TOWN OF Herndon VIRGINIA

TOWN COUNCIL
WORK SESSION AGENDA

Herndon Council Chambers
765 Lynn Street, Herndon, VA 20170

Tuesday, July 14, 2026 | 7:00 PM

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1. **Call to Order**

2. **Closed Meeting (5:30 PM)**

   a. A Closed Meeting pursuant to the Code of Virginia Section 2.2-3711(A)(8), consultation with legal counsel regarding specific legal matters requiring the provision of legal advice by such counsel, relating to employment law

3. **Discussion**

   a. Discussion on transferring the Town of Herndon's Commonwealth of Virginia 457 Deferred Compensation Plan to a COV 457 Plan through The Virginia Retirement System (VRS)

4. **Roundtable**

5. **Adjournment**

Town Council
Work Session
Agenda Item 3.a.

Agenda Item:	**Discussion on transferring the Town of Herndon's Commonwealth of Virginia 457 Deferred Compensation Plan to a COV 457 Plan through The Virginia Retirement System (VRS)**
Meeting Date:	July 14, 2026
Category:	Discussion
Prepared by:	Tanya Kendrick, Chief of Staff/Chief Human Resources Officer, Marjorie Sloan, Finance Director

Description:
Staff is requesting Council consider approval of a resolution to move the Town's current Deferred Compensation 457 Plan from the Retirement Plan Company (TRPC) to Virginia Retirement System (VRS). This information has been presented to the Town Manager, and he has approved of moving this forward to the Town Council.

Background/Timing Impact:
The Town has administered a 457(b) Deferred Compensation Plan for current and former employees since the early 2000s. The plan currently serves 217 participants and has an asset value of approximately $17M, through The Retirement Plan Company (TRPC). The Financial Advisor to the town for deferred compensation is Mark Ivcevich, Plan Advisor and Owner of QP Consulting. The Town is currently embarking on an effort to change the current record keeper to COV 457 through The Virginia Retirement System (VRS) for enhanced and improved customer service, better visibility in the system, lower fees for both the town and the employees, and improved financial education opportunities.

The VRS COV 457 offers target date funds, individual funds and a brokerage window to employees. This is comparable to what we offer today with target date funds, individual funds and risk-based model portfolios offered.

<u>Financial Savings, Efficiency Gains and Administrative Impact</u>
In comparison to TRPC, the VRS COV 457 Plan is anticipated to save operating expenses for both the town and plan participants, with no implementation costs for the transfer.

Financial

- Estimated cost savings to the town are approximately $30,000 per year.

Efficiency Gains and Administrative Impact

- Transfer of plan document and administration, fiduciary and trustee responsibilities from Human Resources/Finance departments to the VRS structure to include VOYA Financial as recordkeeper, reducing organizational risk, knowledge succession factors and internal oversight burden.
- Streamlined administration through a centralized platform with enhanced employer tools and automated processes.
- Improved governance and automation around age-based contribution limits introduced under the Secure 2.0 Act and other legislation, strengthening compliance controls and significantly reducing the risk of excess pre-tax contributions being posted to participant accounts.

Challenges And Considerations

- Temporary increase in workload during implementation, including payroll testing and data validation.
- Short-term adjustment period as HR, Finance and employees become familiar with new tools and processes.

While the transition requires upfront coordination, the move to VRS/VOYA is expected to reduce administrative burden, improve compliance and reduce risk to the Town, save employer and employee costs year over year, and deliver a higher level of service and accountability through system-driven processes.

Why Now?
Though the state has had the VRS COV457 plan for many years, its partnership with VOYA began in 2025, has gained participating employers considerable efficiencies with consolidation of employee investment accounts and enabling plan management, and risk to transfer under the umbrella of the state plans.

We also are preparing for succession knowledge management as staff involved in managing this plan approach retirement.

For Participants - Service Level Improvements

Research has identified significant benefits for participants with a transfer to the VRS COV 457 Plan, including:

- Enhanced employee experience through a modern, user-friendly platform with robust self-service capabilities, including beneficiary management.
- Employees are already familiar with VRS and VOYA tools, with the majority of the workforce now being VRS/VOYA Hybrid plan employees.
- Employees can manage their DCP accounts through the plan website or by using

various online tools, including the VOYA mobile app, self-service education tools and retirement calculators like myOrangeMoney.
- Access to improved retirement planning tools, education resources and dedicated customer support.
- More efficient enrollment and communication processes, supporting increased employee engagement.
- Self-Directed Brokerage Account – The COV 457 plan offers a Do-It-Myself, Self-Directed Brokerage Account.
- Lower investment fees – Do-It-For-Me target date funds total annual operating expenses cost $0.20 per $1,000 less in the COV 457 plan versus the current Herndon 457 plan.

Anticipated Implementation Plan

The implementation plan to transfer to the VRS COV 457 Plan must follow regulatory requirements. The current target date is February 1, 2027. The key implementation areas are outlined below:

- Council Resolution – A Town Council resolution is required by VRS.
- VRS has a document package; an estimated eight-week process with VRS for foundational work.
- Execute the proper and timely notifications in accordance with established regulations.
- Mapping and transfer of plan assets.
- Execute a communication plan for stakeholders including current contractual partners, plan, and participants; Voya launches an onboarding team with branded communications and information sessions.

Timing Impact:

Staff is proposing adoption of the required resolution for July 28, 2026. Go-live for the implementation is targeted for February 1, 2027.

Strategic Focus Area:

Strong Fiscal Stewardship
Good Governance

Fiscal Impact:

There will be a reduction in fees paid by both the Town and plan participants, once the implementation is complete.

Legal Impact:

As outlined in Section 6.08 of the current Herndon 457 (b) Deferred Compensation Plan, the Town of Herndon, as the employer, is allowed to transfer assets to another plan. VRS will require a Town Council Resolution. As stated above, QP Consulting, our Financial Advisor, will be the lead in the process and mapping. We anticipate a reduction in risk by transference of plan administration and fiduciary duties to VRS/VOYA.

Staff Recommendation/Next Steps:

Staff recommends Council consider approval of the transfer of Herndon's 457 Deferred Compensation plan, to VRS/VOYA. With Council's direction, the proposed resolution will be added to the July 28, 2026, consent agenda.

Attachments:

1. COV 457 Plan Adoption Agreement for All Employees_(09_2017)_Final
2. Resolution_Def Comp 457B Plan to COV 457_July 28 2026_

Virginia Retirement System

VIRGINIA RETIREMENT SYSTEM
P.O. Box 2500
Richmond, VA 23218-2500

Commonwealth of Virginia 457 Deferred Compensation Plan
Employer Adoption Agreement for All Employees

THIS AGREEMENT (the "Agreement"), executed this [insert date] ____ day of ___________________, 20___, is by and between [insert locality, school division, or other political subdivision] ____ (the "Employer") and the Virginia Retirement System (the "Plan Sponsor") (hereinafter collectively referred to as the "Parties").

WITNESSETH

WHEREAS, the Commonwealth of Virginia established the Commonwealth of Virginia 457 Deferred Compensation Plan (the "Plan") and the Master Trust for the Plan (the "Trust") pursuant to § 51.1-600 et seq. of the *Code of Virginia*, as amended, and Internal Revenue Code ("IRC") § 457(b), including both Roth and Traditional options; and

WHEREAS, pursuant to § 51.1-603.1 of the *Code of Virginia*, as amended, the Employer desires to enter into this Agreement with the Plan Sponsor to permit participation in the Plan by its eligible employees; and

WHEREAS, the Employer is an "eligible employer" within the meaning of IRC § 457(e)(1)(A); and

WHEREAS, pursuant to § 51.1-603.1(B) of the *Code of Virginia*, as amended, the Employer may establish and automatically enroll certain employees in the Plan upon hire; and

WHEREAS, the Employer, by a resolution of its governing body, has directed its responsible official to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises herein, the Parties agree as follows:

1) The Plan Sponsor and the Employer represent and warrant that each shall comply with all applicable laws and policy.

2) The Plan Sponsor represents to the Employer that the Plan Sponsor shall provide sufficient services to administer the Plan.

3) The Employer acknowledges and agrees to the terms and conditions established in the Trust and the Plan, as they may be amended from time to time.

4) For purposes of the Employer's participation in the Plan, "employees" shall mean all "employees" as defined in § 51.1-600 of the *Code of Virginia*.

5) The Employer shall permit the Plan Sponsor's third party administrator ("TPA") to conduct group and individual meetings on the Employer's premises for the purpose of explaining the Plan or enrolling employees.

6) The Employer shall permit the Plan Sponsor and the TPA to communicate directly with eligible employees about plan information and enrollment.

7) The Employer shall remit contributions under the Plan to the TPA in accordance with procedures promulgated by the Plan Sponsor or the TPA. The Employer shall correctly report and withhold employees' wages in accordance with applicable laws and policy.

8) The Employer shall make the appropriate contributions (including associated matching contributions to another plan, if applicable) required under Internal Revenue Service regulations and the Plan Sponsor procedures to correct any failure (i) to inform an employee of the opportunity to defer, (ii) to allow an employee to defer, or (iii) to implement automatic enrollment, reenrollment, or an election or election change by an employee.

9) Should the Employer offer its employees deferred compensation plans in addition to the Plan, then the Employer is responsible for monitoring all plans to ensure that no participants exceed the maximum deferral limits under IRC § 457.

10) If the Employer so desires, it may check the box below and sign the statement of acknowledgment to automatically enroll certain employees in the Plan in a manner prescribed by the Plan Sponsor, subject to an employee (i) commencing employment or reemployment on or after the first day of [insert month and year]________________________ but no sooner than the date established and confirmed by the Plan Sponsor, (ii) not participating in the Hybrid Retirement Plan described in § 51.1-169 of the *Code of Virginia*, and (iii) not having affirmatively elected to participate in the plan described in § 51.1-602 of the *Code of Virginia* or a 403(b) plan. If the Employer does not check the box and sign the statement of acknowledgment, then the Employer shall not automatically enroll its employees in the Plan.

☐ By checking this box and signing this statement of acknowledgment, the Employer agrees to automatically enroll in the Plan in a manner prescribed by the Plan Sponsor, all employees who (i) commence employment or reemployment on or after the first day of [insert month and year]________________________ but no sooner than the date established and confirmed by the Plan Sponsor, (ii) do not participate in the Hybrid Retirement Plan described in § 51.1-169 of the *Code of Virginia*, and (iii) have not affirmatively elected to participate in the plan described in § 51.1-602 of the *Code of Virginia* or a 403(b) plan. ____

Signature

11) If applicable, the Employer acknowledges it is solely the responsibility of the Employer to instruct the Plan Sponsor’s TPA where to map assets from the Employer’s existing plan to the available investments under the Plan. Neither the Plan Sponsor nor the Plan Sponsor’s TPA will advise or recommend to the Employer how to map assets from the Employer’s existing plan.

12) The Employer acknowledges asset transfers from an existing plan with the Employer into the Plan may need to be made over more than one day depending upon the facts and circumstances of each case.

13) The Employer acknowledges upon termination of this Agreement asset transfers out of the Plan may need to be made over more than one day depending upon the facts and circumstances of each case.

14) This Agreement may be amended from time to time only by written agreement between the Plan Sponsor and the Employer.

15) The term of this Agreement shall be for at least a three-year period beginning on the date of its execution and, thereafter, may be terminated by either party upon written notice to the other party, which termination shall become effective on a date established by the Plan Sponsor.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed, intending to be bound thereby.

Employer	**Virginia Retirement System**
By: ________________________	By: _________________________
Title: _______________________	Title: ________________________
Date: _____________________, 20__	Date: ___________________, 20__

DRAFT

TOWN OF HERNDON, VIRGINIA
TOWN COUNCIL

RESOLUTION
JULY 28, 2026

Resolution- to adopt the Commonwealth of Virginia 457 Deferred Compensation Plan for the Town of Herndon Employees

WHEREAS, the Town of Herndon, VA (the "employer"), acting by and through the Town of Herndon Town Council, desires to adopt the Commonwealth of Virginia 457 Deferred Compensation Plan (the "Plan") for its employees as defined in the adoption agreement between the Employer and the Virginia Retirement System (the "VRS"); and

WHEREAS, the Plan, which includes both Roth and Traditional options, is authorized by the *Code of Virginia* § 51.1-600 et seq. and Internal Revenue Code § 457(b), and political subdivisions are authorized to participate in such Plan by the *Code of Virginia* § 51.1-603.1.

NOW, THEREFORE, BE IT RESOLVED:

1. The Employer hereby approves the adoption of the Plan for its employees in accordance with applicable law and policy; and
2. The Employer's staff is hereby directed to implement the Plan effective the first day of February, 2027 but no sooner than the date established and confirmed by VRS.

NOW, THEREFORE, the officers of the Employer are hereby authorized and directed in the name of the Employer to carry out the provisions of this resolution, enter an adoption agreement with VRS, and pay such sums as are due to be paid by the Employer for this purpose.

____

Governing Body Chair

CERTIFICATE

I, [insert name] , [insert title] __________________________ of the Employer, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the Employer held at [insert county/city/town] ________________, Virginia at [insert time] ___________ on [insert date] ________________ ______, 20__. Given under my hand and seal of the Employer this _____ day of ________________, 20__.

Required Sample

NOTE: The language in this resolution has been approved by VRS Benefits Counsel and is not subject to modification.

Virginia Retirement System

VIRGINIA RETIREMENT SYSTEM
P.O. Box 2500
Richmond, VA 23218-2500

Commonwealth of Virginia 457 Deferred Compensation Plan Resolution

WHEREAS, the [insert locality, school division, or other political subdivision name] ____ (the "Employer"), acting by and through [insert name of governing body] ____, desires to adopt the Commonwealth of Virginia 457 Deferred Compensation Plan (the "Plan") for its employees as defined in the adoption agreement between the Employer and the Virginia Retirement System (the "VRS"); and

WHEREAS, the Plan, which includes both Roth and Traditional options, is authorized by the *Code of Virginia* § 51.1-600 et seq. and Internal Revenue Code § 457(b), and political subdivisions are authorized to participate in such Plan by the *Code of Virginia* § 51.1-603.1.

NOW, THEREFORE, BE IT RESOLVED:

1. The Employer hereby approves the adoption of the Plan for its employees in accordance with applicable law and policy; and

2. The Employer's staff is hereby directed to implement the Plan effective the first day of [insert month and year] ________________________________ but no sooner than the date established and confirmed by VRS.

NOW, THEREFORE, the officers of the Employer are hereby authorized and directed in the name of the Employer to carry out the provisions of this resolution, enter an adoption agreement with VRS, and pay such sums as are due to be paid by the Employer for this purpose.

____
Governing Body Chair

CERTIFICATE

I, [insert name] ___________________________________, [insert title] _________________________ of the Employer, certify that the foregoing is a true and correct copy of a resolution passed at a lawfully organized meeting of the Employer held at [insert county/city/town] , Virginia at [insert time] __________ on [insert date] ______________ _____, 20__. Given under my hand and seal of the Employer this _____ day of _______________, 20__.

Signature