

COLA Effective July 1: 1.28 Percent

The VRS Board of Trustees announced a 1.28 percent cost-of-living adjustment (COLA) for retirees, effective July 1, 2011. The increase will be applied to the August 1 benefit payment of eligible retirees.

You become eligible for a COLA on July 1 of the second calendar year after you retire and receive a COLA each July 1 thereafter, if provided. The COLA appears in your August 1 benefit payment. *Example:* If you retired on March 1, 2011, your first COLA will be effective July 1, 2013.

COLAs allow your retirement benefit to keep pace with inflation and are based on the Consumer Price Index for all Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics. As defined by the U.S. Bureau of Labor Statistics, the CPI-U measures the average change over time in the prices paid by urban consumers for goods and services such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services. During years when there is deflation or no inflation, the COLA will be 0 percent.

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No Change to Hazardous Duty Supplement

The VRS actuary has determined that the hazardous duty supplement will remain at \$12,456 per year (\$1,038 per month) through June 30, 2013.

The supplement is a dollar amount added to the monthly benefit for members who retired with at least 20 years of eligible hazardous duty service credit. If you are receiving the supplement as a retiree of the Virginia Law Officers' Retirement System (VaLORS), the supplement will continue until age 65. If you are

receiving the supplement and retired under the State Police Officers' Retirement System or from a hazardous duty position with a political subdivision providing enhanced coverage, the supplement will continue until your normal retirement age under Social Security.

The supplement will be reevaluated in January 2013. If it is increased, the increase will become effective on July 1, 2013 and will be reflected in the August 1, 2013 benefit payment.

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Legislative Update

2011 Legislation Affects Active Members

The recent session of the General Assembly resulted in some benefit changes for active members but not retirees. The major change is that most state employees covered under the VRS Plan 1 – those hired before July 1, 2010 – will begin paying the 5 percent member contribution on a pre-tax salary reduction basis effective July 1. They also will receive a 5 percent salary increase.

Proposals to establish a new defined contribution plan as an option for new state employees, teachers and political subdivision employees did not pass during this session. However, the Joint Legislative Audit and Review Committee (JLARC) will undertake a review of Virginia's employee retirement programs. The study will be completed before the 2012 session of the General Assembly.

Your Direct Deposit Schedule through December

VRS deposits your monthly benefit payment to your financial institution account on the first day of the month for the preceding month's payment. If the first day of the month falls on a holiday or weekend, VRS deposits your benefit on the last business day of the preceding month.

You do not receive a benefit earnings statement each month. VRS sends you a benefit earnings statement only when there is a change to your benefit amount, such as when you receive a COLA or when you change your tax withholding. You can look up your benefit payment amount, when it was deposited and the account to which it was deposited any time you want through your secure *myVRS* retiree online account.

Not signed up for *myVRS*? Select *myVRS* Access on the VRS Web site and then Retirees-Register. **VRS**

Payment for the month of:	Deposited on:
July	August 1
August	September 1
September	September 30
October	November 1
November	December 1
December	December 30, 2011

COLA Effective July 1: 1.28 Percent CONTINUED FROM PAGE 1

How the COLA is Calculated

1. The average of the monthly CPI-U for the most recent calendar year used to determine the VRS COLA is subtracted from the most recent average annual CPI-U to arrive at the index point change.
2. The index point change is divided by the CPI-U for the most recent calendar year in which a COLA was paid.
3. The result is multiplied by 100 to convert it to a percentage.

Calculation for COLA Effective July 1, 2011

2010	218.056	Most recent average of the monthly CPI-Urban
2009	N/A	The CPI-U recorded deflation for this year. The VRS COLA effective July 1, 2010 was 0%.
2008	215.303	Most recent calendar year used to determine the VRS COLA effective July 1, 2009.
Index Point Change	2.753 (218.056 – 215.303 = 2.753)	
Percent Change	1.28% (2.753 ÷ 215.303 x 100 = 1.28)	COLA effective July 1, 2011.

Look for information on the COLA each spring on the VRS Web site and in the summer issue of *Retiree News*. **VRS**



For More Information

If you have access to the Internet, you can find all the information, forms and publications on the VRS Web site at www.varetire.org.

If you do not have a personal computer or a way to access the Internet, the resources in this newsletter are still available to you. Call VRS toll free at 1-888-VARETIR (1-888-827-3847) for the VRS forms and publications mentioned in this issue and more information about your VRS benefits.

Working After Retirement – Part 2

The winter issue of *Retiree News* focused on working after retirement while continuing to receive your retirement benefits. This issue features returning to work in a VRS-covered position and the effect on your VRS benefits.

Returning to Covered Employment

If you return to a covered position, your retirement benefits will stop and you will resume active membership, earning service credit each month. You and your new employer must submit a Request for Termination of Monthly Benefit (VRS-7) to VRS to stop your benefit payments. This avoids overpayment of your retirement benefit, which you would be required to repay.

If you are returning after retirement under one of the VRS-administered Optional Retirement Plans (ORPs), including those administered by certain universities, complete the Notice of Return to Covered Employment - Optional Retirement Plan Retiree (VRS-7ORP).

Group Life Insurance Coverage

If you have VRS group life insurance coverage now, you will resume coverage as an active member if you return to an employer participating in the VRS Group Life Insurance Program. Your coverage will be based on

Working After Disability Retirement?

If you accept a position with any employer, including a VRS-participating employer, that requires the same or similar duties as those you performed before you retired on disability, your disability retirement benefit will end. If you are considering employment, contact VRS to determine whether the position would disqualify you from continuing to receive a disability retirement benefit.

your compensation upon reemployment or your highest compensation as a VRS-covered employee if you have 20 or more years of service credit. If your new employer does not offer the program, your coverage will continue at the level it was before reemployment.

If you were not covered under the life insurance program as a retiree and you return to work with an employer participating in the program, you will be enrolled automatically upon reemployment.

Disability Coverage

If you return to a covered position with a Commonwealth of Virginia agency, you will be enrolled automatically in the Virginia Sickness and Disability Program (VSDP). You will be required to fulfill eligibility periods for some coverage. Program details are available in the *Virginia Sickness and Disability Program Handbook for State Employees*. If you return to a faculty position and elect the VRS defined benefit plan, you can enroll in VSDP or the institution's disability program, if offered. If you participate in an ORP, you are not eligible for VSDP.

If you return to a covered position with a school division or a VRS-participating political subdivision, you will be eligible to be considered for VRS disability retirement if you cannot perform your job because of a disability that is likely to be permanent.

Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans

If you return to an employer that offers the Commonwealth's 457 Plan, you will be able to resume your contributions or enroll in the plan. If you return to state employment, you will be enrolled automatically unless you already have a 457 Plan account; you also will receive an employer cash match through the Virginia Cash Match Plan equal to 50 percent of your contributions, not to exceed \$20 per pay period. You are not eligible to receive a distribution (payment) upon reemployment, unless you are age 70½ and eligible for an in-service distribution.

Should you “un-retire”?

Under some circumstances, if you return to covered employment and retire again, your subsequent retirement benefit may be less than what you are receiving now. Examples:

- **If you retired under a severance benefits program, you will lose any additional retirement credits used to calculate the previous benefit upon your subsequent retirement.**
- **If you have been retired for several years and return to work for a very short period of time, you will lose your previous COLAs upon your subsequent retirement. Also, you will not be eligible for a COLA until the second year after you retire.**

Before deciding to return to covered employment, call VRS toll free at 1-888-VARETIR (1-888-827-3847).

Working After Retirement

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Retiring Again

When you retire again, you must submit a new Application for Service Retirement (VRS-5). Your monthly retirement benefit will be based on the additional service credit you earned and any changes in your average final compensation.

You must retire under the same benefit payout option you elected for your previous retirement. If you elected the Partial Lump-Sum Option Payment (PLOP), you will not receive another partial lump-sum payment, and your benefit will be adjusted for the payment of your first PLOP. If you retired under the Advance Pension Option the first time, your benefit during your subsequent retirement will be adjusted for the temporary increase

in your benefit during your first retirement. If you are retiring again from an ORP, use your plan's distribution request form to restart your distributions. An ORP account balance and regular distributions from the plan are required to continue the benefits discussed in this article.

Any cost-of-living adjustments (COLAs) you are receiving when you return to covered employment will not continue when you retire again. You will become eligible for a COLA on July 1 of the second calendar year after your subsequent retirement date. The COLA will be calculated as if you were retiring for the first time. The COLA does not apply to distributions from an ORP, unless you purchased this feature as part of an annuity. However, your plan balance continues to be invested. *VRS*

Federal Benefit Payments Going Electronic

The U.S. Department of the Treasury has announced that anyone applying for federal benefits such as Social Security on or after May 1, 2011 will receive benefit payments electronically. In addition, current recipients of Social Security benefits who are paid by check will be switched to direct deposit or Direct Express® Debit MasterCard® by March 1, 2013. According to the Treasury Department, these payments will be safer and more reliable. The department reports that in 2010, more than 540,000 Treasury-issued checks were reported lost or stolen and had to be reissued. For more information, call toll free 1-800-333-1795 or visit www.GoDirect.org. *VRS*

When You Become Eligible for Medicare

When you turn age 65, you will become eligible for Medicare. To receive complete coverage, you must enroll in both Medicare Parts A and B. Part A is coverage for hospital care, provided at no cost to you; Part B is medical care coverage for which you pay a monthly premium. You also may elect coverage under the prescription drug plan (Part D). You should apply for Medicare at least three months before your 65th birthday to ensure your coverage begins as soon as you are eligible.

The publication *Medicare & You 2011* provides detailed information about the program. It is available at www.medicare.gov or by calling 1-800-MEDICARE. If you are a state retiree, you can call Anthem toll free at 1-800-451-0361 for more information, or visit the Department of Human Resources Management (DHRM) Web site at www.dhrm.virginia.gov.

Yes, You Have Life Insurance Benefits in Retirement

Judith received a surprise in the mail after the sad loss of her husband, Marty: a notice that she would receive a VRS life insurance payment. Judith didn't know Marty still had life insurance with VRS after he retired. Like Judith, many VRS retirees and their survivors are unaware of this benefit.

If you were covered under the VRS Group Life Insurance Program when you retired, some of your coverage continued. How much? At retirement your benefit is equal to your compensation, rounded to the next highest thousand and then doubled. For example, if your compensation is \$49,400 at retirement, it would be rounded to \$50,000 and then doubled for a benefit of \$100,000.

Your coverage begins to reduce by 25 percent on the January 1 following one calendar year of retirement. It continues to reduce by 25 percent each January 1 until it reaches 25 percent of its original value. For example, if you retired on June 1, 2011 with a death benefit of \$100,000, your first 25 percent reduction will occur on January 1, 2013, when your death benefit will reduce to \$75,000. Its final reduced value will be \$25,000.

If you retired with 20 or more years of service credit, the benefit is based on your highest compensation as a covered employee, even if your salary at retirement was lower. The provisions for active members that allow for double the natural death benefit for accidental death and dismemberment ended at retirement.

If you retired on disability and were covered under the group life insurance program, your coverage begins to reduce on January 1 following one calendar year from age 65. It continues to reduce by 25 percent each January 1 until it reaches 25 percent of its original value.

Other benefits in retirement include an accelerated death benefit that allows you to withdraw some or all of your life insurance proceeds to use for any purpose if you are diagnosed with a terminal condition and have fewer than 12 months to live. Your beneficiary or survivor will receive any remaining amount upon your death. If you retired under an ORP, you must maintain your account balance to continue to qualify for group life insurance benefits.

Can't remember the amount of your life insurance at retirement?

Check your *myVRS* account, your retirement certificate or write to Minnesota Life, the third-party administrator for the VRS Group Life Insurance Program, at P.O. Box 1193, Richmond, VA 23218-1193. Your *Retiree Handbook* provides more information about your coverage. [VRS](#)

Receiving the Health Insurance Credit? You Can Find Out Through *myVRS*

If you retired with at least 15 years of service credit, you may have been eligible for the health insurance credit. This tax-free benefit assists with the cost of health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents.

If you are eligible for the health insurance credit and VRS is deducting your premiums, the credit is being applied automatically to your monthly benefit payment. You can look up the amount through *myVRS*. From the VRS Web site, select *myVRS* Access. After logging in, select the Payment Details link from your Beneficiary Payment Summary page. If you are receiving the health insurance credit, you should see the monthly amount being added to your benefit as well as the amount of credits that you have received for the year so far. Or you can call VRS toll free at 1-888-VARETIR (1-888-827-3847) for more information.



457 Plan News and Regional Education Meetings Schedule

Required Minimum Distributions Begin at Age 70½

You are eligible but not required to take a distribution from your deferred compensation plan account when you retire. However, if you have not begun distributions, a required minimum distribution will begin at age 70½.

The required yearly minimum distribution amount for the 457 Deferred Compensation Plan and the Virginia Cash Match Plan is determined by dividing your account balance at December 31 of the previous year by a distribution period based on uniform life expectancy. You can request a periodic distribution structured to meet the required minimum distribution amount for each year.

Deferred compensation meetings are held at sites throughout Virginia. The Retirement Distributions Strategies session is designed for retirees and participants nearing retirement.

If You Invest in the Virginia Retirement System Investment Portfolio (VRSIP)

If you invest in the Virginia Retirement System Investment Portfolio (VRSIP), you are required to:

- Maintain a \$2,500 minimum balance in the core investments; and
- Transfer the amount needed to satisfy your required minimum distribution into the core funds prior to September 30.

You can transfer money from the VRSIP to the core investment options online. Log into your 457 Plan account, choose Fund Transfer under Manage Investments and enter the percent you wish to transfer into the core investment options. Or call toll free 1-VRS-DCPLAN1 (1-877-327-5261) and select Option 1. You can make these transfers quarterly only. [VRS](#)

Date	First Steps to Financial Security	Deferred Compensation and Cash Match Plans Overview	Understanding Your Plan Investments	Retirement Distribution Strategies	Location	Presenter Information
Tuesday, July 19	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Rappahannock Community College 52 Campus Drive, Room 122 Warsaw	Mackenzie Moss 1-877-327-5261 Option 2, Ext. 12 mackenzie.moss@us.ing.com
Tuesday, July 26	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	SunTrust Center 919 E. Main Street 4th Floor, Tidewater Room Richmond	Kelly Hiers 1-877-327-5261 Option 2, Ext. 13 kelly.hiers@us.ing.com
Thursday, July 28	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	VDOT – Staunton Center 811 Commerce Road Auditorium Staunton	David Detamore 1-877-327-5261 Option 2, Ext. 11 david.detamore@us.ing.com
Tuesday, August 9	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Northern VA Community College 8333 Little River Turnpike Ernst Community Cultural Center Seminar Rooms A & B Annadale	David Detamore 1-877-327-5261 Option 2, Ext. 11 david.detamore@us.ing.com
Wednesday, August 10	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45p.m.	VDOT – Salem District 731 Harrison Avenue Auditorium Salem	Janice Parker 1-877-327-5261 Option 2, Ext. 14 janice.parker@us.ing.com

Date	First Steps to Financial Security	Deferred Compensation and Cash Match Plans Overview	Understanding Your Plan Investments	Retirement Distribution Strategies	Location	Presenter Information
Wednesday, August 24	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Eastern Shore Community College 29300 Lankford Highway Workforce Development Center Room 180 Melfa	Mackenzie Moss 1-877-327-5261 Option 2, Ext. 12 mackenzie.moss@us.ing.com
Tuesday, August 30	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	SunTrust Center 919 E. Main Street 4th Floor, Tidewater Room Richmond	Kelly Hiers 1-877-327-5261 Option 2, Ext. 13 kelly.hiers@us.ing.com
Wednesday, August 31	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Paul D. Camp Community College 271 Kenyon Road Hobbs Suffolk Campus, Room 124 Suffolk	Mackenzie Moss 1-877-327-5261 Option 2, Ext. 12 mackenzie.moss@us.ing.com
Saturday, September 17	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Bedford Public Library 231 North Bridge Street Bedford Room Bedford	Janice Parker 1-877-327-5261 Option 2, Ext. 14 janice.parker@us.ing.com
Saturday, September 17	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Tidewater Community College 300 Granby Street Student Center, Room 5509B Norfolk	Mackenzie Moss 1-877-327-5261 Option 2, Ext. 12 mackenzie.moss@us.ing.com
Wednesday, September 28	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	SunTrust Center 919 E. Main Street 4th Floor, Tidewater Room Richmond	Kelly Hiers 1-877-327-5261 Option 2, Ext. 13 kelly.hiers@us.ing.com
Thursday, September 29	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Lord Fairfax Community College 173 Skirmisher Lane Middletown	David Detamore 1-877-327-5261 Option 2, Ext. 11 david.detamore@us.ing.com
Thursday, October 20	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Norfolk Health Department 830 Southhampton Avenue Classroom B/C Norfolk	Mackenzie Moss 1-877-327-5261 Option 2, Ext. 12 mackenzie.moss@us.ing.com
Thursday, October 27	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Central VA Training Center 521 East Colony Road, Nagler Building, Audio Visual Room Madison Heights	Janice Parker 1-877-327-5261 Option 2, Ext. 14 janice.parker@us.ing.com
Thursday, October 27	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	SunTrust Center 919 E. Main Street 4th Floor, Tidewater Room Richmond	Kelly Hiers 1-877-327-5261 Option 2, Ext. 13 kelly.hiers@us.ing.com
Saturday, October 29	9:00 a.m.	10:15 a.m.	11:15 a.m.	1:45 p.m.	Germana Community College 1000 Germana Point Drive Room 134, Sealy Auditorium Fredericksburg	David Detamore 1-877-327-5261 Option 2, Ext. 11 david.detamore@us.ing.com

New Retirees – Don't Miss Out on an Important Benefit

Apply to Continue Your VSDP Long-Term Care Coverage Now

If you were covered under the Virginia Sickness and Disability Program (VSDP) when you retired, you can continue your VSDP long-term care coverage into retirement. You must elect to do so within 60

days of your retirement date. You will pay the premiums to the Long Term Care Group, Inc., the third-party administrator for the program.

To continue your coverage, submit the VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and the VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) to the Long Term Care Group, Inc. The address is P.O. Box 64011, St. Paul, MN 55164-0011. **VRS**



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