

TERMINATION GUIDELINES

OPTIONAL RETIREMENT PLAN FOR POLITICAL APPOINTEES

This form is not a distribution request form. To request a distribution, use the ORP for Political Appointees (ORPPA) distribution forms found at www.varetire.org in the ORPPA section under the Defined Contribution Plans tab. If you are eligible to receive a distribution from the ORPPA, VRS must sign the provider distribution form once this certification form is completed. For additional information, please read the important guidelines below.

The benefits provided under the ORPPA are intended to provide income in retirement. If you are leaving employment where you participated in the ORPPA you may, in most cases, begin a distribution from the plan. Unless you continue to be employed by the Commonwealth of Virginia or another public employer in Virginia that provides you retirement benefits established under Code of Virginia Title 51.1, Chapters 1,2, 2.1 or 3 you must begin a required minimum distribution from the Plan no later than April 1 of the year following the year you reach age 70 ½.

Important Note: If you take a distribution of your total plan account balance resulting from pre-July 1, 2010 service (other than to purchase VRS service upon transferring to a state position where the ORPPA is not available) and return to covered employment, you will be rehired under the plan provisions in place at that time, which will have different retirement and other benefits from those available if you have pre-July 1, 2010 service.

Employment Status

You may not receive a benefit from the ORPPA if you are reemployed in a position which provides retirement benefits in any of the following plans: the Virginia Retirement system (VRS), the Judicial Retirement System (JRS), the State Police Officers Retirement System (SPORS), the Virginia Law Officers Retirement System (VALORS), any Optional Retirement Plan or Alternative Retirement Plan authorized in the Code of Virginia.

If you return to part-time employment (non-salaried; non-classified) with any agency or institution of the Commonwealth, you must meet the following criteria to receive a payment from your ORP:

1. Have a break-in-service of no less than one full calendar month during which you received no compensation or active member benefits from the Commonwealth (summer breaks, annual leave, sick leave, FMLA leave of less than 12 weeks or more based on employer's policy, educational leave, and sabbaticals do not count toward the full calendar month required for a break-in-service);
2. You and your employer had no pre-determined date that you return to employment; and
3. The work you do does not have the same duties or hours that you worked prior to leaving your ORP-covered position and you work in a part-time position which is less than 80% of the normal, full-time equivalent hours for a similar position.

Eligibility for Benefits After Termination of Employment

Important Note: A full distribution from this plan cancels your eligibility for group life insurance, state retiree health insurance benefits, and the health insurance credit that are discussed below unless you qualify for these benefits based on service not covered by this plan. Also, any severance benefits you are receiving from the Commonwealth will end if you take a full distribution from the plan.

If you do *not* take a full distribution from this plan, you may be eligible for benefits as follows:

1. Group Life Insurance

In some cases, you may continue group life insurance coverage after you terminate employment with the Commonwealth. If your plan participation began prior to July 1, 2010, you must be age 55 with at least five years of service or age 50 with at least 10 years of service to continue to be covered by the Group Life Insurance Program whether or not you begin a distribution from the ORP. If your plan participation began on or after July 1, 2010, you must be age 60 with at least five years of service or your age and service at the time of your termination must be at least 90.

A 25 percent reduction in the amount of your coverage begins on January 1 of the first full calendar year after you terminate employment and continues each January 1 until the amount of your coverage is 25 percent of the value of the natural death coverage at termination of employment.

If at the time you terminate employment with the Commonwealth you are covered by Optional Group Life Insurance, you may continue the optional group life coverage until you reach age 80 if you continue to pay the premiums or you may convert the coverage to an individual policy.

If you do not qualify to continue basic group life insurance benefit when you terminate employment or if you lose coverage by taking a full distribution from your ORP account, you may, within 31 days of termination or loss of coverage, convert your group life insurance benefit to an individual policy at non-group rates without providing evidence of insurability.

For more information, visit the VRS Web site at www.varetire.org or call Minnesota Life at 1-800-441-2258.

2. State Retiree Health Benefits Program

You qualify to participate in the State Retiree Health Benefits Program when you terminate employment with the Commonwealth if you begin receiving a periodic distribution or annuity from your ORP immediately upon becoming eligible for a distribution from the plan. There is no age requirement associated with this benefit. You have 31 days from the date you terminate employment to enroll.

Visit the Department of Human Resource Management (DHRM) website at www.dhrm.state.va.us to obtain an application form.

3. Retiree Health Insurance Credit

You qualify for the retiree health insurance credit if you meet the following criteria:

- 1) You have at least 15 years of service in VRS and/or the ORP.
- 2) You terminate employment and are not reemployed in a position that causes you to be covered by one of the retirement plans created by Title 51.1, Chapter 1,2,2.1 or 3 of the Code of Virginia.
- 3) You are receiving a periodic distribution or annuity from your ORP account.
- 4) You are enrolled and paying a premium for yourself in an individual or employer-sponsored health insurance plan, Medicare Part B and D, vision, dental or as a dependent under your spouse's coverage.
- 5) Your employer certifies your eligibility for the health insurance credit by completing the Optional/ Alternative Retirement Plan Health Insurance Credit Employer Certification of Service (VRS-75).
- 6) You submit to VRS a Request for Health Insurance Credit (VRS-45) each time your health insurance plan and/or premium changes.

Currently the credit is \$4 per month per year of service. The credit you receive may not exceed the amount you pay out-of-pocket for your individual health insurance coverage. This is a tax-free benefit.

4. Transfer of Funds to Purchase VRS Service Credit

If you move from a political appointment to a VRS-covered position with the Commonwealth of Virginia without a break in service of at least one full calendar month, you may transfer funds in your ORPPA account to the Virginia Retirement System to purchase VRS service credit. Once VRS receives the Termination Certification Form (VRS-65E) indicating that you have moved to a covered position with the Commonwealth and would like to purchase service credit, documentation will be prepared to illustrate the number of months of service you have, your account value and the amount of VRS service your account will purchase. VRS will also provide the number of additional months you may purchase and the associated cost. You may use personal funds to purchase the additional amount in excess of what your ORPPA account will purchase. VRS will send the Request for Transfer of Funds from ORPPA (VRS-101) to you. It must be fully executed and returned to VRS to complete the purchase.

The following conditions must be met to qualify for a purchase of VRS service using your ORPPA account:

- 1) You must move to a VRS-covered position within 30 days of leaving your ORPPA position.
- 2) You must complete the Termination Certification form within 15 days of termination.
- 3) You must complete the purchase of service within 30 days of receiving the cost letter.

If you use your ORPPA account balance resulting from a period of employment prior to July 1, 2010 to purchase VRS service, you will continue to be covered by Plan 1 benefits.

For more information read the "Handbook for Participants of the Commonwealth of Virginia Optional Retirement Plan for Political Appointees" found on the VRS Web site at www.varetire.org under the Defined Contribution Plans tab.

Employer Certification of Group Life Insurance Status

This section is only completed if the employee leaves full time employment with the employer. It is not completed if you transfer or change classification and you remain in an active status as a salaried employee.

Taking a Distribution from your Plan

If you intend to start a distribution from the ORPPA, contact ING, the plan record keeper, for your choices and the necessary forms. ING will forward your completed distribution form to VRS Member Services, who will certify that you are eligible for the distribution.

Contact information: ING
 P.O. Box 5159
 Boston, MA 02206-5159
 Toll Free Phone: 1-VRS-DC-PLAN1 (877-327-5261)
 Toll Free Fax: 1-888-998-8954

You may also refer to the VRS Web site at www.varetire.org under the Defined Contribution Plans tab for more information about the ORP for Political Appointees Plan and the forms you may need.