

Employer Update



A PUBLICATION OF THE VIRGINIA RETIREMENT SYSTEM

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Enhancing VRS Services To Employers

As 2005 begins, VRS introduces a number of new programs and improvements to existing programs that were developed as a result of employer feedback.

Changes To QuickAccess Are Coming!

The on-line QuickAccess system is currently designed for benefits administrators and payroll officers who perform estimates and provide assistance to employees regarding their VRS benefits. VRS has limited the types of information available on QuickAccess to ensure security of personal information; yet many users have commented that they would like to do more through QuickAccess. VRS is making changes based on these employer comments.

Some of the exciting changes already under way include:

- **Access for non-VRS covered employees:** You will soon be able to request that employees who are in part-time, non-classified, wage, or contract positions (positions in the agency but not reported to VRS) have access to VRS information for a finite period of time if they perform functions that require access to VRS member information. (For example, you may have a part-time employee who assists the Human Resources office by preparing benefit estimates. At this time, this person cannot use QuickAccess.)
- **Activity-based access:** VRS will soon be able to provide access that allows contacts to view information specific to the activities they can perform.
- **More information:** With activity-based system access, more information will be available through QuickAccess and additional contacts, other than benefits administrators, may have access.
- **Confirmation notices and suspension notices:** VRS will notify the agency's administrative authority when changes submitted on a VRS-67 are completed and when a contact is suspended (e.g., if a contact is no longer reported to VRS on the employer contribution report, the agency's administrative authority will receive a notice so a replacement contact can be named).

VRS will continue enhancing the QuickAccess system by asking for additional suggestions.

The Employer Support Team Is Here For You

If you need to talk to a VRS representative, the Employer Support Team is dedicated to answering your questions and helping you meet the needs of your members. Call 344-3191 in Richmond, toll free at 1/800/510-8668 or e-mail employer-info@varetire.org, for information on plan coverage and rates, legislation, policies and procedures, payroll, benefits administration, and for help with QuickAccess and other on-line tools.

Need In-Depth Research? Contact Your Employer Representative

If you need in-depth research or if you would like to talk with a VRS representative in person, contact your Employer Representative, in the Public Relations Department.

Susan Keith - Program Manager – 804/344-3156 skeith@vrs.state.va.us
Bryan Venable - School Divisions – 804/344-3196 bvenable@vrs.state.va.us
Dennis Merrill - State Agencies – 804/697-6660 dmerrill@vrs.state.va.us
Ben Howard - Political Subdivisions – 804/697-6686 bhoward@vrs.state.va.us

Benefit Administrator Training Scheduled For Early In 2005

Want to know how to do estimate calculations using QuickAccess? Want to receive hands-on training using QuickAccess? Now you can learn how to use all the resources available to you through the Web site and all the information available through the new *VRS Employer Manual*.

VRS is offering benefits administrator training beginning in February and continuing through May, that will combine classroom and online practice sessions using QuickAccess. The sessions are conducted in partnership with the Virginia Community College System.

If you are interested in attending a benefits administrator program, go to Employer Training under the Employer tab at www.varetire.org.

VRS Offers Payroll Reporting Training

VRS recently presented its course on *Employer Reporting for Localities & School Boards* to a pilot group of payroll officers. The course is designed to educate and inform on providing timely, accurate monthly employer reporting. It features information on the reconciliation process and on using the WebER.

Participants evaluating the course said they found it extremely helpful in learning what forms to use, how to complete forms properly, how to complete adjustment reports, correct suspension reports, and how to submit reports electronically.

VRS will continue to offer these sessions across the state throughout the year. A similar course is under development for payroll officers in state

government and will be available in Spring 2005. The schedules for these sessions will be announced on the VRS Web site at www.varetire.org, under the Employer tab.

VRS plans to offer training on the VRS Employer Reporting software in early 2005. The schedule will be posted on the Web site.

Member Handbooks Are Available

Don't forget that VRS has a new handbook. In the fall, VRS sent printed copies of the *VaLORS Handbook for Members* to employers with members of the Virginia Law Officers' Retirement System (VaLORS). Because this is a new handbook describing VaLORS benefits, each VaLORS member should be given a copy.

VRS has a supply of printed copies of the VaLORS handbooks as well as the *VRS Handbook for Members* and the *SPORS Handbook for Members* available for employers who need copies. If you would like to order any of these handbooks, please call VRS at 804/344-3191 or 1/800/510-8668. All handbooks can be found on the VRS Web site under Forms and Publications.

Have You Reviewed Your VRS Contacts?

The Authorization for Employer Contacts (VRS-67) is available on the VRS Web site. You can see who is currently authorized to obtain information from VRS by going into "Contacts" in QuickAccess. VRS must ensure that each contact has been appropriately authorized for obtaining member information from both the Customer Contact Center and QuickAccess. Be sure to keep your information up to date to ensure continued access.

When you update the VRS-67, it's also a good idea to see if you need to update the signature authorization on the Member Contribution Refund form (VRS-3S).

Revision to Group Life Insurance Section of Employer Manual

In the *Employer Manual* revision of July 2004, the chart with the Internal Revenue Code, Section 79 Table 1 rates for Uniform Premiums for \$1,000 of Group-Term Life Insurance Protection, was inadvertently omitted from page 27 of the Group Life Insurance Section. The chart on page 27 was misidentified as Appendix 4-A Uniform Premiums For \$1,000 of Group-Term Life Insurance Protection. This was actually the chart reflecting the Optional Life Insurance Premium Employee and Spouse Rates, effective July 2004.

The Internal Revenue Code, Section 79 Table 1 rates for Uniform Premiums for \$1,000 of Group-Term Life Insurance Protection chart has now been updated to page 27 of the Group Life Insurance section in the *Employer*

Manual. The Optional Life Insurance Premium Employee and Spouse Rates chart is now located on page 11.

We apologize for the inconvenience this error may have caused.

New Seminar Schedule Available

The latest schedules for the Retirement Education Seminars and Group Counseling Sessions are now available. These half-day sessions provide an overview of VRS benefits, retirement's financial and legal concerns, steps for investing, guidelines on purchasing prior service credit, and help applying for the health insurance credit and completing the retirement application. Go to www.varetire.org, under Retiring from VRS in the Member section.

Reporting Spotlight

Workers' Compensation Payments

When a member is paid in part by Workers' Compensation and in part through payroll, the member and employer must continue to make retirement contributions and pay group life insurance premiums. Contributions and premiums are paid based on the full creditable compensation prior to the member receiving Workers' Compensation payments.

When a member is paid in whole by Workers' Compensation and the employer is without control over deductions, report the member to VRS as being on leave without pay (LWOP). No retirement contributions are paid, and no VRS service or salary credit is earned. Life insurance coverage may be maintained for up to 24 months by payment of premiums in advance.

Retirees Returning To Work

A retiree may work in any job without affecting service retirement benefits provided the position is not covered under VRS, the Judicial Retirement System (JRS), the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS), or an Optional Retirement Plan (ORP). If a retiree returns to work in a position covered under any of the retirement plans listed above, retirement benefits or distributions must stop. Upon re-retirement, monthly benefits are recalculated based on the additional service and the new salary, if the salary was higher than it was in the past (this provision does not apply to ORPs). The same payout option must be selected, and all cost-of-living adjustments (COLAs) earned during the first retirement are lost.

A retiree returning to work in a part-time position with the same employer must complete a *bona fide* break in service of at least 30 days before receiving a service retirement benefit. The 30 days must be during a time when the member would normally have been working if he or she had not retired (the summer months when a teacher or faculty member would normally be off is not considered toward the break). Otherwise, VRS does not consider the member retired, and no benefits are paid. A retiree returning to work in a part-

time position with a different employer covered under VRS, JRS, SPORS, VaLORS or an ORP is not required to complete a *bona fide* break in service. (All state agencies are considered the same employer). Likewise, a member who terminates covered employment and immediately accepts a part-time position without completing a *bona fide* break in service is ineligible for a refund of the member contribution account.

Before hiring, ask whether a potential employee is receiving a retirement benefit from VRS. If hiring a retiree into a covered position, you and the retiree must complete a Request for Termination of Monthly Benefits (VRS-7). If hiring a retiree into a part-time position, you must make a good faith effort that a *bona fide* break in service of 30 or more days occurred.

Employers with questions about a retiree returning to work should call the Employer Support Team, 804/344-3191, or toll free at 1/800/510-8668.

Forms Update

The following forms have been revised and are available on the VRS Web site at www.varetire.org/forms:

Request for Refund (VRS-3 Rev. 01/05): This form has been updated to specify a *bona fide* break-in-service must be at least 30 days. **Please note:** When completing Part B, the employer certification, you must enter the date of the last payroll on which the employee will be reported if the employee terminated service within six months of requesting the refund.

Agreement for Salary Reduction to Purchase Service Credit (VRS-26E Rev. 01/05): This form is revised to add the anticipated “end date” for the contract and to add language regarding the completion of the contract in an effort to more closely adhere to the requirements of the Internal Revenue Service (IRS) Private Letter Ruling.

Authorization for After-Tax Payroll Deduction to Purchase Service Credit (VRS-26C Rev. 01/05): The address is updated to the Richmond, Virginia Post Office Box.

Request for Trustee-to-Trustee Transfer or Rollover of Funds to Purchase Service Credit (VRS-26G Rev. 01/05): The form is revised to reflect the new address for submitting lump-sum payments to VRS.

State Employers Update

Regional Enrollment and Education Meetings - 2005

VRS, the administrator of the Deferred Compensation and Cash Match Plans, and Great West Retirement Services, the service provider, are committed to providing quality educational opportunities for participants and potential

participants. To meet this commitment VRS and Great West will continue to offer Regional Enrollment and Education Meetings (REEMs) at locations around the State. The 2005 meetings will consist of three presentations:

“Plan Features and Benefits”
“Successful Account Management Strategies”
“Understanding Your Distribution Options”

You may attend one, two or all three of the presentations. Pre-registration is not required. For information on future meetings, go to www.vadcp.com/.

The Deferred Compensation and Cash Match Plans are available to all state agencies, including colleges and universities, and to political subdivisions, including school divisions that choose to participate.

New Procedures For Unforeseeable Emergency Withdrawals Applications

The procedures for Deferred Compensation Plan participants to apply for an unforeseeable emergency withdrawal have changed. The application must be sent to Great West Retirement Services instead of to VRS. An Application, Statement of Need and supporting documentation must be sent to:

Great West Retirement Services
Virginia Deferred Compensation Plan
Two Hannover Square, Suite 1640
Raleigh, NC 27601
1/888/600-2763

Go to the plan Web site (www.vadcp.com) for guidelines and instructions.

Unforeseeable emergency withdrawals are allowed only for emergencies that result in severe financial hardship as defined by the Internal Revenue Service. If you have any questions about applying for the withdrawal, contact Great West Retirement Services at 1/888/600-2763.

If an application is incomplete or adequate documentation is not provided with the application, processing will be delayed. If asked to provide additional documentation, a participant must do so within 10 days of the request or the case will be closed.

Notification of the application status will be sent to the participant within 10 business days from the date the completed application is received. If the application is approved, the participant will receive a distribution check within 15 business days of the date the application was approved.

If the application is denied the participant has 30 days from the date on the letter of denial to appeal the decision to VRS.