be used in the calculation of any retirement benefit by another retirement system. Additionally, this service must be full-time.

Purchased prior service can only be used to determine eligibility for **unreduced** pension benefits after five years, and the cost to purchase prior service is 15% of your **creditable compensation** or **average final compensation**, whichever is higher. For these reasons, there may be benefits to purchase prior service earlier in your career as opposed to later in your career.
- **Severance.** Creditable service can include periods of severance.
- **Unused Sick Leave.** For vested employees in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan**, creditable service will include 50% of your unused sick leave. i.e., 2 hours of unused sick leave would convert to 1 hour of creditable service.

When You Begin to Receive RRS Benefits: Eligibility for Reduced Pension Benefits

When you begin to receive RRS benefits can affect the amount of your lifetime monthly pension benefit.

You will become eligible for **unreduced** pension benefits when you turn age 60, earn 25 years of creditable service in the **Defined Benefit Plan**, or earn 20 years of creditable service in the **Enhanced Defined Benefit Plan**. However, you will become eligible for **reduced** pension benefits after you turn age 50, provided that you are vested.

For **active members**, if you choose to apply for **reduced** pension benefits, your lifetime monthly pension benefit will be reduced by 5% for each year that you do not meet the age or service requirement for an **unreduced** pension benefit, and this rate is called the **early service reduction factor**.

(A chart on page 27 shows the early service reduction factor for active members. For non-active members, information is available on page 15.)

If you do not meet the age or service requirement for an **unreduced** pension benefit, the amount that you will receive each month is determined by the following formula:

$$\text{MONTHLY BENEFIT, UNREDUCED} \times (1 - \text{REDUCTION FACTOR}) = \text{MONTHLY BENEFIT, REDUCED}$$

Note: This formula shows the **Basic Benefit Payment Option** for a **reduced** retirement benefit; this is 1 of 5 benefit payment options that the RRS offers.

For additional information about benefit payment options, please see page 9.

RRS members with a **Defined Benefit Plan** or **Enhanced Defined Benefit Plan** may be eligible for ad hoc **COLAs** in retirement; however, COLAs are not automatic with these plans nor do they occur every year.

For more information about COLAs in retirement, please see page 25.

If you terminate employment and become a **deferred vested member**, the RRS will only look at age, not age and years of service, to determine the rate that a lifetime monthly pension benefit will be reduced. Please see the chart on page 15.

Likewise, if you are a **deferred vested member**, you will be ineligible to receive the public safety supplement (payable to age 65).

WORKERS' COMPENSATION ACT LIMITATIONS

If you are under age 65 and are awarded benefits in accordance with the Virginia Workers' Compensation Act, your RRS pension benefit may be subject to certain limitations.

The sum of your workers' compensation benefit and your RRS pension payment cannot be more than your average final compensation. If the sum is greater, your RRS benefit will be reduced until you turn age 60.

The above will be true even if you choose to receive a lump sum award from the Virginia Workers' Compensation Commission.

CONTRIBUTING TO THE COST OF THIS PLAN

Each pay period, you make pre-tax **member contributions** to help to pay for the costs of the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan**.

Employer contributions and investment income also pay for the cost of this plan, and in retirement, your defined monthly benefit will be paid from a trust, not an individual retirement account.

Richmond City Council sets these employee contribution rates and the RRS tracks employee contributions. Employee contribution rates are a percentage of your creditable compensation, and current rates are:

DEFINED BENEFIT PLAN

1.5% of creditable compensation each pay period

ENHANCED DEFINED BENEFIT PLAN

5.45% of creditable compensation each pay period

After you become vested, you will not be able to receive a refund of your employee contributions; however, if you terminate employment before you become vested, you will receive a refund of your employee contributions plus interest. The current interest rate is 3%, compounded annually, and this is set by the RRS Board of Trustees.

APPLYING TO RETIRE

Submitting forms to retire and receive pension benefits will take you less than 1 hour, but planning and preparing for retirement is a career-long endeavor.

As you submit forms, you will make a series of irrevocable decisions that cannot be changed, and these decisions can impact the amount of your lifetime monthly pension benefit.

The first decision that cannot be changed is your effective retirement date, and this date will determine whether you are eligible for **unreduced** or **reduced** pension benefits. You can choose 1 of 12 retirement dates: January 1, February 1, March 1, April 1, May 1, June 1, July 1, August 1, September 1, October 1, November 1, or December 1.

The second decision that cannot be changed is the benefit payment option that you choose. You can choose 1 of 5 benefit payment options: the **Basic Benefit Payment Option, Level Payment Option, Smooth Out Benefit Payment Option, Joint and Last Survivor Benefit Payment Option, and Pop-Up Joint and Last Survivor Benefit Payment Option**.

In general, the RRS cannot process retirements retroactively and requires 60 to 90 days to process completed forms. For a timeline, please see page 31.

Application forms are available online at www.richmondgov.com/retirement. You can also request to have application forms mailed to you by calling (804) 646-5958.

TAXES

Because all employer contributions are made on a pre-tax basis, you will be subject to federal, state, and local income taxes in retirement.

The RRS requires that you submit withholding forms when you apply to retire, and in retirement, you will receive a 1099-R from the RRS.

To learn more, speak with a trusted tax or financial advisor. You can also visit www.irs.gov or call IRS Telephone Assistance for Individuals at 1-800-829-1040.

BENEFIT PAYMENT OPTIONS

For active members of the Defined Benefit Plan and Enhanced Defined Benefit Plan

	BASIC BENEFIT PAYMENT OPTION	LEVEL PAYMENT OPTION	SMOOTH OUT BENEFIT PAYMENT OPTION	JOINT AND LAST SURVIVOR BENEFIT PAYMENT OPTION	POP-UP JOINT AND LAST SURVIVOR BENEFIT PAYMENT OPTION
YOUR BENEFIT WILL REMAIN CONSTANT, REGARDLESS OF AGE		✓			
YOUR BENEFIT WILL DECREASE AFTER YOU TURN AGE 65	✓		✓	✓	✓
MONTHLY PAYMENTS FROM THE RRS WILL STOP WHEN YOU DIE	✓	✓	✓		
MONTHLY PAYMENTS FROM THE RRS WILL CONTINUE AFTER YOU DIE, IF YOUR NAMED SURVIVOR IS STILL ALIVE				✓	✓
IF YOUR NAMED SURVIVOR DIES AND YOU ARE STILL ALIVE, YOUR MONTHLY PAYMENT FROM THE RRS WILL INCREASE					✓
AFTER YOUR EFFECTIVE RETIREMENT DATE, THIS DECISION IS IRREVOCABLE AND CANNOT BE CHANGED	✓	✓	✓	✓	✓

MORE INFORMATION ABOUT YOUR NAMED SURVIVOR

- If you choose the **Joint and Last Survivor Benefit Payment Option** or **Pop-Up Joint and Last Survivor Benefit Payment Option** you will name a survivor when you apply to retire.
- This can be anyone, such as a spouse or loved one.
- The age of your named survivor will affect the cost of selecting the **Joint and Last Survivor Benefit Payment Option** or **Pop-Up Joint and Last Survivor Benefit Payment Option**.
- You will be required to provide **proof of age** for your named survivor when you submit your application to retire.
- After your effective retirement date, you cannot change your named survivor. This is a one-time decision, and it cannot be changed, even in the event of death or divorce.

BENEFIT PAYMENT OPTIONS

The year that you retire, you will need to submit an **Estimate of Retirement Benefits Request Form**, so that you can compare and choose 1 of 5 benefit payment options. Each payment option works differently, and your unique circumstances and financial goals will determine which benefit payment option is right for you.

1. The Basic Benefit Payment Option

The **Basic Benefit Payment Option** offers a higher payment amount before age 65 and a lower payment amount after age 65 for members who are eligible for the Public Safety Supplement (payable to age 65).

With this benefit payment option, monthly payments from the RRS will stop when you die.

The method that the RRS uses to calculate the **Basic Benefit Payment Option** is described in the preceding pages.

1

2. The Level Payment Option

The **Level Payment Option** offers equal monthly payments for your lifetime.

Like the **Basic Benefit Payment Option**, payments will stop when you die.

If you select the **Level Payment Option**, the monthly pension payment that you will receive after age 65 will be more than the amount that you would receive if you selected the **Basic Benefit Payment Option**.

2

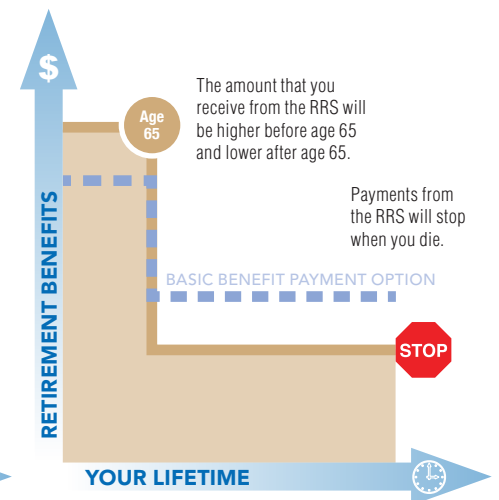
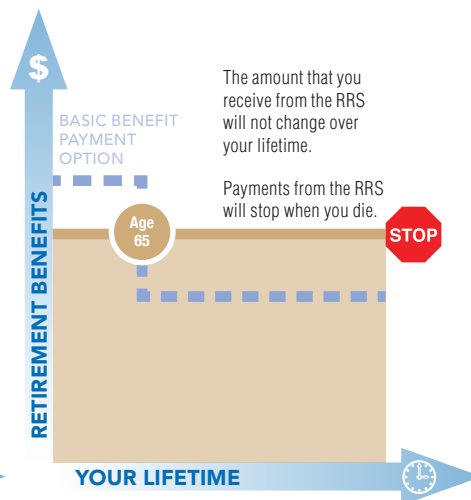
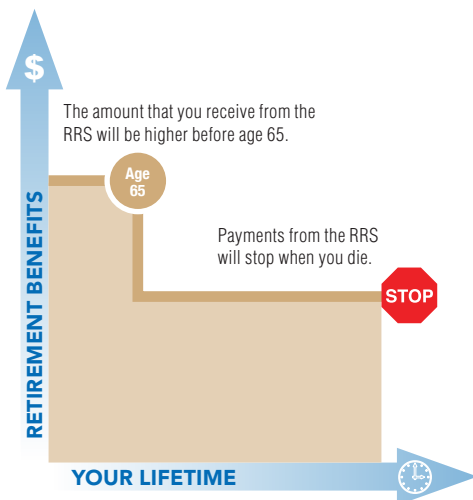
3. The Smooth Out Benefit Payment Option

The **Smooth Out Benefit Payment Option** offers a higher payment amount than the **Basic Benefit Payment Option** before age 65 and a lower payment amount than the **Basic Benefit Payment Option** after age 65.

Like the **Basic Benefit Payment Option** and **Level Payment Option**, monthly payments from the RRS will stop when you die.

If you select the **Smooth Out Benefit Payment Option**, the monthly pension payment that you will receive after age 65 will always be less than the amount that you would receive if you selected the **Basic Benefit Payment Option** or **Level Payment Option**.

3



4. Joint and Last Survivor Benefit Payment Option

The **Joint and Last Survivor Benefit Payment Option** allows payments from the RRS to continue after you die, with payments payable to a spouse or loved one that you name when you apply to retire.

Like the **Basic Benefit Payment Option**, monthly payments will be higher before age 65 and lower after age 65 for members who are eligible for the Public Safety (payable to age 65).

Within the **Joint and Last Survivor Benefit Payment Option** there are 4 sub-options: 100%, 75%, 50%, or 25%. This percentage refers to the amount that your named survivor would receive after your death, as a percentage of your **Joint and Last Survivor Benefit Payment Option** amount.

If you select the **Joint and Last Survivor Benefit Payment Option**, the monthly pension payment that you will receive will always be less than the amount that you would receive if you selected the **Basic Benefit Payment Option**, regardless of whether you select the 100%, 75%, 50%, or 25% sub-option.

If your named survivor dies before you do, the amount of your **Joint and Last Survivor Benefit Payment Option** amount will not change, and monthly payments from the RRS will stop when you die.

4

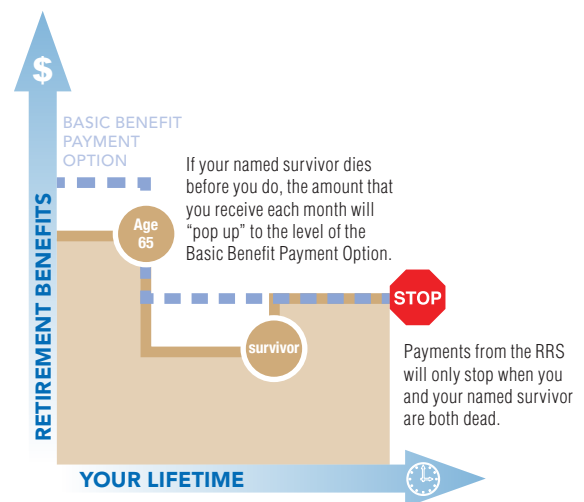
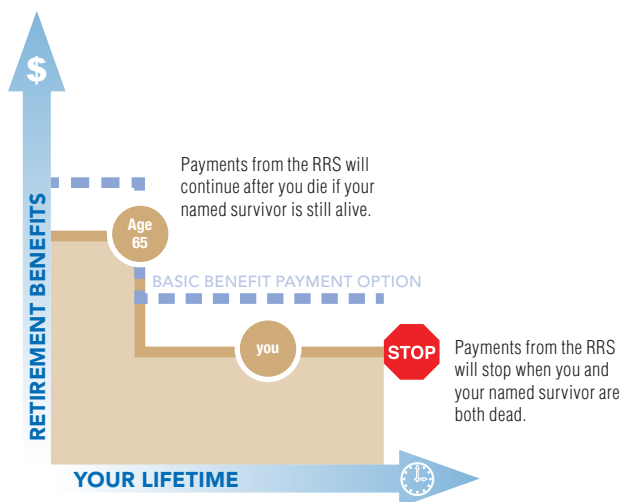
5. Pop-Up Joint and Last Survivor Benefit Payment Option

The **Pop-Up Joint and Last Survivor Benefit Payment Option** is similar to the **Joint and Last Survivor Benefit Payment Option** described on the left. What happens to the amount of your monthly payment if your named survivor dies before you do is a key difference.

Under the **Joint and Last Survivor Benefit Payment Option**, if your named survivor dies before you do, the amount of your monthly payment from the RRS will not change. Under the **Pop-Up Joint and Last Survivor Benefit Payment Option**, if your named survivor dies before you do, the amount of your monthly payment will change; it will increase to the **Basic Benefit Payment Option** amount.

To pay for this added benefit, the **Pop-Up Joint and Last Survivor Benefit Payment Option** can be thought of as "more expensive" than the **Joint and Last Survivor Benefit Payment Option**.

5



LIFE EVENTS FOR ACTIVE MEMBERS IN THE DEFINED BENEFIT PLAN AND ENHANCED DEFINED BENEFIT PLAN

Death

If you die while working for the City of Richmond or Richmond Behavioral Health Authority, your **member contributions** plus interest will be payable to your named beneficiary, unless certain conditions are met that make your spouse or minor children eligible for a lifetime monthly payment from the RRS.

To name a beneficiary, visit www.richmondgov.com/retirement or call the RRS at (804) 646-5958 to request a **Beneficiary Appointment/Change Form**.

A lifetime monthly payment from the RRS is only payable when:

- **You are an active member, you are married or have children under age 18, and your cause of death is compensable under the Virginia Workers' Compensation Act.**

Your spouse or minor children will receive a **100% Joint and Last Survivor Benefit Payment**.

This payment will be calculated using your **average final compensation** at death. Your years of **creditable service**, however, will be recalculated by the RRS to increase the value of your benefit, and this will be recalculated to assume that you worked for your employer and retired at age 65.

The **100% Joint and Last Survivor Benefit Payment** will be payable until your spouse remarries or dies; if you are not married or if your spouse remarries or dies, this benefit will be payable to any children under age 18, although benefit payments to children will stop at age 18.

Additionally, the value of this RRS death benefit will be reduced by the value of the workers' compensation benefit.

- **You are an active member, you are married, and at the time of your death, you are eligible to apply for unreduced or reduced retirement benefits.**

Your spouse will receive a **100% Joint and Last Survivor Benefit Payment**.

This payment option will be calculated using your **average final compensation** and years of **creditable service** at death.

The **100% Joint and Last Survivor Benefit Payment** will be payable until your spouse dies.

Note: The **100% Joint and Last Survivor Benefit Payment** will be calculated as if you lived until the end of the month that you died, and retired with an effective retirement date listed on page 7.

- **You are an active member, you are married, and at the time of your death, you have 22 or more years of creditable service in the Defined Benefit Plan or 17 or more years of creditable service in the Enhanced Defined Benefit Plan, but are ineligible for unreduced or reduced retirement benefits.**

Your spouse will be able to purchase up to 3 years of **creditable service** to receive the benefits outlined above.

The cost to purchase this service will be 15% of your **creditable compensation or average final compensation**, whichever is higher, and payment for this service must be made within 90 days of your death to receive the **100% Joint and Last Survivor Benefit Payment**.

If you were hired by the City of Richmond or Richmond Behavioral Health Authority **before** June 13, 1988, your named beneficiary may receive a one-time payment from the RRS of up to \$1,000 when you die.

For your beneficiary to be eligible for this payment, you must be an **active member or retiree** with at least 1 year of **creditable service**. The value of this death benefit is \$16.67 per month of creditable service, up to \$1,000.

Disability

If you believe that you are unable to perform your job because of a sickness or injury, you may be eligible for disability retirement benefits from the RRS. These benefits are outlined in the **Code of the City of Richmond** and benefits differ for job related and non-job related disabilities; job-related disability retirement benefits are called **compensable disability retirement benefits** and non-job related disability retirement benefits are called **ordinary disability retirement benefits**.

The RRS has a team of trained retirement counselors to assist with the disability retirement benefit application process, and — because this may be a difficult time for you and your family — this process can be initiated by you or your appointing authority.

It is important to remember that submitting an application to the RRS is not a guarantee that you will be approved for benefits, and applications typically take 3 to 6 months to process. During this time, the RRS will work with you to determine if you are eligible for disability retirement benefits, and this will likely include at least one visit to a RRS-approved medical examiner.

Eligibility requirements say that you must be:

- Under age 60.
- In active pay status when your application is submitted to the RRS.
- Additionally, you will need to meet other medical and administrative criteria.

For example, only **vested** RRS members are eligible for benefits if the sickness or injury is non-job related.

For additional information about disability retirement benefits, please contact the RRS or visit www.richmondgov.com/retirement.

Divorce

If you divorce, you may need copies of statements or documents, such as this handbook, which describes how the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** work. You can obtain this information by writing to the RRS. Certain information may also be available online at www.richmondgov.com/retirement.

The RRS has processes in place to protect your personal and financial information; however, documents can be released without your consent if the RRS is issued a subpoena, and typically a copy will be mailed to your lawyer.

In accordance with the **Code of the City of Richmond** and **Defined Contribution 401(a) Plan Document**, the RRS does not honor qualified domestic relations orders.*

*This may be untrue for domestic relations orders accepted and approved prior to June 10, 2002.

Serving in the Military

If you are an **active member** and you are called to active duty military service, your retirement benefits are protected by the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA).

This means that you will keep your **Defined Benefit Plan** or **Enhanced Defined Benefit Plan** and receive **creditable service** for your period of service, provided that you make up any missed **member contributions**.

You will need to show that you returned to service for your employer within one year of discharge. You will also need to show that you were not dishonorably discharged.

To process USERRA benefits, the RRS will ask you for two items:

1. A copy of your military orders calling you to active duty, before you leave.
2. A copy of Department of Defense Form 214 or equivalent documentation, after you return.

Next, the RRS will calculate your missed **member contributions**, and contributions can be made as a one-time post-tax payment or over time through a series of pre-tax payroll deductions. Pre-tax contributions can also be made by rollover, from a qualified retirement plan.

If you choose to make payments over time, the series of payments cannot extend more than three times your break in service or 5 years, whichever occurs first.

Naming a Power of Attorney

A power of attorney may be able to speak to the RRS and take actions on your behalf, and you can name a power of attorney at any time.

Because the **Code of Virginia** may require specific legal language for certain retirement-related actions, the RRS has a special form; the RRS form is called the **Power of Attorney Form** and it allows you to name a durable power of attorney.

To complete the form you will need to be of sound mind and acting of your own free will.

UNDERPAYMENTS AND OVERPAYMENTS

If an underpayment or overpayment of contributions is discovered, the RRS will work with you and your appointing authority to quickly correct the error; missed member contributions can affect your years of creditable service.

It is important to know how your plans works, to review benefits-related information, and to contact the RRS if something doesn't look right.

THE EFFECTS OF TERMINATING EMPLOYMENT

Terminating employment can greatly impact your rights to your **Defined Benefit Plan** or **Enhanced Defined Benefit Plan**. If you terminate employment and you are:

Vested

When you terminate employment your **average final compensation** and years of **creditable service** become "frozen," and you will become a **deferred vested member** of the RRS.

For additional information, see page 15.

Not Vested

When you terminate employment you will receive a refund of your **member contributions** plus interest.

If you are Rehired: If you are later rehired by the City of Richmond or Richmond Behavioral Health Authority as a **general employee**, you will be enrolled in the **Defined Contribution 401(a) Plan**. If you are rehired as a **sworn police officer or firefighter** or **senior executive employee**, you will have 90 days from your effective rehire date to choose the **Defined Benefit Plan, Enhanced Defined Benefit Plan, or Defined Contribution 401(a) Plan**.

As a rehire, you will not be vested until you meet vesting requirements.

If you move from a position as a **sworn police officer or firefighter** to a position as a **general employee**, it is important that you contact the RRS. Benefits are different for a **sworn police officers and firefighters**, and accepting a position as a **general employee** can greatly impact your retirement benefits.

BECOMING A DEFERRED VESTED MEMBER

How it Works

You may become a **deferred vested member** with a “frozen defined benefit” if:

- You are **vested** and you terminate employment, **or**
- You move from the **Defined Benefit Plan** or **Enhanced Defined Benefit Plan** to the **Defined Contribution 401(a) Plan**.

Many City of Richmond and Richmond Behavioral Health Authority employees chose to do this during election periods in 2004 and 2006. Many others chose to do this when switching from a position as a **sworn police officer or firefighter** to a position as a **general employee**.

If this happens, you will stop earning **creditable compensation** and **creditable service** at your date of termination or the date that you moved to the **Defined Contribution 401(a) Plan**. Because these variables will not change, you will have a “frozen defined benefit.”

You will still be able to apply to retire when you meet age or service requirements if you have a “frozen defined benefit,” and like **active members**, you will become eligible for **unreduced** pension benefits when you turn age 60, earn 25 years of creditable service in the **Defined Benefit Plan**, or earn 20 years of creditable service in the **Enhanced Defined Benefit Plan**. However, you will become eligible for **reduced** pension benefits after you turn age 50, provided that you are vested.

Reduced pension benefits are calculated differently. The following shows **the early service reduction factor** for **deferred vested members**:

AGE	50	51	52	53	54	55	56	57	58	59	60
EARLY SERVICE REDUCTION FACTOR	50%	45%	40%	35%	30%	25%	20%	15%	10%	5%	0%

Additionally, you will **not** be eligible for the public safety supplement (payable to age 65) or certain post-employment benefits administered by your department of human resources.

The formula to calculate your retirement benefits will be different than described in this handbook if you became a deferred vested member before September 1, 1997.

DROP

The Deferred Retirement Option Program, called DROP, is a special program for **sworn police officers and firefighters** in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** who are eligible for **unreduced** pension benefits from the RRS.

If you choose to enter the program, you will retire administratively and begin to receive a monthly pension benefit while continuing to work for your employer for up to 5 years. Unlike a regular retirement, however, DROP pension benefits are not paid directly to you; DROP pension benefits accrue in a RRS account, and you will be eligible to withdraw or rollover funds after you terminate employment and exit the program.

Applying to Enter DROP

Because you are choosing to retire administratively, the DROP application mirrors the regular application to retire.

Additionally — like with a regular application to retire — you will make a series of irrevocable decisions that cannot be changed. These decisions include selecting a benefit payment option and an effective retirement date.

When you enter the program, your **effective retirement date** is sometimes called your **DROP entry date**, and the RRS requires 60 to 90 days to process completed forms.

Additional information about DROP

Eligibility

Only **sworn police officers and firefighters** who are eligible for **unreduced** pension benefits from the RRS can enter DROP.

This means that you must meet 1 of 3 requirements: you must be 60 years old, you must earn 25 years of creditable service in the **Defined Benefit Plan**, or you must earn 20 years of creditable service in the **Enhanced Defined Benefit Plan**.

Contributions, Compensation, and Service

Your pension benefit will not be recalculated when you terminate employment and exit DROP.

This means that you will not pay member contributions while in the program. Likewise, your **creditable service** and **average final compensation** will freeze.

Unused Sick Leave

When you apply to enter DROP, you will choose how much unused sick leave that you want to retain and how much unused sick leave you want to convert to creditable service.

For every 2 hours of unused sick leave that you choose to convert to creditable service, you will receive 1 hour of creditable service.

Employee Benefits

DROP will only affect RRS-administered benefits. You will remain eligible for all other employee benefits.

Taxes

While in DROP you will receive monthly payments in a RRS account and statements will be sent to your home every six months.

You will pay taxes on DROP payments after you terminate employment and make a withdrawal.

Life Events

Life events are listed on pages 12 - 15. Entering DROP will have the following impact:

Death

- » If you are in DROP, the RRS will consider you a **retiree** because you are receiving a lifetime monthly pension payment.

This means that if you die while in DROP, your DROP account will be payable to your named beneficiary and monthly pension payments from the RRS will stop unless you elected the **Joint and Last Survivor Benefit Payment Option** or the **Pop-Up Joint and Last Survivor Benefit Payment Option** when you applied to retire.

- » If you are married or have children under age 18, and your cause of death is compensable under the Virginia Workers' Compensation Act, the above will be untrue. If you are married or have children under age 18, and your cause of death is compensable under the Virginia Workers' Compensation Act, your spouse or children under age 18 will receive the death benefit described on page 12 (but your DROP account balance will be forfeited).

Disability

- » If you are in DROP, you can only apply for job related disability retirement benefits.

Serving in the Military

- » If you are called to active duty military service while in the program, you will continue to receive monthly DROP payments provided that you do not terminate employment and give the RRS the documents outlined on page 13.

Submitting Paperwork to Exit DROP

Like applying to enter DROP, the RRS requires 60 to 90 days to process completed forms to exit DROP.

Forms tell the RRS when you want to exit DROP, what you want to do with the money in your DROP account, and what will change now that you are no longer working for your employer.

The following information will be helpful as you submit paperwork to exit DROP:

- Your **DROP exit date** will also be your **termination date**, and this should be the last day of the month.
- You can choose to withdraw or rollover the funds in your DROP account.
Because payments are made on a pre-tax basis, withdrawals are subject to federal and state taxes.
- After you exit DROP, monthly pension payments from the RRS will also be subject to federal and state taxes, so you will need to give the RRS a **Form W-4P** and **Form VA-4P**.
- Information about post-employment benefits administered by your department of human resources is provided on page 23.

You will need to let the RRS know if you want health and/or dental premiums to be deducted from monthly pension payment in retirement.

- After you exit DROP, monthly payments from the RRS will be made by direct deposit on the last business day of the month.

THE DEFINED CONTRIBUTION 401(a) PLAN

HOW IT WORKS

The **Defined Contribution 401(a) Plan** is a 'hands on' plan that allows active members to manage funds in a personal ICMA-RC 401 plan account, and each pay period, the RRS will deposit money into this account in accordance with the **Code of the City of Richmond** and **Defined Contribution 401(a) Plan Document**.

This plan does not cost you any money; the plan is funded entirely by contributions made by your employer, and funds are invested under your direction.

Understanding how this plan works will help you to manage your investments, monitor your ICMA-RC 401 plan account, and maximize this employee benefit.

Your account balance is an indicator of the funds that will be available to you in retirement, and this is determined by:



The RRS is the administrator of this plan and ICMA-RC is the current record keeper, and when first enrolling you in this plan, if you do not make an investment election, the RRS will make a default investment election for you.

BECOMING VESTED IN THIS PLAN

Vesting refers to the ownership of money in your ICMA-RC 401 plan account. If you terminate employment and are vested, you will be able to withdraw or rollover your account balance. Conversely, if you terminate employment and are not vested, you will not be able to withdrawal or rollover your account balance.

You are 100% vested if:

- You have 5 years of **creditable service**,
- You are an **active member** and are age 60 or older, **or**
- You are approved for job-related disability retirement benefits or die while an **active member**.

DETERMINING YOUR ACCOUNT BALANCE

You can visit www.icmarc.org, call ICMA-RC investor services at 1-800-669-7400, or review quarterly financial statements sent to your home to determine your ICMA-RC 401 plan account balance.

This account balance will be determined by:

Employer Contributions

Only your employer can contribute to the **Defined Contribution 401(a) Plan**. This is done each pay period, and the amount of money that your employer contributes is determined by your years of **creditable service** and **creditable compensation**.

The **Defined Contribution 401(a) Plan** is sometimes referred to as the **new plan**, **money purchase plan** or **DC Plan**, and it is qualified under Section 401(a) of the Internal Revenue Code. Because this plan is qualified, employer contributions can be made on a pre-tax basis. This means that contributions and investment earnings are not taxable until you make a withdrawal from your ICMA-RC 401 plan account.

The following shows your years of **creditable service** and your employer contribution rate as a percentage of your **creditable compensation**:

YOUR YEARS OF CREDITABLE SERVICE	YOUR EMPLOYER CONTRIBUTION RATE
Less than 5	5%
5 or more	6%
10 or more	8%
15 or more	10%

Investment Earnings or Losses

Only you can decide how to invest the funds in the **Defined Contribution 401(a) Plan**. This is done by visiting www.icmarc.org or calling ICMA-RC investor services at 1-800-669-7400.

You can choose from over 20 different funds that were carefully selected by the RRS Board of Trustees; these include stocks, bonds, mutual funds, and other different types of investments, and market forces will determine investment earnings or losses.

Fees and Expenses

The RRS does not charge you any fees or expenses for having a **Defined Contribution 401(a) Plan**; however, fees and expenses will be charged to your ICMA-RC 401(a) plan account.

Fees and expenses that can be charged to your ICMA-RC 401 plan account are published each year in the **ICMA-RC Annual Service and Fee Disclosure**.

Examples of fees and expenses are:

- Operating expenses, shareholder-type fees, or trading restrictions that are unique to an investment option.
- Fees for services that may be assessed to your account because you signed up for an ICMA-RC service, for example ICMA-RC Guided Pathways[®] Asset Class Guidance, Fund Advice, and Managed Accounts.

RECEIVING FUNDS IN THIS PLAN

If you are vested, you will be able to withdraw or rollover your account balance after you terminate employment.

Because your former employer, ICMA-RC, and the RRS have a system of checks and balances to ensure that your termination has been processed correctly, this can take up to 45 calendar days.

Payment Options

After you terminate employment, you can visit www.icmarc.org, call ICMA-RC investor services at 1-800-669-7400, or read the **401 Money Purchase Plan Benefit Withdrawal Packet** to learn more about withdrawals and rollovers.

If there is less than \$1,000 in your ICMA-RC 401 plan account when you terminate employment, you do not have the option of keeping assets in your account and delaying payment.

Different payment options include:

- A total or partial lump-sum payment.

- An installment payment. For example, a series of monthly, quarterly, semi-annual, or annual payments until your account balance is \$0.
- A direct rollover to a plan qualified by the Internal Revenue Service (IRS), such as an IRA or 401(k).
- The purchase of a lifetime annuity.

LOANS

You are not able to take out a loan from your ICMA-RC 401 plan account.

Taxes

Because all employer contributions are made on a pre-tax basis, you will be subject to federal, state, and local income taxes when you make a withdrawal.

If you are under age 59 ½ when you make a withdrawal, you may also owe a 10% penalty to the IRS.

If you are over age 70 ½ when you terminate employment, you may be required to receive a required minimum distribution.

Certain exceptions may apply.

To learn more, speak with a trusted tax or financial advisor. You can also visit www.irs.gov or call IRS Telephone Assistance for Individuals at 1-800-829-1040.

LIFE EVENTS FOR ACTIVE MEMBERS WITH A DEFINED CONTRIBUTION 401(a) PLAN

Death

If you die while working for the City of Richmond or Richmond Behavioral Health Authority, you will become **vested** regardless of your years of **creditable service** or age, and your ICMA-RC 401 plan account balance will be payable to your named beneficiary.

To name a beneficiary, visit www.icmarc.org or call ICMA-RC investor services at 1-800-669-7400 to request an **Employee Information Change Form**.

Disability

If you believe that you are unable to perform your job because of a sickness or injury, you may be eligible for disability retirement benefits from the RRS. These benefits are outlined in the **Code of the City of Richmond** and benefits differ for job related and non-job related disabilities; job related disability retirement benefits are called **compensable disability retirement benefits** and non-job related disability retirement benefits are called **ordinary disability retirement benefits**.

The RRS has a team of trained retirement counselors to assist with the disability retirement benefit application process, and — because this may be a difficult time for you and your family — this process can be initiated by you or your appointing authority.

It is important to remember that submitting an application to the RRS is not a guarantee that you will be approved for benefits, and applications typically take 3 to 6 months to process. During this time, the RRS will work with you to determine if you are eligible for disability retirement benefits, and this will likely include at least one visit to a RRS-approved medical examiner.

Eligibility requirements say that you must be:

- Under age 60.
- In active pay status when your application is submitted to the RRS.
- Additionally, you will need to meet other medical and administrative criteria.

For example, only **vested** RRS members are eligible for benefits if the sickness or injury is non-job related.

For additional information about disability retirement benefits, please contact the RRS or visit www.richmondgov.com/retirement.

Divorce

If you divorce, you may need copies of statements or documents, such as this handbook, which describes how the **Defined Contribution 401(a) Plan** works. You can obtain this information by writing to the RRS or contacting IMCA-RC. Certain information may also be available online at www.richmondgov.com/retirement or www.icmarc.org.

The RRS has processes in place to protect your personal and financial information; however, documents can be released without your consent if the RRS is issued a subpoena, and typically a copy will be mailed to your lawyer.

In accordance with the **Code of the City of Richmond and Defined Contribution Plan 401(a) Plan Document**, the RRS does not honor qualified domestic relations orders.*

*This may be untrue for domestic relations orders accepted and approved prior to June 10, 2002.

Serving in the Military

If you are an **active member** and you are called to active duty military service, your retirement benefits are protected by the Uniformed Service Employment and Reemployment Rights Act of 1994 (USERRA).

This means that your employer will make up all missed **Defined Contribution 401(a) Plan** contributions; however, you will need to show that you returned to service for your employer within one year of discharge. You will also need to show that you were not dishonorably discharged.

To process USERRA benefits, the RRS will ask you for two items:

1. A copy of your military orders calling you to active duty, before you leave.
2. A copy of Department of Defense Form 214 or equivalent documentation, after you return.

Naming a Power of Attorney

A power of attorney may be able to speak to the RRS and take actions on your behalf, and you can name a power of attorney at any time.

Because the **Code of Virginia** may require specific legal language for certain retirement-related actions, the RRS has a special form; the RRS form is called the **Power of Attorney Form** and it allows you to name a durable power of attorney.

To complete the form you will need to be of sound mind and acting of your own free will.

UNDERPAYMENTS AND OVERPAYMENTS

If an underpayment or overpayment of contributions to your Defined Contribution 401(a) Plan is discovered, the RRS will work with you and your appointing authority to quickly correct the error. It is important to know how your plan works, to review statements from the RRS or ICMA-RC, and to contact the RRS if something doesn't look right.

THE EFFECTS OF TERMINATING EMPLOYMENT

Because the **Defined Contribution 401(a) Plan** is a 'hands on' plan, the effects of quitting your job or being fired are straightforward.

If you are vested, you will be able to receive your ICMA-RC 401 account balance as described on page 19. If you are not vested, you will not be entitled to receive your ICMA-RC 401 account balance.

If you are later rehired by the City of Richmond or Richmond Behavioral Health Authority, you will be enrolled in the **Defined Contribution 401(a) Plan**; however, if you are rehired as a **sworn police officer or firefighter** or **senior executive employee**, you will have 90 days from your effective rehire date to choose the **Defined Benefit Plan, Enhanced Defined Benefit Plan, or Defined Contribution 401(a) Plan**.

If you are rehired, the following will occur:

- If you were vested **Defined Contribution 401(a) Plan**, you will remain vested.
- If you were not vested, you will remain not vested until you meet vesting requirements.



Virginia State Capitol,
Courtesy Visit Richmond

In general, active members with a **Defined Contribution 401(a) Plan** and **deferred vested members** are not eligible for health insurance or dental insurance in retirement.

OTHER POST-EMPLOYMENT BENEFITS

HOW IT WORKS

Your department of human resources administers other post-employment benefits in retirement. These include health insurance, dental insurance, and life insurance benefits in retirement.

In general, these benefits are for employees who transition directly from being **active members** to **retirees**, such as a member who terminates employment on December 31 and has an effective retirement date of January 1.

Benefits will be different for employees who work for the City of Richmond and employees who work for the Richmond Behavioral Health Authority.

BENEFITS ADMINISTERED IN PARTNERSHIP WITH THE RRS

The RRS collects premium payments from retirees, shares contact information, and certain retirement-related information to assist the City of Richmond's Department of Human Resources to administer health insurance, dental insurance, and life insurance benefits in retirement.

Health Insurance

Eligibility

City of Richmond employees who apply to retire as **active members** in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** are eligible for health insurance benefits at retirement if:

- The employee is under age 65, **and**
- The employee has worked for the City of Richmond for more than 15 years, **or**
- The employee has worked for the City of Richmond for more than 10 years with 5 years of continuous health insurance coverage to the employee's effective retirement date.

In retirement, individuals can keep this health insurance coverage until they become eligible for Medicare, typically at age 65.

Cost

Premium rates are determined each year during open enrollment when eligible retirees and employees can add, drop, or modify coverage. Typically rates are higher for retirees than for active employees.

In retirement, individuals who worked for the City of Richmond for more than 10 years with 5 years of continuous health insurance coverage will be eligible for a subsidy from the City of Richmond to help pay for the cost of this benefit, and rates are determined by the individual's years of creditable service.

In 2013, costs ranged from approximately \$200 to \$1,900 per month, depending on whether the retiree had the **Premier Plan A** or the **Classic Plan B**, whether the retiree had **Retiree Only**, **Retiree + One**, or **Retiree + Family** coverage, and whether the retiree was eligible for a subsidy from the City of Richmond. The insurer in 2013 was CIGNA.

Dental Insurance

Eligibility

All City of Richmond employees who apply to retire as **active members** in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** are eligible for dental insurance benefits at retirement.

Cost

Premium rates are determined each year during open enrollment when eligible retirees and employees can add, drop, or modify coverage. Typically rates are the same for retirees and active employees.

In 2013, costs ranged from approximately \$18 to \$87 per month, depending on whether retirees had **DeltaCare** or **PPO** and whether retirees had **Retiree Only**, **Retiree + Child**, **Retiree + Spouse**, or **Retiree + Family** coverage. The insurer in 2013 was Delta Dental.

Life Insurance

Eligibility

All City of Richmond employees in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** are eligible to retain basic group life insurance benefits at no cost if:

- The member is eligible for a **reduced** or **unreduced** pension benefit when the member terminates employment. (The member will need at least 5 years of eligible service.)

All City of Richmond employees in the **Defined Contribution 401(a) Plan** are eligible to retain basic group life insurance benefits at no cost if:

- The member is at least age 50 with 10 years of service when the member terminates employment, **or**
- The member is at least age 55 with 5 years of service when the member terminates employment, **and**
- The member does not withdraw or rollover the full ICMA-RC 401 plan account balance.

After the member terminates employment, benefits reduce over time. After 5 years, basic group life insurance benefits typically equal to one half of the member's salary at termination.

For additional information about this benefit, please see <https://web1.lifebenefits.com/lbwcm/pd/vrs>. The insurer in 2013 was VRS/Minnesota Life.

The RRS enables eligible retired **sworn police officers and firefighters** to benefit from HELPS — the Healthcare Enhancement for Local Public Safety Retirees Act — by allowing your health care premiums to be deducted on a pre-tax basis, up to \$3,000 each year.

To participate in HELPS, please submit a **Public Safety Officers Authorization for Tax-Exempt Health Insurance Distributions Form** to the RRS.

AFTER YOU RETIRE

Retirees are former active members in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** who are in receipt of a lifetime monthly pension payment from the RRS.

Retirees are paid monthly, and the following are reminders for retirees:

WHEN PAYMENTS ARE MADE	<p>Payments are made by direct deposit the last business day of the month.</p> <p>If a payment needs to be mailed, it will be mailed by USPS the day before, and the RRS will only reissue a mailed check after 10 business days.</p>
WHEN IMPORTANT FORMS ARE PROCESSED	<p>Benefit Information Request Forms can help you to learn more about your RRS benefit.</p> <p>Forms take 5 business days for the RRS to process, and this includes requests for a pension verification submitted during RRS walk-in hours. USPS processing times may also apply.</p> <p>While you can also use these forms to request information about health insurance, dental insurance, or life insurance benefits, your question may need to be answered by your former department of human resources. If this is the case, the RRS will forward your request within 5 business days.</p>
COST-OF-LIVING ADJUSTMENTS (COLAS)	<p>Ad hoc COLAs can increase the amount of your monthly pension benefit. Adjustments will be calculated as a percentage of your monthly pension benefit, and you must be retired for one full year to be eligible to receive an adjustment.</p> <p>Over a 5-year period, from 2005 to 2010, City Council approved two COLAs.</p>
ONLINE SERVICES	<p>You can register to use RAPIDS Retiree Self Service in retirement. This will allow you to view and print pay slips and keep your contact information up-to-date.</p> <p>For additional information and tutorials, please visit the RRS website.</p>
CALCULATING YOUR NET BENEFIT	<p>Federal and Virginia taxes will be withheld from your monthly pension check.</p> <p>If applicable, health, dental, IRS levies, child support payments, or domestic relations orders accepted and approved before June 10, 2002 will also be withheld; the RRS will not recognize any other garnishments or levies.</p> <p><small>NOTE: If you are not subject to Virginia withholding, you can submit a FORM VA-4P with box 4 checked.</small></p>
RETURNING TO WORK	<p>In general, your decision to work in retirement will only affect your RRS pension benefit if you are hired in a full-time, permanent position with the City of Richmond or Richmond Behavioral Health Authority.</p>
ADDITIONAL INFORMATION	<p>Additional information is available by visiting the RRS website, and the URL is: www.richmondgov.com/retirement</p>

REFERENCE TABLES

The following may be useful if you are an **active member** in the **Defined Contribution 401(a) Plan**:

		YEARS OF CREDITABLE SERVICE						
		5	10	15	20	25	30	35
CREDITABLE COMPENSATION	\$20,000	\$6,022	\$15,872	\$32,422	\$58,591	\$96,159	\$150,093	\$227,522
	\$25,000	\$7,528	\$19,841	\$40,529	\$73,240	\$120,201	\$187,620	\$284,408
	\$30,000	\$9,033	\$23,808	\$48,633	\$87,886	\$144,239	\$225,141	\$341,286
	\$35,000	\$10,539	\$27,777	\$56,740	\$102,536	\$168,282	\$262,669	\$398,173
	\$40,000	\$12,045	\$31,746	\$64,847	\$117,185	\$192,323	\$300,194	\$455,056
	\$45,000	\$13,550	\$35,713	\$72,951	\$131,831	\$216,361	\$337,714	\$511,932
	\$50,000	\$15,056	\$39,682	\$81,058	\$146,481	\$240,404	\$375,242	\$568,820
	\$55,000	\$16,561	\$43,649	\$89,162	\$161,126	\$264,440	\$412,760	\$625,693
	\$60,000	\$18,067	\$47,618	\$97,269	\$175,776	\$288,483	\$450,288	\$682,580
	\$65,000	\$19,572	\$51,585	\$105,373	\$190,421	\$312,519	\$487,806	\$739,453
	\$70,000	\$21,078	\$55,554	\$113,480	\$205,071	\$336,562	\$525,334	\$796,341
	\$75,000	\$22,584	\$59,522	\$121,585	\$219,718	\$360,601	\$562,856	\$853,220
	\$80,000	\$24,089	\$63,490	\$129,691	\$234,366	\$384,641	\$600,380	\$910,101
	\$85,000	\$25,595	\$67,458	\$137,796	\$249,013	\$408,680	\$637,902	\$966,980
	\$90,000	\$27,100	\$71,426	\$145,902	\$263,662	\$432,721	\$675,427	\$1,023,863
	\$95,000	\$28,606	\$75,395	\$154,009	\$278,311	\$456,763	\$712,954	\$1,080,749
	\$100,000	\$30,111	\$79,362	\$162,113	\$292,957	\$480,800	\$750,473	\$1,137,624
\$105,000	\$31,617	\$83,331	\$170,219	\$307,605	\$504,841	\$787,998	\$1,194,507	
\$110,000	\$33,122	\$87,298	\$178,324	\$322,252	\$528,879	\$825,519	\$1,251,384	
\$115,000	\$34,628	\$91,267	\$186,430	\$336,900	\$552,920	\$863,044	\$1,308,267	
\$120,000	\$36,134	\$95,235	\$194,536	\$351,549	\$576,961	\$900,569	\$1,365,150	
\$125,000	\$37,639	\$99,203	\$202,641	\$366,196	\$601,000	\$938,092	\$1,422,031	

This table shows the estimated value of your **Defined Contribution 401(a) Plan** account over time assuming your **creditable compensation** remains unchanged, you continue to work and receive contributions, and your account earns a **7.5%** rate of return.

The following may be useful if you are an **active member** in the **Defined Benefit Plan** and want to calculate the **reduction factor** described on page 6:

		YOUR YEARS OF CREDITABLE SERVICE											
		5 TO 15 YEARS	15 YEARS	16 YEARS	17 YEARS	18 YEARS	19 YEARS	20 YEARS	21 YEARS	22 YEARS	23 YEARS	24 YEARS	25 YEARS
YOUR AGE	AGE 50	50%	50%	45%	40%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 56	45%	45%	45%	40%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 52	40%	40%	40%	40%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 53	35%	35%	35%	35%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 54	30%	30%	30%	30%	30%	30%	25%	20%	15%	10%	5%	0%
	AGE 55	25%	25%	25%	25%	25%	25%	25%	20%	15%	10%	5%	0%
	AGE 56	20%	20%	20%	20%	20%	20%	20%	20%	15%	10%	5%	0%
	AGE 57	15%	15%	15%	15%	15%	15%	15%	15%	15%	10%	5%	0%
	AGE 58	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	5%	0%
	AGE 59	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	0%
	AGE 60	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The following may be useful if you are an **active member** in the **Enhanced Defined Benefit Plan** and want to calculate the **reduction factor** described on page 6:

		YOUR YEARS OF CREDITABLE SERVICE											
		5 TO 10 YEARS	10 YEARS	11 YEARS	12 YEARS	13 YEARS	14 YEARS	15 YEARS	16 YEARS	17 YEARS	18 YEARS	19 YEARS	20 YEARS
YOUR AGE	AGE 50	50%	50%	45%	40%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 56	45%	45%	45%	40%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 52	40%	40%	40%	40%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 53	35%	35%	35%	35%	35%	30%	25%	20%	15%	10%	5%	0%
	AGE 54	30%	30%	30%	30%	30%	30%	25%	20%	15%	10%	5%	0%
	AGE 55	25%	25%	25%	25%	25%	25%	25%	20%	15%	10%	5%	0%
	AGE 56	20%	20%	20%	20%	20%	20%	20%	20%	15%	10%	5%	0%
	AGE 57	15%	15%	15%	15%	15%	15%	15%	15%	15%	10%	5%	0%
	AGE 58	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	5%	0%
	AGE 59	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	5%	0%
	AGE 60	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

The following may be useful if you are in the **Defined Benefit Plan** or **Enhanced Defined Benefit Plan**, are eligible for **unreduced** retirement benefits, and are eligible to receive the Public Safety Supplement (payable to age 65):

		YEARS OF CREDITABLE SERVICE						
		5	10	15	20	25	30	35
CREDITABLE COMPENSATION	\$20,000	\$200.00	\$400.00	\$600.00	\$800.00	\$1,000.00	\$1,137.50	\$1,275.00
	\$25,000	\$250.00	\$500.00	\$750.00	\$1,000.00	\$1,250.00	\$1,421.88	\$1,593.75
	\$30,000	\$300.00	\$600.00	\$900.00	\$1,200.00	\$1,500.00	\$1,706.25	\$1,912.50
	\$35,000	\$350.00	\$700.00	\$1,050.00	\$1,400.00	\$1,750.00	\$1,990.63	\$2,231.25
	\$40,000	\$400.00	\$800.00	\$1,200.00	\$1,600.00	\$2,000.00	\$2,275.00	\$2,550.00
	\$45,000	\$450.00	\$900.00	\$1,350.00	\$1,800.00	\$2,250.00	\$2,559.38	\$2,868.75
	\$50,000	\$500.00	\$1,000.00	\$1,500.00	\$2,000.00	\$2,500.00	\$2,843.75	\$3,187.50
	\$55,000	\$550.00	\$1,100.00	\$1,650.00	\$2,200.00	\$2,750.00	\$3,128.13	\$3,506.25
	\$60,000	\$600.00	\$1,200.00	\$1,800.00	\$2,400.00	\$3,000.00	\$3,412.50	\$3,825.00
	\$65,000	\$650.00	\$1,300.00	\$1,950.00	\$2,600.00	\$3,250.00	\$3,696.88	\$4,143.75
	\$70,000	\$700.00	\$1,400.00	\$2,100.00	\$2,800.00	\$3,500.00	\$3,981.25	\$4,462.50
	\$75,000	\$750.00	\$1,500.00	\$2,250.00	\$3,000.00	\$3,750.00	\$4,265.63	\$4,781.25
	\$80,000	\$800.00	\$1,600.00	\$2,400.00	\$3,200.00	\$4,000.00	\$4,550.00	\$5,100.00
	\$85,000	\$850.00	\$1,700.00	\$2,550.00	\$3,400.00	\$4,250.00	\$4,834.38	\$5,418.75
	\$90,000	\$900.00	\$1,800.00	\$2,700.00	\$3,600.00	\$4,500.00	\$5,118.75	\$5,737.50
	\$95,000	\$950.00	\$1,900.00	\$2,850.00	\$3,800.00	\$4,750.00	\$5,403.13	\$6,056.25
	\$100,000	\$1,000.00	\$2,000.00	\$3,000.00	\$4,000.00	\$5,000.00	\$5,687.50	\$6,375.00
\$105,000	\$1,050.00	\$2,100.00	\$3,150.00	\$4,200.00	\$5,250.00	\$5,971.88	\$6,693.75	
\$110,000	\$1,100.00	\$2,200.00	\$3,300.00	\$4,400.00	\$5,500.00	\$6,256.25	\$7,012.50	

This table shows monthly payment amounts under the **Basic Benefit Payment Option**; benefits are **unreduced**. This table includes the Public Safety Supplement (payable to age 65).

The following may be useful if you are in the **Defined Benefit Plan** or **Enhanced Defined Benefit Plan**, are eligible for **unreduced** retirement benefits, but are **not** eligible to receive the Public Safety Supplement (payable to age 65):

		YEARS OF CREDITABLE SERVICE						
		5	10	15	20	25	30	35
AVERAGE FINAL COMPENSATION	\$20,000	\$137.50	\$275.00	\$412.50	\$550.00	\$687.50	\$825.00	\$962.50
	\$25,000	\$171.88	\$343.75	\$515.63	\$687.50	\$859.38	\$1,031.25	\$1,203.13
	\$30,000	\$206.25	\$412.50	\$618.75	\$825.00	\$1,031.25	\$1,237.50	\$1,443.75
	\$35,000	\$240.63	\$481.25	\$721.88	\$962.50	\$1,203.13	\$1,443.75	\$1,684.38
	\$40,000	\$275.00	\$550.00	\$825.00	\$1,100.00	\$1,375.00	\$1,650.00	\$1,925.00
	\$45,000	\$309.38	\$618.75	\$928.13	\$1,237.50	\$1,546.88	\$1,856.25	\$2,165.63
	\$50,000	\$343.75	\$687.50	\$1,031.25	\$1,375.00	\$1,718.75	\$2,062.50	\$2,406.25
	\$55,000	\$378.13	\$756.25	\$1,134.38	\$1,512.50	\$1,890.63	\$2,268.75	\$2,646.88
	\$60,000	\$412.50	\$825.00	\$1,237.50	\$1,650.00	\$2,062.50	\$2,475.00	\$2,887.50
	\$65,000	\$446.88	\$893.75	\$1,340.63	\$1,787.50	\$2,234.38	\$2,681.25	\$3,128.13
	\$70,000	\$481.25	\$962.50	\$1,443.75	\$1,925.00	\$2,406.25	\$2,887.50	\$3,368.75
	\$75,000	\$515.63	\$1,031.25	\$1,546.88	\$2,062.50	\$2,578.13	\$3,093.75	\$3,609.38
	\$80,000	\$550.00	\$1,100.00	\$1,650.00	\$2,200.00	\$2,750.00	\$3,300.00	\$3,850.00
	\$85,000	\$584.38	\$1,168.75	\$1,753.13	\$2,337.50	\$2,921.88	\$3,506.25	\$4,090.63
	\$90,000	\$618.75	\$1,237.50	\$1,856.25	\$2,475.00	\$3,093.75	\$3,712.50	\$4,331.25
	\$95,000	\$653.13	\$1,306.25	\$1,959.38	\$2,612.50	\$3,265.63	\$3,918.75	\$4,571.88
	\$100,000	\$687.50	\$1,375.00	\$2,062.50	\$2,750.00	\$3,437.50	\$4,125.00	\$4,812.50
\$105,000	\$721.88	\$1,443.75	\$2,165.63	\$4,200.00	\$3,609.38	\$4,331.25	\$5,053.13	
\$110,000	\$756.25	\$1,512.50	\$2,268.75	\$3,025.00	\$3,781.25	\$4,537.50	\$5,293.75	

This table shows lifetime monthly payment amounts under the **Basic Benefit Payment Option**; benefits are **unreduced**.

The following may be useful if you are in the **Defined Benefit Plan or Enhanced Defined Benefit Plan**, are eligible for **unreduced** retirement benefits, and are eligible to receive the Public Safety Supplement (payable to age 65):

	YOUR YEARS OF CREDITABLE SERVICE					
	10	15	20	25	30	35
YOUR RRS BENEFIT, AS A PERCENTAGE OF YOUR AVERAGE FINAL COMPENSATION	24%	36%	48%	60%	68.25%	76.5%

This table shows the **Basic Benefit Payment Option** as a percentage of your **average final compensation (divided by 12)**; benefits are **unreduced**. This table includes the Public Safety Supplement (payable to age 65).

The following may be useful if you are in the **Defined Benefit Plan or Enhanced Defined Benefit Plan**, are eligible for **unreduced** retirement benefits, but are **not** eligible to receive the Public Safety Supplement (payable to age 65):

	YOUR YEARS OF CREDITABLE SERVICE					
	10	15	20	25	30	35
YOUR RRS BENEFIT, AS A PERCENTAGE OF YOUR AVERAGE FINAL COMPENSATION	16.5%	24.75%	33%	41.25%	49.5%	57.75%

This table shows the **Basic Benefit Payment Option** as a percentage of your **average final compensation (divided by 12)**; benefits are **unreduced**. This table does **not** include the Public Safety Supplement (payable to age 65).

YOUR 'APPLY TO RETIRE' CHECKLIST

- ❑ Learn about the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** and **DROP**.
- ❑ Ensure that you are financially and emotionally ready to apply to retire, and determine your effective retirement date.

If you are entering DROP, your **DROP entry date** will also be your **effective retirement date**:

EFFECTIVE RETIREMENT DATE	01/01	02/01	03/01	04/01	05/01	06/01	07/01	08/01	09/01	10/01	11/01	12/01
WHEN TO APPLY TO RETIRE	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP

- ❑ The year of your effective retirement date, submit a **Request for an Estimate of Retirement Benefits Form** and evaluate payment options.
- ❑ The year of your effective retirement date, review the RRS retirement application and prepare required documents.

Documents include banking information so that you can receive monthly payments by direct deposit, and a proof of age document, such as a birth certificate or passport.

If you plan to select the **Joint and Last Survivor Benefit Payment Option** or **Pop-Up Joint and Last Survivor Benefit Payment Option**, a proof of age document for your named survivor will also be required.

Whenever a proof of age document is required, the name on the proof of age document must match the name on the retirement application. If the name does not match, you must attach a marriage certificate or government-issued document evidencing the legal name change under federal or state law.

- ❑ 60 to 90 days before your effective retirement date, meet with a RRS retirement counselor or mail your completed retirement application to the RRS.

Be sure to keep a copy of your application materials for your personal financial records.

- ❑ Write down your effective retirement date: _____

- ❑ *Enjoy your retirement!*

GLOSSARY

As you use this handbook, the following terms will be very important:

Active Members	All RRS members begin their relationship with the RRS as active members , and a more complete definition is provided on page 3.
Average Final Compensation	Average final compensation — sometimes called AFC — is a 3-year average of creditable compensation , and it is defined in greater detail on page 5.
Creditable Compensation	<p>Creditable compensation is the amount of money that you earn that can help you to increase your RRS retirement benefit.</p> <p>Creditable compensation includes your base salary, differential pay, educational incentive pay, bonuses, and severance pay, but it does not include overtime pay.</p>
Creditable Service	<p>Creditable service is the amount of time that you worked for your employer that can help to increase your RRS retirement benefit.</p> <p>Creditable service will be your time in a full-time, permanent position. It can also include additional types of service outlined in the Code of the City of Richmond and described on page 5.</p> <p>If applicable, creditable service will exclude periods of leave without pay, periods of missed member contributions, and periods of service of fewer than 9 months.</p> <p>Likewise, no more than 1 year of creditable service will be given to an individual for work over a 12 month period; for example, an employee working 2 jobs would only receive 1 year of creditable service, not 2.</p>
Cost-of-Living Adjustments (COLAs)	<p>COLAs are a protection against inflation and exist because goods and services rise in price over time.</p> <p>The Defined Benefit Plan and Enhanced Defined Benefit Plan allow for COLA increases in retirement, but these are not authorized every year. More information about COLAs is available on page 25.</p>
Deferred Vested Members	<p>If you are in the Defined Benefit Plan or Enhanced Defined Benefit Plan and you terminate service, you will become a deferred vested member (instead of an active member).</p> <p>This can change how the RRS administers your retirement benefits, with information available on page 15.</p>
DROP	<p>DROP — also known as the Deferred Retirement Option Program — is a special program for sworn police officers and firefighters in the Defined Benefit Plan and Enhanced Defined Benefit Plan who are eligible for unreduced pension benefits from the RRS.</p> <p>This program is described in more detail on page 16.</p>

continued on next page

GLOSSARY *continued*

Early Service Reduction Factor

If you are in the **Defined Benefit Plan** or **Enhanced Defined Benefit Plan**, you can choose to apply to retire with **unreduced** benefits at age 60, after earning 25 years of **creditable service** in the **Defined Benefit Plan**, or after earning 20 years of **creditable service** in the **Enhanced Defined Benefit Plan**.

If you are vested, but you do not meet the age or service requirements above, you can choose to apply to retire with **reduced** benefits at age 50 and the **early service reduction factor** will be used to determine your reduced lifetime monthly pension benefit as described on page 6.

Member Contributions

Each pay period, active members in the **Defined Benefit Plan** and **Enhanced Defined Benefit Plan** help to pay for the costs of this benefit. Payments are referred to as member contributions and are described in greater detail on page 7.

Retiree

If you are in the **Defined Benefit Plan** or **Enhanced Defined Benefit Plan** and you apply to retire, you will become a retiree (instead of an **active member** or **deferred vested member**).

You will remain a retiree for as long as you receive monthly pension payments from the RRS.

Vesting

The **Defined Contribution 401(a) Plan**, **Defined Benefit Plan**, and **Enhanced Defined Benefit Plan** are employer-sponsored retirement benefits, and you earn ownership of these benefits over time, under the terms of your plan.

All plans have a vesting requirement of 5 years of creditable service; however, vesting can be achieved more quickly as described on page 5 and 18.

NOTES

In retirement, you will likely look to your RRS plan, Social Security, and your personal retirement savings for income in retirement.

For information about your RRS plan, you can look to this handbook, visit www.richmondgov.com/retirement, or contact the Richmond Office of the City Clerk to obtain copies of governing documents.

Social Security benefits are not discussed in this handbook; however, you can call 1-800-772-1213 or visit www.ssa.gov for additional information. Likewise, tools to increase your personal retirement savings are not discussed in this handbook; but the RRS encourages you to actively plan and save for retirement throughout your career.

To obtain information about the **Section 457 Deferred Compensation Plan** and **Roth IRA Plan**, which are tax-advantaged ways to save for retirement each pay period, you can contact your department of human resources or ICMA-RC.

Each year, the RRS will create an annual member statement containing an estimate of retirement benefits that can help you to outline likely sources of income in retirement.

*Planning and saving for retirement is a career-long endeavor —
let us help you to build your financial future and enjoy your retirement!*

Richmond Retirement System

RRS

Building your financial future.

Richmond Retirement System

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www.richmondgov.com/retirement