

# Employer Update



A PUBLICATION OF THE VIRGINIA RETIREMENT SYSTEM

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## In The News

### myVRS Kits Help You Spread The Word

In mid-September, state agencies and local government employers began receiving myVRS Employer Kits to help them inform employees about the new online secure system for VRS members. Kits for school employers will be mailed the second week of October.

Currently, more than 18,000 members have registered for myVRS since its launch in May.

Through myVRS, actively employed VRS members, as well as deferred members, have secure online access to their VRS information, including service and member contributions updated on a daily basis. They can:

- Create future retirement benefit estimates, using real data from their retirement files.
- Simulate various retirement options and plug these options into a new personal financial planner.
- Check the status of an application for service retirement, purchase of prior service or refund.

#### Top 10 myVRS Users by Employer

1. VA Dept. of Transportation
2. Fairfax County School Board
3. University of Virginia – Academic
4. VA Beach City School Board
5. Prince William County
6. Virginia Employment Commission
7. Adult Community Service
8. VA Retirement System
9. City of Alexandria
10. Prince William County Schools

Each kit contains a message you can use to prepare agency newsletter articles or intranet content, a fact sheet for members and a myVRS users guide. A sample of a poster for display in employee common areas and bookmarks to hand out to each employee are included in each kit.

To request additional materials, use the order form included in the kit or visit [www.varetire.org](http://www.varetire.org) to download materials or order online. Select the “Employer” tab for more information.

### October 22-28 Is National Save For Retirement Week

Congress designated October 22 through 28 as “National Save for Retirement Week” to raise public awareness about saving for retirement through individual and employer-sponsored retirement plans.

To encourage members to plan and save for retirement, VRS offers print information, seminars and online tools, including myVRS. Using myVRS, members can use the benefit estimator to project their VRS benefit at various retirement dates and ages. In addition, a Personal Planner enables them to project estimated retirement income and expenses after retirement. All VRS handbooks and forms are available on the Forms and Publications page of the VRS Web site at [www.varetire.org/forms](http://www.varetire.org/forms), where members can get additional information about their retirement benefits and find educational seminar schedules.

Quick and easy ways to let employees know about these resources include:

- sending email announcements and reminders
- running articles in your employee newsletter
- publishing schedules of VRS educational events in your employee newsletter
- posting information on your internal Web site
- linking from your intranet to the VRS Web site

### **Pension Protection Act (PPA) Affects Public Safety Employees**

The Pension Protection Act (PPA), signed by President Bush in August, primarily affects private sector workers who have defined benefit pension plans and defined contribution plans. However, there are some provisions of the law that also affect public sector defined benefit plans. For example, until now public safety employees may have been subject to a 10 percent early withdrawal penalty on the lump sum payable under the Partial Lump-Sum Option or a refund of contributions if they received the distribution prior to age 55. The new law lowers that age to 50.

Most of the provisions of the PPA don't become effective until next year, but this change is effective immediately.

VRS is analyzing other provisions of the law and their impact on VRS benefits. Stay tuned for more information.

Read Defined Contribution Plan News to learn about the PPA's provisions for the Commonwealth of Virginia's defined contribution plans.

### **VRS Distributes 2006 Member Benefit Profiles**

VRS mailed the 2006 Member Benefit Profiles (MBP), members' annual personal account information, to employers in late September. The information displayed on the MBP is based on service credit and salary information you reported to VRS as of June 30, 2006.

Although the MBPs have a new overall look to increase readability, the personal benefits account information is presented in the same manner as in previous years, so members can easily compare current figures to prior years. Please distribute the MBPs to your employees as soon as possible after you receive them.

For the first time, employees can access their MBP through myVRS, the new secure online service for members. Account balances shown on the 2006 MBP reflect information as of June 30, 2006. Employees who want more current information can use myVRS to do an estimate based on current account information.

Encourage employees to keep their annual MBP with their other important documents and to refer to it as they begin planning for retirement.

If employees question the accuracy of any of the information in their MBPs, they should report the problem on the Request for Review of Membership Records VRS-70. Employees may return this form directly to VRS or you may send it to VRS for them.

### **New Edition of LEOS Handbook Available**

The LEOS Handbook for Members has been revised and is now available on the VRS Web site. Later this month, VRS will mail a supply of the printed handbooks to employers who provide hazardous duty coverage to law enforcement officers and other eligible employees. The printed handbooks will be shipped in a quantity sufficient to provide to new employees. The Code of Virginia requires employers to provide new employees with a handbook within 90 days of hire.

Additional handbooks for current employees without Web access can be ordered by calling the VRS Customer Contact Center at 1-888-VARETIR (827-3847).

## **Training & Events**

### **Fall Is A Good Time To Attend A Retirement Planning Session**

Taking advantage of free educational and counseling opportunities is a good way for members to establish a foundation of knowledge about their VRS benefits. VRS offers half-day meetings designed around the needs of members at different career stages. These meetings provide an environment to ask questions and formulate plans as members go through their careers. The information presented, as well as the level of detail, is appropriate for each career stage.

The half-day Retirement Education Seminars are ideal for members who are more than 10 years from retirement. Participants learn how to decrease personal debt, use estate planning to protect assets and address legal matters and take advantage of savings opportunities to enhance their retirement benefit.

Group Counseling Sessions, also half-day meetings, are for members who are within five years of retirement. These sessions provide an overview of VRS benefits and retirement payout options, guidelines on purchasing prior service credit and instructions on the retirement process. The session gives members the

opportunity to talk with a VRS counselor about their benefits and the retirement application process. Participants also learn how to use the VRS online retirement calculator and myVRS to plan for their retirements.

### **Space Still Available In DCP Regional Enrollment Meetings**

VRS members still have an opportunity to attend a Commonwealth of Virginia Deferred Compensation Plan Regional Enrollment and Education Meeting. Meetings are scheduled through the end of November. Learn about the features and benefits of the Deferred Compensation and Cash Match Plans, account management and budgeting strategies. Employees nearing retirement can learn about managing financial resources during retirement by attending a new session on Post-Retirement Strategies. This program was recognized recently by the National Association of Government Defined Contribution Administrators (NAGDCA) for excellence and innovation in government defined contribution plans. VRS received the Leadership Award for expanding the scope of its retirement education program to include post-retirement strategies.

The schedule for the DCP Enrollment and Education Meetings includes Saturday sessions. Guests are welcome and pre-registration is not required.

VRS can arrange for these educational meetings to be presented at your work site. To schedule a session, contact Great-West Retirement Services at 804-643-1882, extension 123, or 866-226-6682 (option 2).

### **Tips & Reminders**

#### **Update Addresses For Terminating Members**

Provide the mailing address of members terminating employment by reporting it along with the monthly payroll you submit to VRS. This ensures members receive the annual Member Benefit Profile, which gives them contributions and interest in their VRS member account. VRS plans to mail the statements to deferred members towards the end of October.

#### **Notify VRS Of Salary Increases**

Notify VRS as soon as possible of salary increases. This is particularly important for employees who receive a salary increase in December 2006, and who are planning to retire on or after January 2007. VRS needs the amount of the increase in order to calculate an accurate average final compensation. You can report the salary change by submitting a Change to Certification for Retirement VRS-49.

## Defined Contribution Plans

### Pension Protection Act Brings Good News For Participants In VRS Defined Contribution Plans

The newly enacted Pension Protection Act of 2006 (PPA) brings some very good news for participants in the VRS-administered defined contribution plans. The new law makes permanent the plan features affecting pension plans enacted as part of the Economic Growth and Tax relief Reconciliation Act of 2001 (EGTRRA). The provisions were scheduled to expire at the end of 2010.

These provisions include:

- **Higher contribution limits to the 457 Deferred Compensation Plan will continue.** For 2006 the limit is \$15,000, to be indexed for inflation in future years. Educators with access to both the 457 Plan and a 403(b) account may contribute up to \$15,000 to each plan.
- **Catch-up contributions for individuals age 50 and older will continue.** Members age 50 and over will continue to have a catch-up provision that allows them to contribute above the annual limit of \$15,000. The additional catch-up amount for 2006 is \$5,000, to be indexed for inflation in future years.
- **Rollovers between plans will continue.** Participants may continue to roll over distributions from other retirement plans into their 457 Plan or Cash Match Plan, depending on the type of plan from which the money is moved. More information on rollovers can be obtained from Great-West Retirement Services, the record keeper for the plans, or by visiting their Web site at [www.vadcp.com](http://www.vadcp.com).
- **Rollover opportunities for non-spouse beneficiaries are now available.** A beneficiary of a deceased participant who is not the participant's spouse may roll over a distribution to another retirement plan. Previously, this option was available only to the spouse.

### PPA Makes Permanent And Enhances Saver's Tax Credit

The Pension Protection Act (PPA) made permanent the Saver's Tax Credit, which was scheduled to expire at the end of 2006. The Saver's Tax Credit lowers the tax liability of moderate to low-income taxpayers by offering a tax credit for contributions made to an employer tax-deferred savings plan.

Additionally, the PPA increases the gross income limits for the Savers Credit for tax years beginning after 2006. Taxpayers entitled to a refund because of the credit may have the refund deposited directly into an IRA.

## **October Is Open Enrollment For ORP Higher Education**

Participants in the Optional Retirement Plan for Higher Education may change providers during Open Enrollment between October 2 and October 31.

The two providers available are Fidelity Investments and TIAA-CREF. Administrative and investment fees vary between the two providers. Participants should read the Open Enrollment Notice to Participants for more detailed information.

Participants can change their provider by completing the Provider Change Form and sending it to their human resource office. Changes will be effective for ORP contributions sent to the new provider on or after January 1, 2007.

Information on open enrollment, including procedures for processing changes, was sent to employers in September and posted to the VRS Web site at <http://www.varetire.org/WhatsNew/OrpEnroll.html>.

## **Educational Resources**

Participants in the Commonwealth's Deferred Compensation Plan (DCP) can find online tools to estimate their retirement savings and analyze whether they are on schedule to meet financial needs at [www.vadcp.com](http://www.vadcp.com). The site has a calculator that participants can use to see the effect of before-tax savings on take-home pay and how changing contribution levels will affect take-home pay.

In support of National Save for Retirement Week, the National Association of Government Defined Contribution Administrators (NAGDCA) offers a variety of tools on its Web site at [www.nagdca.org](http://www.nagdca.org) that employers may use to encourage employees to save and invest. Materials include an announcement, payroll stuffer, poster and pre-retirement fitness quiz. Materials can be used as they are or customized for different groups.