

Chapter 8. Service Retirement

Table of Contents

ELIGIBILITY	1
Unreduced Retirement	
Early Retirement	
SERVICE RETIREMENT PAYOUT OPTIONS	3
Spousal Acknowledgement	
Benefit Calculation	
Basic Benefit	
Survivor Option	
Advance Pension Option	
Partial Lump-Sum Option Payment	
Changing Options	
Lump-Sum Settlements	
Retirement and Group Life Insurance	
SERVICE RETIREMENT ESTIMATES IN <i>myVRS</i> FOR EMPLOYERS	15
APPLYING FOR SERVICE RETIREMENT	15
Acceptable Evidence of Date of Birth	
Changes in Retirement Date	
DEFERRED RETIREMENT	18
Deferred Retirement and Group Life Insurance	
DIRECT DEPOSIT	20
COST-OF-LIVING ADJUSTMENTS	20
TAXES ON BENEFITS	21
WORKING AFTER RETIREMENT	22
Federal Government Requirements	
Critical Teaching Shortage	
Penalty for Disregarding Break-in-Service Rules	
Special Considerations	
Returning to Covered Employment	
General Assembly Members	

Table of Contents (continued)

ATTACHMENTS TO RETIREMENT BENEFITS	28
APPROVED DOMESTIC RELATIONS ORDERS	29
APPENDIX 8-A MAXIMUM NON-SPOUSE ANNUITY PERCENTAGE	32
APPENDIX 8-B CHANGING THE SURVIVOR OPTION	33
APPENDIX 8-C COMPARISON OF PAYOUT OPTIONS	34

Service Retirement

VRS is a defined benefit plan funded by retirement contributions from employers and members. A member who meets eligibility requirements for retirement may apply for retirement benefits which are paid to the member for life. If the member chooses the Survivor Option, the survivor receives benefits after the member's death for the survivor's lifetime. An eligible member may also choose an option that accelerates retirement payments or provides a higher benefit early in retirement until the member reaches full Social Security retirement age. These options may be estimated using *myVRS* for Employers, a secure on-line application designed for benefit administrators to access VRS member records.

ELIGIBILITY

The hire date and type of employer for which a member works determines which age and service requirements are necessary for service retirement. This section explains the general eligibility requirements for both unreduced retirement benefits and early retirement benefits. Not all provisions apply to all members of VRS because certain agencies have elected different age and service requirements for unreduced and reduced retirements.

Note: If a member is actively employed in more than one position with a participating VRS employer (including a part-time position), the member must terminate all positions before the retirement date.

Unreduced Retirement

Plan 1 state employees, teachers and most political subdivision employees are eligible to retire with unreduced benefits at age 65 with at least 5 years of service, or as early as age 50 with at least 30 years of service.¹ However, some political subdivisions have elected not to provide unreduced retirement benefits at age 50 with 30 years of service.

If your agency has elected to provide eligibility criteria that vary from the standard, advise your employees of any differences in eligibility requirements.

Plan 2: Plan 2 state employees, teachers and most political subdivision employees are eligible to retire with unreduced benefits if age and service equal 90 or at full Social Security retirement age with five years of service.

Early Retirement

Members may retire early with a reduced benefit.

When certain age and service requirements are met, a Plan 1 member may receive a reduced retirement benefit before accumulating 30 years of service. A Plan 1 *member* who is age 55 with at least five years of service credit (55/5) may retire with a reduced benefit.² If a Plan 1 member retires under this early retirement provision, the amount of the reduction is based on age or years of service credit. A one-half percent reduction is applied for the first 60 months, and four-tenths of one percent for any additional months the member needs to meet age or service requirements for an unreduced benefit. See the “55/5 Early Retirement Reduction Factors” chart in the Appendix chapter.

In addition to the 55/5 reduced retirement provisions, a Plan 1 member who is age 50 with at least 10 years of service credit (50/10) but fewer than 30 years of service may retire with a reduced benefit.³ See the “50/10 Early

¹ See Code of Virginia §§ 51.1-153(A); 51.1-153(B)(2).

² See Code of Virginia § 51.1-153 (B)(1).

³ See Code of Virginia § 51.1-155 (A)(5).

Retirement Reduction Factors” chart in the Appendix chapter. The benefit at retirement is the higher of:

- The amount determined based on service credit and average final compensation reduced by one-half percent for the first 60 months and four-tenths of one percent for any additional months the Plan 1 member needs to meet age and service requirements for an unreduced benefit **and** an additional reduction of six-tenths of one percent for each month the member is younger than age 55; or
- The actuarially calculated present value of the retirement contributions and interest in the member’s account, paid out in monthly payments for life.

Plan 2: A Plan 2 member may receive a reduced retirement benefit at age 60 with at least five years of service. The reduction is based on whether the member is closer to:

- full Social Security retirement age or
- the first date on which the member would have completed 30 years of service and the age plus service equal 90.

Find the corresponding factor to reduce using whichever number the member is closest to.

SERVICE RETIREMENT PAYOUT OPTIONS

Members applying for VRS retirement choose how they will receive their retirement benefits from among several benefit payout options. If the member is married at the time the payout option is selected, the member’s spouse must acknowledge the form of the payout. Under all payout options, the retirement benefit is paid to the member monthly from retirement until death. If the member selects the *Survivor Option*, the monthly benefit continues to another person, known as the *contingent annuitant*, after the member’s death. Qualifying members may be eligible to take a portion of their retirement benefits in a lump-sum payment or receive a higher benefit in the early years of retirement before Social Security benefits commence.

Note: Section 415 of the Internal Revenue Code provides for dollar limitations on benefits qualified under pension plans. Each year, the Internal

Revenue Service may adjust these limitations. For 2010, the limitation on the annual benefit paid under the VRS defined benefit plan is \$195,000.

Spousal Acknowledgement

If a member is married or separated, the member's spouse must acknowledge the payout option chosen by the member. The member's name will not be added to the retirement payroll until the proper acknowledgement form is received by VRS.

VRS has developed procedures for situations where the member is unable to locate his or her spouse or the spouse is unwilling or unable to sign the acknowledgement. If a member is unable to obtain spousal acknowledgement, contact VRS for more information.

Benefit Calculation

The member's benefit is based on average final compensation (AFC), years of creditable service, and age at retirement. For Plan 1 members, AFC is the average of the 36 consecutive months of highest creditable compensation, wherever it appears in the member's VRS salary history.

The Basic Benefit does not continue the benefit to a survivor.

Plan 2: For Plan 2 members, AFC is the average of the 60 consecutive months of highest creditable compensation, wherever it appears in the member's VRS salary history.

The following salary increases should not be reported to VRS as creditable compensation and cannot be included in a member's AFC:

- Increases not related to a promotion and/or
- Increases which exceed the average increase received by other employees of the same employer holding comparable positions.

If an employer is found to have reported these types of increases as creditable compensation and an overpayment of retirement benefits result, VRS may recover the overpayment from the employer.

Basic Benefit

The formula for calculating the Basic Benefit is as follows:

- 1.7 percent of the member's AFC,
- Multiplied by the number of years and months of creditable service, and
- Divided by 12 to determine the monthly benefit.

Note: An early retirement reduction factor is applied if the member does not meet the age and service requirements for an unreduced benefit.

The Basic Benefit is payable to the member only and does not provide a survivor benefit. However, if the member dies before receiving benefits that equal the accumulated member retirement contributions plus interest (including employer-paid member contributions paid after July 1, 1980), any remaining funds in the member contribution account are paid in a lump sum to the designated beneficiary. Most members receive benefits in an amount that exceeds the balance of the member contribution account by their second or third year of retirement; however benefits continue for life.

If the Basic Benefit is selected, changes cannot be made once the date of retirement has passed. In addition, if the member returns to VRS-covered employment and retires again, the Basic Benefit must be selected in any subsequent retirements.⁴

All members are eligible for the Basic Benefit, including disability retirement applicants and members taking an early, reduced retirement.

Survivor Option

If a member selects the Survivor Option, a lifetime benefit is paid to a second person(s), known as the contingent annuitant, after the member's death. The member's Basic Benefit is actuarially reduced based upon the ages of the member and the contingent annuitant at the date of the member's retirement.⁵ The member may choose to have any whole percentage of the monthly benefit paid to the contingent annuitant, from 10

The Survivor Option continues the benefit to another person.

⁴ See Code of Virginia § 51.1-165(F).

⁵ See Code of Virginia § 51.1-165(A)(2).

to 100 percent. The smaller the percentage of a monthly benefit the member leaves to the survivor, the smaller the reduction to the member's monthly benefit. Payments continue until the contingent annuitant's death. If the member dies after a service or disability retirement application is received and scanned by VRS, but before the effective date of retirement and the member has selected the Survivor Option naming the spouse, minor child or parent as the contingent annuitant, the beneficiary is eligible for either the death-in-service benefit or the Survivor Option, whichever is greater. Please see Chapter 6, "Member Death-In-Service Benefits."

The contingent annuitant may be any individual(s) selected by the member. If a member elects more than one contingent annuitant, the benefit is calculated based on the age of the youngest and divided equally. If the contingent annuitant is the member's spouse, a percentage limitation does not apply, regardless of the age difference between the member and the spouse.

The Internal Revenue Service (IRS), however, limits the percentage of the benefit payable to a non-spousal contingent annuitant. A member who chooses a non-spousal contingent annuitant whose age difference is 11 years or more cannot select a 100 percent Survivor Option. The greater the age difference between the member and the non-spousal contingent annuitant, the smaller the benefit the non-spousal contingent annuitant can receive. The benefit amount that can be paid depends on:

- the age difference between the member and the non-spousal contingent annuitant and
- the age at which the member begins to receive benefits.⁶

If the member begins receiving benefits before age 70, the age difference between the member and non-spousal contingent annuitant is adjusted. The adjustment is equal to the number of years the member will receive benefits before age 70.

⁶ See Treasury Regulation § 1.401(a)(9)-6

Example: The member is age 68 at retirement. The difference in age between the member and the non-spousal contingent annuitant is 30 years. The member will receive two years of benefits before age 70. Therefore, the age difference is adjusted by two years to equal 28. The maximum percentage that can be paid to the non-spousal contingent annuitant is 62 percent.

If the member begins receiving benefits after age 70, the actual age difference is used. For additional information, see Appendix 8-A, “Maximum Non-Spousal Annuity Percentage,” at the end of this chapter.

If the Survivor Option is selected, there are limited situations in which another option may be selected at a later date. See Appendix 8-B “Changing Options” in this chapter for more details.

A member who selects the Survivor Option may also be eligible for a lump-sum distribution of up to three times the annual benefit. See “Partial Lump-Sum Option Payment” in this chapter for more details.

Advance Pension Option

The Advance Pension Option temporarily increases the benefit.

A member retiring from service who has not attained full retirement age under Social Security, may be eligible for the *Advance Pension Option*. Under this payout option, the member receives a temporarily increased retirement allowance based on estimated Social Security benefits, beginning on the effective date of retirement and continuing to the Social Security retirement age chosen by the member.⁷

Plan 1 members who are at least 55 years of age with 5 or more years of service credit or are at least 50 years of age with 30 or more years of service credit are eligible.

Plan 2: Plan 2 members who are at least age 60 with 5 or more years of service credit are eligible.

⁷ See Code of Virginia § 51.1-165(A)(3).

Disability retirees and Plan 1 members retiring under the 50/10 early retirement option are not eligible. In addition, members electing the Advance Pension Option are ineligible for the Survivor Option or the Partial Lump-Sum Option Payment (PLOP).

The age the member chooses for the benefit to reduce must be at least age 62, but no later than the member's full retirement age as specified under the Social Security Act. Full Social Security retirement age ranges from 65 to 67 and is determined by the member's date of birth. See Figure 8-1-for a listing of full Social Security retirement ages. When the member reaches the chosen age, the monthly VRS retirement benefit is decreased by the estimated Social Security benefit. The reduced benefit cannot be less than 50 percent of the Basic Benefit. The reduction remains in effect for life.

The Advance Pension Option is payable to the member only and does not provide for a survivor benefit. If the member dies before receiving benefits equal to the amount of accumulated member retirement contributions plus interest (including employer-paid member contributions paid after July 1, 1980), any funds remaining in the member contribution account are paid in a lump sum to the designated beneficiary.

The amount of Social Security benefits is unaffected by this option. The member must provide an estimate of your Social Security benefits. Instructions for using the on-line calculator to obtain a Social Security estimate and print the confirmation page are available on the VRS Web site in December, 2011.

The benefit under the Advance Pension Option is structured as substantially equal periodic payments under the Internal Revenue Code; therefore, the benefit is not subject to a 20 percent federal and a 4 percent state income tax withholding. In addition, there is no 10 percent penalty for early distribution. Payments received under the Advance Pension Option cannot be rolled over to another qualified plan or IRA.

The Advance Pension Option is designed to provide a more level income when combined with Social Security benefits than is available under the other options.

If a member returns to VRS-covered employment and retires again, the Advance Pension Option must be selected in any subsequent retirements.⁸

Figure 8-1 Social Security Full Retirement Ages

Year of Birth	Full Retirement Age
1937 and prior	65
1938	65 years 2 months
1939	65 years 4 months
1940	65 years 6 months
1941	65 years 8 months
1942	65 years 10 months
1943-1954	66
1955	66 years 2 months
1956	66 years 4 months
1957	66 years 6 months
1958	66 years 8 months
1959	66 years 10 months
1960 and later	67

Partial Lump-Sum Option Payment

A member who has worked for at least one, two, or three full years beyond eligibility for an unreduced retirement benefit, is eligible to select the Partial Lump-Sum Option Payment (PLOP). The PLOP is a one-time payment paid to the member in addition to a monthly retirement payment,⁹ and is issued after the member receives the first monthly retirement payment.

Members working beyond retirement eligibility may be eligible for PLOP.

The PLOP changes the way VRS pays the retirement benefit, not the value of the benefit, over the member’s life expectancy. When a member chooses the PLOP, VRS calculates the member’s Basic Benefit, and then reduces the benefit on an actuarially equivalent basis to reflect the payment of the lump-sum distribution.

⁸ See Code of Virginia § 51.1-165(F).
⁹ See Code of Virginia § 51.1-165.01.

If the member chooses the Basic Benefit with a PLOP, the lump-sum distribution is taken from the member contribution account and the amount in the member's account is depleted sooner than had the member taken just the Basic Benefit. While the member will continue to receive a benefit for life, if he or she dies soon after retirement, the money in the member contribution account may be depleted. This could mean less or no money for the member's beneficiaries had the member not taken a PLOP. Under the PLOP, the member may elect to select a Survivor Option. The Survivor Option PLOP is calculated the same way as if the member has elected the Basic Benefit PLOP; however, once the benefit is actuarially reduced to reflect the payment of the lump-sum distribution, the monthly benefit is reduced further depending upon the percentage the member has chosen for the survivor benefit, the age of the member, and the age of the contingent annuitant.

Members who select the Advance Pension Option and members who take a disability retirement are not eligible for the PLOP. A member is also not eligible to select the PLOP if the actuarial reduction in the monthly retirement benefit would result in a monthly payment that is less than \$50.

The following chart summarizes the amount of the PLOP a retiree may select depending on number of years worked after reaching eligibility for an unreduced benefit:

Time Worked After Reaching Eligibility for Unreduced Benefit	Amount of Lump-Sum Payment
1 Year	1 times annual benefit amount
2 Years	Choice of 1 or 2 times annual benefit amount
3 Years	Choice of 1, 2, or 3 times annual benefit amount

A member cannot use purchased service credit or disability credits converted to service credits to meet the requirement to work one, two, or

three years beyond eligibility for an unreduced retirement. The last 12, 24, or 36 months of service credit must be earned.

A member who selects the PLOP and later returns to VRS-covered employment must select the same retirement option upon re-entering retirement.¹⁰ At the time of the second retirement, the member does not receive another partial lump-sum distribution; however, the monthly benefit is adjusted to reflect the additional service and creditable compensation.¹¹

The following chart illustrates examples of retirement benefits with and without the PLOP:

Age at Retirement	Monthly Average Final Comp.	Years of Service Credit	Monthly Benefit Without PLOP	Max PLOP Amount	Monthly Benefit With PLOP
50	\$3,048	30	\$1,554.48	NA*	NA*
51	\$3,170	31	\$1,670.59	\$20,047.08	\$1,565.67
52	\$3,297	32	\$1,793.57	\$43,045.68	\$1,564.71
53	\$3,429	33	\$1,923.67	\$69,252.12	\$1,549.39

*The member has not worked one year past eligibility for unreduced retirement.

The PLOP is subject to a mandatory 20 percent federal tax withholding in the year it is received. In addition, 4 percent state tax is withheld if the member is a legal resident of Virginia at the time of payment. If part of the lump-sum amount includes member contributions on which the member has already paid taxes, that portion is not taxed again. If younger than age 55, the member must also pay a 10 percent penalty on the amount of the lump-sum payment for early distribution from a pension plan.

A member may defer paying taxes, and possibly eliminate the 10 percent tax penalty on the PLOP, by rolling the taxable amount into the Virginia Cash Match Plan, an Individual Retirement Account (IRA) or other qualified plan as allowed by the Internal Revenue Code. An eligible employer plan is

¹⁰ See [Code of Virginia § 51.1-165\(F\)](#).

not legally required to accept a rollover. Any member who wants to roll over the lump-sum payment to another plan should contact that plan's administrator to verify that the receiving plan is eligible to accept a direct rollover.

Changing Options

Options may be changed only in certain circumstances.

In certain situations, a member may change the Survivor Option. A member who retires under the Survivor Option may name a new contingent annuitant or revert to the Basic Benefit if:¹²

- The original contingent annuitant dies;
- The VRS Board receives written consent from the original contingent annuitant relinquishing any claim to benefits and providing proof of good health;
- The final divorce decree from the original contingent annuitant is issued, if the marriage lasted **fewer than 20 years**; or
- The final divorce decree from the original contingent annuitant is issued, if the marriage lasted **20 or more years** and the former spouse dies, remarries, or consents.

Note: If there is an Approved Domestic Relations Order (ADRO) on file with VRS, benefits must be paid as directed by the ADRO, regardless of how long the marriage lasted.

If a retiree reverts to the Basic Benefit or names a new contingent annuitant and has the benefit recalculated, no additional changes to the payout option can be made in the future under any circumstances. **This is a one-time change.**

Naming a new contingent annuitant may result in a decrease or increase in the benefit, depending on the age of the new contingent annuitant. If naming a new contingent annuitant results in a decrease in the monthly benefit, the change becomes effective the first of the month following the month VRS processes the change.

¹¹ See [Code of Virginia § 51.1-165.01\(E\)](#).

¹² See [Code of Virginia § 51.1-165\(E\)](#).

To initiate a change to the Survivor Option, the retiree must submit a Request for Estimate of Retirement Benefit Payout Option Change (VRS-5B) to VRS. Once this request is received, a new estimate of retirement benefits is calculated based on the changes requested. VRS completes the estimate on an Authorization to Change Retirement Benefit Payout Option (VRS-5C) and provides it to the retiree. The retiree makes the appropriate selection on the VRS-5C and returns it to VRS before the change can take effect. Appendix 8-B describes documentation VRS requires if circumstances require a change to the Survivor Option.

Note: A member may not make a change to the retirement benefit if the Advance Pension Option was chosen or if the member elected the PLOP Basic Option at retirement.

If the request to change is due to the original contingent annuitant's death, the change is effective on the date of death. If 60 days have passed since the date of death, the effective date is retroactive to 60 days from the date the form is received.

If the request to change is due to divorce, the change is effective on the date of the final divorce decree. If 60 days have passed since the date of the final divorce decree, the effective date is retroactive to 60 days from the date the form is received.

If the change of annuitant occurs because the original contingent annuitant relinquishes rights to the survivor benefit, the change is effective the date VRS is first notified of the member's intention to change annuitants. Initial notification may be made by telephone or letter; however, the member must complete an Authorization to Change Retirement Benefit Payout Option (VRS-5C) to officially authorize the change. If the member does not submit the authorization form until 60 days after the first notification, the effective date is retroactive to 60 days from the date the form is received.

Example: A member's named survivor relinquishes rights to the survivor benefit. The member calls VRS on August 8 to express intent to change the contingent annuitant. The authorization form is sent to the member on

August 9; however, it is not signed and submitted to VRS until December 15. The date of notification can only be backdated 60 days from December 15. If the member had submitted the form within 60 days of the August 8 notification, the effective date would have been August 8.

Lump-Sum Settlements

VRS does not provide monthly benefit payments for amounts less than \$50 except for disability and death-in-service payments to beneficiaries. If a member's benefit is under this amount, a lump-sum payment is made, based on the member's life expectancy at retirement. A member whose computed benefit is more than \$50 per month cannot elect a lump-sum payment.

The lump-sum payment is subject to a mandatory 20 percent federal withholding and a 4 percent state withholding for residents of Virginia, unless rolled over to another qualified plan or IRA.

Retirement and Group Life Insurance

A retired member retains basic group life insurance into retirement at no cost and remains eligible for the death benefit and accelerated benefit. However, the provision that allows for payment of double the death benefit for an accidental death ceases upon retirement. Dismemberment insurance also ceases upon retirement. The amount of the retained coverage will begin to reduce at a rate of 25 percent of the value at retirement on January 1 following one calendar year of retirement, and on January 1 annually thereafter, until it reaches 25 percent of its value at retirement.¹³

Optional life insurance can be:

- Continued under retiree optional life continuation provisions, or
- Converted to an individual policy.

Under retiree optional life continuation provisions, the death benefit and accelerated benefit are continued. However, the provision that allows for

¹³ See [Code of Virginia § 51.1-505\(B\)](#)

payment of double the death benefit for an accidental death ceases upon retirement. Dismemberment insurance also ceases upon retirement. Employees must exercise continuation or conversion right within 31 days of the end of the month in which retirement occurs. Refer to Chapters 5 “Group Life Insurance” and 10 “Post Retirement Benefits” of this manual for more information on life insurance.

SERVICE RETIREMENT ESTIMATES IN *myVRS* FOR EMPLOYERS

myVRS for Employers is a secure on-line application that allows you to obtain detailed information from VRS about your employees’ current status on the VRS system. You can assist your employees by answering questions about the coverage and estimating their retirement benefit.

APPLYING FOR SERVICE RETIREMENT

For comprehensive information about the retirement process, distribute the “Applying for Service Retirement” booklet to members considering retirement within 12 months. This booklet contains all of the required forms a member must submit and provides a summary of the options a member may select. Retirement applications must be received at least 60 days, but not more than six months, prior to the effective date of retirement to ensure receipt of the first retirement payment the first of the month following the retirement date. These steps must be followed:

1. The member completes the member sections of the Application for Service Retirement (VRS-5). The member must obtain his or her spouse’s acknowledgment of the retirement option selected, if married or separated.

Note: If the member is unable to complete the application, someone with specific court authority to execute the form or someone who has durable power of attorney containing specific authorization may complete the form. If the member selects a survivor option, the court order must specify the name of the person who is to receive the survivor benefit or in the case of durable power of attorney, the person given the authority to name the survivor.

Applications must be received 60 days prior to retirement.

2. The member must submit a birth certificate or other evidence of date of birth. See “Acceptable Evidence of Date of Birth” on the next page for a list of documents that VRS accepts.

If the member is selecting a survivor option, the member must submit a birth certificate or other acceptable evidence of date of birth for the contingent annuitant.

3. The member must complete a Request for Income Tax Withholding (VRS-15) with the application. If the VRS-15 is not submitted, VRS assumes married with three allowances for federal taxation, and zero allowances for state taxation.
4. The member must complete an Authorization for Direct Deposit of Monthly Benefit (VRS-57). The retirement application is considered incomplete if the VRS-57 is missing.
5. The member may complete a Designation of Beneficiary (VRS-2) to update his or her designated beneficiary.
6. The member may complete a Request for Health Insurance Credit (VRS-45) if the member has 15 or more years of service credit. (Some political subdivisions have elected not to participate in this program. Advise your employees whether your entity has elected the Health Insurance Credit.) Political subdivision employees who are constitutional officers, employees of a constitutional officer, sheriffs, sheriff’s deputies, or local Social Service employees with 15 or more years of service credit are eligible for the health insurance credit regardless of whether or not their employer has elected to participate. To be given the health insurance credit, employees must have their employer complete a Certification of Employment for Health Insurance Credit Eligibility (VRS-76).

Note: Once the retirement benefit has been determined, a retirement certificate is sent to the member. If the member is eligible for the health insurance credit, the retirement certificate will reflect the maximum amount that can be paid. If the retiree does not submit a Request for Health Insurance Credit (VRS-45) with the retirement application, a copy of the form is included with the retirement certificate. Refer to Chapter 10 “Post Retirement Benefits” for additional information regarding the health insurance credit.

7. The member may submit a VSDP Conversion of Disability Credits (VRS-5A) to convert disability credits to service credits, if applicable (state retirees only).
8. The member should review outstanding purchases of prior service credit. All purchases must be completed before termination of employment.
9. The member must continue Optional Life Insurance coverage or convert to an individual policy within 31 days of end-of-month separation. For deferred retirees, please see “Deferred Retirement and Group Life Insurance” in this chapter.

All of the documents listed above must be submitted to the benefit administrator after completion. In addition, state retirees must complete the following steps within 31 days following retirement:

1. Elect to retain long-term care coverage under the VSDP Long-Term Care Plan (if eligible) by completing the VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and the VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171).
2. Complete a State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (DHRM form T20530).

Once you receive the member's completed forms, review the member sections of the VRS-5 for completeness, then complete and certify the Employer Certification section of the form. Send the forms and evidence of date of birth to VRS at least 60 days, but not more than six months, before the effective date of retirement. You cannot sign the application form on behalf of the employee unless the employee is physically or mentally unable to sign the form. If you do so, the member cannot select any payout option other than the basic benefit.

Note: The retirement date is the first day of the month following the month in which the member last works or is last reported to VRS.

Acceptable Evidence of Date of Birth

A copy of one of the following documents must be submitted as evidence of date of birth for the member and contingent annuitant. Photocopies are acceptable as long as they are clear and legible.

- Public record of birth
- Report of confidential Social Security benefit information (Form 2458)
- Church record of birth or baptism
- Census Bureau notification of registration of birth
- Hospital birth record or certificate
- Flyttningsbetyg or similar foreign birth record
- Physician's or midwife's birth record
- Certification of approved form of Bible or other family record
- Naturalization record
- Immigration record (provide translation if necessary)
- Military record
- Passport

Changes in Retirement Date

If a member submits a service retirement application, but then decides to retire at a different date, submit a Change to Certification for Retirement (VRS-49). This form prevents an account being set up on the retiree payroll and benefits being paid, which the member would need to repay while a second retirement application is processed.

DEFERRED RETIREMENT

Members may defer retirement.

A member is in a deferred retirement status if the member did not take a refund of VRS contributions after leaving employment with a participating employer or if there is employer-paid service credit in the member's record. Members in deferred status retain their right to a future benefit, either in the form of a refund of retirement contributions and interest or a monthly retirement benefit. A Plan 1 member in deferred status who terminates service with 5 or more years of service and leaves retirement contributions in VRS qualifies for a monthly benefit as early as age 55.¹⁴ A Plan 1 member in deferred status who terminates service with 10 or more years of service and leaves retirement contributions in VRS qualifies for a monthly benefit as early as age 50.

Plan 2: A Plan 2 member in deferred status who terminates service with 5 or more years and leaves retirement contributions in VRS qualifies for a monthly benefit as early as age 60.

When a member in deferred status applies for deferred retirement, VRS can backdate the effective date of retirement as much as 90 days from the date VRS receives the application. To qualify for a backdated retirement:

- The retirement date must be on first of the month;
- The retirement date cannot be before the member was last reported;
- The member must be vested; and
- The Plan 1 member must have reached age 55 with 5 years of service, or age 50 with 10 years of service, as of the retirement date.

¹⁴ See [Code of Virginia § 51.1-153\(C\)](#).

- The Plan 2 member must have reached age 60 with 5 years of service, as of the retirement date.

You must complete the Employer Certification section of the VRS-5 if the member has been terminated from employment for a year or less.

Deferred Retirement and Group Life Insurance

A Plan 1 deferred retirement applicant who terminates covered employment at age 55 with five or more years of service credit or at age 50 with 10 or more years of service credit retains basic group life insurance at no cost after separation from service.

Plan 2: A Plan 2 deferred retirement applicant who terminates covered employment at age 60 with five or more years of service credit retains basic group life insurance at no cost after separation from service.

The member remains eligible for the death benefit and accelerated benefit. However, the provision that allows for payment of double the death benefit for an accidental death ceases upon separation from service.

Dismemberment insurance also ceases upon separation from service.¹⁵ The amount of the retained coverage will begin to reduce at a rate of 25 percent of the original value at separation from service on January 1 following one calendar year of separation from service, and on January 1 annually thereafter, until it reaches 25 percent of its original value.¹⁶

If a member meets age and service eligibility requirements for retirement upon separation from service and does not retire on an immediate annuity, optional life insurance can be:

- Continued under retiree optional life continuation provisions, or
- Converted to an individual policy.

Under retiree optional life continuation provisions, the death benefit and accelerated benefit are continued. However, the provision that allows for

¹⁵ See [Code of Virginia § 51.1-505\(E\)](#).

¹⁶ See [Code of Virginia § 51.1-505\(B\)](#).

payment of double the death benefit for an accidental death ceases upon separation from service. Dismemberment insurance also ceases upon separation from service.¹⁷ Employees must exercise continuation or conversion right within 31 days of the end of the month in which separation from employment occurs. Refer to Chapters 5 “Group Life Insurance” and 10 “Post Retirement Benefits” of this manual for more information on life insurance.

DIRECT DEPOSIT

Retirement payments are made through direct deposit.

VRS deposits monthly benefit payments through Electronic Funds Transfer (EFT) into a retiree or beneficiary’s bank, credit union, or other financial institution. Deposits are made on the first of each month or the last working day of the preceding month, if the first falls on a holiday or weekend. The annual direct deposit schedule is published in the winter edition of *Retiree News*.

Participation in direct deposit is required of retirees and beneficiaries, unless an exception has been filed and approved by VRS. Processing of the service retirement application will be delayed until the Authorization for Direct Deposit of Monthly Benefit (VRS-57) is received or an exception has been approved.

COST-OF-LIVING ADJUSTMENTS

A retiree is eligible for a *cost-of-living adjustment* (COLA) on July 1 of the second calendar year after retirement. Because VRS pays retirement benefits in arrears, the COLA is reflected in the August 1 payment. Adjustments are effective yearly thereafter on July 1.¹⁸

Example: If a person retired on September 1, 2010, the first COLA is effective with the July 1, 2012 payment, which is payable on August 1, 2012.

¹⁷ See [Code of Virginia § 51.1-512\(E\)](#).

¹⁸ See [Code of Virginia § 51.1-166](#).

The amount of the COLA is determined by the CPI-Urban.

Note: A January 1 retirement date is considered to be in the previous calendar year, and the retiree is eligible for a cost-of-living adjustment after the first calendar year of retirement. For example, a person retiring on January 1, 2010 is eligible for a COLA effective July 1, 2011, reflected in the August 1, 2011 payment.

The amount of the COLA is directly dependent upon the Consumer Price Index-Urban (CPI-U). A Plan 1 retiree receives the full amount of the first 3 percent increase in the CPI-U and half of any such increase from 3 to 7 percent. The maximum COLA is 5 percent.

Plan 2: A Plan 2 retiree receives the full amount of the first 2 percent increase in the CPI-U and half of any additional increases, up to 6 percent.

Because COLAs are based on the rate of inflation, they are not guaranteed to occur each year. If there is no increase or even if there is a decrease in the CPI-U, the monthly retiree benefit amount will not be reduced.

A retiree under the Advance Pension Option is eligible for a cost-of-living adjustment (COLA) on July 1 of the second calendar year after retirement. Adjustments are made yearly thereafter, always effective July 1 and reflected in the August 1 payment. The COLA is calculated using the Basic Benefit the retiree would have received had the Advance Pension Option not been selected. The factors used to calculate lump-sum settlements include COLA assumptions.

TAXES ON BENEFITS

In most cases, a retiree must pay federal and state taxes on the retirement benefit. The retiree includes a Request for Income Tax Withholding (VRS-15) with the retirement application. The VRS-15 allows retirees to elect how federal and state income taxes will be withheld from the monthly benefit payment. If VRS does not have this form on file, taxes are automatically withheld based on a status of married claiming three allowances for federal income taxes and zero allowances for state income taxes.

Benefits are subject to federal and state income taxes.

A retiree who does not want taxes withheld should notify VRS using a VRS-15. By not having taxes withheld, a retiree may be responsible for paying estimated taxes; tax penalties may be assessed if the retiree's withholding and estimated tax payments are insufficient.

A retiree may change the withholding amount at any time during the year by filing a new VRS-15. A change to the withholding may be needed if the retiree married, divorced or had other changes affecting tax status during the past year. A retiree who is not claiming resident status in Virginia and will not file income taxes with the Commonwealth of Virginia must complete the VRS-15, marking the block indicating "non-resident" status for state taxes.

In addition to taxes on the retirement benefit, the value of a retiree's basic life insurance coverage in excess of \$50,000 is subject to FICA, federal and state income tax. The imputed income is reported each year on a W-2 form. Any taxes withheld for FICA and federal and state income taxes are deducted from the monthly benefit.

The staff of the nearest IRS office or a personal tax advisor can help a retiree determine actual federal tax liability. A retiree should contact the taxpayer assistance unit of the Virginia Department of Taxation at 1/804/367-8031 for help determining state tax liability.

VRS makes every effort to provide the best tax information available, but it is the retiree's responsibility to ensure compliance with federal and state tax laws.

WORKING AFTER RETIREMENT

After retirement, a VRS retiree can work for any employer that does not participate in VRS and continue to receive retirement benefits. If the retiree returns to covered employment with a VRS-participating employer, the

retirement benefits will cease, and he or she will again become an active member. Covered employment is any full-time permanent position that provides VRS benefits. Some part-time permanent positions with state agencies and public colleges and universities also are covered under VRS. See the “Membership” chapter for the complete guidelines for full and part-time positions.

Non-covered employment with VRS-participating employers includes temporary, part-time hourly and adjunct faculty positions. In many cases, the retiree can accept non-covered employment with a VRS-participating employer and continue to receive retirement benefits.

Employers should:

- Have no pre-arranged employment commitment with the retiree;
- Ensure the retiree is not expected to perform all the duties required of his or her pre-retirement, full-time position;
- Evaluate the need for the position periodically if it does not have an end date;
- Structure the position so the hours worked are at least 20 percent less than a full-time position. Position descriptions should clearly define the difference between part-time and full-time positions requiring the same skills, experience and knowledge.
- Ensure that the employee has at least a full calendar month break in service during a normal work period if returning to a non-covered position with the pre-retirement employer. If returning to work in a non-covered position with a different employer, the full calendar month break in service is not required.

Note: If the retiree works for two VRS employers and both positions are non-covered, the retiree’s work hours must still be 20 percent less than a full-time position.

The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer.

Example: The retiree’s employer prior to retirement was the Department of Motor Vehicles. The retiree now wants to work in a position with the Department of Corrections in a position not covered under VRS. The retiree

must have a full calendar month break in service from the Department of Motor Vehicles before starting part-time hourly work at the Department of Corrections to continue receiving retirement benefits. The part-time hours worked should be 20 percent less than that of a full-time position.

Local school systems, local governments, including cities, counties, towns, commissions, authorities and other political subdivisions are considered separate employers.

Example: The retiree retired from Henrico County Public Schools and wants to work with Hanover County Public Schools in a position not covered under VRS. The retiree is not required to have a full calendar month break in service from Henrico County Public Schools before beginning part-time hourly employment with Hanover County Public Schools to continue receiving retirement benefits.

Local governments, including cities, counties, towns, commissions, authorities and other political subdivisions, are also considered separate employers.

Example: The retiree's last employer prior to retirement was the Town of Abingdon. The retiree now wants to work with Goochland County in a position not covered under VRS. The retiree is not required to have a full calendar month break in service from the Town of Abingdon before beginning part-time hourly employment with Goochland County to continue receiving retirement benefits.

Federal Government Requirements

VRS is a qualified pension plan as defined by the IRS. The IRS requires a severance of employment for a member to be eligible to receive a plan distribution. To ensure there has been a severance in employment, VRS requires that a member have a least a full calendar month break in service during a normal work period before returning to non-covered employment with his or her pre-retirement employer.

Non-covered employment includes temporary, part-time hourly and adjunct faculty positions that do not provide VRS benefits.

The break-in-service requirement does not apply if the member returns to non-covered employment with a different VRS-participating employer or any employer who does not participate in plans administered by VRS. This full calendar month break must be over a period the retiree would normally work.

Teachers and faculty on contracts returning to work with the same employer, who normally do not work during the summer months, cannot count the summer months as the break in service period. Summer school employment and substitute teaching are also considered working and cannot count towards the full calendar month break in service period. The break in service period must begin with the start of the school or academic year. The retiree must not work for a full calendar month from the end of the contract, excluding the summer break.

Example: Contract period: August 25, 2008 – June 14, 2009 - The end date of this contract is June 14, 2009. Therefore, this retiree may return to the same employer in a non-covered or part-time position no earlier than October 1, 2009.

Example: Contract period: August 25, 2008-June 20-2009 - The end date of this contract is June 20, 2009. Therefore, this retiree may return to the same employer in a non-covered or part-time position no earlier than October 1, 2009.

A retired teacher who selected an *early retirement incentive program (ERIP)* that requires the retiree to work a certain number of days during the upcoming contract year in a non-covered, part-time teaching position, will continue to receive VRS retirement benefits as long as the retiree has a bona fide break of at least a full calendar month.

Critical Teaching Shortage

VRS-covered retirees may continue to receive retirement benefits if working full-time as a teacher, principal or assistant principal in a *critical shortage area*. Critical shortage positions are considered temporary and your agency should recruit yearly to fill the position prior to hiring or re-hiring a retiree in a critical shortage position.

To be eligible for a critical shortage position, the retiree must:

- Be fully licensed for the assignment.
- Teach or serve as a principal or assistant principal in a designated critical shortage area, as identified annually by the Department of Education (DOE);
- Have a bona fide break in service of at least 12 months following the effective date of retirement and not worked in any capacity for a VRS-participating employer, even on a part-time basis during that period;
- Have not retired under a local school system's early retirement incentive program (ERIP), unless the member is receiving an unreduced VRS retirement benefit. (Any period of work performed by the retiree to satisfy the requirements of an ERIP will extend the number of months required to satisfy the bona fide break in service to comply with this program.); and
- Have not taken a refund of the retirement contributions and interest credited to his or her VRS account nor deferred retirement.

The Department of Education designates critical shortage areas; however, school division superintendents and school boards may also designate a critical shortage position if there are three or fewer qualified applicants. Visit DOE's Web site at www.doe.virginia.gov/VDOE/newvdoe/teached.html to determine if a position is designated as critical shortage.

A retiree employed in critical shortage positions must complete a Certification of Eligibility for Critical Shortage Teachers or Administrators (VRS-160) at the time of employment and by November 1 of each year as long as the retiree continues to be employed in a critical shortage position. The employer must certify the form and send it to VRS.

The school division must complete a Certification of Non-Participation of Critical Shortage Teachers and Administrators (VRS-160A) by November 1 if no VRS retirees are employed in critical shortage positions.

Note: These Code provisions expire July 1, 2015.

Penalty for Disregarding Break-in-Service Rules

An employer may not hire a retiree in a non-covered position without complying with the provisions that govern the bona fide break-in-service and other return-to-work requirements. In addition, the employer must not hire a retiree in a covered position while the employee continues to receive a retirement benefit. If an employer disregards the break-in-service rules or the rules governing hours worked in non covered positions held by a retiree, the retiree's benefit will be adjusted going forward and VRS may collect the overpayment of benefits from the employer.

Special Considerations

Re-employment may also affect the retiree's life insurance coverage. See Chapter 5 "Group Life Insurance" of this manual for more information.

Social Security rules govern the maximum amount a person may earn and remain eligible for Social Security benefits. Advise retirees who receive Social Security benefits to consult the local Social Security office concerning re-employment.

Returning to Covered Employment

Covered employment is any full-time permanent position that provides VRS benefits. Some part-time permanent positions with state agencies and public colleges and universities are also covered under VRS.

If a retiree returns to VRS-covered employment, benefits cease and the retiree becomes an active member again.

To avoid overpayment of retirement benefits, you and the member must submit a Request for Termination of Monthly Benefit (VRS-7) to VRS immediately upon the member's re-employment in the covered position. Optional Retirement Plan (ORP) retirees must submit a Notice of Return to Covered Employment for ORP Retirees (VRS-7ORP) when the retiree

returns to work in a position covered under VRS, including an ORP or an Alternate Retirement Plan. The ORP retiree is required to stop distributions from the ORP (other than from an annuity).

When the retiree leaves covered employment, monthly VRS benefits resume after being recalculated to include the additional service and salary, if the salary is higher than it was previously. The retiree must select the same payout option that was chosen at the first retirement. Any COLA the retiree earned prior to returning to covered employment is lost. The retiree must wait until July 1st following the first full year of his or her (second) retirement to receive a COLA.

General Assembly Members

Retirees receiving a retirement benefit based on non-General Assembly service may serve in an elected position in the General Assembly and continue to receive a retirement allowance. When the retiree ceases to be a member of the General Assembly, the benefit will be recalculated to include the General Assembly service.

The General Assembly member is eligible to participate in the State Retiree Health Benefits Program at retirement if he or she submits a State Health benefits program Enrollment Form for Retirees, Survivors and LTD Participants (DHRM form T20530) and takes an immediate annuity.

ATTACHMENTS TO RETIREMENT BENEFITS

VRS retirement benefits are exempt from county or municipal tax and are not subject to execution, attachment, garnishment or any other process whatsoever, except under the following conditions:

- IRS tax levies (A retiree who is subject to IRS tax levies is notified by the IRS and VRS regarding the amount and duration of the attachment.)
- Debt to a member's employer
- Child support payments
- Marital property as stated in an Approved Domestic Relations Order (ADRO)

Retirement benefits and assets created under Title 51.1 that are deemed to be marital property pursuant to Chapter 5 (Section 20-89.1 et seq.) of Title 20 of the Code of Virginia can be divided or transferred by a court by direct assignment to a spouse or former spouse pursuant to Section 20-107.3.¹⁹

APPROVED DOMESTIC RELATIONS ORDERS

ADRO language must be acceptable to VRS.

A copy of an ADRO must be sent to VRS for review to ensure that the language contained in the order is acceptable to VRS. This is a preventive measure meant to avoid re-filing the ADRO with the court if the language is not acceptable to VRS or the benefit distribution does not conform to law. For more information, the “Approved Domestic Relations Orders Guide” is available in the member publications section of the VRS Web site. This publication is intended to be a source of reference for attorneys representing VRS members involved in divorce proceedings. The member or member’s attorney may contact VRS and request a copy of this publication.

An ADRO must clearly specify the following:

- The name, and last known mailing address of the member and alternate payee;
- Social Security number included on a Private Addendum;²⁰
- The amount or percentage of the member's or retiree's benefit to be paid to the alternate payee, or the manner in which the percentage is to be determined;
- The number of payments or the time period to which the order applies; and
- The plan to which the order applies.

The ADRO cannot require VRS to:

- Provide a benefit or option that is not otherwise provided by law or elected by the member,
- Provide increased benefits,
- Notify the alternate payee of changes to the benefits due the member or retiree other than the amount of payment specified in the ADRO, or
- Pay proceeds from a group life insurance policy or refunds of retirement contributions that may be due upon the death of the VRS member or retiree to anyone other than persons designated in writing by the

¹⁹ See Code of Virginia § 51.1-124.4(A).

²⁰ See Code of Virginia § 20-121.03

member or retiree on the Designation of Beneficiary form executed by the VRS member and filed with VRS.

The distribution to an alternate payee may be rolled over to an IRA if distributed through a refund to defer the 20 percent federal tax and 4 percent Virginia state tax withholding, if applicable. The refund distribution to an alternate payee cannot, however, be rolled over to another qualified plan.

A VRS member or alternate payee cannot borrow funds from the plan, nor can the alternate payee receive any payment until the member begins to draw a benefit or requests a refund.

To release information regarding a member's or retiree's benefits, the member must send a written request or release to VRS authorizing release of information to someone other than the member. Information may also be secured by a subpoena duces tecum. However, released information is limited to:

- The member contribution account balance,
- Benefit estimates through the marriage separation date and/or assuming continuous employment to retirement, and
- The current beneficiary designation for retirement contributions and group life insurance.

Note: VRS does not provide any present value calculations or serve as an expert witness in divorce cases.

When the ADRO is approved, VRS:

- Sends a letter of approval to the person submitting the order,
- Flags the member's or retiree's record,
- Incorporates the ADRO into the record, and
- Begins processing a distribution in the case of a pending refund or monthly payment if the member is receiving a retirement benefit.

VRS notifies a member who selects a retirement option at retirement that does not conform to the ADRO and/or divorce decree on file with VRS. VRS cannot require a member to select a specific option. A member who retires may not change the retirement option. The payment under an ADRO to an alternate payee ceases at the death of the member or retiree. VRS cannot deduct health insurance payments, but can withhold taxes for the alternate

payee. If the member dies before drawing benefits, the beneficiary designation determines how benefits are paid for retirement and life insurance.

Note: The alternate payee must notify VRS of any change to his or her name or address. VRS will only use the name and address that is on file to process payments.

APPENDIX 8-A MAXIMUM NON-SPOUSAL ANNUITY PERCENTAGE

Use the information in the Survivor Option section of this chapter and the following chart to determine the maximum survivor percentage that may be paid to a non-spouse contingent annuitant.

Excess of Member's Age Over Age of the Contingent Annuitant (CA)	Maximum Percentage of Member's Benefit that May be Paid as a Survivor Annuity
10 years or less	100%
11	96%
12	93%
13	90%
14	87%
15	84%
16	82%
17	79%
18	77%
19	75%
20	73%
21	72%
22	70%
23	68%
24	67%
25	66%
26	64%
27	63%
28	62%
29	61%
30	60%
31	59%
32	59%
33	58%
34	57%
35	56%
36	56%
37	55%
38	55%
39	54%
40	54%
41	53%
42	53%
43	53%
44 and greater	52%

APPENDIX 8-B CHANGING THE SURVIVOR OPTION

If the member retires and...	The member may...	Send these forms and documents to VRS
The contingent annuitant dies	Revert to the Basic Benefit, or	<ul style="list-style-type: none"> • Authorization to Change Retirement Benefit Payout Option (VRS-5C) • Copy of the original contingent annuitant's death certificate
	Name a new contingent annuitant	<ul style="list-style-type: none"> • All of the above forms, and • Copy of birth certificate of new contingent annuitant
Divorces the contingent annuitant after less than 20 years of marriage	Revert to the Basic Benefit, or	<ul style="list-style-type: none"> • Copy of divorce decree from original contingent annuitant • Authorization to Change Retirement Benefit Payout Option (VRS-5C)
	Name a new contingent annuitant	<ul style="list-style-type: none"> • All of the above forms, and • Copy of birth certificate of new contingent annuitant
Divorces the contingent annuitant after 20 or more years of marriage	Revert to the Basic Benefit, or	<ul style="list-style-type: none"> • Copy of divorce decree from original contingent annuitant • Authorization to Change Retirement Benefit Payout Option (VRS-5C) • Signed Affidavit of Consent by original contingent annuitant relinquishing rights to the survivor benefit.*
	Name a new contingent annuitant	<ul style="list-style-type: none"> • All of the above forms, and • Birth certificate of new contingent annuitant
The contingent annuitant consents in writing to waive the benefit	Revert to the Basic Benefit, or	<ul style="list-style-type: none"> • Authorization to Change Retirement Benefit Payout Option (VRS-5C) • Contingent Annuitant's Certification of Health Status (VRS-29) completed by former contingent annuitant and physician • Signed Affidavit of Consent by original contingent annuitant relinquishing rights to the survivor benefit
	Name a new contingent annuitant	<ul style="list-style-type: none"> • All of the above forms, and • Copy of birth certificate of new contingent annuitant

* If a spouse of 20 or more years fails to provide consent, the change is effective only upon the earlier of the former spouse's death or remarriage.

APPENDIX 8-C COMPARISON OF PAYOUT OPTIONS

This chart provides summary descriptions of all VRS benefit payout options.

Payout Option	Description
Basic Benefit	<ul style="list-style-type: none"> • The Basic Benefit is payable to the member only. • The Basic Benefit is calculated by multiplying 1.7 percent of the member's average final compensation (AFC) by the number of years of creditable service. This result is then divided by 12 to determine the member's monthly benefit. Reduction factors are applied if the member does not meet the age and service requirements for an unreduced benefit. • A member choosing service or disability retirement may select the Basic Benefit. • A member who selects the Basic Benefit may also be eligible for the Partial Lump-Sum Option Payment.
Survivor Option	<ul style="list-style-type: none"> • The member receives less than the Basic Benefit in order to leave a percentage of the benefit to a contingent annuitant (survivor). • The reduction in the member's monthly benefit is based on the ages of the contingent annuitant and the member on the member's retirement date. • The contingent annuitant cannot receive more than 100% or less than 10% of the member's monthly benefit (subject to limitations if contingent annuitant is not the member's spouse). • A member who selects the Survivor Option may name a new contingent annuitant or revert to the Basic Benefit in limited situations. • A member choosing service or disability retirement may select this option. • A member who selects the Survivor Option may also be eligible for the Partial Lump-Sum Option Payment. • The member cannot select the Advance Pension Option.
Advance Pension Option	<ul style="list-style-type: none"> • The member receives an increased retirement allowance based on a Social Security estimate that assumes no earnings after VRS retirement, beginning on the effective date of retirement and continuing to the age chosen by the member. • The chosen age must be at least 62, but no later than full retirement age as defined under the Social Security Act. • When the retiree reaches the chosen age, the monthly retirement benefit decreases to no less than 50 percent of the Basic Benefit. • Members retiring under Disability are ineligible for the Advance Pension Option. • The member cannot select a survivor option.

<p>Partial Lump-Sum Option Payment (PLOP)</p>	<ul style="list-style-type: none"> • This option can be combined with the Basic Benefit or Survivor Option. • The member receives a lump-sum distribution of up to three times the annual benefit amount if the member works beyond eligibility for an unreduced benefit. • The regular monthly retirement benefit is reduced to reflect the member's decision to receive a portion of the benefit in a lump-sum payment. • Members choosing disability retirement and members who select the Advance Pension Option cannot select the PLOP.
--	--