

Chapter 2. Membership

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Membership

Membership in the Virginia Retirement System (VRS) is a condition of employment for eligible employees of participating employers.

ELIGIBILITY

Membership in VRS is mandatory as a condition of employment.

Membership in VRS is mandatory for all full-time, salaried employees of the following entities:

- Commonwealth of Virginia (classified, part-time salaried employees of the Commonwealth are also eligible for membership in VRS)
- Instructional, clerical and administrative employees of local Virginia school divisions and
- Any participating Virginia city, county, town with a population of 5,000 or more if a local plan does not provide a retirement plan for its employees that equals or exceeds two-thirds of the service retirement benefit which a VRS retiree would receive at age 65 or older.¹

The employee's position cannot be temporary, seasonal or provisional in nature. However, part-time salaried employees of agencies of the Commonwealth of Virginia including part-time salaried teaching, research and professional faculty of Virginia institutions of higher education are also eligible for VRS membership.

¹ Adjunct faculty are not eligible.

VRS provides guidelines for employers as to what constitutes an eligible position for retirement purposes. Employers, not VRS, classify positions as full-time or part-time and define the hours applicable to each classification. VRS requires that retirement eligibility be uniformly applied to all employees within a job classification, working the same number of hours. However, some guidelines have been established to aid employers in determining whether an employee is “full-time.” The normal workweek for full-time employment is usually considered to be 40 hours per week. Thirty hours is the suggested minimum number of hours for full-time employment.

- Full-time permanent employees receive fringe benefits such as annual leave, sick leave, health insurance, life insurance and retirement.
- Part-time employment is generally considered to be no more than 80 percent of full-time employment; positions requiring less than 30 hours per week; or positions requiring less than 1,500 hours per year.
- Part-time employment also can be temporary work that has a definite start and end date and generally lasts less than 12 months, such as interim or acting positions or work that requires specific services for the duration of a project.
- Part-time employees are paid on a wage or hourly basis and do not receive fringe benefits.
- VRS-participating employers that define full-time or part-time positions must apply the definitions consistently to all employees and maintain documentation regarding their classifications.

Note: See the Working After Retirement sections in Chapters 8, 9 and 10 for information about how returning to work affects retirement benefits.

Exceptions to Mandatory Membership

In the following circumstances, there are exceptions to mandatory membership:

- Employees of a political subdivision or school board may elect to join or reject membership at the time their employer first joins VRS, regardless of age. However, employees hired after an employer has joined VRS cannot reject membership. Also, employees who rejected membership, terminate employment, and later return to a covered position with their employer must join VRS.
- Members of a local retirement system who are promoted to positions which meet the statutory definition of “teacher” may elect to reject VRS membership in favor of the local plan within 60 days of the promotion and with the consent of the employer.

- Members of a local retirement system who, through election to a position as a constitutional officer, are no longer eligible for membership in the local system but have accumulated more than half of the *total service credit* necessary for a full normal retirement benefit may reject VRS membership in favor of the local system with the employer's consent.
- Employees of a college or university who hold faculty positions, including part-time salaried faculty, may elect coverage in an Optional Retirement Plan (ORP), if eligible, within 60 days of employment in an eligible position. Electing to participate in an ORP is irrevocable so long as there is no break in service. The Election to Participate - Optional Retirement Plan for Higher Education (VRS-65) is required.
- Certain state employees who are eligible to participate in the Federal Employees Retirement System (FERS) may reject VRS membership.
- Employees of the University of Virginia Medical Center hired on or after July 1, 2003 who are current members of VRS may elect coverage in a plan administered by the Medical Center within 60 days of employment. Electing to participate in the Medical Center's plan is irrevocable.
- Employees of the Virginia Port Authority hired on or after August 1, 1998 participate in the plan administered by the Authority. Employees in the plan are not covered by the VRS group life insurance program or health credit program and do not participate in the VSDP.
- Persons who are older than *normal retirement age* may elect not to participate in VRS. Provided their employer participates, these persons must contribute to the VRS administered Group Life Insurance program.² If the person is vested to a retirement benefit or wants a refund of the Member Contribution Account under VRS or if participating in one of the optional retirement plans, distribution of benefits or the account balance cannot be made until the person fully ceases employment with the VRS covered employer for at least one full calendar month.
- School superintendents in participating school divisions may elect coverage in the Optional Retirement Plan for School Superintendents (ORPSS), if eligible, within 30 days of being notified by VRS of their eligibility. Electing to participate in the ORPSS is irrevocable unless the participant moves to another school division or to a VRS-only eligible position.
- Certain elected officials and political appointees may elect coverage in the Optional Retirement Plan for Political Appointees (ORPPA), if eligible, within 30 days of being notified by VRS of their eligibility.³ Electing to participate in the ORPPA is irrevocable unless there is a break in service. An ORPPA participant who moves to a VRS-only eligible position with the Commonwealth with no break in service may use the ORPPA account to purchase VRS service credit for the period of time they were covered by the ORPPA.

² See Code of Virginia § 51.1-144.

³ Political appointees eligible to participate in an ORP include employees designated in subdivision 3, 4, and 20 of Code of Virginia § 2.2-2905 and officers and employees appointed by the Attorney General or Lieutenant Governor designated as deputy, counsel, or director.

- Employees of the Virginia Outdoors Foundation are covered by the plan administered by the Foundation for retirement. Employees are covered by the VRS group life insurance program and health credit program, but do not participate in the VSDP.

In addition, part-time (except those noted previously), temporary or provisional employees, college and university adjunct faculty and independent contractors are ineligible for VRS membership. Members of a school board, Board of Supervisors and city or town councils are also ineligible for membership.

Teachers in primary and secondary schools who have J1 visas are in temporary positions, which may not exceed three years. Therefore, persons holding J1 visas while serving in these teaching positions should not be reported to VRS for retirement and group life insurance.

Retired teachers who subsequently return to work in a full-time critical teaching position should not be reported to VRS. Refer to the “Working After Retirement” sections in Chapter 8 and Chapter 10 of this manual for more information.

Dual Employment

A person cannot hold more than one membership in VRS or the plans administered by VRS including the *State Police Officers’ Retirement System* (SPORS), the *Virginia Law Officers’ Retirement System* (VaLORS), the *Judicial Retirement System* (JRS), and an *Optional Retirement Plan* (ORP) unless also a member of the General Assembly. A person who is employed in more than one *covered position* must select one position to base membership by completing an Election of Employer for VRS Reporting (VRS-9). If the VRS-9 is not submitted, VRS determines which employer offers the best future benefits for the member and terminates the member from the other employer.

If a member is employed by two different employers and one employer is covered under the Group Life Insurance program only, the VRS-9 is not

required. VRS automatically defaults the member to the VRS covered employer. The insurance-only employer should not report the employee to VRS and all premiums submitted will be credited back to the employer account.

If a member previously made an election and then terminates employment with the elected employer, the secondary employer should begin reporting the member to VRS on their monthly membership report if the member continues working in a covered position with the secondary employer.

A dually employed member **must** cease all employment with both employers at the time of retirement. The member is responsible for reimbursing overpayments in retirement benefits to VRS.

When an employee begins the retirement process, your Human Resources office should determine if he or she is currently working in more than one covered position with VRS participating employers and how that will affect future benefits. Payroll officers should review all Final Membership Statement (VRS-1500R) and/or Employer Payroll VRS-1500 Dollar/Service Suspended Detail reports sent to your agency monthly, to determine if any member meets the criteria above. If so, contact VRS Employer Reporting immediately.

NEW MEMBERSHIP

Each employer determines its reporting period.

Membership in VRS begins with the month the employee is first reported to VRS. Reporting policies and procedures differ between state and non-state agencies. State agencies should use reporting guidelines established by the Department of Human Resource Management (DHRM). VRS has established certain guidelines for reporting, but specific situations and conditions should be determined within each agency. See Retirement Creditable Compensation in the “Completing the Monthly Membership Report (VRS-1500)” section of this chapter for more information on reporting

guidelines. Internal policy should be established and then adhered to without regard to special circumstances.

Use the “01” comment code on the Monthly Membership Report (VRS-1500) when reporting a *new employee* on your payroll. Manual reporters must also complete a New Member Enrollment (VRS-1500A) when reporting a new employee. This form provides demographic information to VRS. See “Reporting Requirements” in this chapter for information on completing these forms.

Plan 1 and Plan 2 Membership

The 2010 General Assembly passed legislation implementing new plan provisions for employees with a membership date on or after July 1, 2010. The new plan provisions are called Plan 2. Employees are covered under Plan 1 if their membership date is before July 1, 2010. They may be active or deferred members. A deferred member is someone who has left covered employment but did not withdraw contributions and interest and has service credit in VRS or an account balance in a Virginia optional retirement plan as of June 30, 2010. Employees are considered Plan 2 members if they were hired or rehired on or after July 1, 2010. Members are considered rehired if they left covered employment, withdrew their funds and returned to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan. Their membership date is on or after July 1, 2010.

A summary of legislative changes can be found on the VRS Web Site, under the Employer tab, with the Employer Manual chapters. Plan 2 differences will be noted throughout the manual, where appropriate.

Deferred Compensation and Cash Match Plans

The Commonwealth of Virginia 457(b) Deferred Compensation Plan (457 Plan) is a tax-deferred retirement savings program that employees of state agencies and participating political subdivisions and public school divisions may elect. The 457 Plan is a supplement to the employer-provided VRS

defined benefit retirement plan. The Virginia Cash Match Plan is an employer-paid cash match program for qualified employees who are making continuous contributions to the 457 Plan. It is available to all salaried state employees who contribute to the 457 Plan, as well as to salaried employees of political subdivisions and school divisions that have adopted the Cash Match Plan and who are making continuous contributions to the 457 Plan.

Salaried state employees hired or rehired on or after January 1, 2008 are automatically enrolled in the 457 Plan. Each semi-monthly pay period, \$20 is automatically deducted from the employee's pay. New and rehired salaried state employees are not automatically enrolled if one of the following conditions apply:

- they have an existing 457 Plan balance from a previous period of employment,
- they self enroll, or
- they begin making continuous contributions to a 403(b) plan provided by their employer, prior to the date they are due to be automatically enrolled.

The employer cash match for these contributions is \$10 a pay period. If the employee chooses to contribute more to the 457 Plan, the maximum cash match available is \$20 per pay period.

New hires and rehires have 90 days from the date of employment to opt out of the 457 Plan following the on-line or telephone instructions provided to them by ING, the plan record keeper. Employees may also withdraw from the 457 Plan within 90 days of the first deferral and request to have the deferral(s) refunded as an Eligible Automatic Contribution Arrangement (EACA) distribution. The cash match is forfeited.

Beneficiary Designations

A *member* may want to submit a Designation of Beneficiary (VRS-2) when first joining VRS. This ensures that the retirement contributions and interest in the *member contribution account* and group life insurance, if participating, are paid according to the member's wishes in the event of the member's death. Employees participating in the 457 and Cash Match Plans must

designate beneficiaries for these plans using the forms provided by ING. If the member wishes to have the balance of the account paid according to the order of precedence below, then no Designation of Beneficiary is required. This is important because the order of precedence relieves the member of the responsibility of changing a beneficiary in the case of the death of a named beneficiary. The order of precedence is:

1. To the surviving spouse;
2. If no surviving spouse, to the member's children
3. If none, to the parents of the member;
4. If none, to the duly appointed executor or administrator of the member's estate; or
5. If none, to the member's other next of kin entitled under the laws of the member's domicile at the time of death.

In the order of precedence, "children" means natural born or adopted children. To designate a stepchild as a beneficiary, the member must complete a VRS-2.

Note: If one of the member's children is deceased, the children of the deceased child will split the parent's share. For example, if child A and B are the children of the deceased, but B is also deceased leaving children C and D (the grandchildren of the deceased member), then A would receive one half and C and D each receive one fourth (B's ½ share divided equally).

MEMBER IN DEFERRED STATUS

A member who terminates employment in a covered position and does not withdraw retirement contributions from the member contribution account is in a deferred status. You must report a member who terminates employment in a covered position using the "02" comment code on the VRS-1500. See "Reporting Requirements" in this chapter for information on how to complete this form.

Provide the mailing address of members terminating employment by reporting it on the monthly payroll if you submit reports electronically to VRS. In addition, members should complete a Name and Address Declaration for Deferred Members (VRS-3A).

CONTRIBUTIONS

Benefit payments are funded by contributions from both members and employers, as well as investment earnings.

Member Contributions

State employees, other than those in ORP Plan 1, must pay their 5 percent member contributions.

State employees (excluding elected officials, judges or participants in an ORP) are required to pay member contributions in the amount of 5% of their creditable compensation each month on a pre-tax salary reduction basis.

School boards and local employers may elect to pay some or all of the 5 percent member contribution on their employees' behalf. If an employer was paying Plan 1 member contributions prior to July 1, 2010, then the employer must continue to pay the contributions.

Plan 2: A school board or local employer may elect to pay all or a portion of the member contribution on behalf of their Plan 2 employees. To make this election for Plan 2 employees, the employer must be paying the full 5 percent member contribution for their Plan 1 employees. If the member pays any portion of the contribution, it is paid on a pre-tax salary reduction basis.

School boards or local employers may change their member contribution election once per year by submitting a resolution approved by their governing body. The election must be sent to VRS before July 1 of the fiscal year in which the election becomes effective.

The school boards or local employers may elect to pay all or a portion of the 5 percent member contribution with the member paying the remainder of the contribution.

Retirement contributions are not made on extraordinary pay including:

- Overtime pay
- Temporary shift differential pay
- Accumulated leave pay
- Payments of a temporary nature, including bonuses
- Payments for extra duties not included in the *annual salary* rate such as supplemental pay to teachers for coaching and advising special activities
- Perquisites not paid in money

The following chart summarizes the current types of member contributions:

How Contributions are Credited to the Member Contribution Account	
"C" Money	Employer pays 5-percent to member's account (member receives service credit and dollars). "C" paid money is paid by the employer and is subject to taxes upon refund or retirement.
"D" Money	Member pays 5-percent, tax deferred, to member's account (member receives service credit and dollars). Subject to FICA taxes.

Note: New employers entering the system must elect either "C" or "D" money.

Retirement contributions made by the member or those paid by the employer on behalf of the member are placed in the member's contribution account. Member contributions accrue interest at a rate of 4 percent per year, compounded annually on June 30. Interest is earned on balances that have been in the system for at least 12 months. Because the amount of the retirement benefit is based on a member's age at retirement, *average final compensation*, and years of service credit, the amount of retirement contributions and interest in the member contribution account does not affect the value of the retirement benefit.

Note: In addition to any member contribution the employer chooses to make and other required contributions associated with a member, school divisions may make additional retirement contributions on behalf of members of the Virginia Middle School Teaching Corps or Certified Turnaround Specialists. The school division can elect the *Virginia Supplemental Retirement Plan* established under Section 51.1-617 et seq. of the Code of Virginia. Contributions to the supplemental plan are sent to the plan record keeper, ING.

A member may not borrow from the member contribution account. Only

Members cannot borrow from their VRS accounts.

through termination of covered employment may a member access the balance of the member contribution account through a *refund*. See Chapter 7 “Refunds” of this manual for more information.

Employer Contributions

Each employer makes a monthly retirement contribution to VRS, which is a level percentage of total covered payroll compensation. These retirement contributions, together with member contributions, build a fund sufficient to meet the benefit payments for covered employees as they become eligible. The employer’s contribution is not credited to any specific member’s account, but is placed in the employer’s Retirement Allowance Account, which is not refundable to the member. These combined retirement contributions are used to fund lifetime benefit payments for retirees.

Employers may elect when they join VRS to provide prior service credit for service rendered before the effective date of coverage. The cost of prior service credit may be paid by the employer and is factored into the overall employer contribution rate.

FELONY CONVICTIONS

Upon notification by the employer to VRS, members who are convicted of a felony associated with the performance of their job duties on or after July 1, 2011 will forfeit their eligibility for retirement, life insurance, VSDP and VSDP long-term care benefits. If these members are convicted after they begin receiving benefits, their benefits will stop.

These members will be eligible for a full or partial refund of their member contributions and interest based on vesting requirements for refunds discussed in Chapter 7. If the person returns to a covered position at a later date, the service lost as a result of the felony action cannot be purchased. The Employer Request for Forfeiture of Member Benefits (VRS-180) will be available soon on the VRS Web site.

REPORTING REQUIREMENTS

Reporting payroll late can cost your agency a 5 percent penalty.

As a participating employer, your agency is required to submit a monthly membership report. (The Department of Accounts submits a monthly file for all state agencies using CIPPS.) These reports are due to VRS no later than the 10th of the following month for the month being reported.

Example: January's payroll reports are due February 10th.

Employers that do not file reports or pay contributions on time may be assessed a penalty of 5 percent of the amount due, plus interest at the rate of one percent per month until the report is received and the payment is made.⁴ Late reporting delays benefit processing and results in errors due to incorrect or incomplete information. Refunds, retirements, benefit estimates, Member Benefit Profiles, and processing of purchase of service applications are all affected by late reports.

For ease of reporting, VRS offers several electronic ways to submit your reports.

Your reports may be submitted through the VRS employer reporting Web site, known as WebER, through the employer Bulletin Board System (BBS), or by submitting a diskette. The method of reporting varies based on each employer's technological capabilities. See Chapter 3 "Employer Reporting" in this manual for more information on transmitting your payroll reports to VRS.

If your agency manually submits the monthly payroll reports, rather than electronically, you are required to submit the following reports:

⁴ Code of Virginia § 51.1-146 provides that VRS may assess a penalty of 5 percent of the amount due, plus interest at the rate of one percent per month until the payment is made.

Form	When	Summary
Monthly Membership Report (VRS-1500)	Monthly	Used to report salary changes, to add or drop a member or to place a member on <i>leave without pay</i> . The person responsible for payroll certifies this form.
Monthly Contribution Worksheet (VRS-52)	Monthly	Used to calculate your agency's contribution totals for each reporting period.
New Member Enrollment (VRS-1500A)	Upon employment	Used to add a new member to VRS records.
Request for Member Information Change (VRS-48)	As needed	Used to report changes in the member's name, social security number, birth date, and retirement coverage changes.
Error Adjustment Report (VRS-1501)	As needed	Used to correct reporting errors and discrepancies in previous periods.

In addition to the forms listed above, if applicable, you must submit the appropriate member election form for members who choose to participate in one of the Optional Retirement Plans. The Election to Participate – ORP for Higher Education (VRS-65) can be found on the VRS Web site. To certify an employee's eligibility, the following forms are available in the Employer section of the VRS Web site:

- Certification of Eligibility to Participate in the ORP for Political Appointees (VRS-65B).
- Certification of Eligibility to Participate in the ORP for School Superintendents (VRS-71A)

When you submit either the VRS-65B or VRS-71A, VRS sends the eligible employee the Election to Participate – ORP for Political Appointees (VRS-65C) or Election to Participate – ORP for School Superintendents (VRS-71).

Employer Codes

Each employer is assigned one or more employer code(s). The first digit of this 5-digit employer code identifies the different types of employers. Use the following chart to determine the employer code under which to report your employees.

Code	Members	Group
1xxxx	Judges	State
2xxxx	State Police	State
3xxxx	State Agencies	State
4xxxx	School Systems	Teachers, teacher's aides, instructional aides, administrative personnel, computer technologists, safety/security guards, nurses, clerical personnel and supervisors and managers of non-professional staff employed by public school boards
5xxxx	Political Subdivisions	Employees of local governments and other entities such as water authorities and sanitation districts; other school employees employed by a public school board (e.g., bus drivers, custodial, cafeteria and maintenance workers); local police officers, sheriffs, sheriff's deputies, full-time fire fighters, emergency medical technicians (EMTs), regional jail superintendents and jail officers of regional jails, farms or jail authorities
7xxxx	VaLORS	State: Conservation Police Officer in the Department of Game and Inland Fisheries, Campus Police, Capitol Police, Parole Officers, Alcohol Beverage Control Special Agents, Marine Resource Commission Law Enforcement Officers, Corrections Officers, Commercial vehicle enforcement officers employed by the Department of State Police (first reported 11/99)

The remainder of this chapter gives detailed instructions and information about completing your monthly reports. Please follow these instructions to ensure your reports are accurate and complete.

Completing the Monthly Membership Report (VRS-1500)

For all state agencies, reporting policies and requirements are pre-determined by DHRM and the Department of Accounts (DOA). Reporting of contributions must be based on those policies. If DHRM or DOA has not established policies, then the employer can establish its own.

VRS does not set the employer's policy regarding the types of situations possible in reporting a member's contributions for school boards and political subdivisions. VRS has established certain guidelines for reporting,

but internal policy should be established and then adhered to without regard to special circumstances. The following chart provides information for completing the VRS-1500.

In this field:	Enter the following:
Employer Code	Your five-digit employer code
Employer Name	Your employer name
Reporting period	The reporting period covered by this report
Social Security Number	The member's Social Security number If the member does not have a Social Security number, create a dummy number. The first two digits of the dummy number must be 80. The next five are your employer code number and the last two digits are a sequentially assigned number within your agency. Example: 80-55413-01
Last Name	The member's last name
First Initial	The first initial of the member's first name
Comment Code	The appropriate comment code for each member listed For a list of comment codes, see Figure 2-1.
Retirement Creditable Compensation	The member's annualized salary divided by the number of times reported If a member is docked a substantial amount, retirement creditable compensation may be reduced by the docked amount. Do not include overtime pay, extraordinary pay, supplemental pay, bonus pay, non-permanent shift differentials, or termination pay for annual or sick leave. For employees of educational institutions, the monthly creditable compensation is the amount representing that portion of the contract pay that was earned and paid during the month. Educational employees may have the option of receiving their pay over 9, 10, 11 or 12 months. VRS requires an employer to report retroactive pay increases. Use the Error Adjustment Report (VRS-1501) to spread the increase over the periods of time in which the compensation should have been reported. Do not confuse a retroactive pay increase with a retroactive hire or rehire. If the member is a retroactive hire, do not include the previous month's earnings. An Error Adjustment Report (VRS-1501) must be completed for each prior month. See Completing the Error Adjustment Report (VRS-1501) for more information. In the following situations, you must select a reporting policy and consistently apply it to all members: <ul style="list-style-type: none"> • When a person is hired during the month, the creditable compensation can be the actual dollars that the member earned for working during the month. If the member earns less than one-half of a month's pay, the employer

has the option of reporting the member for the actual pay earned or waiting until the next month to report the member for the first time.

- When a member terminates during the month, report the actual creditable compensation the member earned for the month.

Put a zero in the retirement creditable compensation field if:

- Your agency does not participate in retirement coverage.
- The member rejected retirement when your agency first joined VRS.
- The member joined an optional retirement plan.
- The member joined the Federal Employment Retirement System (Virginia Tech).
- The member is on Leave Without Pay (LWOP).
- The member is on long-term disability or long-term disability working.

Note: Members on long-term disability are reported by the third party administrator for the Virginia Sickness and Disability Program, not the employer. Do not report employees for the month that the employee enters into a long-term disability, regardless of what day it is during the month.

Life Insurance Base Pay

The member's annualized salary divided by the number of times reported

Life insurance base pay is not reduced for any period for which a member is being docked. Do not include such things as overtime pay, extraordinary pay, supplemental pay, bonus pay, non-permanent shift differentials, or termination pay for annual or sick leave.

For employees of educational institutions, the insurance base pay is the amount that represents the portion of the contract pay earned during the month. Educational employees may have the option of receiving their pay over 9, 10, 11 or 12 months.

When a person is hired during the month, the insurance base pay can be the actual dollars that the member earned for the days worked during that month. If the member earns less than one-half of a month's pay, the employer can report the member for the actual pay earned, or wait until the next month to report the member for the first time. The member will be covered for those days not reported. Employers must select a reporting policy and consistently apply it to all members.

When a member terminates employment during the month, the insurance base pay is the actual dollar amount the member earned during the month. Employers must select a

reporting policy and consistently apply it to all members.

When a member dies in the middle of a month, the employer may elect to report the member for the full month or a half month. The amount of life insurance will not be affected.

Members on leave of absence may continue life insurance coverage for up to two years. The employer pays contributions for group life insurance monthly to VRS. VRS does not accept checks from members or lump-sum payments for life insurance contributions covering more than one reporting period. The member may pay the employer the entire member *premium* for the leave period, and the employer then pays VRS the member and employer share of the premium on a monthly basis. For state employees, the agency pays the premium on the employee's behalf and the information is submitted monthly through the payroll system.

When a member is on Leave Without Pay (LWOP) and the insurance coverage is to continue, report the member's normal insurance base pay to VRS. The member would have earned this amount had he or she worked during the month. Please note that coverage lapses 31 days after last being reported.

Put a zero in the insurance base pay field if:

- Your agency does not participate in group life coverage.
- The member waived group life insurance when your agency first joined the Group Life Insurance Program.
- The member is on LWOP and did not continue life insurance.
- The member is an employee of University of Virginia, UVA Medical Center or MCV Hospital Authority Center covered under the university's group life insurance.
- The member is on long-term disability or long-term disability working at any time during the month.

If the member is retroactive hire, do not include any previous months' earnings. Compensation must be spread out across those previous months using an Error Adjustment Report (VRS-1501) for months within the current fiscal year. See "Completing the Error Adjustment Report (VRS-1501)" for more information.

Note: Members on long-term disability are reported by the third party administrator for the Virginia Sickness and Disability Program, not the employer. Do not report employees for the month that the employee enters into long-term disability, regardless of what day it is during the month.

Buy Back

The amount of the purchase of service when VRS has approved a purchase

If the member's pay increases, the buy back increases also. If the cost is based on AFC, VRS will reject this entry and

	<p>the record will be in suspense. Do not report lump-sum payments in this column.</p> <p>Note: If the creditable compensation is reported as zero, this field must also be reported as zero.</p>
Health Insurance Creditable Compensation	<p>The member's annualized salary divided by the number of times reported</p> <p>If your agency has been approved for the <i>Health Insurance Credit</i>, this column will always be the same as the Retirement Creditable Compensation. State agencies follow the policies established by the Department of Accounts.</p>
VSDP Creditable Compensation	<p>The member's annualized salary divided by the number of times reported</p> <p>Put a zero in this column if your agency does not participate in the Virginia Sickness and Disability Program or if the employee enters into long-term disability at any time during the month.</p>
Annual Salary	<p>The member's annualized salary</p> <p>Do not include such things as overtime pay, extraordinary pay, supplemental pay, bonus pay, non-permanent shift differentials, or termination pay for annual or sick leave.</p>
Contract Length	<p>The length of the member's employment contract</p> <p>The contract length is 12 for all members of agencies that are not a school board, college, or university.</p> <p>Employers with members in educational positions with contract lengths of 9, 10, 11, or 12 months must report the actual contract length. The contract length is the basis for posting VRS service credit to a member's account. Members with less than 12-month contracts are credited with 12 months of VRS service by June 30 as long as they fulfill their annual contract.</p>
No. Times Reported	<p>The number of times a member is reported during the year</p> <p>The number of times reported is 12 for all agencies except school boards, colleges or universities. For those agencies, the number of times reported varies from 9 to 12, depending on the agency's policy regarding paying employees over a different frequency from their contract.</p>
Activity Code	<p>Optional. This field may be used to identify a member by a unique payroll area or cost center. In addition, annual member benefit statements can be sorted by this code at the election of an employer. If you choose not to use an activity code, leave this field blank.</p>
Members Changed	<p>The total number of members for which you reported a change</p>
Authorized Signature	<p>Only authorized personnel may sign and date the form to certify changes.</p>
Page __ of __	<p>The page number and the total number of pages of the report</p>

Only a handful of employers still report manually. Contact Employer Reporting to switch your agency to electronic reporting.

Note for Manual Reporters: Any month your agency has member changes that amount to more than 40 percent of your report, you may request a Blank Prelist from VRS. This listing provides the member's Social Security number, last name, first initial, contract length, times reported, and activity code. You can request the Blank Prelist in one of the following sequences:

- By Social Security number
- By last name
- By Social Security number and activity code
- By last name and activity code

Use this prelist as your VRS-1500 for the month. Every listed member must have a comment code and all other information must be filled out completely. List your new members, any member not on the prelist, and your grand totals on the VRS-1500.

If you are a manual reporter, this report should be submitted in place of the VRS-1500, along with the VRS-52 to VRS. Mail your completed form to:

**Virginia Retirement System
Employer Reporting
P.O. Box 2500
Richmond, Virginia 23218-2500**

Comment Codes

A comment code must be entered on the Monthly Membership Report for each member listed. The following comment codes apply for dollar changes. Each type of reported change has a two-digit comment code. Please note that creditable compensation refers to both retirement creditable compensation and health insurance credit creditable compensation.

Comment Code	Explanation and Usage
01 New Member	Use for a person who is being reported to VRS for the first time. This could be a new employee, a rehire or a member who rejected retirement and life insurance coverage when your agency first joined VRS. If your agency already reports this member for either retirement or life insurance and the member received approval to have the other coverage, use the 06-comment code. If your agency is covered for retirement, all permanent, full-time salaried employees must participate.
02 Terminated	Use for a person who terminates employment, resigns, retires, dies or changes to a position that is not covered under VRS. Also, use when a member's position changes from full-time, salaried permanent to part-time. All columns after this comment code must be zero.
05 No Change	For manual reporters only: Use for members who have no change from last month when you are submitting a full listing of all your members to VRS. If you are not submitting a full listing, do not list those members without changes. The member's information for this month must be identical to what was reported to VRS last month. This comment code is not used on a monthly basis.
06 Miscellaneous Change	Use when at least one of the fields entered does not equal what was reported to VRS last month. This transaction contains at least one change in the creditable compensation, insurance base pay, buy back, annual salary, contract length, times reported or activity code.
07 LWOP—With Group Life Insurance	Use to change the status of the member's record to Leave Without Pay (LWOP) when the member continues group life insurance coverage. With this comment code, the creditable compensation and buy back field must be zero. This must be a monthly payment since lump sum payments are not accepted by VRS. A member can be in a LWOP status for a maximum of two years.
08 LWOP— Without Group Life Insurance	Use to change the status of the member's record to LWOP. This code allows the member to be in this status for up to two years. All columns after this comment code must be zero.
11 Change in Contract Length or Overlapping Contract	Use when a member changes from a faculty position to an administrative position or vice versa. Also, use to correct the number in the contract length column. This allows the member's service credits to be adjusted. Use if a salary increase or decrease is in effect with the change in contract length. When a change in contract causes a member to have no reportable salary, use the LWOP comment code. Also, use if a member changes from a faculty position to an administrative position or vice versa and you must finish paying up the old contract. Be sure to change the contract length. VRS adjusts the member's service accordingly. Never overlap insurance base pay. Always report insurance base pay on the new annual salary.

Comment Code	Explanation and Usage
12 Withheld Wages or Contract Payoff	<p data-bbox="727 243 1451 401">Use to report withheld wages from a previous month or to report the payoff of a member's contract. This comment code can be used only when a member terminates or retires and the contract length was a 9, 10, or 11 with a times reported of 12. Insurance Base Pay is not affected.</p> <p data-bbox="727 415 1451 533">If you are reporting a contract payoff for a member that is also being reported with a buy back, you must notify Employer Reporting so the additional buyback service can be added to the member's account.</p>

Completing the Monthly Contribution Worksheet (VRS-52)

Complete a Monthly Contribution Worksheet each month to report your member and employer contributions.

In this field:	Enter the following:
1. Employer Code	Your five-digit employer code
2. Employer Name	Your employer name
3. Reporting Period	The reporting period covered by this report If there are no changes to your monthly report from the previous month, check the No Change box and fax or mail the form to VRS. Each check must equal line 6 or you must complete Part B: Adjusting Entries.
4. Prior Month Totals	The totals from the VRS-1500R from the previous month If you have not received the VRS-1500R, use the totals on line 3 of your prior month's VRS-52. If you are submitting a full listing of all of your employees or reporting electronically, enter your grand totals on line 3 and leave lines 1 and 2 blank.
5. Net Changes	The net changes on line 2 for retirement creditable compensation, insurance base pay, health insurance creditable compensation, and VSDP creditable compensation Calculate net changes by totaling the VRS-1500 for the current month and subtracting last month's reported amounts for those same members.
6. Current Month Totals	The net total of lines 4 and 5
7. Contributions	Line 6 multiplied by your rate(s)
8. Buybacks	The total of all the buy backs
9. Current Dollars Due	The sum of lines 7 and 8 If you have no Part B: Adjusting Entries, enter this on the Remittance Advice (VRS-51) and remit with separate checks for retirement, group life and health insurance credit.
VRS-1501 Control No:	The number you assigned to your VRS-1501
10. Grand Totals from the Recap on the VRS-1501	The grand totals from the Recap area of the VRS-1501
11. Adjustments to Check	Any adjustments to your payment
12. Check Totals	The result of line 9 plus 10 and 11

A sample of the form is shown on the following page. If you report using an electronic method, this form is created using the VRS Employer Reporting Software Package. If you are a manual reporter, submit this report with your normal monthly reports to VRS. Mail your completed form to:

**Virginia Retirement System
Employer Reporting
P.O. Box 2500
Richmond, Virginia 23218-2500**

MONTHLY CONTRIBUTION WORKSHEET

VIRGINIA RETIREMENT SYSTEM
 P.O. Box 2500
 Richmond, Virginia 23218-2500
 Toll Free 1-888-VARETIR (827-3847)
 Fax 804-692-0989
 www.varetire.org

1. Employer Code
2. Employer Name
3. Reporting Period

Are you reporting changes from the previous month's VRS-1500? Yes No

PART A. CURRENT MONTH		RETIREMENT	GROUP LIFE INSURANCE	HEALTH INS. CREDIT	VSDP (State Only)
		Creditable Compensation	Base Pay	Creditable Compensation	Creditable Compensation
4. Prior Month Totals	\$				\$
5. Net Changes (+/-)	\$				\$
6. Current Month Totals (Total 4 and 5)	\$				\$
7. Contributions (Rate and Amount)	Rate ^{***} \$		Rate ^{***} \$		Rate ^{***} \$
8. Buybacks	Buyback				
9. Current Dollars Due (Total Items 7 and 8)	\$				\$

^{**} Retirement Rate = 5% + Employer % ^{***} Rate = Employer % + Employer %
 If no adjustments to the amounts in Part A are needed, enter the totals above on the Remittance Form (VRS-51) and remit with separate checks for Retirement, Group Life, and Health Insurance Credit, and VSDP (if required) to the appropriate lock box. **If these totals require adjustment, complete Part B.**

PART B. ADJUSTING ENTRIES – VRS-1501 Control No: _____

RETIREMENT		GROUP LIFE INSURANCE	HEALTH INS. CREDIT	VSDP (State Only)
10. Grand Totals from the Recap on the VRS-1501	\$	\$		\$
11. Adjustments to Check	\$	\$		\$
12. Check Totals (Item 9 plus Items 10-11)	\$	\$		\$



VRS-52 (Rev. 07/05)

VRS Use Only
 Init. _____
 Submitted By _____
 Signature _____
 Phone No. _____

Completing the New Member Enrollment (VRS-1500A)

Complete the New Member Enrollment form when you are adding a new employee to your payroll.

In this field:	Enter the following:
Employer Code	Your five-digit employer code
Employer Name	Your employer name
SSN	The member's Social Security number
First Name	The member's first name
MI	The member's middle initial
Last Name and Suffix	The member's last name and any suffix such as Jr, Sr, etc.
Gender	The member's gender
Birth Date	The member's date of birth
Retirement Hire/Join Date	The month, day, and year when the member became eligible for retirement coverage (should always be the 1 st of the month)
Group Life Hire/Join Date	The month, day, and year when the member became eligible for Group Life Insurance coverage (should always be the 1 st of the month)
Special Coverage Code	The appropriate alpha code, if applicable ORP participants are required to submit an Election to Participate in Optional Retirement Plan form
Page ___ of ___	The page number and the total number of pages of the report

A sample of the form is shown below. If you report using an electronic method, most of these data elements are included in the VRS Employer Reporting Software Package with the exception of some special coverage codes. If you are a manual reporter, submit this report prior to submitting your normal monthly reports to VRS. Mail your completed form to:

**Virginia Retirement System
Employer Reporting
P.O. Box 2500
Richmond, Virginia 23218-2500**

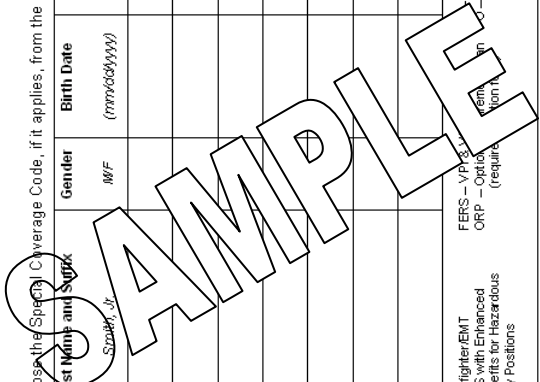
NEW MEMBER ENROLLMENT

VIRGINIA RETIREMENT SYSTEM
 P.O. Box 2500
 Richmond, Virginia 23218-2500
 Toll Free 1-888-VARETIR (827-3847)
 Fax: 804-692-0989
 www.varefire.org

1. Employer Code
2. Employer Name

Complete all fields for each member listed on the form. Choose the Special Coverage Code, if it applies, from the list below. Please type or print clearly.

SSN	First Name	MI	Last Name and Suffix	Gender	Birth Date	Retirement Hire/Join Date	Group Life Hire/Join Date	Special Coverage Code
111-11-1111	John	A	Smith, Jr	MF				



Special Coverage Codes: S – Sheriff Employee; SS – Social Services Employee; F – Firefighter/EMT; L – VRS with Enhanced Benefits for Hazardous Duty Positions; FERS – FERS; VPS – VPS; GRP – Optional Group Term Life Insurance (require Form 1042-S); R – General Registrar; E – Employee of General Registrar

Authorization: I certify that I believe the statements made herein are true and accurate as disclosed by the records of this office, and that the social security numbers are correct as entered.

Authorized Signer (Please print) _____ Phone Number _____
 Authorized Signature _____ Date _____
 Page _____ of _____
 VRS Use Only
 Date Keyed _____
 Initials _____

Completing the Request for Member Information Change (VRS-48)

Use the Request for Member Information Change form (VRS-48) for name changes, corrections to a Social Security number (which must also include a copy of the member's Social Security card), coverage changes and other demographic information. Send all completed VRS-48 forms with appropriate documentation to VRS as soon as possible. The form must be submitted to VRS with, or prior to, the monthly report on which the change is first reported.

In this field:	Enter the following:
Employer Code	Your five-digit employer code
Employer Name	Your employer name
Social Security Number	The member's Social Security number
Name	The member's first name, middle initial, and last name
Change Selections	Check the appropriate box for the change, and enter the required information
Coverage Changes	Check the appropriate type of coverage to be added or dropped and enter the effective date Have the member sign and date this section after you have completed it.
Employer Certification	Sign and date the form to certify the changes

Note: If your agency is using the VRS personal computer software package, some of the above changes, including the Social Security number change which requires legal documentation, cannot be submitted on your monthly report.

A sample of the form is shown on the following page. If you report using an electronic method, some of these data elements are included in the VRS Employer Reporting Software Package. If you are a manual reporter, submit this report with or prior to your normal monthly reports to VRS. Mail your completed form to:

**Virginia Retirement System
Employer Reporting
P.O. Box 2500
Richmond, Virginia 23218-2500**

REQUEST FOR MEMBER INFORMATION CHANGE

VIRGINIA RETIREMENT SYSTEM
 P.O. Box 2500
 Richmond, Virginia 23218-2500
 Toll Free 1-888-VARETIR (827-3847)
 Fax 804-692-0989
 www.varetire.org

1. Social Security Number
2. Employer Code
3. Employer Name

Employers complete this form to change a member's name, Social Security number, date of birth, or retirement coverage. A copy of the member's Social Security card and the member's signature is required for Social Security number changes.

PART A. MEMBER INFORMATION

4. Name	(First)	(MI)	(Last)	(Jr./Sr.)
5. Change Selections (Complete all that apply)				
<input type="checkbox"/> Name: Enter previous name _____				
<input type="checkbox"/> Birth Date: Enter correct birth date _____				
<input type="checkbox"/> Social Security Number: Enter previous SSN _____				
Member Authorization of SSN Change: _____				Member Signature and Date _____

PART B. COVERAGE CHANGES

ADD Coverage	STOP Coverage (Do not complete this section for members terminating employment.)
The employee is eligible for _____ Coverage	The employee is no longer eligible for coverage: (Check one)
<input type="checkbox"/> VRS with Enhanced Benefits for Hazardous Duty Positions	<input type="checkbox"/> VRS with Enhanced Benefits for Hazardous Duty Positions
<input type="checkbox"/> FIRE/EMT	<input type="checkbox"/> FIRE/EMT
<input type="checkbox"/> Sheriff or Regional Jail Superintendent	<input type="checkbox"/> Sheriff or Regional Jail Superintendent
<input type="checkbox"/> Optional Retirement Plan	<input type="checkbox"/> Optional Retirement Plan
As of: _____ (Effective Date mm/yyyy)	As of: _____ (Effective Date mm/yyyy)
The employee is eligible for Health Insurance Credit Coverage and is employed in the following position:	The employee is no longer eligible for Health Insurance Credit Coverage and is no longer employed in the following position:
<input type="checkbox"/> Constitutional Officer	<input type="checkbox"/> Constitutional Officer
<input type="checkbox"/> Sheriff's Employee/Employee of Constitutional Officer	<input type="checkbox"/> Sheriff's Employee/Employee of Constitutional Officer
<input type="checkbox"/> Local Social Service Employee	<input type="checkbox"/> Local Social Service Employee
<input type="checkbox"/> General Registrar	<input type="checkbox"/> General Registrar
<input type="checkbox"/> Employee of General Registrar	<input type="checkbox"/> Employee of General Registrar
As of: _____ (Effective Date mm/yyyy)	As of: _____ (Effective Date mm/yyyy)

PART C. EMPLOYER CERTIFICATION

I hereby certify that the information as stated above is correct and that the member identified above is aware of the changes being reported to VRS.	
Authorized Signature _____	Date _____



VRS-48 (Rev. 07/09)

Completing the Error Adjustment Report (VRS-1501)

If you reported member information that was inaccurate in a previous reporting period, complete an Error Adjustment Report (VRS-1501) to correct information such as:

- Salary changes
- Leave Without Pay status
- Reporting new employees
- Buy Back changes

Reporting these changes may affect your current month's payment. Each month must be listed separately on the report and both the corrected and the previously reported areas must be completed. Complete only the areas that have adjustments. Non-state employers must also report the member on the current Monthly Membership Report (VRS-1500).

Submit a VRS-1501 for all retroactive hires, rehires, pay adjustments, or retroactive reporting of employees returning from LWOP. The total dollars are adjusted in Part B of your current Monthly Contribution Worksheet (VRS-52) or on an Interagency Transfer (state agencies only). The Error Adjustment Report (VRS-1501) must include the corrected and previously reported totals for each reporting period that needs to be adjusted. You must complete the Recap section to calculate the contributions that also need to be adjusted.

In this field:	Enter the following:
Employer Code	Your five-digit employer code
Employer Name	Your employer name
Control Number	The appropriate control number Use a unique control number to identify the VRS-1501 so you can monitor its process through the Statement of Account (VRS- 50). Can be alpha or numeric, not to exceed six characters. Employer should assign, but if left blank, VRS will assign a control number. This number should be shown on the Monthly Contribution Worksheet (VRS-52) Part B for manual employers or in the body of the IAT for state employers. Do not repeat a control number in the same fiscal year.
Reporting Period	The month and year being adjusted Only one month can be represented per line. Separate VRS-1501's must be submitted for each VRS fiscal year (July 1 - June 30).
Social Security Number	The member's Social Security number
Last Name	The member's last name
First Initial	The member's first initial
Comment Code	The appropriate comment code for each member listed Each type of reported change has a two-digit comment code, which is found in this chapter of this manual. These codes are pre-defined in the VRS processing system. Every adjustment should have a comment code except for state agencies on CIPPS.
Retirement Creditable Compensation	The retirement creditable compensation that should have been reported for the full month is entered in the corrected area. In the previously reported area, enter the amount originally reported to VRS.
Life Insurance Base Pay	The insurance base pay that should have been reported for the full month is entered in the corrected area. In the previously reported area, enter the amount originally reported to VRS.
Buy Back	The Buy Back that should have been reported for the full month is entered in the corrected area. In the previously reported area, enter the amount originally reported to VRS. When an adjustment for retirement creditable compensation is made and the member has a current double deduction, the buy back must be adjusted to 5 percent of the retirement creditable compensation.
Health Insurance Creditable Compensation	The amount that should have been reported for the full month is entered in the corrected area In the previously reported area, enter the amount originally reported to VRS.

In this field:	Enter the following:
VSDP Creditable Compensation	The VSDP Creditable Compensation that should have been reported for the full month is entered in the corrected area In the previously reported area, enter the amount originally reported to VRS. (State agencies only)
Annual Salary	The Annual Salary that should have been reported for the full month is entered in the corrected area In the previously reported area, enter the amount originally reported to VRS.
Remarks	Remarks to explain the adjustment, as needed
Net Changes	The difference between Corrected Totals and the Previous Report Totals for each column If you have only one page of corrections, the Net Changes equal the Page Total. If you have several pages, then the Net Changes will equal the combined Page Totals.
Rate	The effective rate for the reporting period(s) Always use the combined member and employer rates. When sending an adjustment for a prior fiscal year, verify the rate. This section contains a chart for state and school board rates. When you are uncertain of a rate, call Employer Reporting.
Grand Totals	The product of multiplying the net change by the rate Note: If your employer code begins with a 4 or 5, then this total is entered on the Contribution Worksheet (VRS-52) in Part B so that your check will reflect the corrections. If applicable and your employer code begins with 1, 2, 3 or 7, prepare an IAT for the correction(s) and submit the IAT with your VRS-1501.
Page ___ of ___	The page number and the total number of pages for this adjustment
Authorized Signature/Date	Sign and date the form to certify the changes

A sample of the form is shown on the following page. If you report using an electronic method, adjustments can be reported on the VRS Employer Reporting Software Package. If you are a manual reporter, submit this report with your normal monthly reports to VRS. Mail your completed form to:

**Virginia Retirement System
Employer Reporting
P.O. Box 2500
Richmond, Virginia 23218-2500**

APPENDIX 2-A AUTHORIZATION TO PICK UP
THE EMPLOYEE'S CONTRIBUTION TO VRS
UNDER § 414(H) OF THE INTERNAL REVENUE
CODE

WHEREAS, the _____ desires to provide its employees with tax deferral pursuant to § 414(h) of the Internal Revenue Code with respect to their member contributions to the Virginia Retirement System by picking up member contributions to VRS; and

WHEREAS, VRS keeps track of such picked up member contributions, and is prepared to treat such contributions as employee contributions for all purposes of VRS;

NOW, THEREFORE, IT IS HEREBY RESOLVED that effective the first pay day on or after _____, the _____ shall pick up member contributions of its employees to VRS, and such contributions shall be treated as employer contributions in determining tax treatment under the Internal Revenue Code of the United States; and it is further

RESOLVED that such contributions, although designated as member contributions, are to be made by the _____ in lieu of member contributions; and it is further

RESOLVED that pick up member contributions shall be paid from the same source of funds as used in paying the wages to affected employees; and it is further

RESOLVED that member contributions made by the _____ under the pick up arrangement shall be treated for all purposes other than income taxation, including but not limited to VRS benefits, in the same manner and to the same extent as member contributions made prior to the pick up arrangement; and it is further

RESOLVED that nothing herein shall be construed so as to permit or extend an option to VRS members to receive the pick up contributions made by the _____ directly instead of having them paid to VRS; and it is further

RESOLVED that notwithstanding any contractual or other provisions, the contributions of each member of VRS who is an employee of the _____ shall be picked up either through a reduction in the current salary of such employee or as an offset against future salary increases of such employee or as a combination of both at the option of the employer by the _____ on behalf of such employee pursuant to the foregoing resolutions.

M E M B E R S H I P

Adopted in _____, Virginia this _____ day of
_____, _____.

Authorized Signature

Title