RETIREMENT COMMISSION MINUTES

The Retirement Commission met on Wednesday, May 27, 2026. The following members were present: Ben Cullop, Jason Vandever, Joseph Gilkerson, Lindsay Ideson, Josh Bontrager, Phil Garber, Chris Cullinan, Tony Newberry. Absent: James Freas, Juandiego Wade, Casey Parker. Others present: Sara Butler, Lisa Burch, Jamie Valencia. This meeting was held at CitySpace.

Call to Order
Jason Vandever called the meeting to order at 8:32 AM.

On a motion by Ben Cullop, seconded by Chris Cullinan, the Commission unanimously adopted the meeting agenda.

Approval of Minutes
The minutes from the April 22, 2026 meeting were approved unanimously.

Member Contribution Interest Rate
The Commission discussed the member contribution interest rate. A motion was made that the member contribution accounts of each active member shall be credited on June 30, 2026 with interest at a rate of 3% in accordance with City Code. The motion was approved unanimously.

Review of Defined Benefit Plan Provisions
Lisa Burch provided the Commission with an overview of the differences between the three Defined Benefit Plans offered by the City. The Commission members discussed the funding status progress since the sustainability initiative that began in 2015.

Investment Performance
Jason Vandever reviewed the investment performance report provided by Dahab for the period ending March 31, 2026 and the preliminary returns as of April 30, 2026.

Other Business
Lisa Burch reminded members that the June meeting will be cancelled. The next meeting of the Commission will take place on July 22, 2026. She also reported that the MissionSquare contract discussed in the last meeting has been executed.

Tony Newberry inquired about revisiting the Deferred Retirement Option Plan (DROP) proposal made by the Police Collective Bargaining Unit. It was decided that the Commission will discuss the DROP again at a summer meeting.

Adjournment
The meeting adjourned at 9:23 AM.

Sec. 19-105. Survivor's allowance.

(a) Should a member hired after June 30, 2012 die in service before completing at least five (5) years of creditable service, the member's beneficiary shall receive a refund of the balance in the member's contribution account. In the event no beneficiary has been named by a member, the refund of the balance of the member's contribution account shall be dispersed in the following manner: (1) to the member's living spouse; if none, then (2) to the member's living natural and/or legally adopted child or children in equal shares; if none, then (3) to the member's living parents in equal shares; and if none, then (4) to the personal representative of the member's estate.

(b) Should a member die in service at any time before retirement and after either becoming eligible for early service retirement under section 19-95(e), or completing at least thirty (30) years of creditable service, the member's surviving spouse if any, shall receive a retirement allowance payable monthly for the life of such spouse. Such allowance shall be in the same amount and shall commence at the same date as the retirement allowance that would have been payable to the member, computed in accordance with section 19-96, subsections (a) and (b), whichever is applicable, had the member survived and retired on the first day of the month coinciding with or next following the date on which their death occurred after having elected an allowance paid under the full joint and last survivor option provided for in section 19-104(b), with their surviving spouse designated as contingent beneficiary. In the case of a member who had not become eligible for early service retirement at their date of death, it shall be assumed that the requirements of section 19-95(e) were such that they would have been eligible for early service retirement and that the retirement allowance payable in such event would be reduced by one-half (0.5) percent for each complete month in the period between the member's date of death and a date five (5) years prior to their normal retirement date.

(c) Should a member die in service at any time after July 1, 2000 and after completing five (5) years of creditable service and before either becoming eligible for early service retirement under section 19-95(e), or completing at least thirty (30) years of creditable service, the member's surviving spouse, if any, shall receive a retirement allowance payable monthly for the life of such spouse. Such allowance shall commence at the same date as the retirement allowance that would have been payable to the member, computed in accordance with section 19-96, subsection (b), had the member survived and retired on the first day of the month coinciding with or next following the date on which the member's death occurred after having elected an allowance paid under the one-half (½) joint and survivor option provided for in section 19-104(b), with the surviving spouse designated as contingent beneficiary.

(d) Any allowance payable to the member's surviving spouse under this section shall be reduced by the amount of any payments made to such member's surviving spouse as required by the Virginia Workers' Compensation Act, and the excess of such allowance over such required payments, if any, shall be paid to the member's surviving spouse. When the time for payment of compensation under such act shall have elapsed, the member's surviving spouse shall thereafter receive the full amount of the allowance, as provided by subsections (a) and (b) of this section, monthly during such spouse's lifetime.

(e) For any member hired after June 30, 2012, whose surviving spouse receiving an allowance payable under the provisions set forth above dies, any excess balance in the member's contribution account as of the date of the member's death, over the total survivor allowance paid to the member or surviving spouse shall be paid to the spouse's estate.

(Code 1976, § 20-32; 6-2-97; 6-5-00(1); 1-3-12; 9-7-21(1), § 2)

City of Charlottesville
Retirement Commission

July 22, 2026

Deferred Retirement Option Program Recommendation

Background
In 2025, as a result of collective bargaining negotiations between the City and the Police Union, the Retirement Benefits Workgroup began researching the feasibility of adding a Deferred Retirement Option Program (DROP) to the City's Pension Plan for members who are public safety employees. After several meetings with the workgroup, City staff reached out to the plan's actuary, Sageview Consulting, to develop a summary evaluating the benefits and costs of a DROP. In December of 2025 Sageview presented an overview to the Retirement Commission of how a DROP works and why a pension plan might consider offering such a program. In July of 2026 the Commission reviewed the DROP to make a final recommendation.

Summary of a Deferred Retirement Option Program
A DROP allows employees to defer their retirement while still actively working. Instead of receiving pension benefits, the employee's pension is "deferred" and placed in a separate account, accumulating a lump-sum balance until the employee ceases work and receives the DROP distribution. During the deferral period, the employee continues to work and earn a regular salary but does not accumulate addition service years toward their pension calculation.

As recommended and designed by Sageview, a DROP is relatively cost neutral to the plan, because the employee who enters the DROP must be eligible for regular retirement, and has alternately elected to have their pension distributions redirected to the DROP account. Actuarially speaking, it's the same as if the employee retired.

The goal of a DROP is to retain experienced public safety officers who are eligible for retirement, keep them as City employees, and help provide a transition for older workers who want to continue working at the City after retirement eligibility age. A DROP provides flexibility for the employee and stability for the organization.

While a DROP can be designed to be cost neutral for the plan, it's possible that City costs could be slightly higher or lower from a contribution standpoint, as a DROP may influence the timing of individual retirement decisions and change the number of employees for which a City retirement contribution is made in any given year.

Recommendation
TBD by Commission In July 2026-August 2026.