

Employer Update



A PUBLICATION OF THE VIRGINIA RETIREMENT SYSTEM

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2005 Legislative Summary

You can find a complete summary of 2005 legislation affecting VRS on the Web site at www.varetire.org under Legislation.

Employer Feedback Inspires Changes In Services To Employers

In response to feedback from employer surveys and forums, VRS has introduced a number of changes designed to facilitate contact with VRS and to streamline communication.

An important change is the addition of dedicated staff to handle employer calls. The Employer Support Team in the VRS Customer Contact Center provides immediate service to employers who have questions about plan coverage and rates, legislation, policies, procedures and payroll matters. The goal is to be more accessible and responsive to employer needs. To contact a member of the team, call 344-3191 in Richmond, toll free at 1/800/510-8668 or e-mail employer-info@varetire.org.

VRS has employer representatives for state employers, school boards and local governments. The employer representatives can provide you with employer-specific VRS information including retirement, group life insurance, health insurance credits, legislation, contribution rates, new coverage for employers, and deferred compensation. They are also available to assist you with problems requiring in-depth analysis and research. The Employer Representatives are holding Employer Forums in all areas of the state to provide you with information about current issues and changes affecting many employers. To inquire about forums in your area, express interest in hosting a forum, or request assistance for your agency, contact your employer representative:

The VRS Employer Representatives are:

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

Sign Up For A Summer Training Class

Another way VRS is meeting the needs of employers is through expanded training opportunities. This summer and fall, VRS is conducting payroll-reporting training for localities and school boards. The training sessions cover providing timely and accurate monthly employer reports and employee demographic changes. Payroll officers in political subdivisions and in state agencies reporting directly to VRS would also benefit from the training. The one-and-a-half-day training sessions are held at various sites around the Commonwealth.

Training takes place from 9 a.m. until 4 p.m. on day one and from 9 a.m. to noon on day two.

VRS also offers training for all new benefits administrators. This training combines classroom and online sessions as well as practice in QuickAccess, the secure employer area of the VRS Web site. These two-day sessions run from 9 a.m. to 4 p.m. each day.

Register for these trainings sessions from the VRS Web site at www.vatire.org. Click on "Training Info" in the employer drop-down menu.

Are You Using QuickAccess?

There are 542 VRS employers who are making their jobs easier through QuickAccess. Using QuickAccess, they are able to access members' records quickly. They can calculate retirement benefit estimates through BEST, the online Benefits Estimator, and show members their retirement benefits at different ages, years of service and retirement options. They can certify certain types of prior service that are eligible for purchase.

If you are not already one of the many employers using QuickAccess, you can sign up for it by completing an Authorization of Employer Contacts (VRS-67). Training for QuickAccess is offered through VRS-sponsored training for benefit administrators. There is also a self-paced tutorial on the VRS Web site under Employer Tools.

Members Cannot Purchase Service Credit Earned After Retirement

Members who retire, work in a part-time or wage position, then return to a VRS-covered position are not eligible to purchase service credit for that non-covered wage or part-time position.

For example, if a member retired June 2002, worked part time from September 2002 to August 2003, then returned to work in a full time VRS-covered position in December 2004, he or she cannot purchase service credit

for the non-covered part-time service from September 2002 through August 2003.

The member may purchase service credit for service earned before the initial retirement.

Check Your Monthly Report For Expiring Payroll Deduction Contracts

It is very important to counsel members purchasing prior service credit a year at a time through payroll deduction of the importance of renewing their contracts. If they allow their contract to lapse after the three-year deadline for purchasing prior service credit at 5 percent of salary, the cost to purchase any remaining service, except for refunded service, will be at the actuarial equivalent rate.

Every month, VRS sends a "Double Deduction Contracts Nearing Completion" report to each employer showing purchase of prior service credit contracts that are expiring within the next three months. The report is addressed to the primary payroll officer contact listed with VRS. If there are no expiring contracts, no report is sent.

The payroll officer should ensure that any human resource staff assisting members in renewing their contracts has a copy of the report.

Send Beneficiary Designation Forms To VRS Promptly

Please send original Designations of Beneficiary (VRS-2) to VRS as soon as you receive them from your employees. You may keep a copy of the designation for your records. If an employee changes his or her beneficiary designation and VRS has not received it, distribution of benefits may be affected if the employee dies. The result could be an overpayment or a distribution of benefits that is not in accordance with the employee's wishes.

Look For Special Privacy Envelopes

Starting July 1, as part of its Data Release and Security Procedures, VRS will mail all employer reporting information, ad hoc reports and other material containing private and personal information to employers in special privacy envelopes. These envelopes will be colored bright yellow and display on the front the phrase " To be opened by addressee only."

Please inform your mailroom staff not to open these envelopes, but to forward them directly to the addressee.

Participants To See Reduced Optional Life Insurance Rates

Participants in the optional life insurance program will enjoy lower premium rates starting July 1, 2005. Optional life offers an excellent opportunity to

employees to enhance life insurance protection by purchasing additional coverage for themselves and their families.

Monthly Premiums per \$1,000 of Insurance

Age of Insured Member or Spouse	Current Rate	New Rate
Under 30	\$.06	\$.06
30-34	.08	.08
35-39	.09	.09
40-44	.11	.10
45-49	.17	.15
50-54	.34	.24
55-59	.59	.49
60-64	1.10	1.10
65-69	1.95	1.95
70-74	3.53	3.53
75 & Over	3.76	3.76

Retirement Education Seminars And Counseling Schedule Available

The latest schedules for the Retirement Education Seminars and Group Counseling Sessions are now available.

The half-day Retirement Education Seminars are designed for members who are more than five years away from retirement. They focus on how to decrease debt; how to use financial planning to prepare for retirement; options for supplementing retirement income; and how to use benefits such as deferred compensation to enhance retirement benefits.

Members who are planning to retire within the next five years should register for a VRS Group Counseling Session. These half-day sessions provide an overview of VRS benefits, financial and legal concerns in retirement; steps for investing; guidelines on purchasing prior service credit; and help with applying for the health insurance credit and completing the retirement application.

Retirement Education Seminars are held in the morning and Group Counseling Sessions in the afternoon at sites around the state. Employees can register for one or both sessions. For the latest schedule and registration instructions, visit the VRS Web site at www.varitire.org . Select the Member tab at the top of the homepage and then Planning for Retirement from the drop-down menu.

Forms Update

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

Application for Service Retirement (VRS-5 Rev. 07/05); Application for Disability Retirement (VRS-6 Rev. 07/05): The Employer Certification page on both applications now includes general registrars and employees of general registrars. A question has been added to determine if the member is employed in more than one covered position. Human resource officers must verify with the member that he or she is terminated from all covered positions before retirement benefits may be paid.

Request for Income Tax Withholding (VRS-15 Rev. 07/05): The name has changed. Also, state withholding options allow retirees to distinguish between personal exemptions and exemptions for age and blindness.

Certification of Employment for Health Insurance Credit Eligibility (VRS-76 Rev. 07/05): The position of general registrar has been added in the Employer Certification of Position.

Request for Member Information Change (VRS-48 Rev. 07/05): The position of general registrar or an employee of a general registrar has been added as coverage change options.

New Member Enrollment (VRS-1500A Rev. 07/05): Special coverage codes have been added for constitutional officers, general registrars and their employees. The codes are now listed above the authorization.

New and updated forms for use with the Optional Retirement Plans: Optional Retirement Plan for Political Appointees (ORPPA)

Certification of Eligibility to Participate in the ORPPA (VRS-65B Rev. 06/05): Allows employers to notify VRS of newly appointed persons eligible to choose between VRS and the ORPPA.

Election to Participate in the ORPPA (VRS-65C Rev. 05/05): Provided by VRS to the political appointee who was certified on the VRS-65B by the employer.

Termination Certification Form – ORPPA (VRS-65E Rev. 05/05): Allows employees who participate in the ORPPA to certify employment status and to request a cost letter if eligible to purchase VRS service credit. Provides information on the effect of termination on benefits and allows employer to indicate eligibility for continued group life insurance coverage.

Optional Retirement Plan for School Superintendents (ORPSS)

Certification of Eligibility to Participate in the Optional Retirement Plan for School Superintendents (VRS-71A Rev. 06/05): Allows employers to notify VRS of school superintendents who become eligible to choose between VRS and the ORPSS.

Election to Participate in the ORPSS (VRS-71 Rev. 05/05): Updated for internal processing changes and is provided by VRS to the employee who was certified on the VRS-71A by the employer.

Termination Certification Form – ORPSS (VRS-71B Rev. 06/05): Allows employees who participate in the Optional Retirement Plan for School

Superintendents to certify employment status. Provides information about the effect of termination on benefits and allows employer to indicate eligibility for continued group life insurance coverage.

State Employers Update

Regional Enrollment And Education Meetings – Summer 2005

VRS and Great West Retirement Services are offering Regional Enrollment and Education Meetings (REEMs) during the summer at locations around the state. The meetings are open to all Deferred Compensation and Cash Match Plan participants in state agencies, colleges and universities, and to political subdivisions, including school divisions participating in the plans.

The sessions include general plan information, account management and distribution decisions. You may attend the presentation that best meets your needs. Pre-registration is not required. Visit www.vadcp.com.