HUMAN RESOURCES

Retirement

I. Virginia Retirement System

A. All full-time employees of Prince William County Public Schools are members of the Virginia Retirement System (VRS) and are entitled to retirement benefits as governed by Title 51.1 of the “Code of Virginia” and the rules and regulations of the VRS implementing the provisions of Title 51.1.

B. The School Division submits both employee and employer membership contributions to VRS on a periodic basis. Employees are responsible to pay the mandatory employee contributions as outlined by the VRS and remain active members as long as these contributions are being made and the employee remains in a full-time position.

C. VRS has two retirement plans offering a defined benefit based on age, salary, and years of service, calculated per a predetermined formula. A third plan offers a combination of both a defined benefit program and defined contribution plan.

1. Plan 1 – A defined benefit plan. Eligible employees are those whose VRS membership date is prior to July 1, 2010, were vested as of January 1, 2013, and have not taken a refund.

   a. A VRS member is eligible to retire with full benefits at age 65 with at least 5 years of service or as early as age 50 with at least thirty (30) years of service.

   b. Employees who are age 50 with ten (10) or more but less than thirty (30) years of service will receive a reduced retirement benefit. Early retirement is also available with a reduced benefit for employees at age 55 with 5 or more years of service.

2. Plan 2 – A defined benefit plan. Eligible employees are those whose VRS membership date is from July 1, 2010 to December 31, 2013 and have not taken a refund; or those whose VRS membership date is prior to July 1, 2010, and were not vested as of January 1, 2013.

   a. Earliest unreduced retirement eligibility is when age (years) and creditable service (years) equals 90 (age 55 with 35 years of service), or upon reaching normal Social Security age with at least 5 years (60 months) of creditable VRS service.

   b. Earliest reduced retirement eligibility is at age 60 with 5 or more (but less
than 30) years of service. These employees will receive a reduced benefit.

3. Hybrid Plan – Combines both a defined benefit program and defined contribution plan. Eligible employees are those whose VRS membership date is on or after January 1, 2014, with no prior service credit in VRS; or the VRS membership date is before January 1, 2014 and a voluntary election was made to transfer to the VRS Hybrid Plan from VRS Plan 1 or 2; or if they were previously employed in a VRS covered plan and chose to take a refund.

a. The Hybrid Plan has two components. The mandatory contribution of 5 percent of the employee’s annual salary is allocated as follows:
   - 4 percent is contributed to the defined benefit plan and one percent is contributed to the defined contribution 401(a) Cash Match Plan. Employees are eligible to voluntarily contribute an additional amount ranging from .5 percent to a maximum of 4 percent of the employee’s annual salary to the defined contribution 457(b) Deferred Compensation Plan with matching employer contributions in accordance with the plan’s guidelines.

b. Earliest unreduced retirement eligibility is when age (years) and creditable service (years) equals 90 (age 55 with 35 years of service), or upon reaching normal Social Security age with at least 5 years (60 months) of creditable VRS service.

c. Earliest reduced defined benefit retirement eligibility is age 60 with at least 5 years (60 months) of creditable service.

d. Defined contribution funds are only available for distribution upon termination or retirement from the School Division.

D. Upon separation from service other than retirement, vested employees may receive a refund of employee-designated VRS contributions. Separated employees may leave the funds with VRS until the employee qualifies for retirement benefits or requests a refund of the contributions. Employees are 100% vested after 5 years of full-time service. In the Hybrid Plan employees vest on the employer matching funds as follows: two years – 50%, three years – 75%, and four years 100%. The processing of VRS retirement, refunds, and membership status inquiries should be referred to the Office of Benefit & Retirement Services.

E. VRS Disability retirement is only available for employees enrolled in Plans 1 and 2 who become mentally or physically disabled as a result of an illness or injury including dismemberment, if the disability is likely to be permanent. VRS evaluates all requests for disability retirement and makes the decision to approve or disapprove.
F. Employees enrolled in the Hybrid Plan are automatically enrolled upon employment into a mandatory Short-Term and Long-Term Disability plan. Benefits are regulated and determined by Virginia Retirement System Code Section 51.1-1150 to Section 51.1-1183. Regulation 543-2 outlines the required Short-Term and Long-Term Disability Plans benefits.

G. PWCS strives to maintain up-to-date policies and regulations. In the event, however, that information listed in this regulation differs from that provided by VRS, the VRS policy prevails.

II. Supplemental Retirement Plan

A. Full-time, part-time, substitute, temporary, and Retirement Opportunity Program (ROP) employees are eligible to participate on a voluntary basis in the Prince William County Schools Supplemental Retirement Plan which includes defined contribution 403(b) and 457(b) plans.

B. The Supplemental Retirement Plan is governed by the rules and regulations under Internal Revenue Code (IRC) Sections 401, 402(g), 403(b), 415(c), 415(e), and 457(b). The provisions of the Plan are detailed in the Plan document.

C. The School Division matches a percentage of the participating employee's 403(b) contributions based on the employee's years of service up to the PWCS budgeted fiscal year maximum limit. Participating substitutes, temporaries, and ROP participants are not eligible to receive matching contributions by the School Division.

D. Employees enrolled in the VRS Hybrid Plan are encouraged to first allocate the maximum contributions in the VRS Hybrid Plan prior to enrolling into the PWCS Supplemental Retirement 403(b) plan.

E. Each year the School Division determines the amount of the employer match on the PWCS Supplemental Retirement 403(b) Plan through the budget process. VRS determines the match on the defined contribution 457(b) plan attached to the VRS Hybrid Plan.

F. The School Division has designated an Investment Committee, which is comprised of employees within the Division to oversee the investments of the Supplemental Retirement Plan 403(b) and 457(b). The committee meets quarterly.
III. Plan Inquiries

Inquiries concerning enrollment, employee and employee contributions, investments of contributions, qualified distributions, and specific product information should be referred to the PWCS’s contracted third party retirement plan administrator, VRS contracted third party retirement plan administrator, or the Office of Benefits & Retirement Services.

The Associate Superintendent for Human Resources (or designee) will be responsible for implementing and monitoring this regulation.

This regulation and any related policy shall be reviewed at least every five years and revised as needed.