

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
203382

Resolution:
☒ Yes ☐ No

TITLE:

WMATA/Local 922 Retirement Plan

PRESENTATION SUMMARY:

To seek approval to amend the WMATA/Local 922, International Brotherhood of Teamsters, Collective Bargaining Agreement (CBA), Retirement Plan, section 11(b).

PURPOSE:

Requesting approval to amend the WMATA/Local 922 CBA retirement plan that would allow an employee who separates their employment from WMATA and is rehired in a Local 922 covered position to repurchase their actuarial pension that were withdrawn upon separation.

DESCRIPTION:

WMATA and Local 922 have reached an agreement on a CBA amendment that would assist in hiring bus operators by allowing former bus operators to purchase back their pension credits. An employee who terminates their employment with WMATA and receives a distribution of their retirement contributions and is subsequently rehired in a Local 922 covered position, may restore the actuarial pension reduction by repaying the distribution with interest.

Key Highlights:

- This provision would benefit WMATA as it would eliminate an obstacle of rehiring experienced former Local 922 members who separated their employment and cashed-out their pension contributions. Allowing rehired Local 922 employees to repay those contributions with interest enables them to restore their credited service. In a depressed recruitment market, WMATA can use this tool to attract former employees back into service.
- Employees rehired within 48 months of the date of the cash-out of their contribution, would have 12 months to repay the Fund with interest calculated at five percent compounded annually.
- The rehired employee would have the option to make a lump sum after tax repayment.

Background and History:

The current Local 922 Collective Bargaining Agreement was previously approved by the Board of Directors on October 22, 2020.

Discussion:

For purposes of benefit accrual, an employee who separates their employment from WMATA and receives a distribution of their retirement contributions and is subsequently rehired in a Local 922 covered position, the actuarial pension reduction may be restored if the employee repays the distribution. Employees rehired within 48 months of the date of their retirement plan distribution would have the option to repay the Fund in 12 months with interest calculated at five percent compounded annually; or make a lump sum after tax repayment.

FUNDING IMPACT:

No impact to funding. Employee contributes if they opt in.

TIMELINE:

N/A

RECOMMENDATION:

Approval by the Board of Directors to amend Section 11(b) of the Local 922 Retirement Plan as set forth in the Board Resolution, Attachment A.

PRESENTED AND ADOPTED: September 22, 2022

SUBJECT: AMENDMENT TO WMATA/LOCAL 922 RETIREMENT PLAN

2022-28

RESOLUTION
OF THE
BOARD OF DIRECTORS
OF THE
WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY

WHEREAS, Compact Section 66(d) requires the Board of Directors to approve any amendments to pension and retirement plans for WMATA employees; and

WHEREAS, WMATA and Local 922, International Brotherhood of Teamsters, wish to amend the WMATA/Local 922 Retirement Plan to provide for the repurchase of service credit by certain re-hired employees to begin when this resolution becomes effective;

NOW, THEREFORE, be it

RESOLVED, That the Board of Directors amends section 11(b) of the WMATA/Local 922 Retirement Plan as set forth in Attachment A; and be it finally

RESOLVED, That this Resolution shall become effective 30 days after adoption in accordance with Compact Section 8(b).

Reviewed as to form and legal sufficiency,



Patricia Y. Lee
Executive Vice President and General Counsel

WMATA File Structure No.:
7.6.3 Defined Benefit (Pension)

Motioned by Mr. Smedberg, seconded by Ms. Kline

Ayes: 6- Mr. Smedberg, Ms. Babers, Ms. Kline, Mr. Letourneau, Dr. Hadden Loh and Mr. Drummer

Attachment A

Any employee leaving the service of the Authority for any cause other than death, or one which entitles him to a retirement or disability allowance under this Plan except the refund option in subsection 7(g), shall be entitled upon request to have refunded to him out of the Fund an amount equal to his total contributions to the Fund with interest computed at the rate of five percent (5%) compounded annually, less any benefits which he may have received.

Employees who terminate employment with the Authority for any reason, after (10) years of service, may withdraw all their contribution to the Plan with interest and remain vested for a reduced benefit. Such vested deferred pension shall be actuarially reduced by the Plan Actuary, in accordance with accepted actuarial methods to account for the value of contributions withdrawn.

For purposes of benefit accrual, an employee who receives a distribution of his contributions under this Section (b), and who returns to service with the Authority, may restore the actuarial pension reduction due to such distribution if he makes the repayment described in the next sentence. If, within 48 months after the date of the distribution of his contributions and not later than 12 months after the date of rehire, the rehired employee repays the Fund with interest computed at the rate of five percent (5%) compounded annually from the date received to the date of repayment, any amounts received because of his prior severance, the actuarial pension reduction due to the distribution of such amounts shall be restored. The rehired employee may make the repayment described in the preceding sentence by a direct trustee-to-trustee transfer from a tax sheltered annuity pursuant to Code section 403(b)(13) or a deferred compensation plan pursuant to Code section 457(e)(17). All such direct trustee-to-trustee transfers shall be made in accordance with Code sections 415(k) and (n). The rehired employee may also make a lump sum after tax repayment. An employee who is rehired more than 48 months after the date his contributions are distributed may not make the repayment described in this paragraph.