

# Powhatan County Public Schools

Board Agenda Item

Meeting Date: May 6, 2008

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|----------------------|--|
| Agenda Item E:       | Consider Approval to Revise Supplemental Retirement Plan |
| Special Recognition  | _____  |
| Consent              | _____  |
| Action               | _____X_____  |
| Information          | _____  |
| Materials for Review | _____  |
| Closed Session       | _____  |

Contact Person: Dr. Meara

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Approve revisions to the Supplemental Retirement Plan so that we meet the guidelines of the Virginia Retirement System.



# Powhatan County Public Schools

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Dr. Margaret S. Meara  
Division Superintendent

Powhatan County School Board  
Mrs. Valarie C. Ayers  
Mr. Heinrich A. Gideons  
Mr. Timothy L. Gresham  
Mrs. Debbie M. Jones  
Mr. Jason Moore

April 29, 2008

TO: Dr. Margaret S. Meara, Superintendent  
FM: Mr. Paul H. Imig, Asst. Superintendent Finance & Business Operations  
RE: Supplemental Retirement Plan

We have become aware that our supplemental retirement plan may not meet the guidelines of the Virginia Retirement System. A VRS publication dated 4/17/2008 and distributed at a VRS workshop on April 25th provided specific guidelines. One of the guidelines caused us to review the definition of non-covered VRS positions and the related work requirements of the supplemental retirement plan.

As a background for the School Board, we have summarized the changes to the original Early Retirement Incentive Plan (ERIP) which was approved in 1996. Since then, it has been modified three times and has received an IRS review and approval each time.

August 2000: Eligibility was expanded with lower age requirements to age 54 with 20 years of service and age 53 with 30 years of service while retaining the qualified deferred income payment plan under section 401(a) of the IRS code.

September 2002: The plan was reviewed and modified by LeClair Ryan Law firm to address compliance issues with applicable federal laws known as GUST and EEOC Regulations. The original plan was a prototype of a plan used in the private sector. LeClair Ryan reduced the number of pages in the plan from 54 to 20 while retaining both the existing benefits and management prerogatives contained in the original plan

June 2005: We changed the name of the program from ERIP to SRP, provided a solution to the break in service requirement of the IRS and VRS, and addressed equity and financial issues in the terms and conditions of the plan which included the required effective date of retirement, elimination of option "D" which was a reduced benefit for corresponding reduced work days, a change in the length of payout terms, a change in the obligated workdays under the plan and an inclusion of a provision to allow emergency days for participants to utilize in case of emergencies.

Regarding the obligated work days required of SRP participants, our current plan was changed in 2005 so that all employees had either an eleven or twelve month contract regardless of the number of assigned work days. The modified SRP reads as follows:

Eleven month employees working 190 or 200 days shall work 180 days with 5 emergency days.

Eleven month employees with extended contracts working 222 days shall work 210 days with 6 emergency days.

Twelve month employees working 245 days will work 220 days with 7 emergency days.

It is recommended that we delete the above language and replace it with the following:

- 1 A participant will provide temporary, part-time services in the same or equivalent assignment for the required work period.
- 2 A participant shall be required to fulfill all work assignments and obligations associated with the temporary, part-time assignment and work the time period required prior to the end of the fiscal year.
- 3 A work period shall be defined as an equivalent contract period as existed prior to retirement less the 30-day bona fide break, the emergency day allocations, and other applicable days that may occur during the SRP.
- 4 No overtime, noncontractual assignments or supplements will be allowed during SRP.

We are requesting your review and approval and subsequent approval from the School Board. Upon their approval, we will have to submit the plan changes to the Internal Revenue Service for their review and approval.