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To: [All Users](#); [Circuit Court Clerks](#); [General District Court](#); [Juvenile and Domestic Relations](#); [Juvenile Probation](#); [Virginia Department of Health](#)
Subject: COV 457 Coming in June--Transferring of Accounts Delayed
Date: Thursday, May 17, 2018 12:19:07 PM
Attachments: [image002.png](#)

Offering the [Commonwealth of Virginia \(COV\) 457 Deferred Compensation Plan](#) to **non-Hybrid** employees will take place, as planned, in June 2018. The City's confidence in their decision to move everyone to the COV 457 remains high. But, **there will be a delay in transferring participants' accounts from Empower Retirement Services' VB 457 Plan to the COV 457.**

Until the transfer occurs, existing Empower services and fund choices will continue to be offered.

Why is there a delay in transferring funds?

As the economy improves, the Federal Reserve has raised interest rates in the first quarter of 2018. It is anticipated that they may have two to three more increases this year. Unfortunately, these increases have had a **temporary negative** effect on Stable Value Funds everywhere.

So, the City's Deferred Compensation Board is tracking the interest rate environment and the effect it has on both the VB 457 and the COV 457's Stable Value Funds. **Transferring funds from VB 457 to COV 457 will happen when both offer the best value for our participants – hopefully, in six to eight months.**

To allow for a smooth transition, the board decided it is best for all funds to transfer at the same time to the COV 457. Due to the delay, the City will extend their contract with Empower (for a short time). **Empower will continue to provide customer service to participants between now and when the funds are transferred to the COV 457.**

What happens next?

COV 457 accounts will be established for all current full-time and part-time non-Hybrid employees (Hybrid employees already have COV 457 accounts) to allow for contributions, if desired. **You will be able to enroll in the COV 457 beginning around mid-June. We'll email everyone with more details once the COV 457 accounts are set up.**

Once a date is set, your choices on how to proceed are below:

- **Do nothing** – VB 457 participants can do nothing and continue contributions with the VB 457 plan until accounts are transferred to COV 457.
- **Contribute to both VB 457 & COV 457** – Participants can choose to continue contributing to their VB 457 accounts, and you can also enroll in the COV 457 around

mid-June, with contributions beginning in July. The total contribution in both accounts cannot exceed the annual limit(s). *As a reminder, Hybrid employees are not eligible for the VB 457 Plan.*

- **Stop contributing to VB 457 & begin contributing to COV 457** – Participants can choose to stop contributing to their VB 457 accounts and instead enroll in the COV 457 around mid-June, with contributions beginning in July. In the near future, **details will be shared about making account choices and about the funds.** One-on-one help and group informational briefings will **not** occur until we get closer to moving accounts from VB 457 to COV 457, anticipated to be by early 2019.

Please note:

- Any changes that you want to make to your contributions must be made in the month prior to the month they will become effective – i.e., June contribution changes will be effective in July, July changes will be effective in August, etc.
- You can only withdraw funds from your 457 Plan if you have an eligible hardship, have separated from City employment or have reached age 70½.

For any questions about the delay in moving accounts/funds from Empower to COV 457, please contact Finance/Payroll at financepayroll@vbgov.com or **385-4301**.

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