



A PUBLICATION OF THE VIRGINIA RETIREMENT SYSTEM

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MBPs Have Arrived

VRS mailed the 2005 Member Benefit Profiles (MBPs) to employers in mid-September.

This annual benefit statement is an important planning tool for your employees. The MBP provides your employees with an annual, personalized benefit summary showing service credit, estimated retirement benefit amounts and life insurance benefits. The 2005 statement is based on information employers provided to VRS as of June 30, 2005.

Encourage employees to review their MBPs carefully. Any discrepancies can be reported to VRS by using a Request for Review of Membership Records (VRS-70). This form is on the VRS Web site at www.varetire.org.

Help Make The Retirement Process Easier For Your Employees

You can be instrumental in assisting your employees during the retirement process and ensuring that they receive their retirement benefit payment promptly.

Here are some ways you can assist your employees:

- Encourage employees to fill out all sections of the retirement application accurately and completely. Incorrect information can delay payment of retirement benefits.
- Ask employees to be sure that they have selected the correct payout option, and, if married, have obtained the properly notarized spousal acknowledgement. Not having this filled out properly could delay the payment of their retirement benefits.
- Encourage your employees to use the fillable service retirement forms found on the Web site.
- Send VRS all salary increase amounts promptly. This is especially important for employees who receive a salary increase in December 2005, and who are retiring on or after January 1, 2006. VRS needs this increase amount to calculate accurate average final compensation.

Remember that VRS cannot accept faxed copies of service retirement applications. For service retirement, VRS must receive the employee's **original** retirement application, in its entirety, within 90 days of the desired retirement date. If any part of the retirement application is received late, it may delay the retiree's first benefit payment.

Handbooks For Law Enforcement Officers Available In November

Law enforcement officers and eligible employees in hazardous duty positions, whose employers have elected to provide retirement benefits equivalent to State Police Officers (known as LEOS), soon will have handbooks designed especially for them.

VRS plans to post the handbook on its Web site by the end of October and to distribute the handbook to employers by the end of November.

Employees covered under LEOS include sworn law enforcement officers, sheriffs, sheriffs' deputies, full-time salaried firefighters and superintendents and officers of regional jails. Employers providing this coverage will receive copies of the handbook based on the number of LEOS-covered employees. Please provide all eligible employees with the handbook as soon as possible. If you need additional copies please contact VRS at 344-3191 in Richmond, toll free, at 1-800-510-8668.

Time Saving Tip: Bookmark VRS Web Site Pages

You can save time by "bookmarking" VRS Web site pages that you visit often. Bookmarking allows you to go directly to a web page instead of going through the home page first. For example, if you want to check the schedule for Retirement Education Seminars for your employees, the usual way is to go to www.varetire.org, then Members, then Retiring from VRS, then Education and Counseling, then Retirement Education Seminars.

When you reach that page, click on "favorites" in your toolbar, then click "add to favorites" and save the page as a favorite (or bookmark). Give it a name of your choice, such as "VRS RES Schedule." When you need to look at the schedule, go to your Internet browser, click favorites (bookmarks), then click "VRS RES Schedule," and go right to the schedule.

You can keep your most visited sites and pages together on your bookmark list by giving them all the same prefix; for example, VRS RES Schedule, VRS Employer Manual, etc. Because the bookmarks are organized alphabetically, all bookmarks beginning with the prefix VRS will be listed together.

Almost any VRS screen can be bookmarked. Here are some other suggestions for pages you might want to bookmark:

- The QUICKACCESS login screen.
- The VRS Employer Manual - bookmark index or specific chapters.
- Employer Update - check to see if most recent edition has been posted; search for specific topics. Editions are archived to 2001.
- VRS Handbooks.

VRS Changes Processing Of Employer Form

Employers are responsible for payments to VRS for corrections to member records when service is not reported on the Monthly Payroll Report, according to Virginia law.

In the past, when an employer sent a Certification of Service Not Reported By Employer Form (VRS-1502), VRS would send the employer a cost letter requesting that the employer pay the total actuarial cost in order to credit the member record with the service. Five percent of the member's creditable compensation earned at the time of the error is posted to the member's record and the balance of the cost is posted to the employer's account. This amount is non-refundable to the member.

Starting November 1, when receiving a VRS-1502, VRS will still send a cost letter to the employer reflecting the amount owed for uncredited service, but will automatically charge the total cost to purchase the member's service to the employer's account, instead of waiting for the employer to send payment. This way the member record is updated automatically and the employer does not have to wait to be billed.

All 1502 forms received after November 1, 2005 will be processed in this manner.

More Information On Back-To-Work Issues

Effective with January 1, 2006 retirements, you and your employees who are retiring will notice changes to the Application for Service Retirement (VRS-5) and the Application for Disability Retirement (VRS-6). These changes reflect additional certifications to comply with Internal Revenue Service (IRS) rules for in-service distributions.

Retiring employees must certify that they are terminating all full-time positions with any employer participating in VRS, and any part-time positions with the same employer (all state agencies are considered the same employer). In addition, they must certify that they are not returning to work without at least a 30-day break in service during a period when they would normally work.

The employer must certify that once the employee has retired, he or she will not be re-hired by that employer, without at least a 30-day break in service during a period in which the employee normally would be working. A

teacher's summer break is not considered a break period as the teacher would not normally be working during that time.

If you do have a VRS-covered retiree returning to a salaried position, provide the retiree with a Request for Termination of Monthly Benefit form (VRS-7) so that he or she can avoid repaying VRS benefit payments made after the re-hire date.

Employees Can Use Fall Retirement Education Seminars To Begin Retirement Planning

This fall, employees have the opportunity to use the free retirement planning educational opportunities that VRS provides.

The half-day Retirement Education Seminars are for members 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 income.

Members who plan to retire within the next five years may 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 completing the retirement application.

The latest schedules for the Retirement Education Seminars and Group Counseling Sessions are available on the VRS Web site at <http://www.varetire.org/Members/RetPlanning/EduCounsel.html> under the Member tab.

State Employers Update

Military Services Leave Act Allows 457 Deferred Compensation Plan Participants To Make Up Missed Contributions

Under the Uniformed Services Employment and Reemployment Rights Act, an employee who leaves employment for military service and later returns, can make up deferred compensation contributions that were not paid while the employee was in the service. The employee makes up the deferrals through payroll deduction when he or she returns to employment. If the missed deferrals are made up, the employee also is entitled to the employer cash-match contributions on those deferrals.

An employee can make up the missed deferrals as long as he or she gave advance notice of the military service and was not absent for more than a total of five years (duty served because of war or national emergency does not count against the five-year limit). The employee must have had an honorable

discharge from military service and must return to employment within a specified time based on the length of the military service.

The employee must complete a new Payroll Authorization Form and an Application for Uniformed Services Leave Make-Up. Employers should keep copies of these forms on file.

For details and for the Application for Uniformed Services Leave Make-Up, visit the Plan Web site at www.vadcp.com and select Plan Information/457 Deferred Compensation/Forms.

457 Deferred Compensation Develops Special Rules For Hardship Distributions After Hurricane Katrina

Participants in the Deferred Compensation Plan (DCP) who have been affected by Hurricane Katrina may apply for hardship distributions from the DCP. Rules, modeled under special Internal Revenue Service regulations, apply to participants living in Louisiana, Mississippi, and certain areas of Alabama, who request hardship distributions between August 29, 2005 and March 31, 2006.

These special rules apply to:

- Participants with principal residences within the designated disaster area.
- Participants with places of employment within the designated disaster area.
- Participants with dependents, spouses, mothers, fathers, grandparents, children and grandchildren with principal residences or places of employment within the designated disaster area. The special rules do not apply to brothers, sisters, aunts, uncles or cousins.

The hardship must be directly related to Hurricane Katrina. Eligible participants must complete the Application for Unforeseeable Emergency Hardship Withdrawal and the Hurricane Katrina Statement of Need. These forms are available at www.vadcp.com.

The completed Application and Statement of Need should be mailed to:
Great West Retirement Services
Virginia Deferred Compensation Plan
Two Hannover Square, Suite 1640
Raleigh, NC 27061

Questions about the special rules should be directed to Great West at 1-888-600-2763.

Governor Signs Executive Order 94 “Workplace Safety and Employee Health”

The Governor signed Executive Order 94 to ensure a safe and healthy workplace for state employees and to assist employees in returning to work from both work-related and non-work related illnesses and injuries.

All executive branch departments, agencies and institutions of higher education are required to:

- Modify the agency’s workers’ compensation return-to-work policy 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.
- By April 1 of each year, report to VRS and the Department of Human Resource Management (DHRM), the goals and strategies that have been adopted to reduce lost time.

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

Training on Executive Order 94 will be offered at the 2005 Human Resource Leadership Conference. VRS will schedule additional training sessions and will notify agencies by e-mail.