



Virginia
Retirement
System

VRS
Plan 1 & 2

Judicial Retirement System

Handbook for Members in the
JRS Plan 1 and the JRS Plan 2



PROVIDING INFORMATION ABOUT YOUR...

retirement
benefits
resources



Judicial Retirement System (JRS)

Handbook for Members in the JRS Plan 1 & the JRS Plan 2

You are in the JRS Plan 1 if your membership date is before July 1, 2010. You are in the JRS Plan 2 if your membership date is July 1, 2010 or later. For more information about the provisions for membership in your plan, see Chapter 1-Welcome to JRS.

CONTACT VRS

Web site: www.varetire.org

Toll-Free Telephone Number: 1-888-VARETIR (1-888-827-3847)

TDD: 804-344-3190

Email: vrs@varetire.org

Important email notice: *Do not send personal or confidential information, such as your Social Security number, by email. VRS will send only non-confidential replies.*

Mailing Address:
Virginia Retirement System
P.O. Box 2500
Richmond, VA 23218-2500

Note: The information contained in this document is governed by Title 51.1 of the *Code of Virginia*. This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority granted by the *Code of Virginia*, which may be amended from time to time.



Benefit Information and Planning Resources

VRS Web Site at www.varetire.org

- Benefit information, forms and publications, including the *JRS Handbook for Members*
- Free member education about your benefits, money matters, retirement planning and the Commonwealth's 457 Deferred Compensation Plan

One-on-One Member Counseling

- Talk with a counselor about your retirement options, applying for retirement and retiree benefits. Walk-in counseling is available on a first-come first-served basis. Limited scheduled appointments also are available; call VRS toll free at 1-888-VARETIR (1-888-827-3847) for more information. Counseling hours are 8:30 a.m.-4 p.m., Monday through Friday. See www.varetire.org for directions to VRS.

Key Contacts

- American Association of Retired Persons: 1-888-OUR-AARP (1-888-687-2277); www.aarp.org
- Anthem Blue Cross/Blue Shield: 1-800-552-2682; www.anthem.com/cova
- Commonwealth of Virginia 457 Deferred Compensation Plan: 1-VRS-DC-PLAN1 (1-877-327-5261); www.varetire.org (select the Defined Contribution Plans tab)
- Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program: Genworth Life, 1-866-859-6060; www.genworth.com/cov
- Group Life Insurance Program: Minnesota Life, 1-800-441-2258
- Internal Revenue Service: 1-800-829-1040; www.irs.gov
- Medicare: 1-800-MEDICARE (1-800-633-4227); www.medicare.gov
- Social Security Administration: 1-800-772-1213; www.ssa.gov
- Virginia Department for the Aging: 1-800-552-3402; www.vda.virginia.gov
- Virginia Department of Human Resource Management: www.dhrm.virginia.gov
- Virginia Department of Taxation: 804-367-8031; www.tax.virginia.gov
- Virginia Workers' Compensation Commission: 1-877-664-2566; www.wvc.state.va.us

Table of Contents

	Page
1. Welcome to JRS	
Your Future Security	4
About Plan 1 and Plan 2	5
Benefit Payout Options	8
If You Leave Employment	11
Plan Summary	13
2. Enhancing Your Retirement	
Deferred Compensation Plan	14
Purchasing Prior Service	15
3. Other Benefits	
VRS Group Life Insurance Program	18
Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program	21
Death-in-Service Benefits	22
4. Retiring on Disability	
Eligibility	25
Medical Review	25
Non-Work Related Disability Retirement Benefit	26
Work-Related Disability Retirement Benefit	27
Adjustment for Primary Social Security Benefits	28
Benefit Payout Options	29
Applying for Disability Retirement	30
After You Retire on Disability	32
5. Getting Ready to Retire	
Retirement Readiness Resources	34
Applying for Retirement	35
Deferring Retirement	36
Retirement Readiness Checklist	37
6. After You Retire	
Direct Deposit	38
Cost-of-Living Adjustment (COLA)	38
Social Security	39
Taxes	39
If You Divorce	40
Deferred Compensation Plan Options	41
Insurance in Retirement	42
myVRS: At Your Service When You Retire	45
Working After Retirement	46
7. Frequently Used Terms	47



1

Welcome to JRS

Your Future Security • About Plan 1 and Plan 2 • Benefit Payout Options • If You Leave Employment • Plan Summary

Your Future Security

Welcome to the Judicial Retirement System (JRS). As a member of JRS, you are eligible to qualify for benefits that help you plan for a secure future and protect you and your loved ones throughout your career and after you retire. Your partners are your employer and the Virginia Retirement System (VRS). These benefits include:



- Lifetime monthly retirement benefit
- Eligibility to qualify for Social Security
- Opportunity to put aside additional retirement savings through the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans
- Life insurance
- Disability retirement if you have a non-work related or work-related illness or injury that prevents you from performing your job and is likely to be permanent
- Optional long-term care coverage
- Benefit for your beneficiary or survivor if you die while you are an active member
- Survivor option if you wish to continue a lifetime monthly benefit to a survivor upon your death after you retire

You are covered under JRS if you are a:

- Justice or judge of a court of record of the Commonwealth of Virginia
- Judge of a district court of the Commonwealth of Virginia other than a substitute judge
- Commissioner of the State Corporation Commission or the Virginia Workers' Compensation Commission

The Judicial Retirement System *Handbook for Members* provides an overview of your benefits, how to apply for retirement and post-retirement benefits.

About Plan 1 and Plan 2

The Virginia Retirement System (VRS) administers two defined benefit plans: Plan 1 and Plan 2. The defined benefit plan provides a lifetime monthly benefit in retirement based on your age, total service credit and average final compensation. Your benefit is funded through member and employer contributions to VRS, which are invested over your career. VRS holds these funds in a trust protected by the *Constitution of Virginia*. This trust may be used only to pay benefits for VRS members, retirees and beneficiaries.

You are covered under the provisions of Plan 1 if your membership date is before July 1, 2010. You may be an active or deferred member. You are an active member if you are currently working in a covered position. You are a deferred member if you are not currently working in a covered position but have not withdrawn your funds and have service credit in VRS or have been maintaining an account balance in a Virginia optional retirement plan since before July 1, 2010. If you are a deferred member and return to covered employment, you will be rehired under Plan 1.

You are covered under the provisions of Plan 2 if your membership date is July 1, 2010 or later. If you were previously employed in a covered position before July 1, 2010 and withdrew your funds, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.

What are Free, Convenient and Help You Plan a Successful Future?

Whether you were just hired or are getting ready to retire, you can take advantage of free educational opportunities on everything from your benefits and money matters to retirement planning. Topics are offered through a variety of educational mediums, including live presentations, seminars, webinars, e-courses and regional meetings. Schedules and online registration are available at www.varetire.org, select Education & Counseling from the Member homepage.

Also sign up for the Deferred Compensation Plan Regional Education Meetings to learn more about planning for financial security, managing your plan and distribution strategies. For more information, select the Defined Contribution Plans tab from www.varetire.org and then Commonwealth of Virginia Deferred Compensation Plan (457).

What is Average Final Compensation? –

Under Plan 1, average final compensation is the average of your 36 consecutive months of highest compensation as a covered employee. Under Plan 2, average final compensation is the average of your 60 consecutive months of highest compensation as a covered employee.

Compensation is your salary reported to VRS by your employer. It does not include payments for overtime, temporary employment, extra duties or other additional payments.

What is Covered

Employment? – Covered employment is a full-time permanent, salaried position with a Virginia state agency, public college or university, local public school division or political subdivision that has elected to participate in VRS. Some part-time permanent, salaried state positions also are covered under VRS.

Retirement Plan Provisions

PROVISIONS	JRS PLAN 1 <i>Hired Before July 1, 2010</i>	JRS PLAN 2 <i>Hired On or After July 1, 2010</i>
Average Final Compensation	Average of your 36 consecutive months of highest compensation as a covered employee.	Average of your 60 consecutive months of highest compensation as a covered employee.
Member Contributions	Your employer contributes 5 percent of your compensation each month to your member contribution account. Your member contribution account accrues 4 percent interest, which is compounded annually on the balance as of the previous June 30. The <i>Code of Virginia</i> prohibits members from borrowing from their member contribution accounts.	You contribute 5 percent of your compensation each month to your member contribution account.
Employer Contribution	Your employer makes a separate contribution to VRS for all employees it covers under the benefit plans. Members are not eligible for a refund of the separate employer contribution.	Same as Plan 1.
Vesting	You are vested when you have at least five years of service credit.	Same as Plan 1.
Service Credit	You receive one month of service credit multiplied by a weighting factor for each month you are employed in a JRS-covered position. The weighting factors are: <ul style="list-style-type: none"> • 3.5 if you were appointed or elected before January 1, 1995 • 2.5 if you were appointed or elected on or after January 1, 1995 	You receive one month of service credit multiplied by a weighting factor for each month you are employed in a JRS-covered position. The weighting factors are: <ul style="list-style-type: none"> • 1.5 if you were appointed or elected before age 45 • 2.0 if you were appointed or elected between ages 45 and 54 • 2.5 if you were appointed or elected at age 55 or older <p>Service earned under JRS is weighted at the time of retirement and is not reflected in your annual Member Benefit Profile. Any service credit you earn under VRS other than in a JRS-covered position is not weighted. However, this service credit will count toward vesting, retirement eligibility and the health insurance credit.</p>
Normal Retirement Age	The normal retirement age under JRS is age 65.	Same as Plan 1.

Mandatory Retirement Age	The mandatory retirement age under JRS is age 70.	Same as Plan 1.
	If you are a justice or judge and reach age 70, you will be required to retire 20 days after the convening of the next regular session of the General Assembly. If you reach age 70 during the regular session, you will be required to retire 20 days after the convening of the next regular session.	
	If you are a member of the State Corporation Commission and reach age 70 before the end of your term, you will be required to retire at the end of your term. If you reach age 70 during a session of the General Assembly, you will be required to retire 20 days after the beginning of the next regular session following the date you reach age 72.	
Earliest Unreduced Retirement Eligibility	Age 65 with at least five years of service credit or age 60 with at least 30 years of service credit.	Same as Plan 1.
Earliest Reduced Retirement Eligibility	Age 55 with at least five years of service credit.	Same as Plan 1.
Retirement Multiplier	1.7 percent	Same as Plan 1.
Other Employment While Working or After Retirement – <i>For more information, see Chapter 6-After You Retire.</i>	As required under the <i>Code of Virginia</i> , if you are a full-time judge, justice or commissioner or a former judge, justice or commissioner receiving a VRS retirement benefit, you cannot appear as counsel in any court of the Commonwealth, the State Corporation Commission or the Virginia Workers’ Compensation Commission.	Same as Plan 1.
Cost-of-Living Adjustment (COLA) – <i>For more information, see Chapter 6-After You Retire.</i>	Matches the first 3 percent increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half the remaining increase, up to a maximum COLA of 5 percent.	Matches the first 2 percent increase in the CPI-U and half the remaining increase, up to a maximum COLA of 6 percent.
	COLAs go into effect on July 1 of the second calendar year after you retire. During years of no inflation or deflation, the COLA will be 0 percent.	

Benefit Payout Options

What is Service Credit

under JRS? – Service credit refers to weighted service earned under JRS as well as any other service earned in another VRS-covered position. See the “Retirement Plan Provisions” chart on the previous page for more information about weighted service under your JRS plan.

How Your Benefit is Paid –

When you retire, your benefit is paid first from your member contribution account. After these funds have been paid out, your benefit is paid from the separate contribution your employer makes to VRS and investment earnings.

When you apply for retirement, you choose how you want to receive your benefit. The payout options are the Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (PLOP) and Advance Pension Option. **The option you elect is irrevocable.** That means you cannot change it after you retire, with the exception of the Survivor Option under some conditions.

Basic Benefit

The Basic Benefit is a lifetime monthly benefit. The annual amount is based on either (a) 1.7 percent of your average final compensation multiplied by your total years of weighted service and other service credit at retirement or (b) 78 percent of your average final compensation, whichever is less. The annual amount is divided by 12 to arrive at your monthly benefit amount before taxes and other deductions. If you retire with a reduced benefit, VRS will first determine the amount of your Basic Benefit and then apply an early retirement reduction factor.

The Basic Benefit does not provide a continuation of a benefit to a survivor. However, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death.

Note: The Internal Revenue Code limits the amount of annual compensation that may be used to calculate a retirement benefit. The current limits are \$360,000 for members whose membership date is before April 9, 1996 and \$245,000 for members whose membership date is on or after April 9, 1996. If these limits apply to you, contact your human resource office for help in calculating your benefit estimate.

Survivor Option

With this option, you elect to receive a lower monthly benefit during your lifetime so that your survivor can receive a lifetime monthly benefit upon your death. If you elect this option, you will choose a whole percentage of your benefit, between 10 percent and 100 percent, to go to your survivor. Your benefit amount will be based on this percentage, your age and the age of your survivor at your retirement date.

You can name any living person as your survivor; you also can name more than one survivor. The Internal Revenue Service (IRS) may limit the amount of your benefit that can go to a non-spouse survivor. For additional information including a chart on maximum survivor option percentages, contact the IRS toll free at 1-800-829-1040 or visit www.irs.gov.

You can name a new survivor or revert to the Basic Benefit if:

- Your survivor dies;
- Your survivor is your spouse and you divorce with fewer than 20 years of marriage;
- Your survivor is your spouse, you divorce after 20 or more years of marriage and your spouse dies, remarries or consents in writing to a change in benefit; or
- You provide VRS a written consent from your survivor giving up claim to a benefit along with proof of your survivor's good health.

Note: If you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, your benefit must be paid as directed by the ADRO. For more information about attachments to retirement benefits, see Chapter 6-After You Retire.

Changing Your Survivor –

You can change your survivor only once. If you elect the Survivor Option and need to change your survivor after you retire, call VRS toll free at 1-888-VARETIR (1-888-827-3847) for assistance.

Partial Lump-Sum Option Payment

If you work at least one year beyond the date you first become eligible for an unreduced retirement benefit, you may elect to receive a one-time Partial Lump-Sum Option Payment (PLOP). This option reduces your monthly benefit. You may elect the PLOP with the Basic Benefit or Survivor Option.

Qualifying for the PLOP. Weighted service credit, prior service credit or granted service credit counts toward eligibility for unreduced retirement. However, to qualify for a PLOP, you must be working as an active member beyond the date you become eligible for an unreduced retirement benefit. Weighted service credit, prior service credit or granted service credit cannot substitute for this active service.

PLOP amount. You may choose a lump sum equal to one, two or three times the amount of your annual Basic Benefit. The amount depends on how long you work beyond the date you first become eligible for an unreduced retirement benefit, as shown in the following table:

Beneficiary Payment and the PLOP –

If you elect the PLOP with the Basic Benefit, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death. However, because the PLOP is paid from your member contribution account, there may be no balance in your account or the balance may be less than if you elected the Basic Benefit without the PLOP.

Partial Lump-Sum Option Payment (PLOP) Amounts

Active Service Beyond Unreduced Retirement Eligibility	PLOP Payment
12 months	1 x annual Basic Benefit amount (one-year PLOP)
24 months	1 or 2 x annual Basic Benefit amount (one- or two-year PLOP)
36 months or more	1, 2 or 3 x annual Basic Benefit amount (one-, two- or three-year PLOP)

Benefit Payout Options and the COLA

The cost-of-living adjustment (COLA) is an annual increase in your retirement benefit that goes into effect on July 1 of the second calendar year after you retire. The COLA calculation is based on the payout option you elect at retirement:

- For the Basic Benefit or Advance Pension Option, the COLA is based on the Basic Benefit amount.
- For the Basic Benefit with the PLOP, the Survivor Option or the Survivor Option with the PLOP, the COLA is based on the reduced benefit amount.

During years of no inflation or deflation, the COLA will be 0 percent. For more information about the COLA, see Chapter 6-After You Retire.

Taxes on the PLOP. If you have the PLOP paid directly to you, VRS will deduct 20 percent for federal income tax and, if you live in Virginia, 4 percent for state income tax. You can roll over the PLOP to the Virginia Cash Match Plan, if you participate in the Commonwealth's 457 Plan; an Individual Retirement Account (IRA); or another qualified tax-deferred savings plan that accepts rollovers. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org; or contact a tax advisor or the IRS toll free at 1-800-829-1040 or www.irs.gov.

Advance Pension Option

With this option, you elect to increase your monthly benefit temporarily until an age you choose, between age 62 and the age you become entitled to a full Social Security benefit. At that point, your benefit will be permanently reduced. You can elect this option with an unreduced retirement benefit or if you retire at age 55 or older and have at least five years of service credit. You cannot elect this option with other benefit payout options.

To figure your benefit amount, VRS will add a percentage of your estimated monthly Social Security benefit to your monthly VRS benefit. The percentage depends on several factors, including your age when you retire and the age you want your benefit to permanently reduce. When the temporary increase ends, your benefit will be reduced by the amount of the estimated Social Security benefit used to determine your temporary increase. However, it will never be reduced by more than 50 percent of your Basic Benefit.

This option does not affect the amount of your Social Security benefit. You also may draw your Social Security when you are eligible for it, regardless of the age you choose for your benefit to reduce. The Advance Pension Option does not provide a continuation of a benefit to a survivor.

If you elect the Advance Pension Option, you must include a Social Security estimate with your retirement application. For more information, contact your human resource office.

If You Leave Employment

If you leave employment and do not retire, you can take a refund of your member contributions and interest or leave your account balance with VRS and become a deferred member.

Taking a Refund

If you request a refund and are vested (you have at least five years of service credit), you will be eligible for a full refund of your member contribution account balance. If you are not vested, you will be eligible for a refund of the balance, excluding any employer contributions made to your account after July 1, 2010 and the interest on these contributions. *Exception:* If you are involuntarily separated from employment for causes other than job performance or misconduct, you will receive a full refund of your account balance including any employer contributions and interest.

Refunds are effective no earlier than one full calendar month after you leave all employment with a VRS-participating employer, including non-covered employment. Taking a refund cancels your membership and eligibility for any future benefits.

Note: If you are in Plan 1 and take a refund of your member contributions and interest, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.

Requesting a refund. Complete a Request for Refund (VRS-3) and submit it to your human resource office. If you request a refund after six months from leaving your job, submit the form to VRS. The form is available at www.varetire.org. Allow 45 to 60 days for your refund request to be processed.

Taxes on refunds. If you have your refund paid directly to you, VRS will withhold federal taxes of 20 percent and, if you live in Virginia, state taxes of 4 percent. Any after-tax member contributions in your refund will not be taxed again. If you have your refund paid directly to you before age 59½, the Internal Revenue Service (IRS) may impose an additional 10 percent tax penalty for early withdrawal of member contributions; there are exceptions to this rule.

You can defer taxes by rolling over your refund to an Individual Retirement Account (IRA) or another qualified plan. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org; or contact a tax advisor or the IRS toll free at 1-800-829-1040 or www.irs.gov.

Moving to Another Covered

Position? – If you move to a position covered under VRS, the State Police Officers' Retirement System (SPORS) or the Virginia Law Officers' Retirement System (VaLORS), or to a political subdivision position eligible for enhanced hazardous duty coverage, you will come under the plan provisions of the new position for retirement and other benefits. For more information, review the current member handbooks for Plan 1 or Plan 2 available at www.varetire.org. You also can call VRS toll free at 1-888-VARETIR (1-888-827-3847) for assistance.

If You Defer Retirement –

If you leave your position and defer retirement, you will not be eligible to enroll in the State Retiree Health Benefits Program when you apply for retirement. For more information about deferring retirement, see Chapter 5-Getting Ready to Retire.

More Information – For more information about life insurance as well as long-term care insurance and death-in-service benefits, see Chapter 3-Other Benefits.

Becoming a Deferred Member

If you leave your member contributions with VRS, you will become a deferred member. If you are vested, you may be eligible for a future retirement benefit if you meet the age and service requirements for your plan. If you return to covered employment, member contributions and the service credit you earn upon reemployment will be added to your member record. If you are a deferred member and return to JRS-covered employment, the weighting factor applied to your service credit upon retirement will not change.

As a deferred member, you remain eligible to request a refund of your member contributions and interest. You will receive a full or partial refund, as described on the previous page. Before leaving your position, submit a Name and Address Declaration for Deferred Members (VRS-3A). The form is available at www.varetire.org.

Impact on Benefit Coverage

Basic group life insurance. If you are eligible for retirement when you leave employment, some basic group life insurance benefits will continue. If you are not eligible for retirement or if you take a refund of your member contributions and interest, your basic group life insurance coverage will end within 31 days of the end of the month in which premiums were paid. If you die before the end of this period, your beneficiary will receive your natural death benefit.

Optional group life insurance. If you have optional group life insurance coverage and leave employment, you may convert your coverage to an individual policy. Evidence of insurability (proof of good health) will not be required. You must do so within 31 days of your last date of employment; this option is not available after 31 days. Submit a Conversion of Group Life Insurance Enrollment (VRS-35E) to Minnesota Life, the insurer for the Group Life Insurance Program, at P.O. Box 1193, Richmond, VA 23218-1193. If you do not convert your coverage and die within 31 days of the end of the month in which the last premium is paid, your beneficiary will receive your optional life insurance natural death benefit.

Health insurance. Active-employee health insurance coverage will end on the last day of the month in which you leave covered employment. You may elect to extend your health insurance for up to 18 months from this date or convert your coverage to an individual policy. You will pay the premiums. For more information, visit the Department of Human Resource Management Web site at www.dhrm.virginia.gov or call Anthem Blue Cross/Blue Shield toll free at 1-800-552-2682.

Plan Summary

Plan: The Virginia Retirement System (VRS) is administered based on the plan year July 1 to June 30. VRS is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. VRS is governed by the provisions of Title 51.1 of the *Code of Virginia*. Changes to the law can be made only by an act of the General Assembly.

Administration: VRS is an independent state agency. As provided under the *Constitution of Virginia*, VRS funds are separate from other state funds and can be used only to administer and pay benefits for members, retirees and beneficiaries. Benefit plans include defined benefit plans through VRS, the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS) and the Judicial Retirement System (JRS); defined contribution plans, including the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans; VRS Group Life Insurance Program; Virginia Sickness and Disability Program (VSDP) and VSDP Long-Term Care Plan for state employees; Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program; disability retirement for members not covered under VSDP; and the Retiree Health Insurance Credit Program.

A board of trustees administers the investment program and benefit plans of VRS. Nine members serve on the VRS Board of Trustees. Their appointment is shared between the executive and legislative branches of state government. The Governor appoints five members, including the chairman. The Joint Rules Committee of the Virginia General Assembly appoints four members. The General Assembly confirms all appointments. Of the nine Board members, four must be investment experts; one must be experienced in employee benefit plans; one must be a local government employee; one must be an employee of a Virginia public institution of higher education; one must be a state employee; and one must be a public school teacher. The public employee members may be active or retired. The following individuals currently serve on the Board of Trustees:

Diana F. Cantor, Chairman	Mitchell L. Nason
John M. Albertine, Ph.D., Vice Chairman	Colette Sheehy
A. Marshall Acuff, Jr.	Paul W. Timmreck
Edwin T. Burton III, Ph.D.	Raymond B. Wallace, Jr.
Robert L. Greene	

The Board appoints the director of the Virginia Retirement System, who serves as chief administrative officer, as well as the chief investment officer and the internal audit director. The following individuals currently serve in these positions: Robert P. Schultze, Director; Ronald D. Schmitz, Chief Investment Officer; and Franklin O. Berry, Internal Audit Director.

Employees Eligible for Membership: Membership in VRS is automatic with employment in a covered position. Covered employment is a full-time permanent, salaried position with a VRS-participating employer. Some part-time permanent, salaried state positions also are covered under VRS. Participating employers include state agencies, public colleges and universities, local public school divisions and political subdivisions that have elected to participate in VRS.

VRS' Relationship with Employers: VRS administers benefits on behalf of employers that participate in VRS. Employers are not agents of VRS nor do they act at the direction of VRS. A list of participating employers is available at www.varetire.org.

2

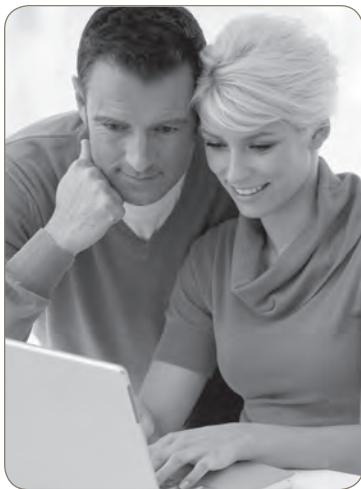
Enhancing Your Retirement

Deferred Compensation Plan • Purchasing Prior Service

Deferred Compensation Plan

Participating in the Commonwealth of Virginia 457 Deferred Compensation Plan is an easy way to save for retirement:

- Your contributions are deducted automatically from your paycheck.
- You can increase the amount you save at any time, subject to tax code and plan limits.
- You receive an employer cash match equal to 50 percent of your contributions, not to exceed \$20 per pay period, through the Virginia Cash Match Plan.
- You defer paying federal and state income taxes on your contributions until you withdraw the money from your plan.
- You select your investments from the plan's investment options.



Consolidating Your Retirement Funds

You can use your Virginia Cash Mash Plan account to consolidate your retirement funds by rolling over money from an Individual Retirement Account (IRA) or another qualified plan to your account. If you leave employment or retire, you also can roll over your 457 Plan balance or contribute a Partial Lump-Sum Option Payment (PLOP), if you elect this option at retirement, to your cash match account.

Enrollment and More Information

When you become employed in a JRS-covered position, you are enrolled automatically in the Commonwealth's 457 Plan, unless you have a 457 Plan account balance from previous employment. A deduction of \$20 per pay period and an employer cash match of \$10 per pay period begin within approximately 90 days of your employment date. You can increase your contributions within plan limits. You also can enroll before your deductions begin or opt out of the plan. If you were hired before January 1, 2008 and do not participate, or if you previously opted out of automatic enrollment, you can enroll at any time.

For more information on automatic enrollment and opt-out provisions, self-enrollment, contribution limits, distributions and plan resources, visit www.varetire.org (select the Defined Contribution Plans tab). See also Chapter 6-After You Retire for an overview of distribution options.

Purchasing Prior Service

You may be able to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in your plan. Prior service credit counts toward the five years needed to become vested and eligibility for retirement, and may increase your future benefit or allow you to qualify for retirement at an earlier date. Prior service credit also counts toward eligibility for the health insurance credit (see Chapter 6-After You Retire).

To be eligible to purchase prior service, you must be an active member. If you are on leave without pay, you also may be eligible; contact your human resource office for more information. You are not eligible to purchase prior service if you are employed in a non-covered position such as a wage position, you are a deferred member or you are receiving a retirement benefit from VRS.

If you purchase refunded service earned under JRS or an eligible period of leave while covered under JRS, the prior service credit will be weighted according to the provisions of your plan. For more information about plan provisions, see Chapter 1-Welcome to JRS.

Types of Prior Service

You may purchase up to 48 months of each of the following types of prior public service. Except for some types of active duty military service, the service must not be used to qualify you for a benefit under another retirement plan:

- Active duty military service (service under the Armed Forces Reserves or the National Guard is eligible for purchase even if it will be used to qualify you for a military pension)
- Full-time salaried federal service
- Full-time salaried public service other than prior VRS-covered service
- Non-covered service with a VRS-participating employer
- Approved leave for the birth or adoption of a child, provided you were on leave from a VRS-covered position
- Approved educational leave, provided you were on leave from a VRS-covered position

- **Non-ported service.** You do not need to apply for this service. The amount of service you are eligible to purchase will be determined during the portability process.

Payment Methods – You may purchase prior service through a lump-sum payment using a personal check, a trustee-to-trustee transfer of funds or a pre-tax rollover of funds. If you are within your eligibility period, you also may use an after-tax payroll deduction contract, a pre-tax salary reduction contract if your employer offers this option or a combination of the lump-sum and contract methods.

You also may purchase VRS refunded service or apply for no-cost military leave (see next page).

Prior Service Cost and Eligibility Periods

Eligibility period – Plan 1. Within three years of becoming eligible, your cost will be based on 5 percent of your compensation or average final compensation at the time of your purchase, whichever is higher. If you purchase service with a payroll deduction or salary reduction contract, your cost will be based on your compensation, even if your average final compensation is higher.

Eligibility period – Plan 2. Within one year of becoming eligible, your cost will be based on an approximate normal cost rate as a percentage of your compensation or average final compensation at the time of your purchase, whichever is higher. If you purchase service with a payroll deduction or salary reduction contract, your cost will be based on your compensation, even if your average final compensation is higher. Approximate normal cost is the average cost of one year of VRS service credit. The rate varies depending on the type of position you hold. If you move to a position with a different VRS-participating employer, your normal cost rate may change. The current rates are available at www.varetire.org.

When Does the Eligibility Period Begin?

Your eligibility period begins upon employment in a covered position or returning from an eligible period of leave. If you do not purchase your prior service and leave your job, you will remain eligible to purchase it if you return to covered employment. However, your eligibility period will still be in effect. *Exception:* If you go on active duty military leave and return to covered employment, your eligibility period will be extended by the amount of time you were on military leave.

Note that if you accrue eligible prior service after leaving your position and then return to covered employment, your eligibility period to purchase this service will begin upon your re-hire date.

After the eligibility period – Plan 1 and Plan 2. If you have not formally arranged to purchase prior service within your eligibility period, your cost will be based on an actuarial equivalent rate. This rate represents the amount of money needed in today’s dollars to pay for the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service.

VRS refunded service - Plan 1 and Plan 2. If you take a refund of your member contributions and interest and then return to covered employment, you may purchase up to the full amount of the service represented by the refund. The cost will be based on 5 percent of your compensation or average final compensation at the time of your purchase, whichever is higher or depending on the payment method you use. If you have not purchased your refunded service within three years of becoming eligible, your cost will still be based on 5 percent, but you will be required to use a lump-sum payment.

Note: If you are in Plan 1 and take a refund of your member contributions and interest, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.

No-cost military leave - Plan 1 and Plan 2. You may receive service credit at no cost for each occurrence of leave from a covered position for active duty military service. You can apply at any time provided you are not dishonorably discharged, return to covered employment within one year of discharge and do not take a refund of your member contributions and interest.

Certification

Some prior service requires certification from the employer with which you earned the service and may require certification from your previous retirement system. Employer certification is not required for:

- Active duty military service (enclose a copy of your DD214 or a copy of your orders for National Guard service with your application)
- VRS refunded service
- Non-ported service (the amount of service you are eligible to purchase will be determined during the portability process).

Before Purchasing Prior

Service – For information on the impact of purchasing prior service on your retirement benefit, contact your human resource office or VRS toll free at 1-888-VARETIR (1-888-827-3847) for assistance. More information about applying for prior service is available at www.varetire.org.

3 Other Benefits

VRS Group Life Insurance Program • Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program • Death-in-Service Benefits

VRS Group Life Insurance Program

Basic Group Life Insurance

You are covered under the Basic Group Life Insurance Program upon employment. Your employer pays the premiums. Your coverage includes:

- Natural death benefit equal to your compensation rounded to the next highest thousand and then doubled. *Example:* If your compensation is \$142,300, that amount would be rounded to \$143,000 and then doubled for a natural death benefit of \$286,000.
- Accidental death benefit equal to twice your natural death benefit. *Example:* If your natural death benefit is \$286,000, that amount would be doubled for an accidental death benefit of \$572,000.

Other basic group life insurance benefits include an accidental dismemberment benefit, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit option if you are diagnosed with a terminal condition and have fewer than 12 months to live.

Designating a Beneficiary

You can designate or change your beneficiary for life insurance benefits as well as member contributions and interest while you are an active or deferred member or after you retire. You can name any living person or an entity, such as an eligible trust or charity, as your beneficiary. Submit a Designation of Beneficiary (VRS-2) to VRS. The form is available at www.varetire.org. Be sure to keep a copy for your records. You will not receive a copy or confirmation of receipt.

Primary and contingent beneficiaries:

- You can name more than one primary beneficiary to share in life insurance benefits and any funds remaining in your member contribution account upon your death, or a different primary beneficiary for each benefit.

More Information –

More information about basic and optional coverage under the VRS Group Life Insurance Program is available at www.varetire.org. For more information regarding your coverage, also contact Minnesota Life, the insurer for the program, toll free at 1-800-441-2258.

- You can name a contingent beneficiary or beneficiaries. If your primary beneficiary or beneficiaries are deceased at the time of your death, your contingent beneficiary or beneficiaries will receive benefit payments according to your designation.

Changing your beneficiary. VRS is required by law to pay benefits according to the latest beneficiary designation in your VRS record. Review your beneficiary designation after a personal milestone such as a change in marital status, the birth or adoption of a child or as you near retirement. To change your beneficiary, submit a new Designation of Beneficiary (VRS-2) to VRS as soon as possible. If you cannot remember your designation, submit a new VRS-2 or write to Minnesota Life, P.O. Box 1193, Richmond, VA 23218-1193. Neither Minnesota Life nor VRS can provide your designation over the phone.

If there is no beneficiary designation on file, or your primary beneficiary or beneficiaries are deceased at the time of your death and there is no contingent beneficiary or beneficiaries, VRS will pay benefits according to the following order of precedence, as required by law:

Order of Precedence

- First, to your spouse
- If no spouse, to your natural or legally adopted children and descendants of your deceased natural or legally adopted children
- If none of the above, to your parents equally or to the surviving parent
- If none of the above, to the duly appointed executor or administrator of your estate
- If none of the above, to your next of kin under the laws of the state where you resided at the time of your death

Note: The Designation of Beneficiary (VRS-2) allows you to elect the order of precedence instead of designating a beneficiary.

Naming Multiple

Beneficiaries – The

Designation of Beneficiary (VRS-2) allows you to name up to three individuals as your beneficiaries. If you wish to name more than three, list the additional beneficiaries on the Designation of Beneficiary-Continuation (VRS-2A) and submit this form with the VRS-2.

Beneficiary Designation for the Deferred Compensation Plan – The

Designation of Beneficiary (VRS-2) applies only to beneficiary payments of your member contributions and interest and life insurance benefits. For information on designating a beneficiary for the Commonwealth's 457 Plan, visit www.varetire.org (select the Defined Contribution Plans tab).

Optional Group Life Insurance

You are eligible to elect additional coverage for yourself through the Optional Group Life Insurance Program. If you elect this coverage, you also can cover a spouse or dependent children. Optional group life insurance provides benefits for natural and accidental death or dismemberment. You pay the premiums through payroll deduction.

You may cover yourself for up to four times your annual compensation, not to exceed \$700,000. You can enroll your spouse for up to half the maximum amount of your coverage, not to exceed \$350,000. You can enroll each dependent

child who is at least 15 days old for \$10,000, \$20,000 or \$30,000, depending on the coverage option you select for yourself.

Coverage is guaranteed if you enroll in the Optional Group Life Insurance Program within 31 days from your employment date or a qualifying event, such as marriage or the birth or adoption of a child. Proof of good health (evidence of insurability) is required if:



- You apply after 31 days from your employment date or a qualifying event.
- You wish to add your spouse or dependent child to your coverage after 31 days from your employment date.
- You wish to purchase more than \$350,000 for yourself.
- You wish to increase your optional life insurance coverage for yourself or your spouse.
- Your spouse's insurance amount is more than half your salary.

Additional Information About Your Coverage

Coverage while on leave without pay. If you go on leave without pay or go on military leave, your basic group life insurance coverage will continue for up to 24 months or for as long as you are on military leave, provided the premiums are paid. If you have optional group life insurance, your coverage will continue as long as you pay the premiums and remain covered under the basic group life program.

Irrevocable assignment. You own your rights in your group life insurance coverage. That means you can designate a beneficiary or exercise the accelerated death benefit option of your policy. You may give your ownership rights to another living person or entity. However, **this is an irrevocable assignment**, meaning you cannot change it once it is made. Before making an irrevocable assignment, contact a legal advisor or Minnesota Life toll free at 1-800-441-2258 for assistance.

Loans prohibited. You may not borrow from or use your group life insurance coverage to secure a loan.

Imputed income taxes. Imputed income is the value of life insurance in excess of \$50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes and is reflected in your W-2 you receive from your employer. When you retire, VRS will deduct FICA taxes and report taxable or imputed income for as long as your group life insurance coverage exceeds \$50,000.

Child support liens. The Department of Social Services may file child support liens against proceeds payable under the Group Life Insurance Program. VRS is required to pay life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations at your death.

Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program

The employee-paid Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program provides a maximum monthly benefit for covered long-term care expenses. VRS has contracted with the Genworth Life Insurance Company as the insurer for the program. You are eligible to apply for coverage for yourself and select family members between the ages of 18 and 79. Family members include a spouse, adult children, parents, parents-in-law, step parents, step parents-in-law, grandparents, grandparents-in-law, step grandparents and step grandparents-in-law.

Premiums. As an active member, you can pay the premiums through a payroll deduction or directly to Genworth. If you arrange to pay the premiums to Genworth on a quarterly, semi-annual or annual basis, you may be eligible for a premium discount. If you are not currently employed, you will pay the premiums to Genworth.

Other program features:

- Coverage is guaranteed if you apply within 60 days of employment. Proof of good health (medical underwriting) will be required after 60 days and for any family members who apply.
- At group rates, your premiums may be more affordable. Premium rates are guaranteed through March 1, 2020 and will change only if you make changes to your coverage.
- You can choose one of three benefit increase options that will allow you to increase coverage over time to help protect against the rising cost of care.
- If you leave employment or retire and you are not enrolled, you can apply as a deferred member if you are vested (you have at least five years of service credit) or as a retiree. You must be under age 80 to apply; medical underwriting will be required. You will pay the premiums directly to Genworth.

For more information, visit the Genworth Web site at www.genworth.com/cov or call toll free 1-866-859-6060.



Death-in-Service Benefits

A death-in-service benefit is a payment of any member contributions and interest in your member contribution account to your named beneficiary or your spouse, natural or legally adopted minor child or parent in the event of your death as an active member (while you are in service). The benefit may be a lump-sum payment, a monthly benefit or both. This payment is in addition to life insurance benefits.



Non-Work Related Cause of Death

If you die while you are an active member from a non-work related cause, your named beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account according to whether you are vested (you have at least five years of service credit) at the time of your death:

- If you are vested and your spouse, natural or legally adopted minor child or parent is one of your named beneficiaries, or is your beneficiary based on an order of precedence (see “Death-in-Service Order of Precedence” in this chapter), he or she will be eligible for a refund or a monthly benefit to the exclusion of all other primary beneficiaries.
- If you are not vested, your spouse, natural or legally adopted minor child or parent will be eligible for a lump-sum payment only, which will be shared with any other primary beneficiaries you have designated.

Non-work related benefit calculation. The non-work related monthly benefit is calculated based on your average final compensation, your total service credit, your age and the age of your eligible named beneficiary at the time of your death. Your age and your beneficiary’s age are calculated as follows:

- If you die before age 55 (age 60 if you are in Plan 2), you are presumed to be age 55 (or age 60) for purposes of calculating the benefit. If your beneficiary is younger than you, the age difference is subtracted from age 55 (or age 60) to arrive at his or her adjusted age. If your beneficiary is older than you, the age difference is added to age 55 (or age 60) to arrive at his or her adjusted age.
- If you die at age 55 or older (age 60 or older if you are in Plan 2), your age and the actual age of your beneficiary are used to calculate the benefit.

Work-Related Cause of Death

A work-related cause of death is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act. If you die while you are an active member from a work-related cause, your named beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account. In addition, your spouse, natural or legally adopted minor child or parent will be eligible for a monthly benefit, according to an order of precedence (see next page). If this individual also is your beneficiary, he or she will receive both benefits.

Work-related benefit calculation:

- If your spouse, natural or legally adopted minor child or parent is eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 33 $\frac{1}{3}$ percent of your average final compensation at the time of your death. If he or she is not eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 50 percent of your average final compensation at the time of your death.
- If your spouse, natural or legally adopted minor child or parent is eligible for a workers' compensation survivor benefit, the VRS work-related benefit will supplement the workers' compensation benefit. The VRS benefit also may be exempt from income taxes.

Deferring Taxes on Member Contribution Account Payments

Lump-sum payments of pre-tax member contributions and interest are subject to income taxes. The Internal Revenue Service (IRS) also may impose an additional 10 percent tax penalty on member contributions received before age 59 $\frac{1}{2}$; there are exceptions to this rule.

To defer taxes, the payment can be rolled over to an Individual Retirement Account (IRA) or another qualified plan. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org, or contact a tax advisor or the IRS toll free at 1-800-829-1040 or www.irs.gov.

More Information – In the event of your death, *Losing a Loved One: Guide for Families* will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at www.varetire.org.

In addition:

- For more information about workers' compensation survivor benefits, visit the Department of Human Resource Management Web site at www.dhrm.virginia.gov or contact your human resource office.
- For more information about Social Security survivor benefits, contact the Social Security Administration toll free at 1-800-772-1213 or visit www.ssa.gov.
- For more information about income taxes, contact the Internal Revenue Service (IRS) toll free at 1-800-829-1040 or visit www.irs.gov.

Death-in-Service Order of Precedence

The death-in-service benefit may be a lump-sum payment of any balance remaining in your member contribution account, a monthly benefit or both. As required by law, VRS will pay a death-in-service benefit according to the following order of precedence if you die from a non-work related cause and there is no valid beneficiary designation on file or your named beneficiary is deceased. If you die from a work-related cause, your spouse, natural or legally adopted minor child or parent will be eligible for a monthly benefit as well as a lump-sum payment of your member contribution account balance if he or she also is your named beneficiary.

First, to your spouse	If your spouse is eligible for a monthly benefit, the benefit will continue if your spouse remarries. It will end when your spouse dies.
If no spouse, to your natural or legally adopted minor child or children	If you have more than one natural or legally adopted minor child, each child will receive an equal share of the death-in-service benefit. If they are eligible for a monthly benefit, the youngest child's age will be used to calculate the benefit. As each child reaches age 18, his or her share of the benefit will be redistributed equally among the remaining minor children. The benefit will end when the last child reaches age 18.
If none of the above, to your parent or parents	If both parents are living, each parent will receive an equal share of the death-in-service benefit. If they are eligible for a monthly benefit, the youngest parent's age will be used to calculate the benefit. When one parent dies, the other parent will receive the deceased parent's share. The benefit will end when the surviving parent dies.
If none of the above	Any funds remaining in your member contribution account will be paid in a lump sum accordingly: <ul style="list-style-type: none"> • To your natural or legally adopted adult child or children • If none, to the descendants of your deceased natural or legally adopted adult child or children • If none, to the duly appointed executor or administrator of your estate • If none, to your next of kin under the laws of the state where you resided at the time of your death

4

Retiring on Disability

Eligibility • Medical Review • Non-Work Related Disability Retirement Benefit • Work-Related Disability Retirement Benefit • Adjustment for Primary Social Security Benefits • Benefit Payout Options • Applying for Disability Retirement • After You Retire on Disability

Eligibility

If you can't work because of an illness or injury that is likely to be permanent, you may be eligible to retire on disability. Under the provisions for VRS disability retirement, a disability may be:

- The result of a physical illness or injury, or a cognitive condition. A cognitive disability is a loss or deterioration in intellectual capacity, such as Alzheimer's disease.
- Non-work related or work-related. A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act.
- A chronic condition, such as diabetes or mental illness, that worsens to the point that you no longer can perform your job duties.

If you were disabled before becoming employed in a covered position, your condition must significantly worsen for you to be considered for disability retirement.

There are no minimum requirements for age or service under VRS disability retirement. You can apply from the first day of covered employment or within 90 days of your last day of employment. If you are on leave without pay, you have up to 24 consecutive months on leave without pay to apply for disability retirement; after 24 months, you are no longer eligible to apply. If you are on active duty military leave, you can apply at any time while on military leave.

Medical Review

As provided in the *Code of Virginia*, VRS has hired an independent medical board to review the medical and job information submitted with applications for disability retirement and to recommend to VRS whether to approve or deny an application. The VRS Medical Board bases its recommendation on several factors, including whether your condition prevents you from performing

More Information – The

VRS Disability Retirement Handbook for Members

provides more details as well as instructions and forms to assist you with the application process. The handbook is available at www.varetire.org.

Do You Have a Power of Attorney? – The VRS Durable

Power of Attorney (VRS-901) allows you to name a person as your agent to take actions on your behalf and in accordance with your wishes in the event you no longer can handle your own affairs. The VRS-901 is for VRS matters only. The form and more information are available at www.varetire.org.

your job and is likely to be permanent. You or your doctor must submit all required objective medical evidence for your condition. If your doctor does not submit this information, you can request a copy of your medical records and submit this to VRS; you will be responsible for any costs associated with collecting this information.

The medical board may require an independent examination by a specialist. You will be notified in this event. If you refuse the examination, your disability retirement application may be denied.

Non-Work Related Disability Retirement Benefit

If you are vested (you have at least five years of service credit) and have a non-work related disability, the amount of the disability retirement benefit will be the VRS formula amount or the minimum guaranteed benefit, as described below, whichever is higher. If you are not vested, you will be eligible for the minimum guaranteed benefit only.

What is Average Final Compensation? – If you are in Plan 1, your average final compensation is the average of your 36 consecutive months of highest compensation as a covered employee. If you are in Plan 2, your average final compensation is the average of your 60 consecutive months of highest compensation as a covered employee. Average final compensation is one of the factors used to determine the disability retirement benefit under the VRS formula amount as well as the service retirement benefit.

VRS Formula Amount

- If you are under age 60, the benefit will be equal to 1.7 percent of your average final compensation multiplied by (a) twice the amount of your total service credit or (b) your actual service credit plus the number of years remaining between your age at disability retirement and age 60, whichever is less.
- If you are age 60 or older, the benefit will be equal to 1.7 percent of your average final compensation multiplied by your total service credit.

Minimum Guaranteed Benefit

- If you qualify for primary Social Security benefits, the minimum guaranteed benefit will be equal to 33 $\frac{1}{3}$ percent of your average final compensation. You will receive the minimum guaranteed benefit or the full VRS formula amount, whichever is higher.
- If you do not qualify for primary Social Security benefits, the minimum guaranteed benefit will be equal to 50 percent of your average final compensation. You will receive the minimum guaranteed benefit or the full VRS formula amount, whichever is higher.

For more information, see “Adjustment for Primary Social Security Benefits” in this chapter.

Work-Related Disability Retirement Benefit

If you suffer an occupational illness or injury on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act, you may be eligible to retire on work-related disability. VRS does not determine whether your disability is work-related. You must file a claim under the act and include a copy of the letter from the Virginia Workers' Compensation Commission approving your claim or a copy of a workers' compensation award letter as well as an accident report, if applicable, with your disability retirement application.

Work-Related Disability Benefit Calculation

If you retire on work-related disability, you will receive a refund of your member contribution account balance in addition to a monthly benefit. The monthly benefit is calculated based first on your eligibility for primary Social Security benefits (see "Adjustment for Primary Social Security Benefits" on the next page):

- If you qualify for primary Social Security benefits, the work-related guaranteed benefit will be equal to 50 percent of your average final compensation. You will receive the guaranteed benefit or the full VRS formula amount described in "Non-Work Related Disability Retirement Benefit," whichever is higher.
- If you do not qualify for primary Social Security benefits, the guaranteed benefit will be equal to $66\frac{2}{3}$ percent of your average final compensation. You will receive the work-related guaranteed benefit or the full VRS formula amount, whichever is higher.

The benefit amount is then adjusted by any workers' compensation benefits you receive:

- If your workers' compensation benefit is equal to or greater than your VRS disability retirement benefit, you will not receive the VRS benefit unless your workers' compensation benefit is reduced or ends.
- If your workers' compensation benefit is less than your VRS disability retirement benefit, VRS will pay the difference between the two benefits to bring you to your VRS benefit amount.
- If you receive a lump-sum workers' compensation settlement, VRS will determine the monthly value of the settlement and then adjust your VRS benefit accordingly.

Applying for Workers' Compensation – Your

human resource office will assist you with your workers' compensation claim. For more information, visit the Virginia Workers' Compensation Commission Web site at www.vwc.state.va.us and the Department of Human Resource Management (DHRM) Web site at www.dhrm.virginia.gov.

Disability Benefit Cap –

The non-work related or work-related benefit cannot exceed 78 percent of your average final compensation. Contact your human resource office for assistance in calculating your disability retirement benefit.

Important note if you retire on work-related disability: If you do not comply with the provisions of the Virginia Workers' Compensation Act and your workers' compensation benefits end, or if you are approved to work with job modifications, your VRS disability retirement benefit will continue to be offset by the workers' compensation amount. If you are notified of a change or end to your workers' compensation benefits, send a copy of the notification letter to VRS at P.O. Box 2500, Richmond, VA 23218-2500 as soon as possible.

Taxes and the Work-Related Disability Retirement Benefit

Refunds of pre-tax member contributions and interest are subject to income taxes. The Internal Revenue Service (IRS) also may impose an additional 10 percent tax penalty if you receive a refund before age 59½; there are exceptions to this rule. To defer taxes, the payment can be rolled over to an Individual Retirement Account (IRA) or another qualified plan. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org.

If you retire on work-related disability with the guaranteed benefit, your benefit will not be subject to federal or state income taxes. The work-related disability benefit based on the VRS formula amount is subject to income taxes. For more information, contact a tax advisor or the IRS toll free at 1-800-829-1040 or www.irs.gov.

Adjustment for Primary Social Security Benefits

The amount of the VRS disability retirement benefit is adjusted by any primary Social Security benefits you are eligible to receive. A primary Social Security benefit is a full (normal) Social Security retirement benefit or a Social Security Disability Insurance (SSDI) benefit. If you are not eligible for full Social Security when you retire on VRS disability, even if you qualify for an early Social Security retirement benefit, you must apply for benefits under SSDI. A Social Security age chart is provided in Chapter 6-After You Retire.

If you are eligible for a full Social Security benefit:

- For non-work related disability, VRS will pay 33⅓ percent of your average final compensation or the full VRS formula amount, whichever is higher.
- For work-related disability, VRS will pay 50 percent of your average final compensation or the full VRS formula amount, whichever is higher.

If you are eligible for SSDI benefits:

- For non-work related disability, you will receive 50 percent of your average final compensation or the full VRS formula amount, whichever is higher, until the effective date of your eligibility for SSDI benefits. For work-related disability, the amount will be 66⅔ percent of your average final compensation or the full VRS formula amount, whichever is higher.
- Effective with your eligibility for SSDI benefits, VRS will adjust your benefit to 33⅓ percent of your average final compensation for non-work related disability or 50 percent of your average final compensation for work-related disability. You will receive this amount or the full VRS formula amount, whichever is higher. If applicable, this adjustment will be retroactive to your effective SSDI eligibility date and reflected in your VRS benefit.

If you are not eligible for a full Social Security benefit *and* your SSDI claim is denied, upon receipt of a copy of your SSDI denial letter or your letter appealing the denial:

- For non-work related disability, VRS will pay 50 percent of your average final compensation or the full VRS formula amount, whichever is higher.
- For work-related disability, VRS will pay 66⅔ percent of your average final compensation or the full VRS formula amount, whichever is higher.

Benefit Payout Options

If you apply for disability retirement, you will choose how you want to receive your benefit. The payout options are the Basic Benefit and Survivor Option. **The payout option you elect is irrevocable.** That means you cannot change it after you retire, with the exception of the Survivor Option under some conditions.

Note: The Partial Lump-Sum Option Payment (PLOP) and the Advance Pension Option are not available to members who retire on disability.

Basic Benefit

The Basic Benefit is based on your total service credit and average final compensation at retirement and whether you are retiring on non-work related or work-related disability. The benefit amount is adjusted by any primary Social Security or workers' compensation benefits, as described in this chapter. The Basic Benefit does not provide a continuation of a benefit to a survivor. However, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death.

Coordinating Your Applications for SSDI and VRS Disability Retirement

– Be sure to include a copy of the Receipt of Application, decision letter or online application confirmation you receive from the Social Security Administration with your VRS disability retirement application. If you do not provide this information and your VRS disability retirement application is approved, VRS will be required to pay 33⅓ percent of your average final compensation or the full VRS formula amount, whichever is less. Note: If you apply for SSDI before you leave your position, your SSDI application may be denied depending on your income. A denial of SSDI benefits will result in your receiving the lesser amount.

Survivor Option

With this option, you elect to receive a lower monthly benefit during your lifetime so that your survivor can receive a lifetime monthly benefit upon your death. If you elect the Survivor Option, you will choose a whole percentage of your benefit, between 10 percent and 100 percent, to go to your survivor. Your benefit amount will be based on this percentage, your age and the age of your survivor at your retirement date.

You can name any living person as your survivor; you also can name more than one survivor. The Internal Revenue Service (IRS) may limit the amount of your benefit that can go to a non-spouse survivor. For additional information including a chart on maximum survivor option percentages, contact the IRS toll free at 1-800-829-1040 or visit www.irs.gov.

Changing Your Survivor –

You can change your survivor only once. If you elect the Survivor Option and need to change your survivor after you retire, call VRS toll free at 1-888-VARETIR (1-888-827-3847) for assistance.

You can name a new survivor or revert to the Basic Benefit if:

- Your survivor dies;
- Your survivor is your spouse and you divorce with fewer than 20 years of marriage;
- Your survivor is your spouse, you divorce after 20 or more years of marriage and your spouse dies, remarries or consents in writing to a change in benefit; or
- You provide VRS a written consent from your survivor giving up claim to a benefit along with proof of your survivor's good health.

Note: If you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, your benefit must be paid as directed by the ADRO. For more information about attachments to retirement benefits, see Chapter 6-After You Retire.

Applying for Disability Retirement

Retirement Date and Monthly Benefit Payments

Disability retirement is effective on the first of the month. Your monthly benefit will begin following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work.

Forms and Documents

Read the directions on all forms carefully and provide all signatures and required documents. If you need help applying for disability retirement, your human resource office, a family member or an individual authorized to act on your behalf, such as an agent named under a power of attorney or a legal guardian, may be able to assist you. For more information, call VRS toll free at 1-888-VARETIR (1-888-827-3847).

Your application must include:

- Application for Disability Retirement (VRS-6). If you are married or separated, your spouse must complete the spouse certification section and sign on or after the date you sign the application. Your employer also must certify and sign your application and include a copy of your job description.
- Explanation of Disability (VRS-6A)
- Physician's Report (VRS-6B). Each doctor you list on the VRS-6A must complete this form and attach all relevant objective medical evidence.
- Employer Information for Disability Application (VRS-6D)
- Copy of your Receipt of Application, decision letter or online confirmation from the Social Security Administration approving or denying Social Security disability benefits
- Designation of Beneficiary (VRS-2)
- Request for Income Tax Withholding (VRS-15). Submit this form only if you are applying for non-work related disability retirement. If you are applying for work-related disability retirement, you will be asked to submit this form if you will be receiving the formula amount. Do not submit the VRS-15 if you will be receiving the work-related guaranteed benefit; this benefit is tax exempt.
- Authorization for Direct Deposit of Monthly Benefit (VRS-57)
- State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/ LTD Participants. You must submit this form with your application or within 31 days of your retirement date, whether you are electing or waiving coverage. The form is available at www.varetire.org. Note that if you waive coverage, you will not be able to enroll in the program at a later date. For more information about the program, visit the Department of Human Resource Management Web site at www.dhrm.virginia.gov. See also Chapter 6-After You Retire.

Disability Reexamination –

After you retire on disability, you will be required to provide updated medical information until age 65, your normal retirement age under JRS. You also may be required to have annual follow-up examinations until you reach age 65. If you refuse to provide updated information or be examined, your benefits will stop until you comply. If you refuse to comply for six months following a request for reexamination or if VRS determines you are no longer disabled, your disability retirement benefits will end.

Other forms and documents you may need:

- If you are electing the Survivor Option, acceptable legible evidence of your survivor's date of birth
- Request for Estimate of Disability Retirement Benefits (VRS-6C)
- If you are applying for work-related disability retirement, copy of the letter from the Virginia Workers' Compensation Commission approving your claim or copy of your workers' compensation award letter as well as an accident report, if applicable
- Request for the Health Insurance Credit (VRS-45) if VRS will not be deducting retiree health insurance premiums from your monthly benefit. If VRS will be deducting premiums, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. For more information, see "After You Retire on Disability" on the next page.

Is Disability Retirement Your Best Option? – Even if you have a disability that is likely to be permanent, you do not have to retire on disability. If you qualify for service retirement, compare a disability retirement estimate with your service retirement estimate to see which option would best meet your retirement needs. Your human resource office can assist you with benefit estimates.

Service Retirement Pending Approval of Disability Retirement

If you are eligible for service (regular) retirement when you apply for disability retirement, it may be to your advantage to apply for both:

- If you apply for non-work related disability retirement and your application is denied, you can begin receiving a service retirement benefit, even if you decide to appeal the denial.
- For work-related disability retirement, VRS cannot process your service retirement application while your disability retirement application is pending. However, if your disability retirement application is denied, the retirement date and benefit payout option you elect on your service retirement application will be honored.

Applying for service retirement. Complete the Application for Service Retirement (VRS-5), electing the Basic Benefit or Survivor Option, and submit the application with your disability retirement application. Your employer will certify both applications. If you wish to retire under the Partial Lump-Sum Option Payment (PLOP) or Advance Pension Option in the event your disability application is denied, include a second service retirement application electing one of these payout options; your employer does not have to certify this application.

After You Retire on Disability

Receiving Your Benefit and the COLA

Your disability retirement benefit will be deposited to the financial institution account you designate on the Authorization for Direct Deposit of Monthly Benefit (VRS-57). You will begin receiving annual cost-of-living adjustments (COLAs) effective July 1 of the second calendar year after you retire. If you elect the Survivor Option, the COLA calculation will be based on your reduced benefit amount. During years of no inflation or deflation, the COLA will be 0 percent.

Taxes

Your benefit will be subject to federal income taxes and, if you live in Virginia, state income taxes, unless you retire on work-related disability with the guaranteed benefit. If taxes are being withheld, you will receive a 1099-R form from VRS each January for the previous calendar year's benefit payments and tax withholdings. You will file this form with your federal and state income tax returns.

Group Life Insurance Coverage

Some basic group life insurance benefits will continue after you retire on disability. Your basic group life insurance coverage will begin to reduce by 25 percent beginning on the January 1 following one calendar year from your 65th birthday. It will continue to reduce by 25 percent each January 1 until it reaches 25 percent of its original value. *Example:* If you turn age 65 on May 2, 2013, your first 25 percent reduction will occur on January 1, 2015. If you have optional group life insurance coverage, you may continue a portion of your coverage into retirement or convert your coverage to an individual policy.

Health Insurance Credit

If you retire on disability, you will be eligible for a health insurance credit of \$120 per month or \$4 per year of service credit per month, whichever is higher, not to exceed the amount of your individual health insurance premiums. This is a tax-free benefit that assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents.

Working After Disability Retirement

In some cases, you can continue to receive your disability retirement benefit if you work in a temporary, hourly or other non-covered position with a VRS-participating employer. Your disability benefit will end if you return to VRS-covered employment or take a position with any employer that requires the same or similar duties as those you performed before you retired on disability. The *Code of Virginia* also prohibits members retired under the Judicial Retirement System (JRS) from appearing as counsel in any court of the Commonwealth of Virginia, the State Corporation Commission or the Virginia Workers' Compensation Commission.

If you are considering employment after you retire on disability, contact VRS toll free at 1-888-VARETIR (1-888-827-3847) to determine whether the position would disqualify you from continuing to receive disability retirement benefits.

Benefits and Insurance

in Retirement – For more information about the COLA, taxes, group life insurance coverage, health insurance and the health insurance credit, see Chapter 6-After You Retire. Information about working after retirement also is included in this chapter.

Important Note if You Return to Covered Employment

If you retire on disability and then return to covered employment, you will be required to retire under service (regular) retirement when you retire again. If you wish to retire on disability, you must resubmit all required disability retirement forms and documents. Your application will be evaluated under the medical review process based on the duties of your new position.

5 Getting Ready to Retire

Retirement Readiness Resources • Applying for Retirement •
Deferring Retirement • Retirement Readiness Checklist

Retirement Readiness Resources

Member Education

Whether you just started work or are ready to retire, you can take advantage of free educational opportunities to learn more about everything from your benefits and money matters to how to apply for retirement. You can select from a variety of educational mediums according to what's most convenient for you. These include live presentations, seminars, webinars, e-courses and regional meetings.

Courses include:

- Retirement planning sessions geared to new and current members, members within five or more years of retirement and those ready to retire
- “Money Matters for Virginians” financial education courses
- Courses on individual topics such as purchase of prior service and retirement payout options.

How to Register – Go to www.varetire.org and select the Member homepage, then Education & Counseling. For the deferred compensation plan meetings, select the Defined Contribution Plans tab.



Learn more about everything from banking and home finance to investment basics.

One-on-One Counseling

Need individual counseling? Meet with a member counselor at VRS at 1200 East Main Street in downtown Richmond. Sessions are offered on a first-come first-served basis. Limited scheduled telephone or in-person appointments are available; call VRS toll free at 1-888-VARETIR (1-888-827-3847) for more information. Counseling hours are 8:30 a.m.-4 p.m., Monday through Friday. See www.varetire.org for directions to VRS.

457 Deferred Compensation Plan Regional Education Meetings

Be sure to sign up for the deferred compensation plan meetings. The meetings are held at sites around the state and cover topics such as long-term planning for financial security, managing your plan and distribution strategies.

Applying for Retirement

Retirement Date and Monthly Benefit Payments

Retirement is effective on the first of the month. Your monthly benefit will begin following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work.

To begin receiving your benefit payments in a timely manner, submit your application and all required documents to your employer at least 60 days, but not more than four months (120 days), before you want to retire. *Example:* If you wish to retire on July 1, submit your application by May 1. You will receive your first benefit payment on August 1 for the month of July.

Forms and Documents

Read the directions on all forms carefully and provide all signatures and required documents. An incomplete or incorrect application will delay the processing of your retirement. If you need assistance applying for retirement, your human resource office, a family member or an individual authorized to act on your behalf, such as an agent named under a power of attorney or a legal guardian, may be able to assist you. For more information, call VRS toll free at 1-888-VARETIR (1-888-827-3847).

Your application must include:

- Application for Service Retirement (VRS-5). Include acceptable legible evidence of your date of birth, such as a copy of your birth certificate. If you are married or separated, have your spouse complete the spouse certification section. Your spouse must sign on or after the date you sign the application.
- Designation of Beneficiary (VRS-2) to ensure your beneficiary designation is up to date. If you elect the Survivor Option, you must submit a VRS-2 to designate a beneficiary for life insurance benefits; you can name your survivor or another individual as your beneficiary.
- Request for Income Tax Withholding (VRS-15)
- Authorization for Direct Deposit of Monthly Benefit (VRS-57)
- State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants. You must submit this form with your application or within 31 days of your retirement date, whether you are electing or waiving coverage. Note that if you defer retirement, you will not be eligible to enroll in the program. If you waive coverage, you will not be able to enroll at a later date. For more information about the program, visit the Department of Human Resource Management Web site at www.dhrm.virginia.gov. See also Chapter 6-After You Retire.



Forms and Instructions –

The *Getting Ready to Retire Guide* provides forms and instructions to assist you with the application process. The guide is available at www.varetire.org. Forms also are available on the Web site. Retirement forms are fillable. Select the fillable version, complete it online and then print and sign it before submitting.

Mandatory Retirement

Distribution – If you defer retirement and do not apply for retirement by April 1 following the calendar year in which you turn age 70½, VRS will pay you a retirement benefit (Basic Benefit option), as required by law. VRS is not required to pay benefits retroactively; if your address changes, notify VRS as soon as possible by submitting a Name and Address Declaration for Deferred Members (VRS-3A).

If you are not vested, you will receive a refund of your member contribution account balance, excluding any employer contributions made to your account after July 1, 2010 and the interest on these contributions.

Other forms and documents you may need:

- If you are electing the Survivor Option, acceptable legible evidence of your survivor's date of birth
- If you are electing the Advance Pension Option, a Social Security benefit estimate. The estimate must be less than 12 months old, assume you will have no future earnings after leaving your position and be based on your Social Security earnings record. Contact your human resource office for assistance with a Social Security estimate.
- Request for Health Insurance Credit (VRS-45) if you are eligible for the credit and VRS will not be deducting retiree health insurance premiums from your monthly benefit payment. If VRS will be deducting premiums, you do not need to submit this form; VRS will apply the credit automatically to your benefit payment. For more information about the program, see Chapter 6-After You Retire.
- Request for Estimate of Retirement Benefits (VRS-60)

Employer Certification

Submit your application and all required forms and documents to your human resource office. Your employer will review your application, complete the employer certification section and submit your application to VRS. If you apply for retirement after 12 months from the date you leave employment, submit your application to VRS.

Retirement Certificate

Once your application has been processed, you will receive a retirement certificate and the *Retiree Handbook*. The retirement certificate outlines your benefit payments and life insurance information. Keep your certificate and handbook for future reference.

Deferring Retirement

If you leave covered employment and are eligible for retirement, you can defer receiving your retirement benefit until a later date. Submit a Name and Address Declaration for Deferred Members (VRS-3A) before you leave your position. Some basic benefits under the VRS Group Life Insurance Program will continue after you leave your position, provided you do not take a refund of your member contributions and interest. Note that if you defer retirement, you will not be eligible to enroll in the State Retiree Health Benefits Program. For more information about benefit coverage, see Chapter 6-After You Retire.

When you apply for retirement, your benefit will be calculated based on your service credit and average final compensation at the time you left your position. Submit the VRS-5 and other required forms and documents to VRS within 60 days, but not more than four months (120 days), before your retirement date.

Retirement Readiness Checklist

PREPARING FOR RETIREMENT

- Sign up for member education courses and the Deferred Compensation Plan Regional Education Meetings.
- Let your human resource office know your retirement plans at least six months before the date you wish to retire.

60-120 DAYS BEFORE YOUR RETIREMENT DATE

- Apply for retirement.
- If you have eligible prior service and want this service applied to your benefit calculation, submit an Application for Purchase of Prior Service Credit (VRS-26).
- If you participate in the Optional Group Life Insurance Program, decide whether you want to continue or convert your coverage upon retirement.
- Submit the State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants with your retirement application, whether you are electing or waiving coverage.

RIGHT AFTER YOU RETIRE

- Create a *myVRS* retiree online account. VRS will send you a one-time authentication code in the mail shortly after you retire, which you will use to set up your secure online account. For more information about *myVRS*, see Chapter 6-After You Retire.
- If you wish to enroll in the State Retiree Health Benefits Program, you must apply within 31 days of your retirement date.
- If you are enrolled in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program, you can continue your coverage by paying the premiums directly to the insurer. If you are not participating in the program when you retire, you can apply as a retiree, provided you are under age 80. For more information, visit www.genworth.com/cov.





6 After You Retire

Direct Deposit • Cost-of-Living Adjustment (COLA) • Social Security • Taxes • If You Divorce • Deferred Compensation Plan Options • Insurance in Retirement • *myVRS*: At Your Service When You Retire • Working After Retirement

Direct Deposit

VRS deposits your benefit payment directly to the account you designate on the Authorization for Direct Deposit of Monthly Benefit (VRS-57). Benefit payments are deposited on the first of the month for the preceding month's benefit. If the first falls on a weekend or holiday, the payment will be deposited on the last business day of the preceding month. If the net amount of your benefit changes, you will receive an earnings statement from VRS reflecting the new amount.

If you change your financial institution, submit a VRS-57 with the new account information. Do not close your old account until your direct deposit begins in your new account. You can verify your new deposit information through *myVRS* (see “*myVRS*: At Your Service When You Retire” in this chapter).

Cost-of-Living Adjustment (COLA)

The VRS cost-of-living adjustment (COLA) helps your retirement benefit keep pace with inflation. The COLA goes into effect on July 1 of the second calendar year after you retire and is effective each July 1 thereafter, when provided.

Example: If you retire on November 1, 2013, your first COLA will be effective July 1, 2015 and appear in your August 1 benefit payment.

The COLA is based on the Consumer Price Index for all Urban Consumers (CPI-Urban) published by the U.S. Bureau of Labor Statistics. Under Plan 1, the COLA matches the first 3 percent increase in the CPI-U and half the remaining increase, up to a maximum COLA of 5 percent. Under Plan 2, the COLA matches the first 2 percent increase in the CPI-U and half the remaining increase, up to a maximum COLA of 6 percent. During years of no inflation or deflation, the COLA will be 0 percent. For the current COLA amount and more information on how the COLA is calculated, visit www.varetire.org (select the Retiree homepage).

What is the Consumer Price Index for all Urban Consumers (CPI-U)? – The U.S. Bureau of Labor Statistics defines the CPI-U as a measure of the average change over time in the prices paid by urban consumers for goods and services such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.

If you retire under the Basic Benefit or Advance Pension Option, the COLA calculation will be based on your Basic Benefit amount. If you retire under the Partial Lump-Sum Option Payment (PLOP), Survivor Option or Survivor Option with the PLOP, the COLA calculation will be based on your reduced benefit amount. For more information about benefit payout options, see Chapter 1-Welcome to JRS.

Social Security

You will be eligible for a full Social Security retirement benefit when you reach your normal Social Security retirement age (see chart at right). You may qualify for a reduced benefit as early as age 62. For more information about Social Security, call toll free 1-800-772-1213, visit www.ssa.gov or contact your local Social Security Administration office.

Taxes

Your retirement benefit will be subject to federal income taxes and, if you live in Virginia, state income taxes. Any after-tax member contributions in your benefit payment will not be taxed again.

If you do not file a Request for Income Tax Withholding (VRS-15) when you retire, VRS will withhold federal taxes as if you were married with three allowances and state taxes, if applicable, as if you had zero allowances. If you do not want VRS to withhold taxes from your benefit, notify VRS using the VRS-15. Note that you may be responsible for paying estimated taxes or face tax penalties if your estimated tax payments are insufficient. For more information, contact a tax advisor or the Internal Revenue Service (IRS) toll free at 1-800-829-1040 or www.irs.gov.

VRS does not deduct income taxes for other states. If you retire in Virginia and then move out of state, you can update your tax withholding through your *myVRS* retiree online account (see “*myVRS: At Your Service When You Retire*” in this chapter) or by submitting a new VRS-15.

1099-R Form

After you retire, you will receive a 1099-R form from VRS each January for the previous calendar year’s benefit payments and tax withholdings. You will file this form with your federal and state income tax returns. The 1099-R shows:

Social Security Retirement Ages for Full Benefits

Year of Birth	Normal Retirement Age
1937 or earlier	65 years
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943-54	66 years
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 or later	67 years

Update Your Tax Withholdings Online –

After you retire, you can set up an account through the secure myVRS online system. Through myVRS, you have access to your retirement information. You also can submit changes to your tax withholdings online. For more information, see “myVRS: At Your Service When You Retire” in this chapter.



- Total amount of your benefit for the previous year
- Taxable amount of your benefit and the amount that is not taxed, if any, as determined by the IRS
- Total amount of federal income taxes and, if applicable, state income taxes withheld from your benefit during the previous year
- Total health insurance premiums for the previous year, less any health insurance credit reimbursements you receive. The health insurance credit is a non-taxable benefit and will not be included in your 1099-R. For more information about the health insurance credit, see “Insurance in Retirement” in this chapter.

Imputed income. The value of VRS group life insurance over \$50,000 on the premiums paid by VRS is called imputed income. The Internal Revenue Service (IRS) considers this amount as income to you and subject to income taxes and FICA (Social Security and Medicare) taxes. If your coverage exceeds \$50,000 when you retire, VRS will automatically withhold FICA taxes and send you a W-2 form each year showing the amount of FICA taxes withheld and the additional taxable income. As your life insurance coverage reduces, the amount of imputed income also will reduce. If your coverage reduces to less than \$50,000, these taxes will no longer be withheld. For more information about the life insurance coverage reduction, see “Insurance in Retirement” in this chapter.

If You Divorce

Approved Domestic Relations Order (ADRO)

In the event of a divorce, your retirement benefit may be regarded as marital property in a property settlement. The *Code of Virginia* authorizes VRS to make a direct payment to a former spouse if he or she is awarded part of your benefit by the court. VRS implements the court decision when it receives a certified copy of an Approved Domestic Relations Order (ADRO). The court, not VRS, decides whether to divide your retirement benefit and how it is to be divided, provided the order is in compliance with the provisions of the *Code of Virginia*. Your attorney should provide VRS a draft ADRO before filing it with the court to ensure the language conforms to VRS’ requirements. ADRO guidelines are available at www.varetire.org.

Other attachments. The *Code of Virginia* allows other attachments to your VRS benefit. Examples include IRS tax levies, debt to an employer, child support or other marital rights as stated in an ADRO or divorce decree.

Release of information. VRS will not release information about your benefit to anyone other than yourself without your written authorization, unless your information is subpoenaed.

Deferred Compensation Plan Options

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, you have the following options when you retire or leave employment:

Keep your money in your plan. Your account continues to be tax-deferred and you continue to manage your investments. You cannot contribute to the 457 Plan unless you return to salaried or wage employment with an employer that offers the plan. A required minimum distribution will begin if you have not arranged to receive payments from your plan by age 70½ or when you leave a position with an employer providing the plan, whichever is later.

Request a distribution (payment) from your plan. You may request a distribution in a lump sum, as a periodic payment or as a combination of these methods. You will be required to pay federal and state income taxes on distributions from the 457 and Cash Match Plans. The IRS also may impose a 10 percent tax penalty if you take a Cash Match Plan distribution before age 59½; there are exceptions to this rule. There is no penalty for early withdrawals from the 457 Plan.

Roll over money from your 457 Plan or cash match account. You may roll over some or all of the balance in your 457 or Cash Match Plan to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers. Check with the plan sponsor to determine if the plan accepts rollovers and whether any fees or penalties apply.

Use your cash match plan to consolidate your retirement funds. You may roll over money from an IRA or another qualified plan to your cash match account. If you elect the Partial Lump-Sum Option Payment (PLOP) at retirement, you may contribute some or all of your PLOP to your cash match account. For more information about benefit payout options, see Chapter 1-Welcome to JRS.

If You Request a Distribution from Your Plan

– Distributions are effective following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. This includes not working in a covered or non-covered position with any VRS-participating employer. Leave with or without pay does not count toward satisfying this break in service.

More Information – Call toll free 1-VRS-DC-PLAN1 (1-877-327-5261) or visit www.varetire.org (select the Defined Contribution Plans tab). See also Chapter 2-Enhancing Your Retirement.

Insurance in Retirement

VRS Group Life Insurance Program

Basic group life insurance. Some basic group life insurance benefits will continue after you retire or if you defer retirement. Your coverage will end if you have not met the age and service requirements for retirement or you take a refund of your member contributions and interest. Benefits include:

More Information – VRS has contracted with Minnesota Life as the insurer for the VRS Group Life Insurance Program. For more information about your coverage as a retiree, call toll free 1-800-441-2258.

- Death benefit equal to your compensation at retirement, rounded to the next highest thousand and then doubled. If you retire with 20 or more years of service credit, the death benefit will be based on your highest compensation as a covered employee, even if your salary at retirement is lower.
- Accelerated death benefit option. If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw some or all of your life insurance proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.

The provisions that allow for double the natural death benefit for accidental death and dismemberment end upon retirement.

Life insurance coverage reduction. Your basic group life insurance coverage will begin to reduce by 25 percent on the January 1 following one calendar year of retirement. It will continue to reduce each January 1 until it reaches 25 percent of its original value. *Example:* If you retire on November 1, 2013, your first 25 percent reduction will occur on January 1, 2015.

Optional group life insurance. If you are enrolled in the Optional Group Life Insurance Program, you may continue a portion of your coverage into retirement. You as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date. Accidental death and dismemberment coverage ends upon retirement. Optional life insurance amounts will reduce by 25 percent based on your age, beginning at age 65; coverage ends at age 80. The maximum amount of optional group life insurance coverage in retirement is \$250,000. You must elect to continue your coverage within 31 days of your retirement date. This option is not available after 31 days.

You as well as your spouse and dependent children, if enrolled, can convert your coverage to an individual policy. You will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-35E) to Minnesota Life within 31 days of the last day of the month in which you leave your position. The form is available at www.varetire.org. This option is not available after 31 days.

State Retiree Health Benefits Program

You are eligible to enroll in the State Retiree Health Benefits Program upon retirement. You also may enroll a spouse or dependent children. You can elect coverage when you apply for retirement or within 31 days of your last day of employment by submitting the State Health Benefits Form for Retirees, Survivors and VSDP/LTD Participants. The form is available at www.varetire.org. Note that if you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date.

If you elect this coverage, VRS will deduct the health insurance premiums from your monthly benefit payment. If your benefit is not sufficient to cover the deduction, the health insurance carrier will bill you directly for the premiums. For more information about the program, visit the Department of Human Resource Management Web site at www.dbrm.virginia.gov.

Cancelling coverage. You can cancel your coverage at any time after you retire by submitting the State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants or by sending a written request to VRS. Cancelling your coverage also cancels coverage for your spouse and dependent children, if enrolled. Once you cancel coverage, you are not eligible to re-enroll in the program. However, you can be covered as a dependent of an active state employee or a state retiree who enrolls you in the program, or if you return to work and retire again as a state employee. In the latter case, you will have 31 days from your subsequent retirement date to elect coverage.

Enrollment options for your survivors. If you enroll in the State Retiree Health Benefits Program, you also can enroll your survivors (a spouse or dependent children). If you elect the Survivor Option at retirement and your survivors are not enrolled, they may enroll upon your death. If you elect another benefit payout option and your survivors are enrolled at the time of your death, they may elect to continue their coverage. Your survivors must submit a State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants within 60 days of your death. This option is not available after 60 days.

Medicare benefits. Medicare is a federal government-sponsored health insurance program. You become eligible for Medicare when you reach age 65. Medicare includes coverage for hospital care (Part A) at no cost to you and medical care (Part B), for which you pay a monthly premium. You also may elect coverage under the prescription drug plan (Part D). You should apply for Medicare at least three months before your 65th birthday.



If you elect coverage under the State Retiree Health Benefits Program, you will be eligible for the Advantage 65 program, the state's Medicare supplement plan, when you qualify for Medicare. The Advantage 65 plan includes Medicare Part D prescription drug coverage; there also is a Medical Only plan that excludes prescription drug coverage.

Health Insurance Credit

If you retire with at least 15 years of service credit, you may be eligible for the health insurance credit. This is a tax-free benefit that assists with health insurance premiums you pay for single coverage under a qualified health plan, excluding any portion of the premiums covering a spouse or dependents. The health insurance credit is a dollar amount set by the General Assembly for each year of service credit. You are eligible for \$4 per year of service credit per month, not to exceed the amount of your individual health insurance premiums.

Applying for the health insurance credit. If you are eligible for the health insurance credit upon retirement and VRS will be deducting your health insurance premiums from your monthly benefit, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. For any premiums VRS will not be deducting, you will complete and send the Request for Health Insurance Credit (VRS-45) to VRS. The form is available at www.varetire.org.

Annual health insurance credit notice. If you are eligible for the health insurance credit, you will receive an annual Health Insurance Credit Notice from VRS reminding you to verify and update your health insurance information if necessary. This will ensure you are receiving the proper credit amount in a timely manner and are not at risk for overpayments. For any health insurance premiums VRS will not be deducting, you will report a change or cancellation by submitting a VRS-45 to VRS.

Disability and the Health Insurance Credit

– If you retire on disability, you will be eligible for a health insurance credit. For more information, see Chapter 4-Retiring on Disability.

Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program

If you are not enrolled in the COV Voluntary Group Long Term Care Insurance Program when you retire, you can apply as a vested deferred member or a retiree, provided you are under age 80. Medical underwriting (proof of good health) will be required. For an overview of the program, see Chapter 3-Other Benefits or visit www.varetire.org (select the Member homepage). For an application and more information, call Genworth Life, the insurer for the program, toll free 1-866-859-6060 or visit www.genworth.com/cov.

myVRS: At Your Service When You Retire

The myVRS secure online system is one of your most valuable resources as a retiree. myVRS gives you access to your retiree information, which is based on information you provide when you apply for retirement and information your employer reports to VRS.

What You Can Do in myVRS

- View your monthly retirement benefit payment amount and benefit payment history.
- See when your benefit payment is deposited and confirm your financial account information.
- View your COLA, retiree life insurance coverage amount, health insurance premium deductions and health insurance credit, if applicable.
- View your income tax withholdings and manage your withholdings online.
- Review the information used to calculate your retirement benefit, including the benefit payout option you elected at retirement.
- Update your personal profile.
- Print income verification information and tax documents for income tax filing purposes.

Security and privacy. VRS is committed to protecting the security and privacy of your information. Before you are allowed access to your information, your identity is authenticated through the online account creation process. You set up your own username and password, which you use each time you log into myVRS.

VRS does not sell your information to anyone. Information is shared only with your employer and third-party administrators authorized to help coordinate benefits and services for VRS members, retirees and beneficiaries. For security tips and more information, select myVRS Access from www.varetire.org and then Retirees-Log-In.

Assistance with myVRS:

- Select myVRS Help from the bottom of any screen for general information.
- While you are logged in, select Explain this Page from the top right for help with information on a particular screen.
- If you get locked out, call VRS toll free at 1-888-VARETIR (1-888-827-3847).
- For additional questions, call VRS or email myvrs@varetire.org. **Important email notice:** Do not send confidential or personal information, such as your Social Security number, by email even when you are logged into your account. VRS will send only non-confidential replies.



Creating Your myVRS Retiree Online Account

is Easy – When you retire, you will receive a one-time authentication code from VRS in the mail. You will use this code to create your online account. Select myVRS Access from www.varetire.org and then Retirees-Register. Any time you want to log in, you will enter the username and password you set up to create your account.

Working After Retirement

If You Want to Work After You Retire – Call VRS toll free at 1-888-VARETIR (1-888-827-3847) to determine the impact on your retirement benefits. Also contact the Social Security Administration toll free at 1-800-772-1213 or visit www.ssa.gov for information on the effect of earnings during retirement on your eligibility for Social Security benefits. For more information about returning to covered employment and retiring again, visit www.varetire.org (select the Retiree homepage).

What is Non-Covered Employment? – Non-covered employment is a temporary, hourly or other position with a VRS-participating employer that does not provide eligibility for benefits. Most non-covered positions are part-time wage positions. Some full-time positions may be considered non-covered if they are temporary and paid on an hourly basis.

After you retire, you can work for any employer that does not participate in VRS and continue to receive your retirement benefits. If you return to covered employment with a VRS-participating employer, you will become an active member and your retirement benefits will end. As required under the *Code of Virginia*, if you are a full-time judge, justice or commissioner or a former judge, justice or commissioner receiving a VRS retirement benefit, you cannot appear as counsel in any court of the Commonwealth, the State Corporation Commission or the Virginia Workers' Compensation Commission.

Non-Covered Employment

In some cases, you can work in a non-covered position with a VRS-participating employer and continue to receive your retirement benefits. If you return to non-covered employment with the employer from which you retired, you must have a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work to continue receiving your retirement benefits. The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers. Your employer can make no verbal or written offer of reemployment before you retire. You and your employer must certify that no such pre-arrangement has been made on the Application for Service Retirement (VRS-5).

K-12 Critical Shortage Positions

If you become licensed by the Virginia Board of Education as a teacher, principal or assistant principal, you may be eligible for a K-12 critical shortage position. Positions are full time and temporary (non-covered) for the current school year; and if you qualify, you will continue to receive your retirement benefits. To be considered for a K-12 critical shortage position, you must:

- Work in a designated critical shortage position;
- Hold a Virginia Board of Education license for the position;
- Have a bona fide break in service of at least 12 consecutive months between your retirement date and the date you wish to work in a critical shortage position. This break in service means not working in any full-time, part-time or temporary position with any VRS-participating employer; and
- Not take a refund of your member contributions and interest or defer retirement.

For more information, visit the Department of Education Web site at www.doe.virginia.gov or contact the school system where you would like to work.

7

Frequently Used Terms

Active Member	You are an active member if you are working in a covered position with an employer that participates in the Virginia Retirement System (VRS).
Active Service	Active service is the number of years you work in a covered position. You earn one month of service credit for each month you are employed (“in service”). Service earned as a member of JRS also is weighted.
Actuarial Equivalent Rate	Actuarial equivalent rate represents the amount of money needed in today’s dollars to pay for the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service. If you purchase prior service after your eligibility period, your cost will be based on this rate.
Advance Pension Option	The Advance Pension Option is one of the benefit payout options available at retirement. This option allows you to temporarily increase your monthly benefit amount until an age you select, between age 62 and your normal retirement age under Social Security. At that point, your VRS benefit is permanently reduced.
Approved Domestic Relations Order (ADRO)	An Approved Domestic Relations Order (ADRO) is a court order related to marital property rights and other attachments to your benefit such as child support at the time of divorce. If you divorce, your VRS benefit may be regarded as marital property in a property settlement.
Average Final Compensation	Under Plan 1, average final compensation is the average of your 36 consecutive months of highest compensation as a covered employee. Under Plan 2, average final compensation is the average of your 60 consecutive months of highest compensation as a covered employee.
Basic Benefit	Under JRS, the Basic Benefit is calculated based on either (a) a formula using your average final compensation, a retirement multiplier and your total service credit at retirement or (b) 78 percent of your average final compensation, whichever is less. You can elect the Basic Benefit or another payout option when you apply for retirement.
Beneficiary	Your named beneficiary is eligible for a payment of any funds remaining in your member contribution account and life insurance benefits upon your death. You may designate a beneficiary or beneficiaries on the Designation of Beneficiary (VRS-2).

Benefit Payout Option	When you apply for service retirement, you elect how you want to receive your benefit. You choose from four benefit payout options, depending on your eligibility: Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (PLOP) or Advance Pension Option. The option you elect is irrevocable. That means you cannot change it once you retire, with the exception of the Survivor Option under some conditions.
Bona Fide Break in Service	A bona fide break in service is a break of at least one full calendar month from your retirement date or your last day of employment over a period you normally would work.
Child Support Liens	The Department of Social Services may file child support liens against proceeds payable under the VRS Group Life Insurance Program. VRS is required to pay life insurance proceeds to the Department of Social Services to satisfy outstanding any child support obligations at your death.
Compensation	Compensation is your salary reported to VRS by your employer. It does not include payments for overtime, temporary employment, extra duties or other additional payments.
Consumer Price Index for all Urban Consumers	The cost-of-living adjustment (COLA) is based on the Consumer Price Index for all Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics. The CPI-U is defined as a measure of the average change over time in the prices paid by urban consumers for goods and services such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.
Cost-of-Living Adjustment (COLA)	A cost-of-living adjustment (COLA) is an annual increase in your retirement benefit based on the Consumer Price Index for all Urban Consumers. COLAs are effective July 1 of the second calendar year after you retire. Under Plan 1, COLAs cannot exceed 5 percent. Under Plan 2, COLAs cannot exceed 6 percent. During years of no inflation or deflation, the COLA will be 0 percent.
Covered Employment	Covered employment is a full-time permanent, salaried position with an employer that participates in VRS. Some part-time permanent, salaried state positions also are covered under VRS.
Death-in-Service Benefit	If you die while you are an active member ("in service"), your beneficiary or your spouse, natural or legally adopted minor child or parent may be eligible for a death-in-service benefit in addition to life insurance benefits.
Deferred Member	You are considered a deferred member if you have left covered employment but have not withdrawn your funds and have service credit in VRS or are maintaining an account balance in a Virginia optional retirement plan.
Defined Benefit Plan	The retirement plan under JRS is a defined benefit plan. This plan provides a lifetime monthly benefit during retirement based on age, total service credit and average final compensation.
Defined Contribution Plan	The benefit under a defined contribution plan is based on contributions and investment gains and losses on these contributions. The defined contribution plans administered or authorized by VRS include the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, optional retirement plans for select employees and a supplemental plan for certain school employees.

Direct Deposit	When you apply for retirement, you must include the Authorization for Direct Deposit of Monthly Benefit (VRS-57) to designate the financial institution account where VRS will deposit your monthly retirement benefit payment. You also will use the VRS-57 to notify VRS if your account changes.
Disability Retirement	You may be eligible for disability retirement if you no longer can perform your job because of a non-work related or work-related disability that is likely to be permanent.
Employer Contribution	Your employer makes a separate contribution to VRS toward funding current and future benefits for all covered employees. Members are not eligible for a refund of the separate employer contribution.
Form 1099-R	After you retire, you will receive a 1099-R form from VRS each January for the previous year's benefit payments and tax withholdings. You will file this form with your income tax returns.
Full-Time Employment	Full-time employment is typically 40 hours a week. Thirty-two hours a week is considered the minimum number for full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.
Imputed Income	Imputed income is the value of life insurance in excess of \$50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes and reflected in your W-2 you receive from your employer. When you retire, VRS will deduct FICA taxes and report taxable or imputed income for as long as your group life insurance exceeds \$50,000.
Irrevocable Assignment	Irrevocable assignment means assigning your ownership rights in your life insurance coverage to another person or an entity such as an eligible trust or charity. You cannot change this assignment once it is made.
Mandatory Retirement Distribution	If you defer retirement and do not apply for retirement by April 1 following the calendar year in which you turn age 70½, VRS will pay you a retirement benefit (Basic Benefit option), as required by law. If you are not vested, you will receive a refund of your member contribution account balance, excluding any employer contributions made to your account after July 1, 2010 and the interest on these contributions.
Member Benefit Profile (MBP)	The Member Benefit Profile is your annual benefits statement. It is based on information your employer reports to VRS through June 30 of each year.
Member Contributions	You or your employer (on your behalf) contributes 5 percent of your compensation each month to your member contribution account. The <i>Code of Virginia</i> prohibits members from borrowing from their member contribution accounts.
Membership Date	The effective date of membership in JRS is the first of the month.
Non-Covered Employment	Non-covered employment is a temporary, hourly or other position with a VRS-participating employer that does not provide eligibility for benefits. Most non-covered positions are part-time wage positions. Some full-time positions may be considered non-covered if they are temporary and paid on an hourly basis.

Normal Cost (Approximate)	Approximate normal cost is the average cost of one year of VRS service credit. If you are in the JRS Plan 2 and you purchase prior service within one year of becoming eligible, you will pay an approximate normal cost rate as a percentage of your compensation or average final compensation.
Normal Retirement Age	Normal retirement age under JRS is age 65.
Order of Precedence	If there is no valid beneficiary designation on file or your beneficiary is deceased at the time of your death, VRS is required by law to pay benefits according to an order of precedence. You designate a beneficiary on the Designation of Beneficiary (VRS-2). You can elect the order of precedence on the VRS-2 instead of naming a beneficiary.
Part-Time Employment	Part-time employment is typically less than 80 percent of full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.
Partial Lump-Sum Option Payment (PLOP)	The Partial Lump-Sum Option Payment (PLOP) is one of the benefit payout options available at retirement. You may elect a PLOP if you work at least one year beyond the date you first become eligible for an unreduced retirement benefit. You can choose an amount equal to one, two or three times your annual retirement benefit amount, depending on how long you work beyond your unreduced retirement eligibility date. This option is paid from your member contribution account and reduces your monthly benefit.
Plan 1	You are covered under the provisions of Plan 1 if your membership date is before July 1, 2010. You may be an active or deferred member. You are an active member if you are currently working in a covered position. You are a deferred member if you are not currently working in a covered position but have not withdrawn your funds and have service credit in VRS or have been maintaining an account balance in a Virginia optional retirement plan since before July 1, 2010. If you are a deferred member and return to covered employment, you will be rehired under Plan 1.
Plan 2	You are covered under the provisions of Plan 2 if your membership date is July 1, 2010 or later. If you were previously employed in a covered position before July 1, 2010 and withdrew your funds, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.
Plan Provisions	Plan provisions are the requirements that govern the plans or programs under which you are covered based on your current position of employment.
Portability	Portability means transferring the value of your retirement assets from a previous employer with which VRS has a portability agreement to a VRS-participating employer, through the purchase of VRS service credit, in order to consolidate your retirement benefits. Currently, VRS has portability agreements with the following non-VRS participating public employers: City of Charlottesville, City of Danville, City of Newport News, City of Norfolk, City of Richmond, City of Roanoke and County of Fairfax.

Power of Attorney	Under a power of attorney, you can name an individual as your agent to take actions on your behalf and in accordance with your wishes if you no longer can take care of your own affairs. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901).
Prior Service Credit	Eligible prior service includes public service, active duty military service, certain types of leave and VRS refunded service. If you have prior service, you may be eligible to purchase this service as credit in your plan. Prior service credit counts toward vesting, eligibility for retirement and eligibility for the health insurance credit.
Refund	A refund is a lump-sum payment of your member contribution account balance. If you leave covered employment, you can request a refund. You will receive a full or partial refund based on whether or not you are vested or involuntarily separated from employment for causes other than job performance or misconduct. Taking a refund cancels your membership and eligibility for any future benefits. If you are in Plan 1 and take a refund, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.
Required Minimum Distribution	If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, a required minimum distribution will begin if you have not arranged to receive payments from your account by age 70½ or when you leave a position with an employer providing the plan, whichever is later.
Retiree	You are a retiree if you are no longer employed in a covered position and are receiving a monthly retirement benefit from VRS.
Retirement Benefit-Reduced	Under JRS, you are eligible for a reduced benefit beginning at age 55 with at least five years of service credit.
Retirement Benefit-Unreduced	Under JRS, you are eligible for an unreduced benefit at age 65 with at least five years of service credit or age 60 with at least 30 years of service credit.
Retirement Date	The effective date of retirement is the first of the month.
Retirement Multiplier	The retirement benefit under JRS is based on a multiplier of 1.7 percent.
Rollover	A rollover is a contribution of a pre-tax lump-sum payment, such as a refund or a Partial Lump-Sum Option Payment, to an Individual Retirement Account (IRA) or another qualified plan. A rollover allows you to defer income taxes until you withdraw the money from your plan.
Service Credit	Service credit includes active service and may include credit for prior service you may have purchased or additional service credit granted by your employer. It is one of the factors used to calculate your retirement benefit and your eligibility for the health insurance credit. Service credit earned under JRS is weighted.

Service Retirement	Service retirement is another term for regular retirement.
Survivor Option	The Survivor Option is one of the benefit payout options available at retirement. Under the Survivor Option, you elect to continue a lifetime monthly benefit to a survivor upon your death. This option reduces your monthly benefit. You can name any living person as your survivor; you also can name more than one survivor.
Vesting	You become vested when you have at least five years of service credit. Vesting is the minimum length of service needed to qualify for a retirement benefit, if you meet the age and service requirements for your plan, or to receive any contributions made by your employer to your member contribution account after July 1, 2010 should you leave covered employment and request a refund.

Want to learn more about your VRS benefits? – Meet with a counselor at VRS at 1200 East Main Street in downtown Richmond (see the VRS Web site at www.varetire.org for directions). Sessions are held on a first-come first-served basis with limited scheduled appointments available. The hours are 8:30 a.m.- 4 p.m., Monday through Friday. Also take advantage of free member education opportunities; select Education & Counseling from the Member homepage. For Deferred Compensation Plan Regional Education Meetings, select the Defined Contribution Plans tab.

VRS Plan 1&2



Virginia
Retirement
System

Virginia Retirement System • 1200 East Main Street • P.O. Box 2500 • Richmond, VA 23218-2500
www.varetire.org • 1-888-VARETIR (1-888-827-3847) • TDD: 804-344-3190