

VRS Achieves 12.4 Percent Return

FY
2006

The Virginia Retirement System (VRS) announced a 12.4 percent return on its investment portfolio for fiscal year 2006, ending the year with \$48.5 billion. This return surpassed the benchmark of 11.8 percent for investments of the type held by the VRS Trust Fund.

The fund's private equity and real estate investments produced outstanding returns, at 28.6 percent and 23.4 percent respectively. In addition, the system saw a 15.3 percent return in public equity (U.S. and international stocks), a 5.3 percent return in credit strategies and a -0.6 percent return in fixed income.

"The economy was strong, and market conditions were favorable for equity and real estate investments. We are pleased that the fund's diversified portfolio produced attractive returns at an acceptable level of risk," said Chief Investment Officer Charles W. Grant.

The portfolio included \$31.8 billion in public equity, \$9.7 billion in fixed income, \$2.7 billion in private equity, \$2.3 billion in real estate and \$2.0 billion in credit strategies, as of June 30, 2006. The three-year annualized return was 14.0 percent and the five-year annualized return was 7.1 percent.

Watch For Member Benefit Profiles To Arrive Soon



Your 2006 Member Benefit Profile (MBP) will be shipped to employers in late September for distribution to members. This year's design changes make the MBP easier to read and understand.

The MBP is your personalized statement that gives you important information about your VRS retirement, group life insurance and other benefits as of June 30. It is one of your best resources for retirement planning. Keep it with other important documents to refer to as you plan your retirement.

Your MBP shows your membership date, your years of service credit, including service earned, purchased or granted as of June 30, 2006. It also shows the amount of contributions and interest in your account as of June 30.

The projections provided on the MBP are based on the salary your employer reported to VRS as of June 30. The MBP gives an estimate of your monthly benefit payment at the earliest date you will be eligible for an unreduced benefit and your monthly benefit amount at the earliest date you will be eligible for a reduced benefit.

It also shows the amount of your basic life insurance benefit and the amount of optional life insurance, if you have purchased optional life insurance coverage for yourself or your dependents.

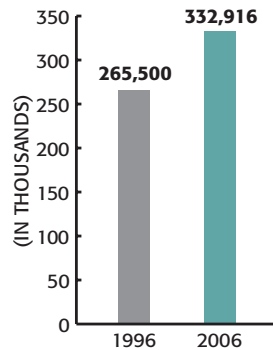
When you receive your MBP, review it carefully. If anything needs correcting, notify your human resource office immediately.



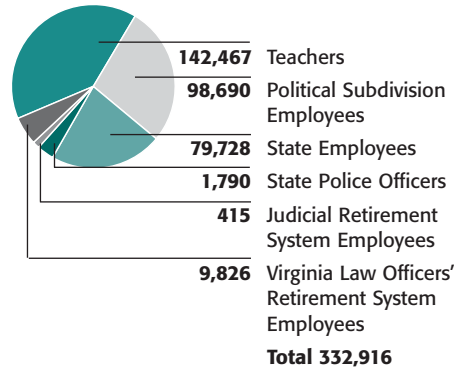
Who Are The People In Your Retirement System?

Who are your fellow VRS members? What do they do? Are they younger than you or older? How has the membership grown over the years? Check out these statistics and see how you fit in.

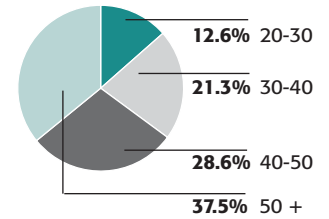
Total Number of Members (VRS, SPORS, LEOS, JRS and VaLORS)



Make-up of Membership



Age of Members



(all statistics as of June 30, 2006)

MAKING THE MOST OF YOUR SLICE

Guidelines To Retirement Planning In All Stages Of Your Career

Early. Middle. Late. Wherever you are in your career, there are opportunities to plan and save for a secure retirement.

Saving Early In Your Career (20s and 30s)



If this is your slice of the pie, you may be focused on buying a home or starting a family. But now is the time to get into the habit of saving for retirement.

- Set a budget. Note your expenses each month to control spending. For example, you could save \$50 to \$100 a month by eating out less often.
- Pay yourself first. Set an amount for saving and investing each month. Try to save 10 percent of each paycheck.
- Limit credit card use and pay off your card balance each month.
- Participate in your school tax deferred 403(b) or your local government 457(b) Deferred Compensation Plan (DCP) and Cash-Match Plan, if available. Some political subdivisions offer their own tax-deferred savings.

Saving Mid-Career (40s)



Make the most of your mid-career slice. Saving should be an automatic part of your financial life by now. And you are earning more. Now is the time to be more aggressive and save more of your pay.

- Save and invest your next raise and your tax refunds.
- Does your family need more protection? Consider optional life insurance as an additional benefit
- Estimate how much money you will need to live comfortably in retirement. Change your savings amount, investment strategy or your projected retirement date to match your estimate.
- Attend one or more VRS-sponsored Retirement Education Seminars (RES) at least 10 years before you retire. See the schedule on page 5.

CONTINUED ON PAGE 3

Guidelines To Retirement Planning In All Stages Of Your Career | CONTINUED FROM PAGE 2

- Read the *Pre-retirement Planning Guide* for an overview of your VRS benefits and to plan your retirement. It is available on the Web site at www.varetire.org.

Saving As You Near Retirement (50 and over)



If your age is in the over 50 slice, you are almost ready to enjoy the rewards of your career. But don't slack off now. Keep up your good work and keep saving.


- Need a refresher? Attend another VRS-sponsored RES. Find out what's new in benefits and retirement planning.
- Calculate your monthly income during retirement and try living on it for a month. Include your VRS benefit, Social Security and monthly payouts from your personal savings and investments.
- Double-check that your retirement benefit will cover your health insurance as prices rise.
- After retirement, continue investing. Keep your spending as low as possible. Avoid credit card and other debt.



Tools To Help You Plan For Retirement

myVRS



myVRS, a new online secure service, available on the VRS Web site, puts a planning tool at your fingertips day and night. Using myVRS, you can see how many years of service you have in VRS and the amount of contributions and interest in your account. You can review your employment history and compensation over your career. Create your own retirement benefit estimates using your current or projected salary and current or projected years of service. Just go to the VRS Web site and click on  under the Member tab.

Pre-Retirement Planning Guide

The Pre-Retirement Planning Guide, available on the VRS Web site at www.varetire.org, gives an overview of VRS benefits to help plan your retirement.

Retirement Education Seminars And Group Counseling Sessions



VRS offers retirement education and group counseling opportunities at locations around the state.

Retirement Education Seminars introduce you to estate and financial planning. Learn how to decrease debt and how to use benefits such as deferred compensation to increase retirement savings. You will receive take-home planning booklets with worksheets to estimate what you will need for retirement and the steps to take to get there.

If you are within five years of retirement, attend a Group Counseling Session for details about your VRS benefits and practical advice on completing the retirement application.

Sessions cover estate planning, financial planning and investing, legal concerns, working after retirement and other retirement issues.

See pages 5 and 6 for dates and locations of this fall's Retirement Education Seminars and Group Counseling Sessions. The schedule and registration form are also available on the Web site at www.varetire.org.



VRS Modernizes Its Phone System

VRS recently modernized its phone system to help streamline customer service. The new system replaces multiple phone numbers with one toll-free number for retirees, members and employers. The number is 1-888-VARETIR (827-3847). The Richmond area number, 804-649-8059, will be discontinued after December 31.

When you call 1-888-VARETIR (827-3847), you can either speak to a Customer Contact Center representative or use the automated menu options.

The new phone system has features to serve you better:

Faster Retrieval of Your Records

When you call, the system prompts you to enter your Social Security number. As you enter this information, the system immediately displays it on your VRS representative's computer screen. This saves you wait time and helps the representative answer questions based on the information in your VRS record. The representative then asks you to give your name and date of birth as verification to protect your identity.

Option to Request a Call Back

If all representatives are busy, a recording gives you an approximate wait time and the option to continue holding or request VRS to call you back.

If you request VRS to call you back, enter the time most convenient for the return call. When the system calls you back, your call has priority and you are connected to the first available representative.

Check Your Eligibility For The Health Insurance Credit

At retirement, many VRS members qualify for a health insurance credit to reimburse the cost of their individual health insurance premiums.

To be eligible, you must have a minimum of 15 years of VRS creditable service and your employer must participate in the health insurance credit program.

Eligible members include:

- State employees.
- Political subdivision employees whose employer offers the credit.
- Local officers and employees of local officers.
- General registrars and employees of general registrars.
- Local social service employees.
- Teachers, administrators and staff members of school boards.

The health insurance credit is a dollar amount set by the General Assembly for each year of your creditable service, to a maximum of 30 years of service. The health insurance credit is added to your monthly retirement benefit. It is a reimbursement for premiums paid to individual health plans; employer-sponsored health plans, including the Commonwealth of Virginia Health Benefits Program; Medicare Part B; dental and vision plans; and prescription drug plans, including Medicare Part D.

If you are eligible for the credit, apply at the time of retirement. Send the Request for Health Insurance Credit (VRS-45) to VRS with your retirement application. After retirement, keep VRS informed of any changes in your insurance carrier or premium amount.

Health Insurance Credit Dollar Amounts

Employer Type	Amount per Year of Service	Maximum Credit per Month
State*	\$4.00	No Cap
Teacher	\$2.50	\$75.00
Enhanced Teacher (if school board elects)	\$3.50	\$105.00
Political Subdivision	\$1.50	\$45.00
Social Service Employees	\$1.50	\$45.00
Enhanced Social Service Employee (if political subdivision elects)	\$2.50	\$75.00
General Registrars/Employees of General Registrars	\$1.50	\$45.00
Enhanced General Registrar (if political subdivision elects)	\$2.50	\$75.00
Local Officers	\$1.50	\$45.00
Enhanced Local Officer (if political subdivision elects)	\$2.50	\$75.00
Includes retirees from a state Optional Retirement Plan or Alternate Retirement Plan.		
*The 2006 General Assembly removed the maximum of 30 years for state employees.		

Life Events May Require A Beneficiary Change

Did you know that retirement and life insurance benefits are paid according to your most recent Designation of Beneficiary (VRS-2) form on file at VRS, regardless of how long ago you submitted the form? If you never filed a Designation of Beneficiary (VRS-2), benefits are paid in the order of precedence:

- first to your spouse;
- if no spouse, then to your children or any children of deceased children;
- if no children, to your parents;
- if no living parents, to the duly appointed executor of your estate; or to your next of kin.

If you have experienced a marriage, divorce or other life event, have a Designation of Beneficiary on file at VRS and have not updated the form, your benefits could be paid to someone other than your current beneficiary choice.

Keeping your information up to date is the only way you can be sure that benefits are paid according to your wishes. If you have a Designation of Beneficiary on file, you may want to complete a new form.

If you do not have a Designation of Beneficiary on file and you want your benefits paid other than in the order of precedence, file the Designation of Beneficiary, available on the VRS Web site at www.varetire.org, with VRS.

You may contact Minnesota Life at 1-800-441-2258 to receive information through the mail about your existing beneficiary designation.



RETIREMENT EDUCATION SEMINARS AND GROUP COUNSELING SESSIONS SCHEDULE

Date	RES	GCS	Location	College Contact
October 4	8 a.m. – noon	1 p.m. – 4 p.m.	Greenfield Education and Training Center	Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: 540-767-6125 FAX: 540-767-6098
October 10	8 a.m. – noon	1 p.m. – 4 p.m.	Tidewater Community College, Virginia Beach Campus, Advanced Technology Center	Mail: Tidewater Community College, 300 Granby Street, 5th Floor, Norfolk, VA 23510 Phone: 757-822-1234 FAX: 757-822-1160
October 12	8 a.m. – noon	1 p.m. – 4 p.m.	John Tyler Community College, Nicholas Student Ctr., Chester	Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831, Att: Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
October 18	8 a.m. – noon	1 p.m. – 4 p.m.	Wytheville Community College, Wytheville,	Mail: Wytheville Community College, 1000 E. Main St., Wytheville, VA 24382 Phone: 276-223-4712 FAX: 276-223-4716
October 19	8 a.m. – noon	1 p.m. – 4 p.m.	Northern Virginia Community College., Annandale	Mail: Northern Virginia Community College, Suite 600,7630 Little River Tpk., Annandale, VA 22003-3796 Phone: 703-323-3102 FAX: 703-813-1325
October 27	8 a.m. – noon	1 p.m. – 4 p.m.	Lord Fairfax Community College, Fauquier Campus	Mail: Lord Fairfax Community College., 6480 College Street, Warrenton, VA 20187 Phone: 540-351-1524 FAX: 540-351-1560
November 7	8 a.m. – noon	1 p.m. – 4 p.m.	Blue Ridge Community College, Weyers Cave	Mail: Blue Ridge Community College., P.O. Box 80, Weyers Cave, VA 24486 Phone: 540-453-2342 FAX: 540-234-8102
November 9	8 a.m. – noon	1 p.m. – 4 p.m.	Chesapeake Main Library, Chesapeake	Mail: Tidewater Community College, 300 Granby Street, 5th Floor, Norfolk, VA 23510 Phone: 757-822-1234 FAX: 757-822-1160
November 14	8 a.m. – noon	1 p.m. – 4 p.m.	John Tyler Community College, Nicholas Student Ctr., Chester	Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831, Att: Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
November 15	8 a.m. – noon	1 p.m. – 4 p.m.	Greenfield Education and Training Center	Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: 540-767-6125 FAX: 540-767-6098
November 28	8 a.m. – noon	1 p.m. – 4 p.m.	Germanna CC, Center for Workforce & Community Development, Fredericksburg Area Campus	Mail: Germanna Community College, Workforce & Community Development, 10000 Germanna Point Drive, Fredericksburg, VA 22408 Phone: 540-891-3096 FAX: 540-891-3082
December 6	8 a.m. – noon	1 p.m. – 4 p.m.	Central Virginia Community College, Lynchburg	Mail: Central Virginia Community College, 3506 Wards Road, Lynchburg, VA 24502 Phone: 434-832-7607 FAX: 434-832-7761

RETIREMENT EDUCATION SEMINARS AND GROUP COUNSELING SESSIONS SCHEDULE | CONTINUED

Date	RES	GCS	Location	College Contact
December 13	8 a.m. – noon	1 p.m. – 4 p.m.	John Tyler Community College, Nicholas Student Ctr., Chester	Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831 Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
December 14	8 a.m. – noon	1 p.m. – 4 p.m.	Thomas Nelson Community College, Hampton	Mail: Thomas Nelson Community College, P.O. Box 9407, Hampton, VA 23670 Phone: 757-825-3548 FAX: 757-825-3612
February 27 2007	8 a.m. – noon	1 p.m. – 4 p.m.	John Tyler Community College, Nicholas Student Ctr., Chester	Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831 Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
March 13, 2007	8 a.m. – noon	1 p.m. – 4 p.m.	Central Virginia Community College, Lynchburg	Mail: Central Virginia Community College, 3506 Wards Road, Lynchburg, VA 24502 Phone: 434-832-7607 FAX: 434-832-7761
March 20, 2007	8 a.m. – noon	1 p.m. – 4 p.m.	Blue Ridge Community College, Weyers Cave	Mail: Blue Ridge Community College, P.O. Box 80, Weyers Cave, VA 24486 Phone: 540-453-2342 FAX: 540-234-8102
March 30, 2007	8 a.m. – noon	1 p.m. – 4 p.m.	Lord Fairfax Community College, Fauquier Campus	Mail: Lord Fairfax Community College, 6480 College Street, Warrenton, VA 20187 Phone: 540-351-1524 FAX: 540-351-1560
April 4, 2007	8 a.m. – noon	1 p.m. – 4 p.m.	Greenfield Education and Training Center	Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: 540-767-6125 FAX: 540-767-6098
April 5, 2007	8 a.m. – noon	1 p.m. – 4 p.m.	John Tyler Community College, Nicholas Student Ctr., Chester	Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831 Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266

Retirement Education Seminar & Group Counseling Session Registration Form

Important: To register for either a Retirement Education Seminar or a Group Counseling Session, fax or mail this form to the contact person listed for the meeting you wish to attend.

This form is also available on the VRS Web site at www.varetire.org. Make sure your name and phone number are included on the fax cover sheet.

Sessions fill up quickly, so register early to reserve your seat(s) at the session of your choice. Registrations should be received 15 days prior to the program date. You will receive confirmation of your registration 7-10 days prior to the session date from the community college.

Which program would you like to attend?

Retirement Education Seminar (RES):

This session is recommended for members who are further than 10 years to retirement. Topics discussed: Adjusting and Planning for Retirement; Estate Planning and Legal Readiness; Basic Financial Planning concepts.

Group Counseling Session (GCS):

This session is recommended for members who are 5 years or less to retirement. Topics discussed: VRS Retirement Options, Estimating your monthly benefit, Increasing your retirement benefit, Life Insurance and other retirement resources.

I would like to attend both the RES and the GCS sessions.

Date, Time and Location: _____

Name: _____

Daytime Phone Number () _____

Mailing Address: _____

_____ STREET _____

_____ CITY STATE ZIP _____

E-mail address: _____

Are you bringing a guest? YES or No Number of Guests _____

If your guest is a VRS member, please have the guest complete registration form.

Please check your employer: State Agency State Police VaLORS

Judges School System Political Subdivision LEOS/Firefighters

If you need assistance due to a disability, please indicate how we can help:

Director

Robert P. Schultze

Public Relations Director

Jeanne Chenault

Communications Manager

Ann Black

Communications Editor

Kathleen Dimond

Newsletter Design

Office of Graphic
Communications,
Virginia Department of
General Services

Virginia Retirement System

Post Office Box 2500
Richmond, Virginia 23218-2500
Toll Free 1-888-827-3847
(VA-RETIR)
e-mail: vrs@varetire.org
Web Site: www.varetire.org



Virginia
Retirement
System