

BATH COUNTY SCHOOL BOARD

AGENDA ITEM: INFORMATION { } ACTION { X } CLOSED MEETING { }

SUBJECT: SUPERINTENDENT’S REPORT - ACTION

VRS Rate Resolution – Mr. Rider

BACKGROUND: Recent legislation calls for school divisions (and local governing bodies) to make certain decisions by July 1, 2014 regarding employer retirement contributions.

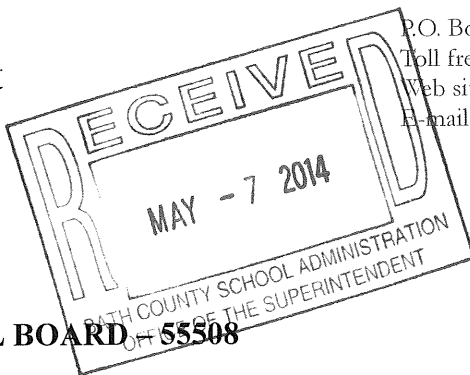
Certification to the Virginia Retirement System Board of Trustees of the election to pay one of the two contribution rates effective July 1, 2014 - the certified rate of 10.23 % or an alternate rate of 8.18%.

RECOMMENDATION: Recommend approval of resolution to pay the VRS certified contribution rate of 10.23% (currently in the approved 2014-2015 budget).



Virginia
Retirement
System

P.O. Box 2500, Richmond, Virginia 23218-2500
Toll free: 1-888-VARETIR (827-3847)
Web site: www.varetire.org
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May 2, 2014

BATH COUNTY SCHOOL BOARD, 55508

Language in the 2013 Appropriations Act, Item 468(H), allowed localities to make an election regarding their employer contribution rate every biennium. You have the opportunity again this year to select which employer contribution rate your locality will pay, beginning July 1, 2014.

Included with this letter is the employer contribution resolution your local governing body will need to pass and then send in to communicate to VRS their election decision.

Employer Retirement Contribution Rate Election

By no later than July 1, 2014, your local governing body must approve one of the following employer contribution rate options for the defined benefit retirement plan in the biennium beginning July 1, 2014:

- 10.23% – the rate certified by the VRS Board of Trustees for the FY 2015-2016 biennium; or
- 8.18% – the alternate rate, which is the higher of the rate certified by the VRS Board for FY 2012 or 80 percent of the VRS Board-certified rate for FY 2015-2016.

Considerations in Electing Your Contribution Rate

The intent of the language in the 2013 Appropriation Act, Item 468(H) was to offer localities and schools some budget relief for the coming fiscal year with respect to the amount of their retirement contributions. However, this does not change the Board-certified rate or the recommended employer contribution rate. Therefore, if you are considering using the Alternate Rate, please be aware that doing so will:

- Reduce contributions to your employer account and the investment earnings they would have generated, which will mean there will be fewer assets available for benefits.

- Result in a lower funded ratio when the next Actuarial Valuation is performed and, thus, a higher calculated contribution rate at that time.
- Require that you include the Net Pension Obligation (NPO) under the Governmental Accounting Standards Board (GASB) Standards in your financial statements.

Deadline for Resolutions

VRS must receive your formal signed resolution for the employer retirement contribution rate election **by no later than July 10, 2014**. Please send all resolutions to Ms. ZaeAnne Sferra, 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 Sferra, Employer Coverage Coordinator, at zsferra@varetire.org or (804) 775-3514.

Best regards.

Sincerely,



Robert P. Schultze
Director

Employer Contribution Rates for Counties, Cities,
Towns, School Divisions and Other Political Subdivisions
(In accordance with the 2014 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby acknowledge that its contribution rates effective July 1, 2014 shall be based on the higher of a) the contribution rate in effect for FY 2014, or b) 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 (the "Alternate Rate") provided that, at its option, the contribution rate may be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to Virginia Code § 51.1-145(I) resulting from the June 30, 2013 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] does hereby certify to the Virginia Retirement System Board of Trustees that it elects to pay the following contribution rate effective July 1, 2014:

(Check only one box)

- The Certified Rate of _____% The Alternate Rate of _____%; and

BE IT ALSO RESOLVED, that the [Locality, School Division, or Other Political Subdivision Name] [employer code] 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; and

NOW, THEREFORE, the officers of [Locality, School Division, or Other Political Subdivision Name] [employer code] are hereby authorized and directed in the name of the [Locality Name or School Division Name or both] to carry out the provisions of this resolution, and said officers of the [Locality, School Division, or Other Political Subdivision Name] 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 [Locality, School Division, or Other Political Subdivision Name] for this purpose.

Governing Body/School Division Chairman

CERTIFICATE

I, _____, Clerk of the [Locality, School Division, or Other Political Subdivision Name], certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the [Locality, School Division, or Other Political Subdivision Name] held at _____, Virginia at _____ o'clock on _____, 2014. Given under my hand and seal of the [Locality, School Division, or Other Political Subdivision Name] this _____ day of _____, 2014.

Clerk

**This resolution must be passed prior to July 1, 2014 and
received by VRS no later than July 10, 2014.**

Local Governing Body Concurrence with School Division
Electing to Pay the VRS Board-Certified Rate

(In accordance with the 2014 Appropriation Act Item 468(H))

Resolution

BE IT RESOLVED, that the _____[Locality Name] [employer code] does hereby acknowledge that the _____[School Division Name] has made the election for its contribution rate to be based on the employer contribution rates certified by the Virginia Retirement System Board of Trustees pursuant to Virginia Code § 51.1-145(I) resulting from the June 30, 2013 actuarial value of assets and liabilities (the "Certified Rate"); and

BE IT ALSO RESOLVED, that the _____[Locality Name] [employer code] does hereby certify to the Virginia Retirement System Board of Trustees that it concurs with the election of the _____[School Division Name] to pay the Certified Rate, as required by Item 468(H) of the 2014 Appropriation Act; and

NOW, THEREFORE, the officers of _____[Locality Name] [employer code] are hereby authorized and directed in the name of the _____[Locality Name] to execute any required contract to carry out the provisions of this resolution. In execution of any such contract which may be required, the seal of the _____[Locality Name], as appropriate, shall be affixed and attested by the Clerk.

Locality Board Chairman

CERTIFICATE

I, _____, Clerk of the _____[Locality Name], certify that the foregoing is a true and correct copy of a resolution passed by the _____[Locality Name] and ratified by the _____[Locality Name] at a lawfully organized meeting of the _____[Locality Name] held at _____, Virginia at _____ o'clock on _____, 2014. Given under my hand and seal of the _____[Locality Name] this _____ day of _____, 2014.

Clerk

This resolution must be passed prior to July 1, 2014 and received by VRS no later than July 10, 2014.