

Defined Contribution 401a Plan

Employees Hired On/After July 1, 2012

The Defined Contribution 401a Plan is available in lieu of the supplemental retirement or pension plan described in Article IV of the Charlottesville City Code. Employees have 30 days from date of hire to elect either the pension plan or the Defined Contribution 401a Plan. The election is irrevocable.

A Defined Contribution 401a plan by definition is a plan in which fixed contributions are paid into an individual’s account by the employer. The City of Charlottesville Defined Contribution 401a is employer contributions only. The employer contributions are then invested and returns on the investment (which can be positive or negative) are credited to the individual’s account. Upon retirement, the employee’s account balance is used to provide retirement benefits.

Eligibility	Regular Employees working at least half time [20 hours] for at least 36 weeks per year.
Employer Contribution to Individual’s account	Contributions are made each bi-weekly payday to the individual’s account and are percentages of base pay. Less than 5 years of service: 8% contribution More than 5 years up to 10 years of service: 9% contribution More than 10 years of service: 10% contribution
Vesting [the minimum length of service you need to qualify for the 401a retirement benefit]	1 year of service: 33% vested in account balance 2 years of service: 67% vested in account balance 3+ years of service: 100% vested in account balance
Normal Retirement Age-General Employees	65 with 5 years of service
Early Retirement Age-General Employees	60 with 5 years of service or 60 with 30 years of service
Normal/Mandatory Retirement Age-Public Safety Employees	60 with 5 years of service

Early Retirement Age-Public Safety Employees	55 with 5 years of service or 50 with 25 years of service
Retiree Benefits: Access to Health and Dental Insurance	<p>Eligible to continue on the health and/or dental insurance plans if you retire with at least 10 years of creditable service but must pay 100% of the cost. Health and Dental insurance end at Medicare Eligibility.</p> <p>In order for family members to be eligible to continue on your plan in retirement, it is required they be covered under the plan for 36 consecutive months prior to your retirement. [cost and coverage subject to change at any time]</p>
If separate service prior to retirement eligibility	Vested benefit can be rolled to another qualified plan or can take a distribution, subject to applicable taxes. No access to health and/or dental benefits.

ICMA-RC/Mission Square is the Record Keeper of the Defined Contribution 401a Plan. Upon election of this plan, you will be provided with ICMA-RC/Mission Square enrollment information. The enrollment information will include investment options, plan details, and a beneficiary designation form. A representative from ICMA-RC/Mission Square is available by phone at 1-800-669-7400 or in-person visits once per month. The Human Resources Department will notify employees of the dates and times of the regular in-person visits.

Option for Supplementing Retirement Savings

A voluntary Deferred Compensation 457 Plan is available for employees to invest their own monies for additional retirement savings. Deferred Compensation Plans allow contributions on a tax-deferred basis as savings toward retirement. The IRS sets limits for maximum contributions, which are higher after age 50. ICMA-RC acts as record keeper for the plan. Contact the Department of Human Resources for more information or contact ICMA-RC directly at 1-800-669-7400.