

ORDINANCE NO. 7278-16

AN ORDINANCE TO AMEND AND REORDAIN CHAPTER 31, PENSIONS AND RETIREMENT, OF THE CODE OF THE CITY OF NEWPORT NEWS, VIRGINIA, ARTICLE II., EMPLOYEES' RETIREMENT FUND, DIVISION 4., CREDITED SERVICE, SECTION 31-40, CREDITED SERVICE AS A FIREFIGHTER OR POLICE OFFICER AND SECTION 31-42, PORTABILITY OF SERVICE; DIVISION 5., ELIGIBILITY FOR, RECEIPT AND AMOUNTS OF, RETIREMENT BENEFITS, SECTION 31-54, RETIREMENT ALLOWANCES; SECTION 31-62, BENEFITS UPON DEATH AFTER RETIREMENT AND BY ADDING THERETO A NEW SECTION, NAMELY: SECTION 31-64.2, LUMP SUMS; ARTICLE III, EMPLOYEES' POST-RETIREMENT HEALTH AND WELFARE BENEFITS FUND, DIVISION 4., CITY RETIREES' POST-RETIREMENT MEDICAL BENEFITS, SECTION 31-111, FUND'S CONTRIBUTION, SECTION 31-112, FUND'S CONTRIBUTION SCHEDULE AND DIVISION 5., CITY RETIREES' POST-RETIREMENT DENTAL BENEFITS, SECTION 31-116, FUND'S CONTRIBUTION AND SECTION 31-117, FUND'S CONTRIBUTION SCHEDULE.

BE IT ORDAINED by the Council of the City of Newport News, Virginia:

1. That Chapter 31, Pensions and Retirement, of the Code of the City of Newport News, Virginia, Article II., Employees' Retirement Fund, Division 4., Credited Service, Section 31-40, Credited service as a firefighter or police officer, Section 31-42, Portability of service; Division 5., Eligibility for, Receipt and Amounts Of, Retirement Benefits, Section 31-54, Retirement allowances, Section 31-62, Benefits upon death after retirement and by adding thereto a new section, namely: Section 31-64.2, Lump sums; Article III, Employees' Post-Retirement Health and Welfare Benefits Fund, Division 4., City Retirees' Post-Retirement Medical Benefits, Section 31-111, Fund's contribution, Section 31-112, Fund's contribution schedule, and Division 5., City Retirees' Post-Retirement Dental Benefits, Section 31-116, Fund's contribution, and Section 31-117, Fund's contribution schedule be, and the same hereby is, amended and reordained as follows:

CHAPTER 31

PENSIONS AND RETIREMENT

ARTICLE II. EMPLOYEES' RETIREMENT FUND

DIVISION 4. CREDITED SERVICE

Sec. 31-40. Compulsory retirement; credited service as a firefighter or police officer.

(a) Compulsory retirement shall be applicable only to members who are firefighters or police officers. The compulsory retirement age for these members shall be age sixty-seven (67).

(b) No member shall receive credited service as a firefighter or police officer subsequent to the month such member reaches sixty-seven (67) years of age.

(c) The provisions of this section shall not apply to the positions of fire chief and police chief.

Sec. 31-42. Portability of service.

The board may enter into an agreement with VRS or another political subdivision of the Commonwealth having a defined benefit plan which is not supplemental to VRS, whereby pursuant to the agreement, the board may transfer assets on behalf of a vested member of the fund to VRS or to the defined benefit plan of another political subdivision of the Commonwealth having a benefit plan which is not supplemental to VRS.

DIVISION 5. ELIGIBILITY FOR, RECEIPT AND AMOUNTS OF, RETIREMENT BENEFITS

Sec. 31-54. Retirement allowances.

(a) A vested member retiring under the provisions of section 31-52 or section 31-53 shall receive an annual retirement allowance payable for the lifetime of the member, unless the member elects to receive a one time, lump sum payment pursuant to the provisions of Section 31-64.2. The annual retirement allowance shall be determined in accordance with this section subject to the limitations contained in subsection (d), and subject to reduction in the event of a withdrawal of member contributions under section 31-68.

(1) Subject to section 31-50, members who are not VRS participants accrue a benefit equal to two (2) percent of the member's average final compensation multiplied by their credited service obtained or earned as a non-VRS participant prior to March 1, 2010, and equal to 1.85 percent of the member's average final compensation multiplied by their credited service obtained or earned on and after March 1, 2010, and equal to 1.65 percent of nonpublic safety employee member's average final compensation multiplied by their credited service obtained or earned on and after January 1, 2013. City council members and public safety employee members shall

accrue a benefit equal to 1.85 percent of the member's average final compensation multiplied by their credited service obtained or earned on and after January 1, 2013.

- (2) Subject to section 31-50, members who are VRS participants accrue a benefit equal to 0.30 percent of the member's average final compensation, multiplied by their credited service obtained or earned as a VRS participant prior to March 1, 2010, and equal to 0.15 percent of the member's average final compensation multiplied by their credited service obtained or earned on and after March 1, 2010, but prior to January 1, 2013. On and after January 1, 2013, no additional credited service or benefits shall accrue. Calculation of average final compensation shall be based upon compensation earned prior to January 1, 2013.
- (3) The annual retirement allowance payable to a member who has earned credited service with a participating employer as both a VRS participant and a non-VRS participant shall be a benefit equal to the total of the allowances determined under this article for each type of service. The annual retirement allowance shall be calculated based on one (1) average final compensation for all periods of service. Notwithstanding the above, if any new period of service began on or after October 1, 2007, the average final compensation for the member shall be separately determined for such period of service.
 - (b) (1) For each member retiring pursuant to the early retirement provisions of section 31-53, the annual retirement allowance shall be reduced by an amount equal to the lesser of the following:
 - a. One-half ($\frac{1}{2}$) of one (1) percent per month for each month that the early retirement precedes the current minimum retirement age; or
 - b. One-half ($\frac{1}{2}$) of one (1) percent per month for each month that early retirement precedes the normal thirty-year minimum service requirement.
 - (2) For all such members who have at least five (5) years of credited service as a public safety employee, the reduction shall apply only to credited service time served in positions other than as a public safety employee.

(c) The retirement allowance from the city provided for by this section shall be reduced by the amount of any payments made to the retired employee by the participating employer pursuant to the Virginia Workers' Compensation Act, §§ 65.2-500, 65.2-501, 65.2-502, 65.2-503, and 65.2-512 of the Code of Virginia. There shall be no reduction in the retirement allowance for payment of medical benefits pursuant to § 65.2-603, or payment of burial expenses pursuant to § 65.2-512B of the Code of Virginia. If the member's payments under the Virginia Workers' Compensation Act are adjusted or terminated for refusal to work or to comply with the requirements of § 65.2-603 of the Code of Virginia, the retirement allowance shall be computed

as if the member were receiving the compensation to which the member would otherwise be entitled. In addition, the retirement allowance from the city shall also be reduced by the amount of any lump sum settlement of a workers' compensation claim, except such portion of the settlement as is designated for the payment of medical expenses.

(d) Except for those members who have elected a lump sum payment under section 31-64.2, in no event shall a member's annual retirement allowance payable from the fund be less than three hundred thirty dollars (\$330.00) or more than:

- (1) 75 percent of the member's average final compensation for members whose effective date of retirement is before January 1, 2013;
- (2) 76.85 percent of the member's average final compensation for members whose effective date of retirement is on or after January 1, 2013;
- (3) 78.70 percent of the member's average final compensation for members whose effective date of retirement is on or after January 1, 2015; and
- (4) 80 percent of the member's average final compensation for members whose effective date of retirement is on or after January 1, 2016.

Sec. 31-62. Benefits upon death after retirement.

(a) Upon the death of a retiree while receiving a retirement allowance which commenced after November 13, 1972, but prior to May 1, 1987, payments shall be made from the fund in accordance with the following provisions of this subsection.

- (1) There shall be paid to the surviving spouse of the deceased retiree or, if none, the beneficiary designated by the retiree or, if none, the estate of the retiree a lump sum amount of three thousand three hundred dollars (\$3,300.00).
- (2) If the deceased retiree had twenty (20) or more years of credited service at date of retirement and is survived by a spouse, there shall be payable to said spouse, until the death of the spouse, an allowance equal to fifty (50) percent of the annual retirement allowance which the retiree was eligible to receive immediately prior to death.

(b) Upon the death of a retiree while receiving a retirement allowance which commenced on or after May 1, 1987, payments shall be made from the fund in accordance with the following provisions of this subsection.

- (1) There shall be paid to the surviving spouse of the deceased retiree or, if none, the beneficiary designated by the retiree or, if none, the estate of the retiree a lump sum

amount of three thousand three hundred dollars (\$3,300.00).

- (2) If the deceased retiree is survived by a spouse, there shall be payable to said spouse, until the death or remarriage of the spouse, an allowance equal to fifty (50) percent of the annual retirement allowance which the retiree had been receiving immediately prior to death.
- (3) If the deceased retiree is not survived by a spouse, or the surviving spouse dies, and the deceased retiree is survived by one or more dependent children, then the benefit which would have been or was payable to the surviving spouse under the provisions of subsection (2) above, shall be payable to, or for the benefit of, the surviving dependent children, pro rata. If a deceased retiree is survived by more than one dependent child, and if one or more of them subsequently becomes ineligible to receive a share of the benefit, then the benefit shall be shared equally by the remaining eligible dependent children.
- (4) Except for the benefits provided under subsections (a)(1) or (b)(1) of this section, the benefits provided for in this section shall be payable to a recipient only as long as the recipient is eligible to receive such benefits based on the provisions of this section and evidence acceptable to the board.
- (5) Notwithstanding the provisions of subsection b(4) above, this section shall not apply to those members who have elected to receive a lump sum pursuant to the provisions of section 31-64.2.

Sec. 31-64.2. Lump sums.

Any member eligible to receive an annual retirement allowance may at the time of retirement, if they meet the terms described below, make an irrevocable election to receive a one time, lump sum payment in lieu of any benefits they, their surviving spouse, their surviving dependent(s), and/or any other beneficiary (including their estate) would otherwise be eligible to receive under this Article. This election may be made at the time of retirement and is not available to those already receiving an annual retirement allowance.

(a) Any member who would receive a retirement allowance of one hundred and fifty dollars (\$150.00) or less per month, may elect, at the time of retirement to receive their benefit in a one-time, lump sum payment.

(b) The total amount of the one-time, lump sum payment shall be based upon the value of the retirement allowance plus the death benefit referenced at section 31-62(b)(1) at an actuarially neutral rate as determined by the fund's actuary and approved by the board from time to time and set forth in a schedule to be maintained by the board. For the purposes of this section, an

actuarially neutral rate uses actuarial assumptions adopted by the board so that the lump sum payment will have no adverse financial impact to the fund.

(c) Upon electing to receive a one-time, lump sum payment, the member shall sign a certification indicating that they acknowledge that they fully understand that the one-time, lump sum payment will be in lieu of any benefits that they, their surviving spouse, their surviving dependent(s), and/or any other beneficiary (including their estate), would otherwise be eligible to receive under this Article.

(d) The terms of this section do not apply to the provisions of Article III of Chapter 31.

ARTICLE III. EMPLOYEES' POST-RETIREMENT HEALTH AND WELFARE BENEFITS FUND

DIVISION 4. CITY RETIREES' POST-RETIREMENT MEDICAL BENEFITS

Sec. 31-111. Fund's contribution.

(a) The fund shall contribute toward a member's city sponsored post-retirement medical insurance premiums only in accordance with the provisions of this division.

(b) On and after January 1, 2000, the fund shall pay seventy-five (75) percent of the cost of a member's medical insurance premiums, based on the city sponsored post-retirement medical insurance plan elected by that member at retirement, through June 30, 2005.

(c) On June 30, 2005, the dollar amount of the fund's contribution provided for in subsection (b) of this section shall be capped at the amount in effect on June 30, 2005, and this amount shall constitute the amount upon which future contributions by the fund shall be calculated. Notwithstanding the above, the dollar amount of the fund's contribution may exceed seventy-five (75) percent of the cost of a member's medical insurance premiums, provided that the fund's contribution does not exceed the capped dollar amount.

(d) The fund shall not contribute towards the city sponsored post-retirement medical insurance premiums for any employee of the city, employee of an elected official, or elected official, hired, rehired, or elected on or after March 1, 2010. However, such persons may continue only the medical plan coverage, if any, in effect for them as of the date of their retirement by paying one hundred (100) percent of the premium, and subject to the provisions of section 31-110. For purposes of this subsection, the term "city retiree" in section 31-110 means an employee of the city, an employee of an elected official, and an elected official, with at least five (5) years of actual service immediately prior to retirement.

(e) On January 1, 2013, and on January 1 of each year thereafter, the amount of contribution which the fund shall pay toward a member's medical insurance premiums required by the city sponsored post-retirement medical insurance plans shall be increased by 0.70 percent for the first one (1) percent increase, or part thereof, in the United States Average Consumer Price Index (Urban) for all items as published by the Bureau of Labor Statistics of the United States Department of Labor for the most recent calendar year over the corresponding annual average for the immediately preceding calendar year for the previous calendar year (the CPI), and 0.35 percent for each additional one (1) percent increase, or part thereof, in the CPI for the previous calendar year; however the increase in the contribution shall not exceed a maximum increase of three and one-half (3 ½) percent in any one (1) calendar year.

Sec. 31-112. Funds's contribution schedule.

(a) Effective January 1, 2000, all qualified city employees who have retired, or are eligible to retire based on age or service before July 1, 2005, shall be entitled to receive full benefit of the fund's contribution upon retirement as post-retirement medical benefits.

(b) Effective January 1, 2000, all qualified city employees who do not satisfy the criteria provided in subsection (a) shall be entitled upon retirement to receive contributions from the fund toward their medical insurance premiums required by the city sponsored medical insurance plan in accordance with the following schedule:

Years of Credited Service	Percentage of Fund's Contribution
Less than 10	0
10-11	5
12	10
13	15
14	20
15	25
16	31
17	37
18	43
19	49

20	55
21	64
22	73
23	82
24	91
25 or greater	100

DIVISION 5. CITY RETIREES' POST-RETIREMENT DENTAL BENEFITS

Sec. 31-116. Fund's contribution.

(a) The fund shall contribute toward a member's city sponsored post-retirement dental insurance premiums only in accordance with the provisions of this division.

(b) Effective January 1, 2000, the fund shall pay seventy-five (75) percent of the cost of a member's dental insurance premiums, based on the city sponsored post-retirement dental insurance plan elected by that member at retirement, through June 30, 2005.

(c) On June 30, 2005, the dollar amount of the fund's contribution provided for in subsection (b) of this section shall be capped at the amount in effect on June 30, 2005, and this amount shall constitute the amount upon which future contributions by the fund shall be calculated. Notwithstanding the above, the dollar amount of the fund's contribution may exceed seventy-five (75) percent of the cost of a member's medical insurance premiums, provided that the fund's contribution does not exceed the capped dollar amount.

(d) The fund shall not contribute towards the city sponsored post-retirement dental insurance premiums for any employee of the city, employee of an elected official, or elected official, hired, rehired, or elected on or after March 1, 2010. However, such persons may continue only the dental plan coverage, if any, in effect for them as of the date of their retirement by paying one hundred (100) percent of the premium, and subject to the provisions of section 31-110. For purposes of this subsection, the term "city retiree" in section 31-110 means an employee of the city, an employee of an elected official, and an elected official with at least five (5) years of actual service immediately prior to retirement.

(e) On January 1, 2013, and on January 1 of each year thereafter, the amount of contribution which the fund shall pay toward a member's dental insurance premiums required by the city sponsored post-retirement dental insurance plan shall be increased by 0.70 percent for the

first one (1) percent increase, or part thereof, in the United States Average Consumer Price Index (Urban) for all items as published by the Bureau of Labor Statistics of the United States Department of Labor for the most recent calendar year over the corresponding annual average for the immediately preceding calendar year for the previous calendar year (the CPI), and 0.35 percent for each additional one (1) percent increase, or part thereof, in the CPI for the previous calendar year; however the increase in the contribution shall not exceed a maximum increase of three and one-half (3 ½) percent in any one (1) calendar year.

Sec. 31-117. Fund's contribution schedule.

(a) Effective January 1, 2000, all retirees who were insured for dental coverage and city employees who were eligible to retire based on age or service before July 1, 2005, shall be entitled to receive full benefit of the fund's contribution upon retirement as post-retirement dental benefits.

(b) Effective January 1, 2000, all qualified city employees who do not satisfy the criteria provided in subsection 31-117(a) shall be entitled to receive contributions from the fund toward their dental insurance premiums in accordance with the following schedule:

Years of Credited Service	Percentage of Fund's Contribution
Less than 10	0
10-11	5
12	10
13	15
14	20
15	25
16	31
17	37
18	43
19	49
20	55
21	64
22	73

23	82
24	91
25 or greater	100

2. That this ordinance shall be in effect on and after June 30, 2016.

PASSED BY THE COUNCIL OF THE CITY OF NEWPORT NEWS ON JUNE 14, 2016

Mabel Washington Jenkins, MMC
City Clerk

McKinley L. Price, DDS
Mayor

A true copy, teste:

City Clerk