

# Employer Update



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## **Spring Is The Perfect Time To Learn New Skills**

Why not learn something new this spring? VRS is offering benefits administrator training beginning in March that will combine classroom instruction and online practice sessions using QuickAccess. Through this training, you can learn how to use QuickAccess, a secure Web-based application that provides authorized benefit administrators with online retirement planning tools. Using QuickAccess,

- You get contact and coverage information.
- You get direct access to member records.

By using QuickAccess, you can:

- View service and salary history.
- Use the Benefits Estimator (BEST) and the Purchase of Prior Service Actuarial Estimator to perform online calculations.

If you're not already using QuickAccess, you're overlooking an important retirement planning and counseling tool.

Sign up for this important training today, by going to the **Employer Training** page.

### **Make Sure Contact Information Is Current**

QuickAccess is restricted to authorized benefits administrators and payroll officers. For security and privacy reasons, your agency's administrator must authorize your access to member account information by filing an Authorization for Employer Contacts (VRS-67) with VRS. You also must set up a PIN for use of QuickAccess. To set up a PIN, call VRS at 344-3191 in the Richmond area, or toll free at 1/800/510-8668.

It's important to keep contact information up to date by filing a new VRS-67 when changes occur. Just go to Forms under the Employer section on the Web site.

## **Update Monthly Reports To Reflect Salary Increases**

The annual Member Benefit Profile (MBP) is an important tool for your employees' retirement planning.

To ensure that your employees' MBPs contain the most accurate information, update annual salaries on the Monthly Membership Report (VRS-1500) as soon as increases or other changes occur. All annual salaries must be current as of June 30, 2006 for information on the MBP to be the most up-to-date possible.

Salary information is updated automatically for state agencies reporting through the Commonwealth Integrated Personnel Payroll System (CIPPS).

## **Timing Is Important When Applying For Retirement**

Do your employees know that the timeframe for submitting retirement applications can affect when they receive retirement benefits? As you help your employees plan for retirement, advise them to send service retirement applications to VRS within 90 days of retirement, but no earlier than six months before the date of retirement. Observing these guidelines ensures that the latest available salary information is used when calculating the retirement benefit.

Remind employees to provide all required information and complete all sections of the application. The application must include:

- √ A legible copy of the employee's birth certificate and spouse's birth certificate if the employee is choosing a survivor option.
- √ An Authorization for Direct Deposit of Monthly Benefit (VRS-57), with a voided deposit slip or check attached.
- √ A Request For Income Tax Withholding (VRS-15).

## **Use Current Purchase Of Prior Service Application**

Ensure that your employees are using the most recent Application for Purchase of Prior Service Credit (VRS-26), with the date 7/2004 at the bottom of the front page. Use of outdated forms can delay the purchase since VRS must reject or return old versions of the VRS-26.

An employee must apply and pay for prior service credit while actively employed in a VRS-covered position. The employee completes Parts A (Member Information) and E (Member Certification) of the application.

The cost to purchase service credit is 5 percent of the employee's creditable compensation at the time of the purchase, if he or she buys it within three years of becoming eligible. The employee may purchase the prior service credit in a lump-sum payment or as a payroll deduction contract. If the employee does not purchase the service credit within three years of eligibility,

or is not under contract to purchase the service credit within three years of eligibility, the cost will be at the higher actuarial equivalent rate.

Current versions of the VRS-26 and all other VRS forms are located on the VRS Web site. The VRS-26 is an online fillable form so that employees can complete all sections online, then print the completed form.

### **2005 Annual Report Highlights Investment Returns And VRS Accomplishments**

The VRS Comprehensive Financial Annual Report for Fiscal Year 2005 is now available on the Financial/Investment Highlights page. The annual report provides a summary of investment and agency performance during the 2005 fiscal year. It also includes statistical and actuarial information, as well as an overview of agency operations during the fiscal year.

### **Encourage Employees To Attend Retirement Education Seminars And Group Counseling Sessions**

Early planning is the first step to a successful retirement. VRS counseling sessions target employees at different stages of retirement planning. These sessions are free of charge and available statewide throughout the year.

**Retirement Education Seminars:** These seminars are designed for employees who are more than five years from retirement and who have longer to plan. They show participants how to plan early for a comfortable and happy retirement. Topics include long-term financial planning, estate planning, and how to use deferred compensation and other tax-deferred plans to supplement the VRS retirement benefit.

**Group Counseling Sessions:** These focused counseling sessions are for employees who plan to retire within the next five years and who have more immediate concerns. They provide practical advice on health insurance and life insurance benefits. Topics include VRS retirement benefits, purchase of prior service credit, investments and the retirement application process.

The latest schedules for the Retirement Education Seminars and Group Counseling Sessions are available on the VRS Web site and are published in the *Member Bulletin*.

## State Employers Update

### Deferred Compensation Plan Offers Regional Enrollment/Education Meetings

Commonwealth of Virginia employees and employees of participating political subdivisions can learn more about the Commonwealth's 457 Deferred Compensation Plan by attending regional enrollment/education meetings.

Participants in these educational programs learn about the features and benefits of the Deferred Compensation and Cash Match Plans, explore Account Management Strategies and the Advantages of Budgeting.

A new workshop on Post-Retirement Strategies addresses the management of resources during retirement and is designed for participants who are already retired or who are nearing retirement. Both participants and non-participants are invited. Pre-registration is not required.

You can also arrange a meeting at your location by contacting the third-party administrator, Great-West's local service center at 804/643-1882, extension 123.

### Political Appointees May Elect Optional Retirement Plan

Qualified political appointees may choose to participate in VRS or in the Optional Retirement Plan for Political Appointees (ORPPA). In ORPPA, retirement benefits are based on employee contributions and the investment returns of these contributions, instead of average final compensation, years of service and age at retirement.

#### Summary of Election Procedures for ORPPA

The appointing authority of the new political appointee completes a Certification of Eligibility to Participate in the Optional Retirement Plan for Political Appointees (VRS-65B) and sends it to VRS. The appointing authority indicates whether the appointee is transferring from another ORPPA-eligible position with no break in service, or is a new hire.

**Individuals transferring from another ORPPA position:** If the appointee is transferring from another ORPPA-eligible position, he or she remains in the retirement plan originally chosen. VRS sends a letter to the appointee and a copy to the new payroll office.

**New hires:** If the appointee is a new hire, VRS sends a notice to the appointee giving the deadline for electing the ORPPA. The notice includes:

- Choosing Your Retirement Plan, the comparison guide which eligible appointees should review prior to choosing their plan.
- Election to Participate - Optional Retirement Plan for Political Appointees (VRS-65C).
- An envelope addressed to VRS Member Services.

- Enrollment Form – ORPPA.
- Beneficiary Designation Form – ORPPA.
- An ORPPA information packet, which includes: the Planning Guide; ORPPA Plan Features and Highlights and FAQs; Current Investment Option Performance, Investment Guide, Fund Profile Sheets.

To participate in the ORPPA, the appointee completes the Election to Participate (VRS-65C), the enrollment form and beneficiary designation form by the deadline set in the package. The VRS-65C must be signed by the agency payroll officer. This form notifies the agency payroll office to send contributions to the ORPPA service provider rather than to VRS. Refer to the Department of Accounts Payroll Bulletin Volume 2005-11 for directions on remitting contributions.

If VRS does not receive an election form by the date in the notice, the appointee is covered automatically under the VRS defined benefit plan and receives confirmation of coverage.

VRS sends a copy of this notice to the agency payroll representative, as confirmation to send contributions to VRS.

If the appointee needs additional information on investment choices, he or she may contact the service provider, Great-West Retirement Services (1/866/226-6682 option 2) or visit the Web site at [www.vadcp.com](http://www.vadcp.com).

### **Be Sure You Meet The Requirements Of Executive Order 94**

Executive Order 94 (Workplace Safety and Employee Health) was issued to assist employees returning to work from work-related and non-work related illnesses and injuries covered by the Virginia Sickness and Disability Program (VSDP).

The Executive Order requires all executive branch departments, agencies and institutions of higher education to:

- Modify workers' compensation return-to-work policies to include non-work related periods of disability.
- Establish appropriate return-to-work opportunities.
- Establish strategies and practices to reduce time lost due to work-related and non-work related illnesses and injuries.
- Annually evaluate cases in which an employee was unable to return to work.
- Report to VRS and the Department of Human Resource Management's Office of Worker's Compensation, the goals and strategies that have been adopted to reduce lost time by April 1 of each year.

For more information contact either: Virginia Retirement System; Attention: Cindy Kessler; 1220 E Main Street, Richmond, VA 23218-2500; [ckessler@vrs.state.va.us](mailto:ckessler@vrs.state.va.us); or DHRM Office of Workers' Compensation; Attention: Michelle Allen; 101 N 14<sup>th</sup> Street, 6<sup>th</sup> floor, Richmond, VA 23219; [michelle.allen@dhrm.virginia.gov](mailto:michelle.allen@dhrm.virginia.gov).

VRS and DHRM are required to report progress and non-compliance with the provisions of the Executive Order annually to the governor.

## ***VSDP Reminders***

### **How To Report Compensation For Employees On Short-Term Disability**

When completing monthly payroll reports for VRS, report the full creditable compensation of any employee on Virginia Sickness and Disability (VSDP) short-term disability.

Report the full amount of compensation on the VRS payroll report, even if the amount the employee is actually receiving reduces to 80 percent or 60 percent of full compensation.

### **Requirements For Long-Term Disability-Working Status**

If an employee is released to return to work after a period of short-term disability, works for at least 20 hours per week, but remains unable to perform the full duties of the job, he or she may be placed on long-term disability working status when short-term disability benefits end. To be eligible to receive long-term disability benefits while working, the employee must be able to work at least 20 hours a week. An employee who is in long-term disability working status may work either in his or her own pre-disability position or in some other full-time or part-time position covered by VSDP benefits. Do not report employees on long-term disability working status on your monthly payroll. For more information about VSDP benefits, see the **Virginia Sickness & Disability Program Handbook** on the VRS Web site.