CITY OF CHARLOTTESVILLE, VIRGINIA
CITY COUNCIL AGENDA

Agenda Date:	July 15, 2024
Action Required:	Amendment of City Code
Presenter:	Jason Vandever, City Treasurer
Staff Contacts:	Lisa Burch, Human Resources Benefits Coordinator, Retirement
Title:	**Ordinance to amend Chapter 19 of the Charlottesville City Code - Definition of Actuarial Equivalent in Defined Benefit Plan**

Background

The Defined Benefit Plan pays participants a pension upon retirement payable for the participant's lifetime. However, participants have the option to elect a contingent beneficiary (or survivor). If a participant elects a contingent beneficiary, the participant's monthly pension is reduced and upon the participant's death, the beneficiary continues to receive the pension payment. The amount that the participant's pension is reduced is determined by a mortality table. According to current City Code language, the City is required to use the UP-84 Mortality Table. Since 1984, mortality experience has improved. The proposed ordinance will update the definition of actuarial equivalence in City Code to allow the Retirement Commission to use updated mortality tables as they become available.

Discussion

At the Retirement Commission's request, the plan actuary, Sageview, conducted a study of the current contingent beneficiary allowance conversion factors. The actuary recommends that the City use the Pub 2010 table with Adjustment Scale MP-2021 (the most recent mortality table available for public plans) and a 7.5% interest rate to calculate future contingent beneficiary pension amounts. Changing the conversion factors will have no impact on the annual valuation because liabilities are calculated based on single life annuities.

Presently the City Code states: *Actuarial equivalent* means a benefit of equal value when computed upon the basis of such actuarial tables as are adopted by the commission. The actuarial equivalents and all actuarial calculations shall be determined on the basis of interest at an assumed rate of 8%, and the UP84 Mortality Table for the member, and the UP84 Mortality Table with a five-year setback in age for spouses and/or beneficiaries.

We propose that the City Code be changed so that it does not reference a specific mortality table.

Alignment with City Council's Vision and Strategic Plan

This change aligns with the City's commitment to implement equitable practices and policies across all of its activities.

Community Engagement
N/A

Budgetary Impact
None anticipated.

Recommendation

Alternatives
Leave the Ordinance unchanged

Attachments
1. ORD - Chpt. 19 Pension Plan 6.3.2024
2. Optional Contingent Annuitant Allowance conversion factors - board presentation