

**DCP**

*Virginia Retirement System*

# **Commonwealth of Virginia (COVA) 457 Plan**

# Current 457 Offerings

- County employees currently have two options for 457 deferred compensation [voluntary retirement savings plans]
  - Nationwide (both pre and post tax options)
  - Valic (pre tax options only)
- Current Participation and contribution levels (per month):
  - Nationwide – 66 participants on active payroll contributing approximately \$21,000 per month
  - Valic – 11 participants on active payroll contributing \$3,000 per month

# COVA 457

- Staff recommends providing the state-sponsored Virginia Retirement System (VRS) COVA 457 plan as a new offering for County employees

# Why COVA 457?

## **Positive impacts for employees:**

- Continued ability to rollover sick and annual leave payouts into the plan upon retirement (exists with Nationwide and Valic currently).
- PLOP (VRS Partial lump sum payouts) can be directly rolled into COVA at retirement with no maximum contribution (exists with Nationwide and Valic currently).
- Many existing employees have contributed to COVA through another employer and have COVA balances and no new contribution opportunities.
- There is no repayment requirement for hardship withdrawals (not currently the practice with Nationwide and Valic – considered a “loan”).
- Employee can do a lump sum purchase of VRS prior service with their COVA contributions (not a current option).

# Staff Recommendation

- Stop new participation with Valic, allowing employees currently with Valic to continue if they choose, and have the representative continue to service existing accounts.
- Continue with Nationwide as a vendor for current and new employees.
- Start participation in the COVA 457 plan effective July 1, 2019.

# What's Required & What's Next

- Adoption of **Board resolution** authorizing participation in COVA [Virginia Retirement System COVA provides language and resolution ]
- Completion of **Employer Adoption Agreement** (staff will complete – Mr. Ashcraft will authorize); minimum 3 year term
- Completion of **Employer Data Sheet** (staff)
- Employee Education and Enrollment – Spring 2019
- Contributions begin effective July 1, 2019
- Recap and resolution will be provided for Board consideration on February 26, 2019