

## Your COLA Is 2.8 Percent

**The VRS Board of Trustees announced a 2.8 percent cost-of-living adjustment (COLA), effective July 1. The increase applies to the benefit payment you will receive on August 1, 2008.**

COLAs go into effect the second calendar year after you retire and are effective July 1 each year thereafter. For example, if you retire on September 1, 2008, you will receive your first COLA effective July 1, 2010.

The amount of the COLA is equal to the full amount of the first 3-percent increase in the Consumer Price Index-Urban and half the increase from 3 percent to 7 percent. Under current law, cost-of-living adjustments cannot exceed 5 percent.



## Direct Deposit Schedule

### For July Through December 2008

**Payment for the month of:**      **Deposit Date**

<b>June</b>	July 1
<b>July</b>	August 1
<b>August</b>	August 29
<b>September</b>	October 1
<b>October</b>	October 31
<b>November</b>	December 1

VRS deposits your benefit payment directly into your account on the first business day of each month. If the first day of the month falls on a weekend or holiday, VRS deposits the payment on the last business day of the preceding month.



2

**The Health Insurance Credit Helps You Pay Your Premiums**



3

**Planning To Go Back To Work?**



6

**What To Do When You Become Eligible For Medicare**

# The Health Insurance Credit Helps You Pay Your Premiums

Don't miss out on one of your benefits. The health insurance credit, a tax-free benefit, provides eligible retirees with a reimbursement to help with the cost of health insurance premiums. The credit is added to your monthly benefit. It is a dollar amount set by the General Assembly for each year of service.

## Do you qualify for the health insurance credit?

You qualify for the health insurance credit if you had at least 15 years of service credit and you retired from VRS as a:

- State employee, including if you retired from an optional or alternate retirement plan
- Teacher
- Employee of a local school board or a VRS-participating local government that offers the health insurance credit
- Constitutional officer or employee of a local constitutional officer
- General registrar or employee of a general registrar
- Local social service employee.

You also qualify if you retired on disability from an employer that offers the health insurance credit or are on long-term

disability through the Virginia Sickness and Disability Program (VSDP).

The health insurance credit reimburses you for premiums you pay for individual health plans, including your coverage on a spouse's plan. It also reimburses you for premiums for employer-sponsored health plans, such as the Commonwealth of Virginia's State Retiree Health Benefits Program, dental insurance, vision insurance and prescription drug plans such as Medicare Part D. Health plans for other specific conditions, such as cancer insurance or long-term care, are not eligible.

Find more information about the health insurance credit on the VRS Web site at [www.varetire.org](http://www.varetire.org) in "Insurance in Retirement" under the Retiree tab.

## Notify VRS Of Health Premium Changes

If you receive a health insurance credit, notify VRS of any changes to your health care plan, such as a premium change, a switch to another health plan or cancellation of health insurance. Your notification will ensure that VRS is applying the appropriate health insurance credit amount to your premium.

To notify VRS, complete a Request for Health Insurance Credit (VRS-45) as soon as possible. The form is available on the VRS Web site at [www.varetire.org](http://www.varetire.org), or by calling VRS toll free at 1-888-VARETIR (827-3847).

**If your premium amount has not changed or if your premium is being deducted from your VRS benefit and you have no other qualifying health insurance, you do not need to complete a Request for Health Insurance Credit (VRS-45).**



## Health Insurance Credit Dollar Amounts

Employer Type	Amount per Year of Service	Maximum Credit per Month
State employees, including participants in an optional or alternate retirement plan	\$4.00	No Cap
Teachers	\$4.00	No Cap
General registrars and their employees; constitutional officers and their employees; local social service employees	\$1.50	\$45.00
General registrars and their employees; constitutional officers and their employees; local social service employees if political subdivision elects \$1.00 enhancement	\$2.50	\$75.00
Other political subdivision employees if employer elects	\$1.50	\$45.00

As of July 1, 2007



## Changing Your Payment Option After The Death Of Your Survivor

If you chose the Survivor Option at retirement and your survivor dies before you, you may change your retirement payout option to the Basic Benefit or name a new survivor. Notify VRS as soon as possible.

You also may change to the Basic Benefit if:

- You divorce with fewer than 20 years of marriage.
- You divorce after 20 years of marriage and your former spouse dies, remarries or agrees to allow you to name another survivor or change to the Basic Benefit.
- You provide VRS written consent from your survivor giving up the claim to a benefit, along with satisfactory evidence of his or her good health.

If you have an approved domestic relations order on file with VRS, VRS must pay your benefit accordingly.

For information on how to change to the Basic Benefit or to name another survivor, call VRS toll free at 1-888-VARETIR (827-3847).



# Planning To Go Back To Work ?

**W**ant to go back to work? You can return to work and continue to receive your VRS benefit if:

- You work in a job that is not covered by VRS.

Your monthly retirement benefit stops if you return to a VRS-covered position. You become an active VRS member again, earning service credit each month. When you retire again, you must retire under the same benefit payout option you chose the first time you retired. VRS recalculates your retirement benefit to include the additional service credit.

If you return to covered employment, you and your employer must submit a Request for Termination of Monthly Benefits (VRS-7) to VRS.

- You work in a position not covered by VRS benefits, such as a temporary or hourly job, with a VRS-participating employer.

You must have a break in service of at least 30 days during a normal work period, if you return to your former employer. You also can work no more than 80 percent of the hours of a full-time position. The Commonwealth of Virginia, including state agencies and public colleges and universities, is considered one employer. Local public school boards and VRS-participating localities are considered separate employers.

- You work in an adjunct faculty position.
- You return to work as a teacher or administrator in a critical shortage position at a school that has been designated for a critical shortage.

If you return to work in a critical shortage position with a school division, you must have a 12-month break in service with no full-time or part-time employment during this 12-month period. You must be certified to teach, and you cannot be receiving a reduced VRS retirement benefit and also be participating in an early retirement incentive program.

More information on returning to work is available on the VRS Web site at [www.varetire.org](http://www.varetire.org) under the Retiree tab.

# Your Life Insurance Protection Continues Throughout Retirement

If you were covered under Basic Group Life Insurance when you were working, your coverage continues to protect you and your loved ones in retirement.

## Basic Group Life Insurance Plan Benefits

Your beneficiary receives a life insurance payment upon your death. The provisions that allow for payment of double the death benefit for accidental death and for dismemberment end at retirement.

You remain eligible for an accelerated benefit in retirement. This benefit allows you to withdraw any amount of your life insurance for any purpose if you have a terminal illness and are not expected to live longer than 12 months. Any amount remaining after your death would be paid to your beneficiary.

## Coverage Reduction

At retirement, the life insurance benefit amount is based on twice the amount of your annual compensation. If you retired with 20 or more years of service credit, it is based on twice your highest annual compensation as a VRS member.

The amount of your life insurance benefit reduces by 25 percent each year beginning January 1 following one calendar year (January to December) of retirement. It continues to reduce by 25 percent each January until your coverage reaches 25 percent of its value at retirement.



For more information on your life insurance, see “Insurance in Retirement” under the Retiree tab on the VRS Web site at [www.varetire.org](http://www.varetire.org).

## Is Your Life Insurance Beneficiary Designation Current?

VRS is required to pay benefits according to the latest beneficiary designation on file. Keeping your designation current ensures VRS will pay benefits according to your wishes.

To update your beneficiary, complete a Designation of Beneficiary (VRS-2) and return it to VRS. The beneficiary change form is available on the VRS Web site at [www.varetire.org](http://www.varetire.org) in “Forms” under the Retiree tab.

If there is no beneficiary designation on file, VRS pays benefits according to the following order of precedence:

- To your spouse
- If no surviving spouse, then to your children and descendants of your deceased children
- If none of the above, then to your parents
- If none of the above, to the duly appointed executor or administrator of your estate
- If no executor is named, to your next of kin under the laws of the state where you resided at the time of death.

## How The Life Insurance Reduction Works

You retired on April 1, 2008 with a final salary of \$50,000. The value of your life insurance was twice your salary or \$100,000.

On January 1, 2010, it will reduce to a value of \$75,000. On January 1, 2011, it will reduce to \$50,000 and continue to reduce each year until January 1, 2012. On this date, it will reach the final value of \$25,000.

## Life Insurance Requirements Change July 1, 2008

The General Assembly passed legislation during the 2008 session that allows the Department of Social Services to file child support liens against life insurance policies administered by VRS. Upon the death of a member or retiree with such a lien, VRS will be required to pay life insurance proceeds to the Department of Social Services to satisfy outstanding child support obligations. For more information about this and other 2008 legislation, visit the VRS Web site at [www.varetire.org](http://www.varetire.org).

# Changing Your Income Tax Withholding

You can change your income tax withholding at any time by submitting a Request for Income Tax Withholding (VRS-15).

When you retired, you submitted a tax withholding form to have taxes withheld from your benefit each month. If you are not having enough tax withheld, or you need to change your withholding because of marriage, divorce or death of a spouse, submit a new VRS-15 to VRS.

**The Request for Income Tax Withholding (VRS-15) form is available on the VRS Web site at [www.varetire.org](http://www.varetire.org). Select "Forms" under the Retiree tab. You can fill in the form online, then print and send it to VRS. Or, you can print a copy of the form and complete it manually.**

If you did not submit a tax withholding form, VRS withholds taxes as if you were married, claiming three allowances for federal income taxes and zero allowances for state income taxes.

You can use the tax withholding form to notify VRS not to take taxes out of your benefit payment. You may be responsible for estimating your tax liability and paying the Internal Revenue Service and the Commonwealth of Virginia directly each quarter. There also may be tax penalties if your withholding and estimated tax payments are not sufficient.

**REQUEST FOR INCOME TAX WITHHOLDING**

VIRGINIA RETIREMENT SYSTEM  
P.O. Box 2500  
Richmond, Virginia 23218-2500  
Toll Free 1-888-VARETIR (827-3847)  
Fax 804-786-9718  
[www.varetire.org](http://www.varetire.org)

Clear Form

1. Social Security Number  
2. Daytime Phone Number

Complete this form if: (1) You are a new retiree, or (2) you want to make a change to your income tax withholding. If a completed VRS-15 is not on file, VRS withholds federal income tax based on the rate for a married individual claiming three exemptions and state income tax based on the rate for zero exemptions. Refer to the back of this form to calculate exemptions.

**PART A. RETIREE INFORMATION**

3. Name (First) (MI) (Last) (Jr./Sr.)  
4. Address (Street) (City) (State) (Zip+4)  
5. Residency Status  
 US Citizen/Resident Alien  Non-resident Alien (Marking this box certifies your status as non-resident alien and that you are not a U.S. citizen or resident alien.)

**PART B. FEDERAL INCOME TAX WITHHOLDING**

Choose one option below. If you choose to have income tax withheld, provide your marital status and the number of exemptions.

Do not withhold federal income tax from my monthly benefit. I understand that I am liable for payment of federal income tax on the taxable portion of my benefit and that I may be subject to tax penalties under the estimated tax payment rules if my payment(s) of estimated tax and withholding are not adequate. (If you are a U.S. Citizen or resident alien and your monthly benefit payments are delivered outside the U.S. or its possessions, you must have federal income tax withheld.)

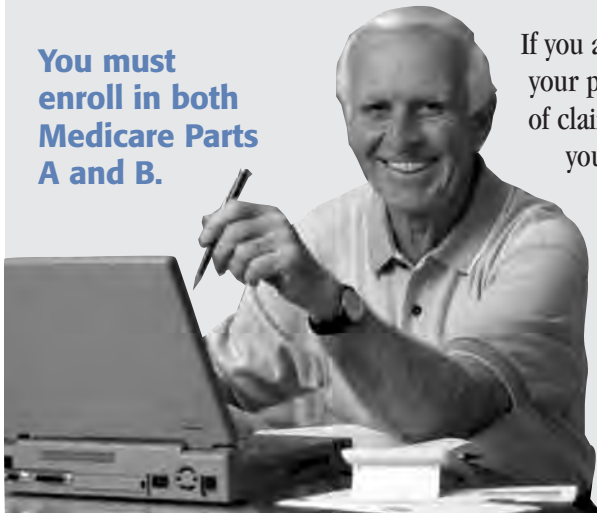
Using the marital status and the exemptions below, calculate my federal income tax withholding (if any) in accordance with the tax formula as published in IRS Publication 15.  
Number of Exemptions: \_\_\_\_\_  
 Single

the calculated tax, enter the additional amount to be withheld

# What To Do When You Become Eligible For Medicare

When you become eligible for Medicare, you must enroll in both Medicare Parts A and B. Call VRS toll free at 1-888-VARETIR (827-3847) when you become eligible for Medicare. VRS will send you a State Health Benefits Program Enrollment Form and other information so that you can select a Medicare coordinating plan.

**You must enroll in both Medicare Parts A and B.**



If you are covered under the State Retiree Health Benefits Program, Medicare is your primary insurer. Your state health insurance coverage helps pay the balance of claims not covered under Medicare. If you are eligible for Medicare, report your eligibility to VRS as soon as possible, to ensure your claims are paid properly. For details on your plan coverage, see the Anthem Web site at [www.anthem.com](http://www.anthem.com) or call toll-free 1-800-451-0361.

If you retired from a school division or a local government, please contact your former employer's human resource office for more information about your retiree health insurance benefits and coordinating with Medicare.

## 457 Plan News

### Regional Educational and Enrollment Meetings Available To Participants In The 457 Plan

VRS and Great-West Retirement Services, the record keeper for the Commonwealth of Virginia 457 Deferred Compensation Plan, offer Regional Educational and Enrollment Meetings (REEMS) throughout Virginia. These sessions are open to active members and retirees who participate in the plan. Pre-registration is not required.

Date	Introduction to the 457 Deferred Compensation Plan 9:00 a.m.	Account Management Strategies and Tools 10:30 a.m.	Retirement Planning and Distribution Options Noon
June 11	James Madison University ISAT Building, Room 259 Carrier Drive, Harrisonburg, VA 22807 Catherine Pfeilsticker, 1-866-226-6682, Option 2 Ext 107		
June 12	Department of Environmental Quality Auditorium 355 Deadmore Street, Abingdon, VA 24212, Nancy Roth, 1-866-226-6682, Option 2 Ext 115		
June 19	Germanna Community College Center for Workforce and Community Development, Auditorium 10000 Germanna Point Drive, Fredericksburg, VA 22404 Tom Ferguson, 1-866-226-6682, Option 2 Ext 102		
June 24	Virginia Department of Transportation, Culpeper District, Auditorium 1601 Orange Road Culpeper, VA 22701, Catherine Pfeilsticker, 1-866-226-6682, Option 2 Ext 107		
June 24	Virginia Department of Transportation, Suffolk District Auditorium 1700 North Main Street, Suffolk, VA 23434, MacKenzie Hayden, 1-866-226-6682, Option 2 Ext 110		
July 9	Virginia Department of Transportation, Salem District Auditorium 731 Harrison Avenue, Salem, VA 24153, Nancy Roth, 1-866-226-6682, Option 2 Ext 115		
July 22	Library of Virginia 1st Floor, Conference Room A 800 East Broad Street, Richmond, VA 23219 Tom Ferguson, 1-866-226-6682, Option 2 Ext 102		

CONTINUED

Date	Introduction to the 457 Deferred Compensation Plan 9:00 a.m.	Account Management Strategies and Tools 10:30 a.m.	Retirement Planning and Distribution Options Noon
July 23	Frontier Culture Museum Dairy Barn Lecture Hall 1290 Richmond Road, Staunton, VA 24401 Catherine Pfeilsticker, 1-866-226-6682, Option 2 Ext 107		
July 24	Southeastern Virginia Training Center Training Center 2100 Steppingstone Square, Chesapeake, VA 23320 MacKenzie Hayden, 1-866-226-6682, Option 2 Ext 110		
July 26 (Saturday)	Wytheville Meeting Center Room 3 333 Community Boulevard, Wytheville, VA 24382 Nancy Roth, 1-866-226-6682, Option 2 Ext 115		
August 12	Department of Mines, Minerals and Energy Rooms 218 and 219 US Route 23 South, 3405 Mountain Empire Road Big Stone Gap, VA 24219, Nancy Roth, 1-866-226-6682, Option 2 Ext 115		
August 14	John Tyler Community College Bird Hall, Room B-124 13101 Jefferson Davis Highway, Chester, VA 23831 Tom Ferguson, 1-866-226-6682, Option 2 Ext 102		
August 18	Jamestown Settlement Education Wing, Classrooms A and B Route 31 South, Jamestown, VA 23187 Tom Ferguson, 1-866-226-6682, Option 2 Ext 102		
August 19	Eastern Shore Community College Room B77a 29300 Lankford Highway, Melfa, VA 23410 MacKenzie Hayden, 1-866-226-6682, Option 2 Ext 110		
September 3	Central Virginia Community College, Merritt Hall, Room 5122 3506 Wards Road, Lynchburg, VA 24502 Nancy Roth, 1-866-226-6682, Option 2 Ext 115		
September 24	Department of Health 3rd Floor, Rooms B and C 830 Southampton Avenue, Norfolk, VA 23513 MacKenzie Hayden, 1-866-226-6682, Option 2 Ext 110		
September 25	Department of Human Resource Management James Monroe Building, Conference Rooms C and D 101 North 14th Street, Richmond, VA 23219 Tom Ferguson, 1-866-226-6682, Option 2 Ext 102		
October 7	Southwest Virginia Community College Buchanan Hall, Room B-130 Route 19, Six miles South of Claypool Hill Richlands, VA 24641 Nancy Roth, 1-866-226-6682, Option 2 Ext 115		
October 22	Northern Virginia Community College, Manassas Campus Colgan Theater 6901 Sudley Road Manassas, VA 20109 Catherine Pfeilsticker, 1-866-226-6682, Option 2 Ext 107		
October 23	John Tyler Community College Featherstone Professional Center, Room F-111 1807 Huguenot Road Midlothian, VA 23114 Tom Ferguson, 1-866-226-6682, Option 2 Ext 102		
October 28	Chesapeake Main Library Room 2, 298 Cedar Road Chesapeake, VA 23322 MacKenzie Hayden, 1-866-226-6682, Option 2 Ext 110		
October 30	Virginia Department of Transportation, Staunton District Auditorium 811 Commerce Road Staunton, VA 24401 Catherine Pfeilsticker, 1-866-226-6682, Option 2 Ext 107		



## You Want It? You Got It

In a recent survey, a majority of respondents told us that they want secure online access to their retiree account information. VRS listened.

Starting this summer, you will have secure online access to your account through *myVRS* on the VRS Web site. You will be able to view your benefit information, COLA and more.

Look for a special edition of *Retiree News* later this summer with more information on *myVRS* and instructions for setting up your secure personal online account.



# Are You Moving?

If you're planning a move, remember to notify VRS of your new address even if you receive your retirement benefit through direct deposit. VRS sends this newsletter, tax forms and other information to your home address.

To notify VRS of your new address, fill out a Name/Address Declaration for Retirees (VRS-58), which you can download from the Web site at [www.varetire.org](http://www.varetire.org). Look for "Forms" under the Retiree tab.

You also can notify VRS by using the "Change of Address Request" from the post office or by writing to VRS. Include your Social Security number, sign it and send to VRS.



**Director**  
Robert P. Schultze

**Public Relations Director**  
Jeanne Chenault

**Public Relations and  
Marketing Manager**  
Elaine Jones

**Editor**  
Kathleen Dimond

**Newsletter Design**  
Office of Graphic Communications  
Virginia Department of  
General Services

**Virginia Retirement System**  
P.O. Box 2500  
Richmond, Virginia 23218-2500  
Toll Free: 1-888-VARETIR  
(1-888-827-3847)  
TDD: 1-804-344-3190  
E-mail: [vrs@varetire.org](mailto:vrs@varetire.org)  
Web site: [www.varetire.org](http://www.varetire.org)



Virginia  
Retirement  
System

PRRSRT STD  
US Postage  
PAID  
Richmond, VA 23232  
Permit No. 457

Virginia Retirement System  
Post Office Box 2500  
Richmond, Virginia 23218-2500