

# Employer Update



A PUBLICATION OF THE VIRGINIA RETIREMENT SYSTEM

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## In the News

### **General Assembly Continues in Special Session**

As of the publication of this newsletter, the 2006 Special Session I of the General Assembly continues to meet on the budget for the next biennium. You can find summaries of all the bills related to VRS policy and benefits on the legislative page of the VRS Web site.

### **This Year's COLA Is 3.2 Percent**

The 2006 Cost of Living Adjustment (COLA) for VRS retirees and for contingent annuitants who are eligible to receive the COLA will be 3.2 percent. To be eligible for this increase, a member must have retired on or before January 1, 2005. The COLA becomes effective July 1, 2006 and retirees will see the increase in their August 1 benefit payment.

Virginia Sickness and Disability Program participants who have been on long-term disability for a full calendar year (January 1 to December 31), also are eligible for the COLA. Participants must have been on long-term disability no later than January 1, 2005 to be eligible for the COLA.

### **VRS Modernizes Its Phone Service**

Later this year, all VRS customers will call VRS using the toll-free phone number: 1/888/VARETIR (1/888/827-3847). The Richmond-area number – 804/649-8059 – will no longer be in use.

The consolidation of calls to one telephone number is part of the agency's modernization of its telephone system. The new system will allow the VRS Customer Contact Center representatives to provide you with a higher level of service and features.

Although a single number will serve all customers, you still have a dedicated Employer Support Team available to assist with your VRS questions. Team members can assist you with questions concerning plan coverage, rates, legislation, policies, procedures and payroll matters.

To access the employer team, the telephone system will prompt you to enter your five-digit agency code number. Members will be prompted to enter their Social Security numbers.

## **Governor Kaine Announces Appointments to the Board of Trustees**

Governor Timothy M. Kaine reappointed Paul W. Timmreck to the Virginia Retirement System Board of Trustees for a two-year term. Timmreck is currently Senior Vice President for finance and administration for Virginia Commonwealth University. He previously served as secretary of finance in the Office of the Governor and as director of the Virginia Department of Planning and Budget. Timmreck has served on the board since 2001.

The governor also appointed A. Marshall Acuff, Jr. to the Board of Trustees. Acuff is president of AMA Investment Counsel, LLC. He is Past Chair of the Association of Governing Boards of Colleges and Universities and a past Rector of the College of William and Mary Board of Visitors. He is a graduate of the College of William and Mary and the University of Michigan Graduate School of Business Administration.

## **Training & Events**

### **VRS Offers Payroll Officer Training for Localities and School Boards**

VRS now offers Employer Reporting and Reconciliation Training for payroll officers with localities and school boards. This training is designed to help payroll officers organize and provide timely, accurate monthly employer reports and employee demographic changes. Both new and experienced payroll officers will find the information useful:

**Employer Reporting.** This one-day training session covers the basics of reporting to VRS, paying VRS, making adjustments and resolving suspended accounts.

**Reconciliation Training.** This two and one-half hour training session, offered the morning following Employer Reporting, focuses on using an Excel spreadsheet to reconcile your account. The spreadsheet can be customized to your needs. Attendance at an Employer Reporting training session is a pre-requisite.

The Employer Reporting and Reconciliation Training sessions are available at the following locations from May through November.

	<b>Employer Reporting</b>	<b>Reconciliation Training</b>
Hampton	May 16, 2006	May 17, 2006
Fredericksburg	July 11	July 12, 2006
Chesterfield	November 14	November 15, 2006

## **Retirement Seminars Focus on Employees at Different Stages**

Retirement Education Seminars and Counseling Sessions are designed to provide the retirement planning advice that your employees need, whether they are new on the job or close to retirement. These events are free of charge and available throughout the state.

### **Retirement Education Seminars**

The half-day Retirement Education Seminars are for employees who are more than five years away from retirement. They focus on decreasing debt, using financial planning to prepare for retirement and using benefits such as deferred compensation to increase retirement savings.

### **Group Counseling Sessions**

The Group Counseling Sessions are half-day events for employees who plan to retire within the next five years. They provide an overview of VRS benefits, financial and legal concerns in retirement, steps for investing, guidelines for purchasing prior service credit and help with completing the retirement application.

## **Focus on Administration**

### **Forms Update**

The health insurance credit forms have been updated to request additional coverage information about the retiree's coverage under Medicare Part B and the new Medicare Part D prescription drug coverage. VRS needs both the effective date and premium amount for these types of coverage to ensure the correct health insurance credit is provided to the retiree.

The affected forms include: VRS-45, VRS-75 and VRS-78. Similar changes will be made to the VRS-76, which will be released in July with other forms being updated based on legislative actions in the 2006 session.

### **Could Your Employees Be Eligible for Portability?**

A portability agreement between VRS and certain local governments allows a VRS member with five or more years of service to transfer funds from these local government retirement plans to VRS to purchase service credit.

Current VRS members vested in one of the public retirement systems of the following cities and county could be eligible for portability:

- City of Charlottesville
- City of Danville
- City of Newport News
- City of Norfolk
- City of Richmond

- City of Roanoke
- County of Fairfax

Portability agreements also permit former vested VRS members to transfer assets from VRS to purchase service with one of these local government retirement plans.

If any of your employees are eligible for portability, they must apply within 18 months of beginning VRS-covered employment.

### **Accuracy and Completeness Speed Refunds**

Accuracy and completeness can shorten the refund processing time. To help speed the process, when an employee submits the Request for Refund to you after completing Part A, check it to ensure that he or she has provided a complete mailing address, selected either the refund or rollover option and provided a termination date. Then complete Part B, the Employer Certification Section and send the form to VRS.

Because refunds are not issued until payroll reports are updated, please be sure that the payroll reports are accurate and are sent to VRS in a timely manner. It can take up to 60 days to process a refund depending upon when reports are processed.

## **Deferred Compensation Plan News**

### **Good News for Deferred Compensation and Cash Match Plan Participants**

VRS has announced fee reductions, effective April 1, 2006, for the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans.

- The annual asset-based fee decreased from 0.30 percent to 0.28 percent. This means that a larger percentage of contribution dollars goes towards the participants' accounts.
- The maximum account balance for which the asset fee is charged was reduced from \$150,000 to \$130,000. This means that participants do not pay any asset-based fees on that portion of account balances over \$130,000. This change makes it even more attractive for participants to combine retirement plans using the plan.

These reductions came about from the negotiation of a new contract with Great West Retirement Services, which provides recordkeeping, enrollment and educational services for the Deferred Compensation and Cash Match Plans, the Optional Retirement Plans for Political Appointees and School

Superintendents, and the VRS Supplemental Retirement Plan for school turnaround specialists.

**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 learn 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 nearing retirement. Both participants and non-participants are invited. Pre-registration is not required.