

Go Online To Plan Your Retirement



How much income will you have at retirement? Will it be enough to pay your bills and do the things you want to do in retirement? Is there anything you can do now to make your dreams come true?

Go to your *myVRS* account at www.varetire.org and check out the *myVRS* Retirement Planner. The Retirement Planner is the newest online tool in *myVRS*, the secure member area of the VRS Web site. The Retirement Planner gives you an easy way to create a customized picture of your income and expenses in the first month of retirement.

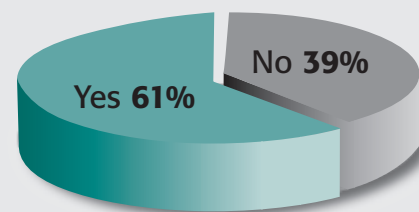
Use the Retirement Planner to see if you are on the right track to retirement or if you need to increase your savings or change your retirement date. The planner shows how increasing your tax-deferred savings, changing your investment strategy or selecting a different retirement date can improve your retirement outlook.

See the insert in this issue of *Member Bulletin* for more information.

More and More Members Nearing Retirement Are Going Online For Help

When it comes to planning retirement, members rely on information and help from VRS. Now, many members are turning to the convenience of *myVRS* and requesting tools such as the Retirement Planner to estimate retirement income and spending.

These are the findings of a recent survey conducted by the Southeastern Institute of Research (SIR) on behalf of VRS. SIR surveyed more than 57,000 VRS members who will become eligible for retirement within the next five years. Over half of the respondents are between the ages of 55 and 64, with a mean age of 57.



Almost two-thirds of pre-retirees have visited *myVRS*. Of those who have, 90 percent have set up an account.

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More and More Members Nearing Retirement Are Going Online For Help

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Almost two-thirds are satisfied with the role VRS has played in their careers so far. Eighty-two percent believe they will need more contact with VRS as they come closer to retirement. Sixty percent foresee needing information on applying for retirement; 58

percent want a benefit calculator or estimator.

The Web is a growing resource for members. Fifty-seven percent of respondents plan to turn to the Web site for information about benefits such as health insurance and long-term care. Of those who visited the VRS Web site, almost two-thirds also visited *myVRS*, and 90 percent have set up *myVRS* accounts. Members use *myVRS* to review projected retirement dates and benefit amounts, check service and contribution amounts and create retirement benefit estimates.

The survey shows that members are well informed in certain areas, but need education in others. Eighty-four percent of respondents know the approximate amount of their VRS retirement benefits, and 61 percent know how to calculate their benefits. Only 36 percent believe they know how much their health insurance will cost. Respondents specifically asked for more information on health care options and costs as well as retirement options, such as the Partial Lump-Sum Option Payment (PLOP).

Most respondents want to plan their retirement either with the help of a VRS representative or through secure online access. Forty-four percent want to meet with someone in person or over the phone, while 37 percent would like to plan through *myVRS*.

VRS is already answering these needs. You can turn to retirement planning education opportunities such as the Retirement Education Seminars or Group Counseling Sessions; go to the VRS Web site for information; or sign into *myVRS* and use the Retirement Planner.

Planning Your Retirement?

What To Do When

When you use the Retirement Planner in *myVRS*, you see that planning for retirement is too important to leave until the last minute. For a secure retirement, focus on your future from your first day on the job.

This timeline suggests VRS resources to use as retirement planning guides throughout your career.

When you start your career

- ▶ Participate in employer-sponsored savings plans, such as the 457 Plan or 403(b), to start building your savings.
- ▶ Sign up for Optional Group Life Insurance to protect your family.
- ▶ Create your *myVRS* account.
- ▶ Purchase any prior service credit as soon as you become eligible to avoid paying a higher rate.

Midway through your career

- ▶ Use the Retirement Planner to evaluate your savings and investment plan.
- ▶ Attend a Retirement Education Seminar for tips on saving and investing, lifestyle changes in retirement and legal concerns.
- ▶ Review your contributions to your 457 Plan or 403(b) plan.





How To Apply For Retirement

A Guide For Completing The Application Process

Start by giving your Application for Service Retirement (VRS-5) to your employer three to four months before you plan to retire.

You don't want anything to delay your benefit payment, so fill out each section of your retirement application completely and provide all required signatures, notarizations and additional documentation.

Your application must include:

- Legible copy of your birth certificate.
- Legible copy of your survivor's birth certificate, if you are choosing a Survivor Option.
- Authorization for Direct Deposit of Monthly Benefit (VRS-57), with a voided check attached.
- Request for Income Tax Withholding (VRS-15).
- Request for Health Insurance Credit (VRS-45), if you are eligible.

Did You Know?

VRS processes an average of 8,000 retirement

applications a year. July is the busiest month with an average of 3,500 applications, followed by January, averaging 1,000 applications.

If you have planned well, adjusted savings and expenses throughout your career and developed a workable retirement budget, applying for retirement is the easy part.

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Five to 10 years before retirement

- ▶ Use the Retirement Planner to try different retirement dates and scenarios to refine your savings and investments.
- ▶ Attend a Retirement Education Seminar and, if you are within five years of retirement, a VRS Group Counseling Session to learn the retirement application process.
- ▶ Increase your contributions to your 403(b) or 457 plan.
- ▶ Learn the different VRS retirement payout options.



Within 18 months of retirement

- ▶ Use *myVRS* to estimate your retirement benefit or request an estimate if you need assistance.
- ▶ Let your human resource office know when you plan to retire.
- ▶ Complete all your purchases of prior service before your retirement date.

90-120 days before your retirement date

- ▶ Give your employer your Application for Service Retirement (VRS-5) and the other forms you need for retirement.
- ▶ Review your beneficiary designations and submit any changes on the Designation of Beneficiary (VRS-2).
- ▶ Submit your Request for Health Insurance Credit (VRS-45), if you are eligible.





2008 LEGISLATION SUMMARY

Life Insurance Requirements Change July 1, 2008

The General Assembly passed legislation during the 2008 session that allows the Department of Social Services to file child support liens against proceeds payable under the Group Life Insurance Program administered by VRS. Upon the death of a member or retiree with such a lien, VRS will be required to pay life insurance proceeds to the Department of Social Services to satisfy outstanding child support obligations. For more information about this and other 2008 legislation, visit the VRS Web site at www.varetire.org.

Retirement Education And Group Counseling Help Take The Stress Out Of Retirement

Take control of your future and feel more confident about your decisions.

Retirement Education Seminars provide valuable information if you are five to 10 years from retirement. These half-day seminars cover planning for a successful retirement. Topics include setting realistic goals; preparing for the personal adjustment of retirement; estate planning and legal readiness; and long-term financial planning using deferred compensation and other tax-deferred plans. Retirement Education Seminars are held at locations throughout the state.

Group Counseling Sessions are for you if you plan to retire within the next five years. They provide practical advice on how to increase your VRS benefit by purchasing prior service credit; choose the best retirement option for you; use VRS online tools to calculate your retirement benefit; and complete the retirement application. They also include information on life insurance and the health insurance credit. Group Counseling Sessions are held at the same locations as the retirement education seminars.

See the schedule on the Web site at www.varetire.org, or on page 5 of this newsletter, for both the seminars and the sessions.

How To Apply For Retirement A Guide For Completing The Application Process

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Before giving the application to your employer, check to see that:

- You signed the application.
- Your spouse completed the spousal acknowledgement section, and the signature is notarized.
- You included acceptable, legible evidence of your date of birth.
- You included acceptable, legible evidence of the date of birth of your survivor, if you choose the Survivor Option.

Your retirement date will always be the first of the month.

If you are employed in more than one VRS-covered position, terminate all positions before you retire to avoid an overpayment, which you would be required to repay.

Taking A Refund?

If you decide to leave your position and do not have at least five years of service credit, you may want to take a refund of the funds in your member contribution account.

To take a refund, complete a Request for Refund (VRS-3). You can fill the form in online at www.varetire.org and then print and sign it. Submit it to your employer if you are requesting a refund within six months of leaving covered employment. If more than six months pass between when you leave your job and when you request a refund, have the form notarized and submit it to VRS.

A refund is subject to 20 percent federal tax and 4 percent Virginia tax if you live in Virginia when you receive the refund. You can postpone taxes on your refund by rolling it over to an eligible Individual Retirement Account (IRA) or other eligible plan.

If you have five or more years of service credit, you are vested and entitled to a retirement benefit when you meet age requirements. If you leave your position, consider leaving the funds in your member contribution account until you are eligible for a benefit.

2008 Retirement Education Seminar And Group Counseling Schedule

TIMES VARY. SEE THE ONLINE SCHEDULES AT WWW.VARETIRE.ORG.

DATE	LOCATION	DATE	LOCATION
May 14	John Tyler Community College, Nicholas Student Ctr. 13101 Jefferson Davis Hwy, Chester, VA 23831 Phone: 804-706-5030 FAX: 804-796-4266	August Date TBA	Chesapeake Main Library Mail: Tidewater Community College 300 Granby Street, 5th Floor, Norfolk, VA Phone: 757-822-1234 FAX: 757-822-1160
May 28	Central Virginia Community College 3506 Wards Road, Lynchburg, VA 24502 Phone: 434-832-7607 FAX: 434-832-7761	August 20	Central Virginia Community College 3506 Wards Road, Lynchburg, VA 24502 Phone: 434-832-7607 FAX: 434-832-7761
June 10	John Tyler Community College, Nicholas Student Ctr. 13101 Jefferson Davis Hwy, Chester, VA 23831 Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266	Sept 3	Thomas Nelson Community College Espada Conference Center, Moore Hall 99 Thomas Nelson Drive, Hampton, VA 23670 Phone: 757-825-2937 FAX: 757-825-3552
June 13	Lord Fairfax Community College, Fauquier Campus 6480 College Street, Warrenton, VA 20187 Phone: 540-351-1524 FAX: 54-351-1560	Sept 5	Lord Fairfax Community College, Fauquier Campus 6480 College Street, Warrenton, VA 20187 Phone: 540-351-1524 FAX: 540-351-1560
June 17	Blue Ridge Community College P.O. Box 80, Weyers Cave, VA 24486 Phone: 540-453-2342 FAX: 540-234-8102	Sept 9	John Tyler Community College, Nicholas Student Ctr. 13101 Jefferson Davis Hwy, Chester, VA 23831 Phone: 804-706-5030 FAX: 804-796-4266
June 19	Wytheville Community College 1000 E. Main St., Wytheville, VA 24382 Phone: 276-223-4712 FAX: 276-223-4716	Sept 10	Wytheville Community College 1000 E. Main St., Wytheville, VA 24382 Phone: 276-223-4712 FAX: 27-223-4716
June 25	Thomas Nelson Community College Espada Conference Center, Moore Hall 99 Thomas Nelson Drive, Hampton, VA 23670 Phone: 757-825-2937 FAX: 757-825-3552	Sept 18	Blue Ridge Community College P.O. Box 80, Weyers Cave, VA 24486 Phone: 540-453-2342 FAX: 540-234-8102
July 10	Greenfield Education & Training Center 57 South Center Drive, Daleville, VA 24083 Phone: 540-966-3984, Ext 74 FAX: 540-966-4010	Sept 30	Greenfield Education & Training Center 57 South Center Drive, Daleville, VA 24083 Phone: 540-966-3984, Ext 74 FAX: 540-966-4010
July 30	Germanna Community College Workforce & Community Development 10000 Germanna Point Drive, Fredericksburg, VA 22408 Phone: 540-891-891-3096 FAX: 540-891-3082	October Date TBA	Tidewater Community College Campus Advanced Technology Center 300 Granby Street, Norfolk, VA 23510 Phone: 757-822-1234 FAX: 757-822-1160
August 5	John Tyler Community College, Nicholas Student Ctr. 13101 Jefferson Davis Hwy, Chester, VA 23831 Phone: 804-706-5030 FAX: 804-796-4266	October 1	Germanna Community College Workforce & Community Development 10000 Germanna Point Drive, Fredericksburg, VA 22408 Phone: 540-891-891-3096 FAX: 540-891-3082
		October 30	John Tyler Community College, Nicholas Student Ctr. 13101 Jefferson Davis Hwy, Chester, VA 23831 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 listed for the meeting you wish to attend. Be sure to include your name and number on the fax cover sheet. This form also is available on the VRS Web site at www.varetire.org.

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

Which program would you like to attend?

- Retirement Education Seminar (RES):** Recommended for members who are five to 10 years from retirement. Topics discussed: Adjusting and Planning for Retirement; Estate Planning and Legal Readiness; Basic Financial Planning Concepts.
- Group Counseling Session (GCS):** Recommended for members who are within five years of retirement. Topics discussed: VRS Retirement Options, Estimating Your Monthly Benefit; Increasing Your Retirement Benefit; Life Insurance; 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 a registration form. Please check your employer: State Agency State Police VaLORS Judges School System Political Subdivision Political Subdivision/Hazardous Duty. If you need assistance because of a disability, please indicate how we can help: _____

Investing Through A Deferred Compensation Plan Can Improve Your Retirement Outlook

If your employer offers the Commonwealth of Virginia 457 Deferred Compensation Plan, you can increase your retirement income by participating in this tax-deferred savings opportunity.

Advantages of saving for retirement through this plan include:

- Tax-deferred savings and tax-deferred growth
- Reduction in your current taxable income
- Matching employer contribution if your employer offers a cash match
- The opportunity to maximize your retirement income by starting early
- The ability to manage your own account, increasing deferral levels or changing investment options online

Check with your human resource office to see if you are eligible to participate. For more information on the Commonwealth of Virginia 457 Deferred Compensation Plan, visit the plan Web site at www.vadcp.com.

If you work for a school board, contact your human resource office about participating in your employer's 403(b) plan.



Save Time – Visit The VRS Web Site For The Forms You Need

VRS makes it easy to complete the forms you need when you apply for retirement. All of these forms are available as fillable online forms on the Web site at www.varetire.org. Just print the completed version, sign it and send it in. It's as simple as that.

- Designation of Beneficiary (VRS-2)
- Application for Service Retirement (VRS-5)
- Application for Disability Retirement (VRS-6)
- Request for Income Tax Withholding (VRS-15)
- Application for Purchase of Prior Service Credit (VRS-26)
- Application for Optional Life Insurance (VRS-39)
- Retiree Optional Life Continuation (VRS-39R)
- Request for Health Insurance Credit (VRS-45)
- Authorization for Direct Deposit of Monthly Benefit (VRS-57)

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Prepare for your Future Income Needs—Use the *myVRS* Retirement Planner

How much will your retirement benefit be? How about your expenses? Whether your retirement is two years or 20 years away, the new *myVRS* Retirement Planner helps estimate your net income when you first retire.

The Retirement Planner is a new feature in your *myVRS* member online account. Because it is part of your account, your VRS information is pre-populated in the planner. Other information, such as a health insurance estimate and inflation projections, has been built into the planner. You can change or add information to produce a financial view tailored to your future needs.



A Comprehensive Look at Your Future

To get an idea of what your first month of retirement may look like, the *myVRS* Retirement Planner allows you to consider major retirement income sources and expenses.

VRS BENEFIT

Your projected VRS retirement date and estimated Basic Benefit amount automatically appear in the Retirement Planner.

If you want to try another scenario, enter a different retirement date. Or, through the *myVRS* Benefit Estimator, create an estimate based on the Survivor Option, Partial Lump-Sum Payment Option (PLOP) or Advance Pension Option, and use that in your plan.

If you are eligible for the health insurance credit or hazardous duty supplement, this information will display in the planner.

SPOUSE'S INCOME

You can include income from your spouse or other individual in the Retirement Planner.

RETIREMENT SAVINGS

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, the Virginia Cash Match Plan or an

such as a 457 plan from another employer, a 403(b) plan or an Individual Retirement Account (IRA).

SOCIAL SECURITY

If you are eligible for Social Security on the retirement date you enter, a Social Security estimate will display in the planner.

HEALTH INSURANCE

The planner estimates a health insurance premium, which you can change to a different amount, to show the impact of health insurance on your benefit. If you are eligible for Medicare, this premium also will display in the planner.

TAXES AND LIVING EXPENSES

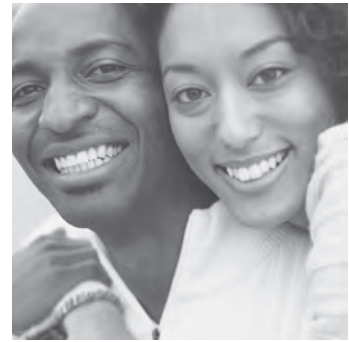
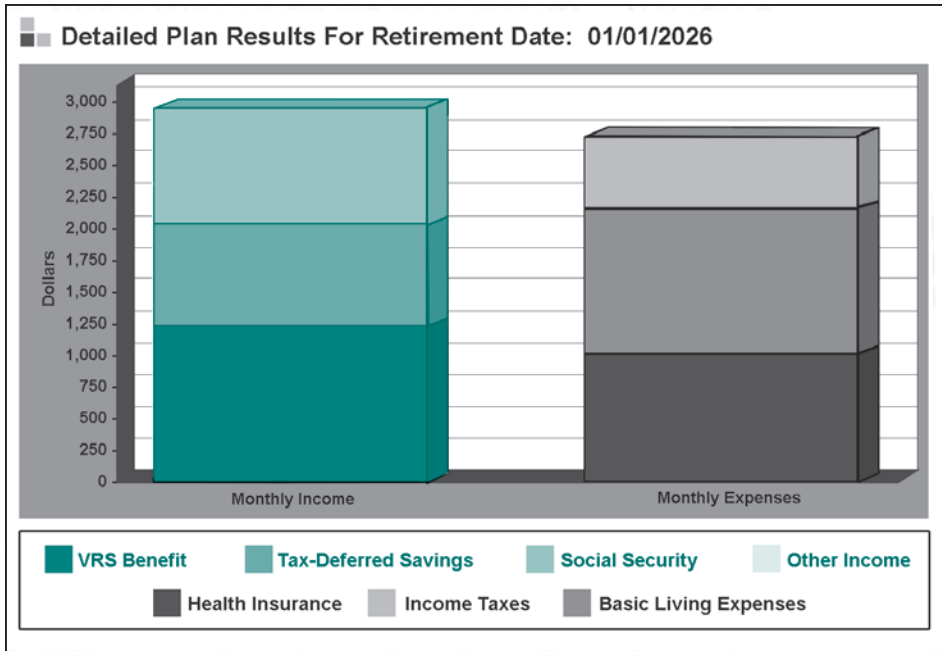
The planner estimates federal and state income tax withholdings and allows you to include living expenses for housing, food, transportation, travel and other expenses.

Will You be Ready for Retirement?

Use the *myVRS* Retirement Planner to find out.

optional retirement plan, your account total and annual deferral amount will display in the planner. The planner will show you the impact of increasing your deferral amounts or changing your investment strategy.

You can add information from other tax-deferred savings plans



Retirement Planner Key Features

- Based on your VRS record
- Quick and detailed views
- Inflation, current and future dollars and other defaults built in
- Holistic view of your estimated income and expenses

The results of the Detailed Plan are displayed in a bar graph so that you can easily compare income to expenses. The results also are detailed in a chart below the graph.

Two Views

With the planner, you can see if you're on the right track or need to make changes to reach your personal financial goals.

The Retirement Planner offers a **Quick Plan** to give you an instant snapshot of your estimated income and expenses. Start here to assess your future based on current information.

Use the **Detailed Plan** to create different scenarios. Start by creating a plan with a VRS retirement benefit based on your

current salary, retirement savings and lifestyle. Then create a plan with a benefit based on a higher future salary or a lifestyle that might include travel, not working or working full or part time.

How does your income compare to expenses? If the results don't paint the picture you envision for your retirement, test various scenarios to learn how to achieve the results you want.

For example, play with an increase in your tax-deferred savings to see what that would do to your nest egg. Or, you may

want to consider delaying retirement or working while retired.

Based on Industry Practices

Key assumptions, such as a 3-percent annual inflation rate, basic living expenses and conversions from current-to-future dollars, are the same as those used in other planners. The Social Security estimate pre-populated in the planner is modeled after the Social Security Administration's quick calculator. You can use these defaults or enter your own figures.

Quick or Detailed ♦ It's Up to You

The **Quick Plan** creates an estimate using your VRS information and certain general assumptions based on the retirement date you enter.

The **Detailed Plan** gives you the flexibility to change or enter additional information to produce a financial view more tailored to you.



Note: The plans you create using the Retirement Planner are for your planning purposes only. They are based on your current VRS record, the information you enter and the policies in effect at the time you create your plan. The planner does not factor in changes in income or expenses that may occur throughout retirement. Results are estimates only and may not reflect your actual income and expenses in retirement.