

## Report On Investment Earnings For Fiscal Year 2004

The market value of the VRS investment portfolio for fiscal year 2004 was just over \$40 billion.

The fiscal 2004 return for the total fund was 17.9 percent.

The portfolio had \$26.9 billion invested in public equities, \$8.1 billion in fixed income, \$1.2 billion in hedge funds, \$1.9 billion in private equity, and \$1.5 billion in real estate at fiscal year end.

## Your VRS Benefits –

## Wondering How Much and When? Read Your MBP



You should soon receive one of your most valuable tools for understanding the benefits you enjoy as a VRS member. VRS plans to send Member Benefit Profiles (MBPs) to your employer in October. You should receive your MBP from your employer soon.

Your MBP is a snapshot of your VRS benefits as of June 30, 2004. It tells you the amount of funds in your account and the estimated monthly, unreduced benefit you will qualify for at retirement. It also gives the amount you would receive if you took early retirement, based on your current salary.

Your MBP shows the amount of service credit you have with VRS and the date you joined

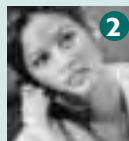
VRS. It shows the amount of your group life insurance and the amount of any optional life insurance you may have for yourself and your family.

**If you purchased service recently, this service credit may not be reflected on this year's MBP.** You can find out how much service credit you currently have, including purchased service credit, by calling VRS' interactive phone system (VIPS) at 804/649-0126 or 1/877/770-8477 (toll free).

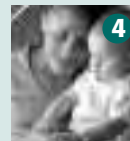
See the VRS Web site at [www.varetire.org](http://www.varetire.org), or refer to your VRS *Handbook For Members* (also available on the Web site), for additional information about VRS benefits.



STATE EDITION



**2** Tips To Help Prevent Identity Theft



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## KEEPING YOUR IDENTITY

# Tips To Help Prevent Identity Theft

**A**ccording to identity theft experts, 27 million Americans had their identities stolen in the last five years.

Criminals use stolen Social Security numbers, credit cards or bank account numbers to buy clothes and cars, to borrow money, or to open other credit card accounts.

If it happens to you, you can face thousands of dollars of unexplained bills, the loss of your good credit rating, and hours of frustration trying to straighten out the mess.

### DON'T LET IT HAPPEN

- Don't give your credit card or bank account number over the phone, through the mail, or over the Internet unless you made the contact and know that you are dealing with a legitimate business.
- Shred your credit card receipts, ATM receipts, bank statements, expired credit cards, credit offers and other material with personal information.
- Don't carry extra credit cards, your Social Security card, birth certificate, or passport in your wallet or purse.
- Don't have your Social Security number printed on your checks.
- Memorize your passwords to debit cards and other accounts.
- Check your credit report at least once a year and correct any errors. Monitor your credit card statements.
- Make a list of your bank accounts and credit cards, account numbers, expiration dates, and the telephone numbers of the customer service departments of your card issuers. Keep the list in a safe place.

To help prevent identity theft, the Virginia DMV now assigns identification numbers to drivers' licenses instead of Social Security numbers.

**... you can face thousands of dollars of unexplained bills, the loss of your good credit rating, and hours of frustration trying to straighten out the mess.**



### VRS Helps Protect Your Identity

Recently VRS made several changes to protect you from the theft of your Social Security number. The changes include:

- Removing Social Security numbers and account numbers from VRS Earnings Statements.
- Sending a confirmation letter to both your old and new address when you notify VRS of a move.
- Removing personal information in your e-mail before responding. VRS does not provide information specific to your VRS retirement benefits through e-mail.

In addition to these initiatives, VRS removes your Social Security number from correspondence and documents it sends to you. If a document mailed to you must include your Social Security number, the document will be mailed in a security envelope.

## Read All About It – Visit [www.varetire.org](http://www.varetire.org)

Calculate your retirement benefit in less than two minutes. Find out when the next retirement education seminar is scheduled for your area. Change your deferred compensation plan level of investment. Find out how soon you can retire.



Go to [www.varetire.org](http://www.varetire.org) to read newsletters and handbooks online, to download and print beneficiary designation forms, purchase of prior service forms and refund forms. Click on “What’s New?” to check out benefit enhancements, the latest legislation, new board members, and policy changes. The VRS Web site also has links to other benefit sites, life insurance information, and a page that lists and defines all your benefits under VRS.

Looking for other news? Here’s a list of other benefit-related Web sites you may find interesting.

**IRS - [www.irs.gov](http://www.irs.gov)**

**Social Security Administration - [www.socialsecurity.gov](http://www.socialsecurity.gov)**

**Anthem - Blue Cross/Blue Shield of Virginia - [www.anthem.com](http://www.anthem.com)**

**Virginia Credit Union - [www.vacu.org](http://www.vacu.org)**

**Virginia Defined Contribution Plans - [www.vadcp.com](http://www.vadcp.com)**

**Virginia Department of Taxation - [www.tax.state.va.us](http://www.tax.state.va.us)**

## What Could Be Easier? Check Out Your Handbook Online

Your latest VRS *Handbook for Members* is on the VRS Web site. If you are a member of SPORS or VaLORS, you can read about

eligibility requirements and benefits specific to you in your own SPORS and VaLORS handbooks, also on the VRS Web site.

Electronic handbooks can’t get lost and are easy for you to access. Legislation passed during the 2004 session of the General Assembly allows distribution of legally required information, such as member handbooks, through Web sites. If you do not have access to the Internet, however, VRS and your employer will provide you with a printed copy of your handbook.

VRS will still print a limited number of the handbooks for new employees, but encourages current members to keep up to date on legislative and policy changes by referring to the Web site.



## Changes To Requirements for Health Insurance Credit for Certain Members

There’s good news for you if you’ve worked as a constitutional officer at some point in your career. The 2004 General Assembly passed legislation changing the retiree health insurance credit eligibility requirements for constitutional officers, employees of constitutional officers and local social service employees.

To qualify for the health insurance credit under this change, you must have at least 15 years of creditable service as a constitutional officer, as an employee of a constitutional officer or as a local social service worker. The 15 years could have occurred anywhere in your career. You do not need to retire directly from one of these positions to be eligible for the credit.



Before the change, you had to retire directly from one of these positions to be eligible for the health insurance credit.

Constitutional officers include: the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a court, or sheriff of any county or city, or deputy or employee of any such officer.

The health insurance credit is a specified amount set by the General Assembly to help offset the cost of health insurance for retired members. It is a dollar amount for each year of service, up to a maximum of 30 years. The current reimbursement amount is \$1.50 for each year of service for constitutional officers, their employees and for local social service employees.

Could this new requirement apply to you? If you were employed in one of these eligible positions, contact the employer before you retire. Ask that a Request for Member Information Change (VRS-48) be completed and submitted to VRS. This will ensure that your service as a constitutional officer counts toward eligibility requirements for the health insurance credit.

State employees, teachers and employees of some political subdivisions are also eligible for the health insurance credit. Contact your benefits administrator for eligibility requirements.



# Life Changes

**Getting married? Having a baby?  
Moving to the West Coast to become a rock star?  
As excited as you are about your major life change,  
take a minute to review your VRS benefits.**

## YOU'RE GETTING MARRIED

Make sure you have a Designation of Beneficiary (VRS-2) on file with VRS. If you don't, complete a new one and have it notarized, so that benefits can be paid according to your current wishes. Your retirement benefits will be paid in the order of precedence if you do not have a Designation of Beneficiary on file. The order is: to your spouse; if no surviving spouse, to your minor children (until each reaches age 18); if none, to your parents. If none of these individuals qualifies for a monthly survivor benefit, if you have not designated a beneficiary for your member contribution account, and if you do not have a living spouse, minor child or parent, VRS will pay the account balance to the duly-appointed executor or administrator of your estate; if none, to your next of kin.

If you have chosen it for yourself, Consider Optional Group Life Insurance for your new husband or wife. Optional life provides coverage of one, two, three or four times your salary, up to \$300,000 for your spouse. You can also include your children under Optional Group Life Insurance for coverage up to \$30,000. Contact Minnesota Life at 1/800/441-2258 for a Request for Change Under Optional Group Life Plan.

## CONGRATULATIONS!

### YOU'RE HAVING OR ADOPTING A BABY

You may be able to take up to 12 weeks unpaid leave under the Family and Medical Leave Act during which continued employment is guaranteed.

You can also purchase up to 12 months of prior service credit for each period of leave for the birth or adoption of a child, to a maximum of four years. Both parents are eligible for this type of purchase. Purchase of prior service credit can increase your monthly retirement benefit, and allow you to qualify for

retirement at an earlier age. You may buy service credit at 5 percent of your creditable compensation if you buy it within three years of becoming eligible. The purchase is based on either your salary at the time of the purchase or the average of the 36 consecutive months of highest creditable compensation (AFC) if your salary at the time of the purchase is not the highest you have earned. Go to the VRS Web site for a Application for Purchase of Prior Service Credit (VRS-26) and for more information.

## YOU'RE HEADED OFF TO STARDOM

When you leave your VRS-covered position, you can take a refund of the contributions in your account. To withdraw or transfer your member contributions and interest, complete a Request for Refund (VRS-3). It usually takes at least 45-60 days to process a refund.

You must pay 20 percent federal and 4 percent state income tax (if you live in Virginia) on your refund. If you take a refund before you are age 59 1/2, the IRS may impose an additional 10 percent federal tax penalty. You can delay paying the taxes if you roll your refund into another eligible plan or Individual Retirement Account (IRA) that allows rollovers.

By taking a refund, you lose your membership in VRS and you lose the service credit represented by the amount refunded. You also lose the right to receive a lifetime monthly benefit at retirement. You can purchase this service credit later if you work in a VRS-covered position again. The amount you pay to purchase your service credit will be based on your highest salary.

In case that rock-star thing doesn't work out, you can leave your contributions in your VRS account instead of taking a refund. If you have at least five years of service you keep the right to a benefit when you reach retirement age.



## Designating a Beneficiary

VRS recently updated the Designation of Beneficiary (VRS-2), available on the VRS Web site. This form allows you to list up to four beneficiaries to receive your retirement contributions and up to four to receive your basic and optional life insurance.

If you choose to designate more beneficiaries than the form allows, call the VRS Customer Contact Center to request a continuation form (VRS-2A). The continuation form allows for an additional four beneficiaries for each area. The continuation form must be completed and notarized when you complete your designation form. You will need to make sure you send them to VRS together.

## Your Benefits Under VSDP

### VSDP Participants Are Eligible For Long-Term Care

You know that the Virginia Sickness and Disability Program (VSDP) protects you when you are sick and can't work. It provides sick leave for common illnesses and income replacement for longer-term illnesses or injuries.

Did you know that in addition to sick leave, family and personal leave, and short and long-term disability benefits, VSDP gives you a long-term care benefit, free of charge?

Long-term care allows you a \$75 basic daily benefit if you need care for an extended period. Long-term care includes: nursing or hospice facility care, assisted living facility care, home health care services, alternate care, transitional care, informal caregiver training, and respite care.

Aetna, VSDP's long-term care provider, certifies you for the benefits if you are unable to perform two out of six activities of daily living, or if you have a severe cognitive impairment such as Alzheimer's. Activities of daily living include bathing, dressing, eating on your own, continence, and getting in and out of bed.

You are reimbursed for your expenses for up to a two-year lifetime benefit of

\$54,750. If you are cared for at home, the plan pays 50 percent of the maximum daily benefit amount, or \$38 a day for care by a registered nurse or licensed professional or home health aide, and for physical, occupational, speech or respiratory therapy.

For more information, call Aetna toll free at 1/877/894-2470 to speak to a long-term care specialist, or visit Aetna's long-term care Web site at [www.aetnaushc.com/custom/group/commonwealthva](http://www.aetnaushc.com/custom/group/commonwealthva).

You can learn more about VSDP from the *Virginia Sickness and Disability Program Handbook*, available from your benefits administrator, or on the VRS Web site at [www.varetire.org](http://www.varetire.org).

### Health Insurance Credit while on Long-Term Disability

VSDP participants on long-term disability are eligible for the health insurance credit. The credit is a specified reimbursement amount to help offset the cost of health insurance. To be eligible, participants must be enrolled in and paying a premium for an employer-sponsored plan, personal health plan, Medicare Part B, Dental or Vision coverage. The reimbursement is included in the VSDP benefit and is paid by Unum Provident. Learn more about the health credit by visiting [www.varetire.org/Members/FAQ/RetHealthCred.html](http://www.varetire.org/Members/FAQ/RetHealthCred.html).

### Procedures for Maternity Leave Under VSDP

When you are expecting a baby, you can take your maternity leave under short-term disability when you are a VSDP participant.

Because many issues with maternity leave are different from other leave under VSDP, UnumProvident, the VSDP administrator, has developed a series of questions to clarify maternity leave claims.

#### What is the length of short-term disability under VSDP for a normal birth and for a Cesarean Section?

Six weeks is the guideline for both types of delivery. A claim extending short-

term disability is considered when a physician provides written documentation of specific medical complications.



#### Am I eligible for disability benefits related to pregnancy before my baby is born?

Each claim is reviewed based upon the individual's own medical information. In some instances, a person can perform job functions right up to the time of hospitalization, while other participants have specific medical problems that make them eligible for benefits before the delivery date.

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# News

FROM YOUR DEFERRED COMPENSATION PLAN



## Emergency Hardship Withdrawals No Longer Require Suspension of Contributions

In limited cases, as a participant in the DCP, you may withdraw funds from your account if you have an unforeseen emergency hardship. Internal Revenue Service (IRS) guidelines had required you to suspend your contributions to the DCP for six months if you qualified to withdraw DCP funds for an unforeseeable emergency. Recent changes to IRS regulations no longer require you to suspend contributions for six months if you have been approved for a hardship withdrawal.

It is recommended, however, that if you are approved for a hardship withdrawal, you consider whether reducing contributions to the DCP would help alleviate the hardship.

## Using The Standard Catch-Up

The Commonwealth's 457 Deferred Compensation Plan (DCP) allows you to defer paying taxes on a portion of your compensation while you save and invest for retirement. The deferred amount of your compensation and its earnings are not taxed until you withdraw them. The minimum amount you can contribute to the DCP is \$10 a pay period. The maximum amount is 100 percent of your compensation or the 2004 limit of \$13,000, whichever is less.

When you are close to retirement, you can contribute an additional amount, called the Standard Catch-Up during each of the three consecutive calendar years before you reach your designated normal retirement age.

When you use the Standard Catch-Up, you may contribute \$26,000 for 2004, \$28,000 for 2005 and \$30,000 for 2006.

To use the Standard Catch-Up you must complete the Standard Catch-Up Credit Worksheet, the Normal Retirement Age Election Form and a Payroll Authorization Form. These forms are available on the Plan Web site at [www.vadcp.com](http://www.vadcp.com) under Plan Information/457 Plan/Forms. You can also call the DCP Service Center at 804/643-1882 or toll free 1/866/226-6682 (option 2).

Complete all three forms and give them to your employer's payroll office. Copies must be sent to Great West Retirement Services, the Plan service provider.

## You Can Contribute Sick and Annual Leave Payments to the DCP

Planning to leave your job? If you are eligible to receive payment for unused annual and sick leave (including unused VSDP disability credits) when you terminate employment, you may defer paying taxes on these payments by contributing them to the DCP. To qualify, you must file a Payroll Authorization Form with your agency payroll office the month before the month you would receive the payment for your leave, while you are still an employee. The payment must be received as part of your final paycheck or within 20 days of your final paycheck. Check with your payroll office for other submission deadlines that apply.





## Retirement Education Seminar & Group Counseling Schedule

DATE	RES	GCS	LOCATION/CONTACT
October 12, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>Greenfield Education and Training Center</b> Email: Ronald L. Coleman Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: (540) 767-6123 FAX: (540) 767-6098
October 20, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>J. Sargeant Reynolds Com. Coll., North Run Campus</b> Email: Judy Payton Mail: P.O. Box 85622, Richmond, VA 23285 Phone: (804) 371-3250 FAX: (804) 371-3054
October 28, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>Wytheville Community College, Wytheville</b> Email: Dr. David Johnson & Rhonda Hales Mail: 1000 E. Main St., Wytheville, VA 24382 Phone: (276) 223-4712 FAX: (276) 223-4716
November 4, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>Northern Virginia Community College, Annandale</b> Email: Ellen L. Gray & Kristie Fitzsimmons Mail: Suite 600, 7630 Little River Tpk, Annandale, VA 22003-3796 Phone: (703) 323-3102 FAX: (703) 813-1325
November 17, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>J. Sargeant Reynolds Com. Coll., North Run Campus</b> Email: Judy Payton Mail: P.O. Box 85622, Richmond, VA 23285 Phone: (804) 371-3250 FAX: (804) 371-3054
December 7, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>Tidewater Community College, Chesapeake Main Library</b> Mailing Address Only Mail: Melvin Hester, 405 Leavell Road, Portsmouth, VA 23701-1629 Phone: (757) 488-9096 FAX: (757) 488-5617
December 15, 2004	8 AM – 12 PM	1 PM – 4 PM	<b>J. Sargeant Reynolds Com. Coll., North Run Campus</b> Email: Judy Payton Mail: P.O. Box 85622, Richmond, VA 23285 Phone: (804) 371-3250 FAX: (804) 371-3054
TBA-2005	8 AM – 12 PM	1 PM – 4 PM	<b>J. Sargeant Reynolds Com. Coll., North Run Campus</b> Email: Judy Payton Mail: P.O. Box 85622, Richmond, VA 23285 Phone: (804) 371-3250 FAX: (804) 371-3054
TBA-2005	8 AM – 12 PM	1 PM – 4 PM	<b>Lord Fairfax Community College, Fauquier Campus</b> Email: Kathy Howard 6480 College Street, Warrenton, VA 20187 Phone: (540) 351-1505 FAX: (540) 351-1560
TBA-2005	8 AM – 12 PM	1 PM – 4 PM	<b>Tidewater Community College, Chesapeake Main Library</b> Mail: Melvin Hester, 405 Leavell Road, Portsmouth, VA 23701-1629 Phone: (757) 488-9096 FAX: (757) 488-5617



## Procedures for Maternity Leave Under VSDP

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### What happens if I need my benefits extended?

If medical complications prevent you from returning to work as scheduled, please notify UnumProvident as soon as possible. UnumProvident will contact your physician for documentation of the restrictions after your delivery date, and approve your extension.

### When do my benefits begin?

The benefits are the same as for short-term disability benefits. They begin after a seven-calendar day waiting period.

### If my baby is born during the seven-day waiting period

### do I still receive six weeks of benefits?

No. Unless medical complications of pregnancy arise, benefits run for up to six weeks after the delivery date. If the delivery occurs before you have completed the seven-calendar day waiting period, the waiting period is considered part of the six weeks of benefits.

### How much maternity coverage am I allowed under federal law?

The Family and Medical Leave Act (FMLA) allows up to 12 weeks of unpaid leave during which continued employment is guaranteed. FMLA runs parallel with your short-term disability, but is separate from VSDP and does not guarantee you 12 weeks of short-term disability.

If you need additional information, please contact UnumProvident at 1/800/652-5602.

## REGISTRATION FORM

### RETIREMENT EDUCATION SEMINAR (RES)/GROUP COUNSELING SESSION

To register for either a Retirement Education Seminar or a Group Counseling Session, fax or mail this form to the contact person listed for the meeting you wish to attend. Make sure your name and phone number are included on the fax cover sheet.

The contact person will either call you or send a fax, letter or e-mail confirming your registration. Sessions fill up quickly, so register early to reserve your seat(s) at the session of your choice. Registrations should be received 15 days prior to the program date. You will receive confirmation of your registration 10 days prior to the meeting date.

#### WHICH PROGRAM WOULD YOU LIKE TO ATTEND?

- Retirement Education Seminar  
 Group Counseling Session

#### HOW MANY YEARS DO YOU HAVE TO RETIREMENT?

- More than five years  
 Fewer than five years

1ST CHOICE FOR DATE, TIME AND LOCATION: \_\_\_\_\_

IF YOUR 1ST CHOICE IS NOT AVAILABLE, WHAT IS YOUR 2ND CHOICE? \_\_\_\_\_

VRS MEMBER NAME: \_\_\_\_\_

LAST FOUR DIGITS OF MEMBER'S SOCIAL SECURITY #: \_\_\_\_\_

DATE OF BIRTH: \_\_\_\_\_

MAILING ADDRESS: \_\_\_\_\_

STREET

CITY

STATE

ZIP

PHONE: (HOME) \_\_\_\_\_ (WORK) \_\_\_\_\_

AGENCY NAME AND LOCATION: \_\_\_\_\_

NAME OF GUEST: \_\_\_\_\_

IS YOUR GUEST A VRS MEMBER? **YES** OR **NO**

IF YES, ENTER THE LAST FOUR NUMBERS OF YOUR GUEST'S SOCIAL SECURITY #: \_\_\_\_\_

IF YES, ENTER DATE OF BIRTH: \_\_\_\_\_

IF YOU NEED ASSISTANCE DUE TO A DISABILITY, PLEASE INDICATE HOW WE CAN HELP: \_\_\_\_\_

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