AN ORDINANCE TO AMEND, REENACT AND RECODIFY CHAPTER 21 (RETIREMENT ORDINANCES) OF THE ARLINGTON COUNTY CODE. BE IT ORDAINED that the Arlington County Code is amended, reenacted and recodified as follows:

§ 21-1. Definitions.

Creditable compensation means the full compensation, including pickup contributions and any elective employer contributions under the flexible benefits plan, payable to an employee. In cases where the compensation includes maintenance and other perquisites, the board shall fix the value of that part of the compensation not paid in money. Other provisions notwithstanding, except in the case of an employee who first became a member before July 1, 1996, annual creditable compensation shall not exceed the amount established pursuant to Internal Revenue Code § 401(a)(17) as indexed annually.

§ 21-23. Investment and reinvestment of assets.

The members of the board shall be the trustees of all assets of the system. The board shall have full power and authority to invest and reinvest such assets, and to change such investments and reinvestments. The board shall invest the assets of the system with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The board, in its discretion, may take the necessary steps to establish a trust for the administration of the assets of the system. The board may employ an investment advisor or advisors to invest and reinvest assets of the system in accordance with the provisions of this chapter and regulations established by the board.

§ 21-24. Types of investments.

The board shall have full power in its sole discretion to invest and reinvest all funds and property of the system in accordance with § 21-23 and shall diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

§ 21-36. Employer contributions.

(a) Each employer shall contribute a percentage of the creditable compensation of the members. If an employer does not pay its contribution for a current year, its employees may be removed from the system in order to keep the plan solvent.

(b) Employer contributions shall be determined by the county board in accordance with § 46-33.

(c) Notwithstanding anything in this chapter to the contrary, the amount of
annual additions of a member for any limitation year for purposes of Internal Revenue Code §415 shall not exceed the maximum permissible amount determined pursuant to the provisions of such section applicable to governmental plans, as defined for purposes of such section. If the member's annual additions for any limitation year (as defined for purposes of such section) would exceed such maximum permissible amount, the amount contributed or allocated shall be reduced so that the annual additions for such limitation year will equal such maximum permissible amount.
(7-1-75; Ord. No. 84-38, 12-23-84; Ord. No. 86-33, 1-1-87; Ord. No. 00-34, 11-1-00)

§ 21-50. Reduction of disability allowance.

(f) Should a disability retiree fail or refuse to undergo the medical examination required by section 21-49 or refuse to submit the reports required by section 21-50(d) or fail to follow the directive of the County Manager made pursuant to section 21-45(b), the retiree's retirement allowance shall be discontinued until withdrawal of such refusal. Should a disability retiree willfully file a report required by section 21-50(d) which contains false information which is substantial, the County Manager shall discontinue the retiree's retirement allowance for one (1) year.
§ 35-1. Definitions.

Creditable compensation means the full compensation, including pickup contributions and any elective employer contributions under the flexible benefits plan, payable to an employee. In cases where the compensation includes maintenance and other perquisites, the board shall fix the value of that part of the compensation not paid in money. Other provisions notwithstanding, except in the case of an employee who first became a member before July 1, 1996, annual creditable compensation shall not exceed the amount established pursuant to Internal Revenue Code § 401(a)(17) as indexed annually.

§ 35-21. Investment and reinvestment of assets.

The members of the board shall be the trustees of all assets of the system. The board shall have full power and authority to invest and reinvest such assets, and to change such investments and reinvestments. The board shall invest the assets of the system with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The board, in its discretion, may take the necessary steps to establish a trust for the administration of the assets of the system. The board may employ an investment, advisor or advisors to invest and reinvest assets of the system in accordance with the provisions of this chapter and regulations established by the board.

(1-1-69; 1-5-80; Ord. No. 00-34, 11-1-00)

§ 35-22. Types of investments.

The board shall have full power in its sole discretion to invest and reinvest all funds and property of the system in accordance with § 21-23 and shall diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

§ 35-31. Employer contributions.

(a) The employer shall contribute a percentage of the creditable compensation of the members.

(b) Employer contributions shall be determined by the county board in accordance with § 46-33

(c) Notwithstanding anything in this chapter to the contrary, the amount of annual additions of a member for any limitation year for purposes of Internal Revenue Code § 415 shall not exceed the maximum permissible amount determined pursuant to
the provisions of such section applicable to governmental plans, as defined for purposes of such section. If the member's annual additions for any limitation year (as defined for purposes of such section) would exceed such maximum permissible amount, the amount contributed or allocated shall be reduced so that the annual additions for such limitation year will equal such maximum permissible amount.

(1-1-69; 11-6-71; 7-1-75; Ord. No. 86-33, 1-1-87; Ord. No. 00-34, 11-1-00)

§ 35-36. Service retirement.

(c) Early retirement.

(1) Any member of the system may retire at any time within the seven-year period immediately preceding his or her normal retirement date.

(2) Any member of the system who is a County employee may also retire or elect to participate in the DROP at any time when years of service added to age equal at least eighty (80).

§ 35-41. Joint and survivorship options.

A member may nominate a beneficiary and may elect by written application filed with the board anytime prior to his normal, early, ordinary or service-connected disability retirement, a joint life and survivorship pension of actuarial value equivalent to that of the annual retirement allowance to which he would otherwise be entitled as determined by the actuary. Such joint life and survivorship benefit shall be on the basis of a lifetime annual retirement allowance to the retired member with either a like amount of pension, two-thirds (\(\frac{2}{3}\)) or one-half (\(\frac{1}{2}\)) thereof being continued to his beneficiary if said beneficiary survives him. The annual retirement allowance payable monthly shall be determined on the basis of equivalent actuarial values according to the ages, at the member's actual retirement date, of the member and of his beneficiary, and shall be payable as long as either lives. If so elected, the allowance shall be paid as long as:

(a) The retired member lives, with either a like amount of pension, two-thirds (\(\frac{2}{3}\)) or one-half (\(\frac{1}{2}\)) thereof continued for as long as the beneficiary lives after the death of the retired member. The election shall remain in effect if the member dies subsequent to his normal retirement date even though prior to this actual retirement date.

(b) The beneficiary lives, but upon the death of the beneficiary prior to the death of the member, the option will be cancelled and the amount of the unreduced pension will become payable. If the beneficiary dies before the member has actually retired, the election will be void and the member will be treated as though he has made no election.

(c) Notwithstanding any other provision to the contrary, any retired member who elects the joint and survivorship pension option may, with the consent of the person nominated to receive the option, cancel such option. Such option may also be cancelled pursuant to court order in a case in which the
person nominated is a party. In the event of either cancellation, the retirement allowance paid to the member in the period after the effective date of the cancellation will be the same as if the member had not elected a joint life and survivorship pension option.

The provisions of this chapter are to become effective as of January 1, 1969, and the benefits hereunder to begin as of April 1, 1969.

AN ORDINANCE TO AMEND, REENACT AND RECODIFY CHAPTER 46 (RETIREMENT ORDINANCES) OF THE ARLINGTON COUNTY CODE. BE IT ORDAINED that the Arlington County Code is amended, reenacted and recodified as follows:

§ 46-1. Definitions.

(h) **Creditable compensation** means the full compensation, including pickup contributions and any elective employer contributions under the flexible benefits plan, payable annually to an employee in his capacity as such, excluding accumulated sick leave paid to the member at his termination from county service. Other provisions not withstanding, except in the case of an employee who first became a member before July 1, 1996, annual creditable compensation shall not exceed the amount established pursuant to Internal Revenue Code § 401(a)(17) as indexed annually.

(o) **Expense rate** means the expected administrative costs to administer the plan expressed as a percentage of payroll.

(p) **Fiscal year** means each twelve-month period ending June thirtieth.

(q) **Medical advisor** means the physician provided for by section 46-21.

(r) **Member** means any person included in the membership of the system as provided in section 46-27 who has not ceased to be a member as provided in section 46-28.

(s) **Membership service** means service as a member for which credit is allowable as provided in section 46-29.

(t) **Normal cost** means the actuarially determined amount under the aggregate accrual modification of the entry age normal funding method needed to fund for one plan year the retirement benefits of the plan.

(u) **Normal retirement date** means the date of attainment of age sixty-two (62) with the completion of five (5) years of service of a member who is not a police officer, firefighter, or deputy sheriff, and the date of attainment of age fifty-two (52) with the completion of five (5) years of service of a member who is a police officer, firefighter, or
deputy sheriff.

(v) Part-time employee means any person working less than forty (40) hours per week, having permanent status or in a probationary period for such status, who is:

1. Rendering service to the county board in a budgeted position;
2. An employee of a constitutional officer in a budgeted position; or
3. A trades and maintenance employee of the school board paid from a regular position controlled account.

(w) Party in interest means:

1. A fiduciary (including, but not limited to, any administrator, officer, trustee, or custodian), counsel, or employee of the system;
2. A person, partnership, joint venture, corporation, mutual company, joint-stock company, trust, estate, unincorporated organization, association, or employee organization providing services to the system;
3. An employer, any of whose employees are covered by the system;
4. An employee organization, any of whose members are covered by the system;
5. A spouse, ancestor, lineal descendant or spouse of a lineal descendant of any individual described in subparagraphs (1), (2), or (3).

(x) Retiree means any prior member or beneficiary who is receiving a retirement payment, or has elected to receive a deferred vested retirement allowance.

(y) Retirement allowance means the retirement payments to which a member is entitled.

(z) Service means service as an employee for which compensation is paid by the employer.

(aa) Statement of retirement policies and principles means a statement adopted by the county board which contains a description of the objectives and policies of the system concerning retirement benefits, benefit levels, funding and investments.

(bb) System means the Arlington County Employees' Supplemental Retirement System--II.

(dd) V.R.S. means the Virginia Retirement System established pursuant to
§ 46-22. Investment and reinvestment of assets.

Except as may otherwise provided under § 46-60 and any trusts or plans established thereto, the members of the board shall be the trustees of all assets of the system. The assets to be administered by the board shall include all cash securities and other property which shall have been heretofore accumulated by the predecessor trustees on behalf of members of the Arlington County Employees' Supplemental Retirement System--I (Chapter 21) and the Arlington County School Board Employees' Supplemental Retirement System (Chapter 35) and all assets that accumulate to the system. All assets shall be administered as a common fund to meet the obligations of the Arlington County Employees' Supplemental Retirement System--I (Chapter 21), the Arlington County School Board Employees' Supplemental Retirement System (Chapter 35) and those of the system.

The board, in its discretion, may take the necessary steps to establish a trust for the administration of the assets of the system. The board shall invest the assets of the system with care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The board may employ an investment advisor or advisors to invest and reinvest assets of the system in accordance with the provisions of this chapter and regulations established by the board. (2-8-81; 2-21-81; 4-25-81; Ord. No. 00-34, 11-1-00)

§ 46-23. Types of investments.

The assets of the system shall be invested and reinvested pursuant to a statement of investment policy adopted by the board and in accordance with § 21-23. The board shall diversify such investments so as to minimize the risk of large losses unless under the circumstances it is clearly not prudent to do so.

46-27. Eligibility requirements.

(c) All applicants for employment in a uniformed public safety position, a position that has a high degree of physical and/or psychological demands, or other position as determined by the County Manager, or designee, must consent to a pre-employment physical examination by the county physician or some other clinician authorized by the board of trustees before such employee may be accepted into membership. Any such employee with a specific disability at the time of his employment shall be advised, in writing, that he waives his right to any claim for accumulated service-connected disability based upon such pre-employment disability or aggravation thereof, upon his entrance into the retirement system. Any such employee with a pre-employment disability shall be eligible for a service-connected disability allowance only if the board finds that such employee would have been entitled to a service-connected disability allowance notwithstanding the pre-employment disability. For purposes of this section,
disability shall mean any medical or psychological condition which may increase the likelihood of injury, illness or disability related to or arising out of the condition.

(2-8-81; Ord. No. 82-34, § 1, 8-7-82; Ord. No. 90-36, 1-1-91; Ord. No. 91-13, 4-30-91; Ord. No. 00-33, 12-18-00; Ord. No. 00-34, 11-1-00; Ord. No. 01-10, 4-21-01)

§ 46-33. Employer contributions.

(a) Each employer shall contribute a percentage of the creditable compensation of the members as determined by the county board. In the event that an employer does not pay the established contribution, the board shall take appropriate action to secure payment.

(b) The annual employer contribution rate for this Chapter, Chapter 21, and Chapter 35 shall be fixed as equal to the employer normal cost plus any expense rate plus any amortization charges from (c) below, if the System's funding ratio (actuarial value of assets divided by actuarial accrued liability) remains within a corridor, the lower measurement of which is 100% and the upper measurement of which is 120%. The employer normal cost and actuarial accrued liability are to be measured using the method recommended by an actuary and approved by the Retirement Board. In the fiscal year commencing June 30, 1986, the employer shall transmit to the system on January 15, 1987, a sum equal to one-half (1/2) the actual annual contribution for the first six (6) months of the fiscal year. On May 15, 1987, the employer shall transmit to the system a sum equal to one-quarter (1/4) the actual annual contribution for the third quarter of the fiscal year. On August 15, 1987, the employer shall transmit to the system a sum equal to one quarter the actual annual contribution for the fourth quarter of the fiscal year commencing June 30, 1986. The August 15 transmittal shall be adjusted to reflect the full annual contribution due based on actual payroll and any actuarial estimate of loss of income by reason of timing of payments.

On October 15 of each subsequent fiscal year, the employer shall transmit to the system a sum equal to one-quarter (1/4) the actual annual contribution for the first quarter of the fiscal year. On January 15 of each fiscal year, the employer shall transmit to the system a sum equal to one-quarter (1/4) the actual annual contribution for the second quarter of the fiscal year. On May 15 of each fiscal year, the employer shall transmit to the system a sum equal to one-quarter (1/4) the actual annual contribution for the third quarter of the fiscal year. On August 15 of the succeeding fiscal year, the employer shall transmit to the system a sum equal to one-quarter (1/4) the actual annual contribution for the fourth quarter of the previous fiscal year. The August 15 transmittal shall be adjusted to reflect the full annual contribution due based on actual payroll.

(c) In the event of an ordinance change that affects benefits, the
employer contribution rate shall be changed effective with the July 1 coincident with or next following the date of adoption of the ordinance change. The employer normal cost component shall be adjusted to the level required by the ordinance change. If the ordinance change increases benefits, the employer contribution rate shall also be increased effective with the July 1 coincident with or next following the date of adoption of the ordinance change by a 20-year amortization of any increase in actuarial liability as a result of the change; however, should the funding ratio exceed 120% at any point after the effective date of the benefit change, this amortization payment will cease.

(d) To the extent that the System's funding ratio exceeds 120%, a credit shall be established equal to the amount of assets in excess of 120% of the actuarial accrued liability. The employer contribution shall be reduced by a 15 year amortization of this credit, to be paid until the funding ratio re-enters the corridor at which time it will cease.

(e) To the extent that the System's funding ratio is lower than 100%, a charge shall be established equal to the difference (not less than zero) between the actuarial accrued liability less the assets less the present value of any remaining amortization from (c) above. The employer contribution shall be increased by a 15 year amortization of this charge, to be paid until the funding ratio re-enters the corridor at which time it will cease.

(f) The contribution rate shall not increase nor decrease by more than two percent of payroll, plus any change due to (c) above, over the previous years’ contribution rate.

(g) The employer contribution rate will not be less than 3.5% of payroll.

(h) The county, being entitled to reimbursement from the Commonwealth of Virginia of a portion of the employer contributions on account of the county treasurer, attorney for the commonwealth, commissioner of the revenue, clerk of the court, sheriff and their employees, as provided under Section 51-114.2 of the Code of Virginia, shall submit to the Virginia Retirement System Board, biennially, actuarial information as required, which shall provide the basis for such reimbursement.

(i) Any forfeiture arising from severance of employment or death shall be used to reduce the employer contribution under the plan.

(j) Notwithstanding anything in this chapter to the contrary, the amount of annual additions of a member for any limitation year for purposes of Internal Revenue Code §415 shall not exceed the maximum permissible amount determined pursuant to the provisions of such section applicable to governmental plans, as defined for purposes of such section. If the member's annual additions for any limitation year (as defined for purposes of such section) would exceed
such maximum permissible amount, the amount contributed or allocated shall be reduced so that the annual additions for such limitation year will equal such maximum permissible amount.

§ 46-46. Reduction of disability allowance.

(g) Should a disability retiree fail or refuse to undergo the medical examination required by section 46-45 or refuse to submit the reports required by section 46-46(d) or fail to follow the directive of the County Manager made pursuant to section 46-41(b), the retiree's retirement allowance shall be discontinued until withdrawal of such refusal. Should a disability retiree willfully file a report required by section 46-46(d) which contains false information which is substantial, the County Manager shall discontinue the retiree's retirement allowance for one (1) year.

(2-8-81; Ord. No. 90-36, 1-1-91; Ord. No. 93-17, 7-27-93; Ord. No. 00-34, 11-1-00)

§ 46-64. Deferred retirement option plan (DROP).

(a) Effective January 1, 2002 there is hereby established a deferred retirement option plan for each employee who is a member of the retirement system and an active employee of the county board on or after January 1, 2002 or an active employee of the school board on or after January 1, 2003. The provisions of this section are available to members who elect to participate pursuant to section 46-37(a) or section 21-42. Effective November 1, 2003, an active employee who is a member of the retirement system pursuant to section 35-25(a) may elect to participate in the provisions of this section pursuant to section 35-36(a) or 35-36(c)(2).