

# Issue Analysis Form

**Date:** 02/26/2019  
**Item:** Approval of Offering of COVA Deferred Compensation Plan  
**Lead Department(s):** Human Resources & Finance  
**Contact Person(s):** Corrie Hurt; Betsy Drewry



## Description and Current Status

On February 12, 2019 the Board received an overview of the State-sponsored Commonwealth of Virginia (COVA) Deferred Compensation Plan.

The County currently offers employees two voluntary deferred compensation plan offerings.

1. Nationwide (Pre & Post Tax Contributions; 66 employees participate)
2. VALIC (Pre Tax Contributions; 11 employees participate)

Staff recommends offering the COVA Deferred Compensation Plan and stopping new enrollments in the existing VALIC plan.

### Advantages of offering the COVA 457(b) Plan are:

1. No re-payment requirement for hardship withdrawals (not considered a "loan")
2. Employees may purchase VRS service by lump sum using COVA contributions
3. Existing employees (and potentially new hires) already have funds on deposit with COVA from prior employment
4. Continuation of ability to roll over sick and annual leave payouts into the 457(b)
5. Continuation of ability to roll VRS PLOP payments into the 457(b)

### Staff is requesting the board to:

- Adopt Board resolution authorizing participation in COVA effective July 1, 2019 [VRS COVA provided model resolution with required language].
- Authorize County Administrator to sign Employer Adoption Agreement (completed by staff) – minimum 3 year term.
- Authorize staff to complete and submit Employer Data Sheet.

The resolution and required forms are included in the board packet for review and consideration.

## Government Path

- Does this require IDA action?**  Yes  No
- Does this require BZA action?**  Yes  No
- Does This require Planning Commission Action?**  Yes  No

**Does this require Board of Supervisors action?**

Yes  No

**Does this require a public hearing?**

Yes  No

**If so, before what date?**

Yes  No

### **Fiscal Impact Statement**

Award has minimal\* added fiscal impact for the County. Contributions are made on a voluntary basis by County employees.

\*option to pay administrative fee for employees

### **County Impact**

Approval of COVA 457(b) plan will allow for an enhanced deferred compensation plan offering for county employees.

### **Notes**



VIRGINIA RETIREMENT SYSTEM  
P.O. Box 2500  
Richmond, VA 23218-2500

Commonwealth of Virginia 457 Deferred Compensation Plan  
Employer Adoption Agreement for All Employees

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THIS AGREEMENT (the “Agreement”), executed this [insert date] 26 day of February, 2019, is by and between [insert Locality, School Division, or Other Political Subdivision] Prince George County (the “Employer”) and the Virginia Retirement System (the “Plan Sponsor”) (hereinafter collectively referred to as the “Parties”).

WITNESSETH

WHEREAS, the Commonwealth of Virginia established the Commonwealth of Virginia 457 Deferred Compensation Plan (the “Plan”) and the Master Trust for the Plan (the “Trust”) pursuant to § 51.1-600 et seq. of the *Code of Virginia*, as amended, and Internal Revenue Code (“IRC”) § 457(b), including both Roth and Traditional options; and

WHEREAS, pursuant to § 51.1-603.1 of the *Code of Virginia*, as amended, the Employer desires to enter into this Agreement with the Plan Sponsor to permit participation in the Plan by its eligible employees; and

WHEREAS, the Employer is an “eligible employer” within the meaning of IRC § 457(e)(1)(A); and

WHEREAS, pursuant to § 51.1-603.1(B) of the *Code of Virginia*, as amended, the Employer may establish and automatically enroll certain employees in the Plan upon hire; and

WHEREAS, the Employer, by a resolution of its governing body, has directed its responsible official to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises herein, the Parties agree as follows:

- 1) The Plan Sponsor and the Employer represent and warrant that each shall comply with all applicable laws and policy.
- 2) The Plan Sponsor represents to the Employer that the Plan Sponsor shall provide sufficient services to administer the Plan.
- 3) The Employer acknowledges and agrees to the terms and conditions established in the Trust and the Plan.
- 4) For purposes of the Employer’s participation in the Plan, “employees” shall mean all “employees” as defined in § 51.1-600 of the *Code of Virginia*.

- 5) The Employer shall permit the Plan Sponsor's third party administrator ("TPA") to conduct group and individual meetings on the Employer's premises for the purpose of explaining the Plan or enrolling employees.
- 6) The Employer shall permit the Plan Sponsor and the TPA to communicate directly with eligible employees about plan information and enrollment.
- 7) The Employer shall remit contributions under the Plan to the TPA in accordance with procedures promulgated by the Plan Sponsor or the TPA. The Employer shall correctly report and withhold employees' wages in accordance with applicable laws and policy.
- 8) The Employer shall make the appropriate contributions (including associated matching contributions to another plan, if applicable) required under Internal Revenue Service regulations and the Plan Sponsor procedures to correct any failure (i) to inform an employee of the opportunity to defer, (ii) to allow an employee to defer, or (iii) to implement automatic enrollment, reenrollment, or an election or election change by an employee.
- 9) Should the Employer offer its employees deferred compensation plans in addition to the Plan, then the Employer is responsible for monitoring all plans to ensure that no participants exceed the maximum deferral limits under IRC § 457.
- 10) If the Employer so desires, it may check the box below and sign the statement of acknowledgment to automatically enroll certain employees in the Plan in a manner prescribed by the Plan Sponsor, subject to an employee (i) commencing employment or reemployment on or after the first day of [insert month and year] \_\_\_\_\_ but no sooner than the date established and confirmed by the Plan Sponsor, (ii) not participating in the Hybrid Retirement Plan described in § 51.1-169 of the *Code of Virginia*, and (iii) not having affirmatively elected to participate in the plan described in § 51.1-602 of the *Code of Virginia* or a 403(b) plan. If the Employer does not check the box and sign the statement of acknowledgment, then the Employer shall not automatically enroll its employees in the Plan.

By checking this box and signing this statement of acknowledgment, the Employer agrees to automatically enroll in the Plan in a manner prescribed by the Plan Sponsor, all employees who (i) commence employment or reemployment on or after the first day of [insert month and year] \_\_\_\_\_ but no sooner than the date established and confirmed by the Plan Sponsor, (ii) do not participate in the Hybrid Retirement Plan described in § 51.1-169 of the *Code of Virginia*, and (iii) have not affirmatively elected to participate in the plan described in § 51.1-602 of the *Code of Virginia* or a 403(b) plan. \_\_\_\_\_

Signature

- 11) If applicable, the Employer acknowledges it is solely the responsibility of the Employer to instruct the Plan Sponsor's TPA where to map assets from the Employer's existing plan to the available investments under the Plan. Neither the Plan Sponsor nor the Plan Sponsor's TPA will advise or recommend to the Employer how to map assets from the Employer's existing plan.
- 12) The Employer acknowledges asset transfers from an existing plan with the Employer into the Plan may need to be made over more than one day depending upon the facts and circumstances of each case.
- 13) The Employer acknowledges upon termination of this Agreement asset transfers out of the Plan may need to be made over more than one day depending upon the facts and circumstances of each case.
- 14) This Agreement may be amended from time to time only by written agreement between the Plan Sponsor and the Employer.
- 15) The term of this Agreement shall be for at least a three-year period beginning on the date of its execution and, thereafter, may be terminated by either party upon written notice to the other party, which termination shall become effective on a date established by the Plan Sponsor.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed, intending to be bound thereby.

**Employer**

**Virginia Retirement System**

By: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_, 20\_\_

Date: \_\_\_\_\_, 20\_\_

# EMPLOYER DATA SHEET

## I. Employer Identification ("Official Employer Name")

Name: Prince George County

Physical Address: 6602 Courts Drive; Prince George, VA 23875

Mailing Address: P. O. Box 68; Prince George, VA 23875

Total number of all employees: 410 Total number of salaried employees: 268

Unit of Government (please check one):  County \_\_\_\_\_ City \_\_\_\_\_ Other - Please specify: \_\_\_\_\_

### **Chief Administrator:**

Name: Percy C. Ashcraft Title: County Administrator

Address: P O Box 68; Prince George, VA 23875

Telephone: \_\_\_\_\_ Fax: 804-732-3604 Email (required): pashcraft@princegeorgecountyva.gov

### **Individual who will receive all official communication concerning your participation:**

Name: Corina Hurt Title: Director of Human Resources

Address: P O Box 68; Prince George, VA 23875

Telephone: 804-722-8669 Fax: 804-732-1967 Email (required): churt@princegeorgecountyva.gov

### **Director of Finance:**

Name: Betsy Drewry Title: Director of Finance

Address: P O Box 68; Prince George, VA 23875

Telephone: 804-722-8710 Fax: 804-732-1966 Email (required): bdrewry@princegeorgecountyva.gov

# EMPLOYER DATA SHEET

## Individual assigned to process employee deferrals and income tax withholding:

Name: Christine Collins Title: Payroll Supervisor

Address: P O Box 68; Prince George, VA 23875

Telephone: 804-722-8710 Fax: 804-732-1966 Email (required): cccollins@princegeorgecountyva.gov

## Human Resources Contact Person:

Name: Corina Hurt Title: Director of Human Resources

Address: P O Box 68; Prince George, VA 23875

Telephone: 804-722-8669 Fax: 804-732-1967 Email (required): churt@princegeorgecountyva.gov

## II. Retirement Structure

Are you covered by the Virginia Retirement System? Yes Employer Number 55174

If not, how is the retirement plan for your employees funded?

\_\_\_\_\_

Please provide a copy of the summary plan description.

Please provide a chart detailing your payroll schedule (i.e. semi-monthly, bi-weekly) and pay dates.

## III. Sub-units of Government to be included:

Are there any districts, agencies, commissions, boards, etc. to be included under your unit of government?

**No**

If so, provide a list on a separate sheet and indicate whether you process the payroll for such sub-unit of government.

## IV. Do you presently have other tax deferred plans in effect? (This includes any Internal Revenue Code

Section 457, 401(a) defined contribution plan, 403(b), or 125 Cafeteria Plan? **Yes Yes No**

If so, please provide a list on a separate sheet describing each plan and the number of employees who are participating in each plan.



Current Plans offered to employees by Prince George County are Nationwide 457 (both pretax and Roth options) and VALIC (pretax option). There are currently 66 participants with Nationwide and 11 with VALIC. The County plans to stop new enrollments with VALIC and only offer Nationwide and the Commonwealth of Virginia 457 plan effective July 1, 2019 as options to the employees.



VIRGINIA RETIREMENT SYSTEM  
P.O. Box 2500  
Richmond, VA 23218-2500

Commonwealth of Virginia 457 Deferred Compensation Plan Resolution

WHEREAS, the [insert Locality, School Division, or Other Political Subdivision Name] Prince George County (the "Employer"), acting by and through [insert name of governing body] Prince George County Board of Supervisors, desires to adopt the Commonwealth of Virginia 457 Deferred Compensation Plan (the "Plan") for its employees as defined in the adoption agreement between the Employer and the Virginia Retirement System (the "VRS"); and

WHEREAS, the Plan, which includes both Roth and Traditional options, is authorized by the Code of Virginia § 51.1-600 et seq. and Internal Revenue Code § 457(b), and political subdivisions are authorized to participate in such Plan by the Code of Virginia § 51.1-603.1; and

NOW, THEREFORE, BE IT RESOLVED, that the Employer hereby approves the adoption of the Plan for its employees in accordance with applicable law and policy; and

BE IT FURTHER RESOLVED, that the Employer's staff is hereby directed to implement the Plan effective the first day of [insert month and year] July 2019 but no sooner than the date established and confirmed by VRS.

NOW, THEREFORE, the officers of the Employer are hereby authorized and directed in the name of the Employer to carry out the provisions of this resolution, enter an adoption agreement with VRS, and pay such sums as are due to be paid by the Employer for this purpose.

\_\_\_\_\_  
Governing Body Chair

CERTIFICATE

I, [insert name] Teresa H. Knott, [insert title] Board Clerk of the Employer, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the Employer held at [insert county/city/town] Prince George, Virginia at [insert time] 7:00 PM on [insert date] February 26, 2019. Given under my hand and seal of the Employer this 26 day of February, 2019.

\_\_\_\_\_  
Signature