



March/April 2005

**VRS Announces Changes**

There have been some recent changes to both the VRS staff and the VRS Board of Trustees.

The Board of Trustees appointed Robert P. Schultze director of the retirement system, effective May 2, 2005. Schultze succeeds W. Forrest Matthews, Jr. who retired April 1.

Schultze currently serves as executive commissioner with the Virginia Department of Taxation where he oversees operations, including audit and delinquent collections, customer service and return processing. He has held a variety of positions during his 29 years in service to the Commonwealth, beginning in 1976 with the State Council of Higher Education. His experience with the executive and legislative branches of Virginia government includes serving as deputy chief of staff to Virginia Governor L. Douglas Wilder and as staff director to the House Appropriations Committee.

VRS Chief Investment Officer Nancy C. Everett accepted the position of chief investment officer at General Motors Asset Management, effective June 1, 2005. Everett joined VRS in 1979 and was promoted to assistant investment officer in 1983. During the 1990s, she continued to rise through the ranks in the investment division, becoming chief investment officer in 1999. The board named Charles W. Grant as acting chief investment officer, effective March 24, 2005.

Governor Mark R. Warner appointed Paul W. Timmreck, senior vice president for finance and administration for Virginia Commonwealth University as chairman of the VRS Board of Trustees. Timmreck served as secretary of finance in the Office of the Governor from January 1990 to July 1996. He was also the director of the Virginia Department of Planning and Budget from July 1984 to January 1990. Timmreck has served on the Board since 2001. He replaces Alfonso I. Samper as chairman. Samper continues to serve on the board as vice-chairman.

The governor appointed Palmer P. Garson, managing partner at Jefferson Capital Partners, to the VRS Board of Trustees. Garson replaces Robert C. Carlson.

## **2005 Legislative Summary**

Legislation passed during the 2005 General Assembly was mostly technical in nature, but the following legislation affects VRS benefits and procedures:

**House Bill 1652** eliminates the retirement option of age 50 with 10 years of service for members of SPORS and LEOS because most qualify for early retirement at age 50 with five years of service.

**House Bill 1651** increases the maximum amount of optional life, accidental death and dismemberment insurance that members may purchase from \$500,000 to \$600,000.

**House Bill 1920** provides that if a member purchasing prior service credit uses pre-tax salary reduction or after-tax payroll deductions, the cost of the service is 5 percent of current compensation even if this is less than 5 percent of average final compensation.

**House Bill 1925** allows a member with 15 or more years of total creditable service as a constitutional officer or an employee of a local social services board, who then works for a local government that does not provide the health insurance credit, to be eligible for the health insurance credit.

**House Bill 1930** provides for a potentially greater retirement benefit for the beneficiary of a member who dies after applying for retirement but before the retirement date and names his or her spouse, minor child, or parent as a contingent annuitant under a joint and last-survivor optional retirement benefit.

**House Bill 2765** allows retired general registrars and their retired employees with at least 15 years of creditable service to receive a health insurance credit.

**Senate Bill 785** requires that the retirement benefit be paid as a single life annuity if a member has not selected a retirement option by age 70½. A spousal acknowledgement of the payment option and the basic benefit is not required.

## **Important Payroll Notices**

Recently, your agency received a memo from VRS in your monthly mailing regarding payroll reporting. Here is a summary of important information you need to know:

### **Penalties for Late Employer Reports**

VRS may assess penalties on monthly reports that are submitted after the 10<sup>th</sup> of the following month or those submitted with an “out of balance” condition. The penalties are 5 percent of payroll, plus interest at a rate of 1 percent per month until the payroll is received.

If you anticipate that a report may be late, you must request an extension in writing before the due date of the report.

#### **July 2005 Change for Electronic Filers**

Effective with the July payroll report that is due August 10, VRS will require all electronic reporters to submit their prior month adjustments on their payroll file. Paper forms will no longer be accepted. Employers will receive a revised file layout within the next couple of weeks. Please call the Employer Support Team in the Contact Center at 1/888/VARETIR (827-3847) if you have any questions.

#### **Update Annual Salaries**

Annual salaries need to be updated as soon as changes occur. All annual salaries should be updated before June 30, 2005 so that the Member Benefit Profiles (MBPs) provided to your employees contain correct information.

#### **Changing Demographic Information**

If you update members' demographic information on the Monthly Payroll Report, please encourage your members to also report these changes to their Human Resources Office. That way, you as the employer, and VRS will have the same information.

#### **Do Not Fax Retirement Applications**

VRS cannot accept faxed copies of retirement applications. In order to process a service retirement application, VRS must receive the employee's original retirement application within 90 days of his or her desired retirement date. Retirement applications received after the 90-day window may delay the beginning of the member's monthly retirement benefit.

#### **Actuarial Reports Mailed**

VRS recently mailed actuarial valuation reports to administrative heads, superintendents and fiscal officers of political subdivisions and school divisions with nonprofessional employees. The reports were prepared by the actuarial firm of Gabriel, Roeder, Smith & Company. These reports are intended to provide a measure of funding progress at June 30, 2004 and trend information employers might wish to use as they begin work on fiscal year 2007 budgets. The actual rates for fiscal year 2007 will be set using the results from the June 30, 2005 valuation. VRS expects to have the results of that valuation in December 2005.

#### **Authorization Process Makes It Easier To Sign Up For QuickAccess**

QuickAccess is an internet-based tool that makes your job easier. Using QuickAccess, the secure area of the VRS Web site, you can access your members' records to quickly and accurately calculate retirement benefit estimates through BEST, the online Benefits Estimator. You can help members plan for retirement by allowing them to see what their benefit would

be with different ages, years of service and retirement options. You can certify certain types of prior service that are eligible for purchase.

Approval to use this tool is given through the Authorization of Employer Contacts (VRS-67). Recent changes to the authorization process give you more flexibility in naming your contacts and in making authorization changes.

You may now designate employees who are in part-time, non-classified, wage or contract positions to be VRS contacts. Just check "Non-VRS" on the VRS-67. Non-VRS Human Resources and Payroll contacts will be able to use QuickAccess after July 1, 2005.

You may also designate on this form a contact for a specified period of time by providing start and end dates for the contact authorization. This eliminates the need to send another form to remove the person from your contact list.

You can change a contact's phone number, fax number or address just by calling the VRS Customer Contact Center. However, you must complete a new VRS-67 for other changes such as adding or replacing contacts.

To keep your administrative authority (agency head, commissioner, etc.) aware of the contact information, VRS will send confirmation notices confirming any contact changes submitted on a VRS-67. VRS also will send suspension notices to the administrative authority when contacts are no longer reported to VRS in an active status through the monthly employer reports, or if contacts reach the assigned end date. This will act as a reminder that new contacts need to be submitted on a VRS-67.

If you have any questions about the changes to the form or about the process, please call the Employer Support Team in the Customer Contact Center at 888/VARETIR, option 3.

### **Veterans Benefits Improvement Act of 2004 Requires Notice of Rights and Duties**

The Veterans Benefits Improvement Act of 2004 increases workplace protections for employees on military leave. It also amends portions of the Uniformed Services Employment and Reemployment Rights Act (USERRA). USERRA protects the employment rights of individuals who voluntarily or involuntarily leave civilian employment to undertake military service. Among other changes, the Veterans Benefits Improvement Act of 2004:

- Increases from 18 to 24 months the maximum length of time that employers must offer employer-sponsored health insurance coverage to employees serving in the military.
- Requires every employer to notify all employees annually of their legal rights under USERRA, effective March 10, 2005.

The U.S. Department of Labor provides language to be used when informing employees of their rights under USERRA. "Employers may provide the notice by posting it where employee notices are customarily placed. However, employers are free to provide the notice to employees in other ways that will minimize costs while ensuring that the full text of the notice is provided (e.g., by handing or mailing out the notice, or distributing the notice via electronic mail)."

The notice is available at: <http://www.dol.gov/vets/programs/userra/poster.pdf>

The Interim Final Rule is available at:

[http://www.regulations.gov/AGCY\\_VETERANSEMPLOYMENTANDTRAININGSERVICE.cfm](http://www.regulations.gov/AGCY_VETERANSEMPLOYMENTANDTRAININGSERVICE.cfm).

### **Optional Life Insurance Transition Completed**

The transition of the administration for the optional life insurance program to Minnesota Life is complete.

Employers should work directly with Minnesota Life on all optional life related issues. This includes reconciliations and adjustments, regardless of the period the adjustment represents. Minnesota Life now receives optional life monthly payroll reports, and bills for and collects premium payments. Minnesota Life also now has the responsibility for determining premiums and making this information available through the Minnesota Life Extranet.

This transition of optional life insurance administration to Minnesota Life is the result of many administrative improvements that have occurred over the past few years. Along with improved experience and increased participation, these administrative enhancements have helped drive down the cost of optional life insurance.

Currently, the overall cost of optional life insurance is 25 percent lower than it was in 1999. It is an excellent value for members seeking added life insurance protection for themselves and their families.

VRS appreciates all that you have done to assist with this transition.

### **Web Site Survey Results**

VRS continues to seek feedback to ensure its Web site is easy to use, and that the information is clear, accurate and useful.

A recent survey of employers, members and retirees showed that 81 percent of the respondents found what they were looking for on the Web site. Seventy-eight percent rated the ease of getting around the site as either "excellent" or "good." Seventy percent rated readability as either "excellent" or "good."

Fourteen percent of those responding visited the Web site once or twice a month and 38 percent visited more frequently. Most employers used the Web site for member benefit information, to access online tools such as the benefits calculator and QuickAccess, and to print forms.

Thanks to everyone who took the time to respond to the survey. VRS will conduct more surveys and other research in the future so that [www.varetire.org](http://www.varetire.org) continues to grow to meet the needs of employers, members and retirees.

### **Member Handbooks Are Available**

Don't forget that VRS has a new handbook. Last 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 receive a copy. New hires should be given a handbook within 90 days of hire.

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 888/VARETIR (827-3847) option 3. All handbooks can be found on the VRS Web site under Forms and Publications.

### **New Retirement Education Seminars And Counseling Schedule Available**

Check out the VRS Web site, [www.varetire.org](http://www.varetire.org), under the Member tab for the latest schedules for the Retirement Education Seminars and Group Counseling Sessions.

These 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.

## **State Employers Update**

### **VSDP Reminders**

#### **Health Insurance Credit For VSDP Long-Term Disability**

VSDP long-term care recipients are eligible for the health insurance credit. The health insurance credit is a dollar amount set by the General Assembly to assist with the cost of health insurance plan or Medicare Part B premiums. Long-term disability (LTD) participants are eligible to receive a maximum monthly amount of \$120. The reimbursable amount is the lesser of the health insurance credit amount or the premium paid. It applies only to the LTD recipients portion of the premium.

To obtain a form to apply for the health insurance credit, the LTD recipient should contact UnumProvident at 1/800/652-5602. The completed requests for health insurance credit should be returned to UnumProvident to the attention of Portland Customer Care Center, P.O. Box 9500, Portland, ME 04104-5058. The fax is 1/800/793-1610.

Please remind your employees enrolled in long-term disability that a delay in notification of any changes to the policy or premium amount may result in a health insurance credit overpayment and that they will be responsible for repayment.

### **LTD Employer Reporting Reminder**

When a member goes on Long-Term Disability, UnumProvident, the VSDP third-party administrator, takes over reporting that member's creditable compensation to VRS.

The LTD case remains open if the member is not working or if the member returns to work with any type of restriction. The employer does not resume reporting the member's creditable compensation until the member returns to work full time without restrictions and the case is closed by UnumProvident.

For questions or additional information, contact Walter D. Lindsey, VRS/VSDP Account Representative at 804/649-8059, extension 425, or at [wlindsey@vrs.state.va.us](mailto:wlindsey@vrs.state.va.us).

### **Important Tax Information for LTD Members**

UnumProvident mailed W-2 forms to all LTD members on January 24, 2005.

There were errors in the calculation of imputed income for life insurance benefits in excess of \$50,000 on some of the W-2 forms for LTD participants. UnumProvident is correcting these errors. Letters will be sent to the LTD participants who are affected by the error explaining what the difference in their calculations are and when they will receive a corrected W-2 form. Participants should be receiving these letters within the next several weeks. The letters will include a phone number for questions.

### **Regional Enrollment and Education Meetings - 2005**

VRS, administrator of the Deferred Compensation and Cash Match Plans, and Great West Retirement Services, the service provider, continue to offer Regional Enrollment and Education Meetings (REEMs) 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 whichever presentation best meets your needs. Pre-registration is not required. For information on future meetings, go to [www.vadcp.com/](http://www.vadcp.com/).