

VRS Achieves 20.4 Percent Return



The Virginia Retirement System announces a 20.4 percent return on its investment portfolio for fiscal year 2007, ending the year with \$58 billion in assets.

The fund's private equity and public equity investments (U.S. and international stocks) produced outstanding returns, at 32.0 percent and 24.5 percent respectively. Real estate investments also generated an exceptional return at 23.8 percent. The fund's credit and fixed income programs contributed returns of 13.6 percent and 6.0 percent respectively.

"Market conditions were favorable for all of our investment programs. A strong corporate sector fueled high returns in equity and credit related investments, while real estate continued to benefit from good operating fundamentals and strong investor demand. However, VRS expects returns to be more moderate in the years ahead, as represented in the fund's long-term investment return assumption of 7.5 percent," said Chief Investment Officer Charles W. Grant.

The portfolio included \$37.6 billion in public equity, \$11.2 billion in fixed income, \$3.6 billion in private equity, \$2.9 billion in real estate and \$2.1 billion in credit strategies, as of June 30, 2007.

myVRS Puts Your Account Information At Your Fingertips

Have you created your *myVRS* account yet? More than 55,000 other members have and already are enjoying the benefits of this secure online system. Through *myVRS*, you can view your current service and contributions; review your covered employment history; view and print your Member Benefit Profile; use your member data to create different benefit estimates; and check the status of a purchase of prior service, refund or retirement application.



CONTINUED ON BACK PAGE



STATE EDITION



2 Your 2007 Member Benefit Profile Is Coming Soon



3 Have You Met The New Web Site?



6 Virginia's Sickness And Disability Program Increases Long-Term Care Benefit



Your 2007 Member Benefit Profile Is Coming Soon

You will receive your 2007 Member Benefit Profile (MBP) from your employer this fall.

The MBP is your annual personalized benefit statement. The 2007 MBP is based on information your employer provided to VRS as of June 30, 2007.

The MBP shows:

- Your membership date and years of service credit.
- Contributions and interest in your account as of June 30.
- Estimates of your monthly benefit at the earliest dates you'll be eligible for unreduced and reduced retirement.
- The present value of your retirement benefit, which is the estimated total value of your retirement benefit over your lifetime, in today's dollars.

- Your basic group life insurance coverage.
- The amount of any optional life insurance coverage.

When you receive your statement, please review the information carefully. Report anything that appears to be incorrect to your human resource office as soon as possible.

You may view and print your MBP at any time by visiting your personal *myVRS* online account.



What Are Your VRS Benefits Worth To You?

VRS pays retirement benefits over your lifetime. That's a long time for many retirees. There are 75 retirees over the age of 100.

The value of your VRS benefits can be measured in more than dollars and cents.

As a VRS member, you enjoy the security of a defined benefit plan. This type of plan provides a lifetime benefit, with regular cost-of-living increases, when you meet age and service requirements for retirement. Plus, you have the option to continue the benefit to a survivor after your death.

Unlike some other types of retirement plans, in a defined benefit plan, the amount of your benefit in retirement does not depend on how much you pay into the plan. Your VRS benefit is based on a formula using your years of service, age and average final compensation at retirement. Average final compensation is the average of the 36 consecutive months of highest compensation in your history of VRS-covered employment.

Your employer funds your future benefit with a monthly amount paid to VRS. VRS invests this money to cover your future retirement benefits.

VRS holds these funds in a trust that is protected by Article X, Section 11 of the Constitution of Virginia. The constitution states that this trust may be used only to

pay benefits for VRS members, retirees and beneficiaries.

Through your membership in VRS, you enjoy even more than an income in retirement. Other valuable benefits include:

- Cost-of-living increases when you become eligible after retirement.
- Basic group life insurance and the option to purchase additional life insurance coverage for yourself and your family.
- Disability protection while you're working.
- If you're eligible, a health insurance credit to help with the cost of retiree health insurance.



Go to the VRS Web site and you'll see something new.

What's new?

- The pages feature more color and images to help orient users and to make the site easier to navigate.
- Breadcrumbs – those links directly beneath the “Employers,” “Members” and “Retirees” tabs, add another way to navigate within different sections of the site.
- Print-friendly pages are in a simple black-and-white format that provides a readable hard copy of the information on the screen.
- You can view the entire list of VRS publications and forms or use a “Show Me” drop-down menu to view specific topics such as “Benefits Information” or “Service Retirement Forms.”
- Each page has the search function in the upper right corner. Enter your keyword or keywords in the space provided. For advanced searches, select the + icon or “Advanced Search Options” from the search page. Search the entire site or just Web pages, forms or publications.

What's the same?

- Same address: www.varetire.org.
- Same accessibility standards that allow users with disabilities to access information on the site.
- Most bookmarked pages from the old site will work.

Who's Online?

A recent VRS survey found that one in four respondents use *myVRS*, and most want to conduct online transactions with VRS.

Key Findings:

- Nearly 95 percent of respondents said they have a computer with Internet at work; 90 percent have a computer with Internet at home.
- Four in five reported using the Internet daily. Three in five see it as a main source of information.
- Two in five, including those closest to retirement, reported using the Internet for retirement or financial planning.
- The majority said the Internet was their preferred channel for gathering information, but preferred the telephone or face-to-face contact for asking a specific question.

VRS will use these results, along with continuing user input, trends and other data to plan for future customer services.



What Is The Partial Lump-Sum Option Payment?

This is a continuation of a series of articles on retirement options begun in the spring issue of *Member Bulletin*. Go to www.varetire.org to see the spring issue. This article focuses on the **Partial Lump-Sum Option Payment (PLOP)**.

Choosing PLOP at retirement allows you to receive a one-time, lump-sum payment of up to three times your annual Basic Benefit amount. The amount of this lump-sum payment depends on the number of years you work beyond the date you become eligible for an unreduced benefit. When you choose PLOP, VRS calculates your monthly Basic Benefit, then actuarially reduces it to reflect the portion you received in a lump sum.

You must work at least one full year past the date you become eligible for an unreduced retirement benefit, to be eligible for the PLOP.

The lump-sum payment portion of the PLOP is subject to tax withholding of 20 percent for federal taxes and 4 percent for Virginia state taxes. If you retire before age 55, it is subject also to a federal 10 percent early withdrawal penalty. You may defer paying taxes by rolling over the lump-sum payment to an individual retirement account (IRA) or other qualified retirement savings plan.

For more information on all VRS benefit payout options, see your *Handbook for Members*, available at www.varetire.org, or visit your human resource office.

When Are You Eligible For An Unreduced Retirement?

If you're a state employee, you're eligible for an unreduced retirement at 65 with at least five years of service or age 50 with at least 30 years of service.

If you're a member of the State Police Officers' Retirement System or Virginia Law Officers' Retirement System, you can retire with an unreduced retirement at age 60 with at least five years of service, or at age 50 with at least 25 years of service.

What To Remember About PLOP:

- With the PLOP, you may choose the Basic Benefit or a Survivor Option.
- Your VRS benefit is permanently reduced to reflect the lump-sum payment.
- You can use purchased service credit to meet the 30-year service requirement for unreduced retirement.
- You **cannot** use purchased service credit to meet the requirement of working one, two or three years beyond your unreduced retirement date. You must actually work during the period you are qualifying for the PLOP.

If You Work ...	Your Partial Lump-Sum Payment Is...	Example
One year beyond your unreduced retirement date.	The amount of one year of your Basic Benefit. This is a 12-month PLOP.	Bob's Basic Benefit amount is \$2,880.70 a month. His 12-month PLOP amount is \$34,568.40 ($\$2,880.70 \times 12$). His monthly benefit reduces to \$2,660.95 to reflect the PLOP.
Two years beyond your unreduced retirement date.	One or two times your annual Basic Benefit amount. You have a choice of either a 12-month PLOP or a 24-month PLOP.	Based on \$2,880.70, Bob's 24-month PLOP is \$69,136.80 ($\$2,880.70 \times 24$). His monthly VRS benefit reduces to \$2,441.20 to reflect the PLOP.
Three or more years beyond your unreduced retirement date.	One, two or three times your annual Basic Benefit amount. You have a choice of a 12-month, 24-month or 36-month PLOP.	Based on \$2,880.70, Bob's 36-month PLOP is \$103,705.20 ($\$2,880.70 \times 36$). His monthly VRS benefit reduces to \$2,221.45 to reflect the PLOP.



Retirement Education Seminars And Group Counseling Schedules

Retirement Education Seminars (RES) and Group Counseling Sessions (GCS) make preparing for retirement easy. Both the RES and GCS are free and available throughout the state.



RETIREMENT EDUCATION SEMINARS 8:00 a.m. - NOON		GROUP COUNSELING SEMINARS 1:00 p.m. - 4:00 p.m.
DATE	LOCATION	COLLEGE CONTACT
October 3	Wytheville Community College, Wytheville	Wytheville Community College 1000 East Main St., Wytheville, VA 24382 Phone: 1-276-223-4712 Fax: 1-276-223-4716
October 16	John Tyler Community College Nicholas Student Center, Chester	John Tyler Community College 13101 Jefferson Davis Hwy, Chester, VA 23831 Phone: 1-804-706-5030 Fax: 804-1-796-4266
October 31	Chesapeake Main Library 298 Cedar Road, Chesapeake	Tidewater Community College 300 Granby Street, 5th Floor, Norfolk, VA 23510 TCC Coordinator Phone: 1-757-822-1234 Fax: 1-757-822-1160
November 1	Central Virginia Community College, Lynchburg	Central Virginia Community College 3506 Wards Road, Lynchburg, VA 24502 Phone: 1-434-832-7608 Fax: 1-434-832-7761
November 6	Blue Ridge Community College, Weyers Cave	Blue Ridge Community College P.O. Box 80, Weyers Cave, VA 24486 Phone: 1-540-453-2342 Fax: 1-540-234-8102
November 14	Greenfield Education & Training Center, Daleville	Greenfield Education & Training Center 57 South Center Drive, Daleville, VA 24083 Phone: 1-540-966-3984 Fax: 1-540-966-4010
November 15	John Tyler Community College, Nicholas Student Center, Chester	John Tyler Community College 13101 Jefferson Davis Hwy, Chester, VA 23831 Phone: 1-804-706-5030 Fax: 1-804-796-4266
November 20	Lord Fairfax Community College, Fauquier Campus	Lord Fairfax Community College 6480 College Street, Warrenton, VA 20187 Phone: 1-540-351-1524 Fax: 1-540-351-1560

RETIREMENT EDUCATION SEMINAR & GROUP COUNSELING SESSION REGISTRATION FORM

Important: To register for either a Retirement Education Seminar or a Group Counseling Session, fax or mail this form to the contact listed for the meeting you wish to attend.

This form also is available on the VRS Web site at www.varetire.org. Be sure to include your name and phone number on the fax cover sheet.

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 7-10 days prior to the session date from the community college.

Which program would you like to attend?

Retirement Education Seminar (RES):

Recommended for members who are more than 10 years away from retirement. Topics discussed: Adjusting and Planning for Retirement; Estate Planning and Legal Readiness; Basic Financial Planning concepts.

Group Counseling Session (GCS):

Recommended for members who are within five years of retirement. Topics discussed: VRS Retirement Options, Estimating your monthly benefit, Increasing your retirement benefit, Life Insurance and other retirement resources.

I would like to attend both the RES and the GCS sessions.

Date, Time and Location: _____

Name: _____

Daytime Phone Number: () _____

Mailing Address: _____

STREET

CITY

STATE

ZIP

E-mail address: _____

Are you bringing a guest? YES or No Number of Guests _____

If your guest is a VRS member, please have the guest complete a registration form.

Please check your employer:

State Agency State Police VaLORS Judges School System Political Subdivision Political Subdivision/Hazardous Duty

If you need assistance due to a disability, please indicate how we can help:



Virginia's Sickness and Disability Program Increases Long-Term Care Benefit



If you're a Virginia Sickness and Disability Program (VSDP) participant, you'll see your long-term care benefit increase.

Effective December 1, 2007, your long-term care daily benefit amount will increase from \$75 to \$96. The maximum lifetime amount will increase from \$54,750 to \$70,080.

Also on December 1, VRS will begin administering the long-term care program. The current administrator, Aetna Life Insurance Company, is no longer offering group long-term care insurance for VSDP participants. If you're a current VSDP participant, you'll be enrolled automatically in the VRS-administered program and your coverage will continue at no cost to you.

Seven Days To Secure Your Future

Celebrate National Save for Retirement Week

Congress has passed a bill declaring the week of October 21 – 27 as National Save for Retirement Week. Celebrate the week-long event by focusing on things you can do to achieve a more secure financial future.

October 21

Review your current expenses and debt. Try to pay off your debt before you retire. What expenses will you have in retirement?

October 22

Review your estimated retirement benefit amounts on your 2007 MBP, or in your *myVRS* member online account.

October 23

What other income will you have in retirement? For information on Social Security estimates, visit www.socialsecurity.gov or call your local Social Security Administration office.

October 24

Find out more about the Commonwealth of Virginia 457 Deferred Compensation Plan. Visit www.vadcp.com to sign up for a Regional Education and Enrollment Meeting. If you are

already participating, increase your deferral amount. Most state agencies allow online deferral changes or you can download a copy of the Payroll Authorization Form at www.vadcp.com.

October 25

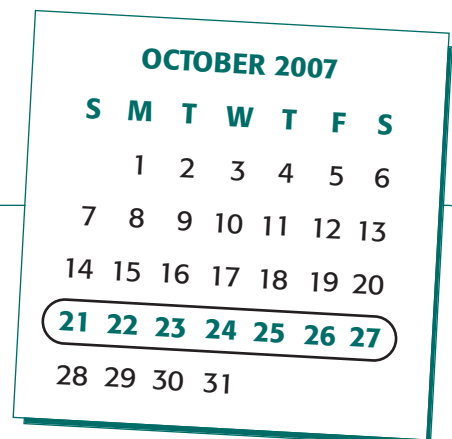
Make sure you understand your VRS benefits. Review your *Handbook for Members*. Visit www.varetire.org for information. If you're more than five years from retirement, sign up for a Retirement Education Seminar. If you're close to retirement, sign up for a Group Counseling Session. See page 5.

October 26

Make an action plan based on this information.

October 27

Hey, it's Saturday! Take a break over the weekend. Then get going on your plan.



Deferred Compensation Plan News



Put Your Deferred Compensation Plan To Work For You

With the Commonwealth of Virginia's 457 Deferred Compensation Plan (457 Plan), you can defer paying taxes while saving for retirement. Building up personal savings in the 457 Plan is an excellent way to supplement your retirement income. You also can use your savings from the plan to help offset rising health care costs in retirement.

Increase Your Deferral Level

If you're contributing the minimum \$10 per pay period, consider increasing your deferral to \$20. That will earn you an employer match of \$10 per pay period.

Each time you receive a salary increase, defer a little bit more to your account. Over time, that small increase will add up to thousands more in retirement savings.

The chart below shows the impact of various deferral levels over 10-, 20- and 30-year time periods. The earlier you start, the more likely you are to reach your financial goals:

Contribution		10 Years	20 Years	30 Years
Per Pay Period	Annual Amount	Growth*	Growth*	Growth*
\$ 25	\$ 600	\$ 8,697	\$ 26,193	\$ 61,389
50	1,200	17,394	52,386	122,778
100	2,400	34,788	104,771	245,557

Source: Great-West Retirement Services ©2005

* For illustration purposes only. This hypothetical example assumes 24 pay periods per year and 7% average annual return, compounded monthly. It is not intended to depict the performance of any security. Actual rate of return may be more or less than shown and will depend upon a number of different factors, including a participant's choice of investment options. Any fees or expenses and other fees or charges associated with the plan are not considered in this illustration. Plans having these charges would reflect lower net returns and accumulations.

Getting a Late Start?

Take Advantage of Catch-Up Provisions

If you haven't starting contributing to the 457 Plan or you're not at the level that will meet your future needs, it's not too late.

As a participant, take advantage of the following catch-up provisions that can have a significant effect on your retirement savings.

Age 50 or older?

You can contribute up to \$5,000 over the regular deferral amount of \$15,500, for a total of up to \$20,500, to your 457 Plan account by using the Age 50+ Catch-Up provision. Employees of colleges and universities may contribute this additional amount to both the 457 Plan and their employer-sponsored 403(b) plan.

Close to retirement?

You can take advantage of the Standard Catch-Up. This provision allows you to contribute more than the regular deferral amount of \$15,500. For 2007, the Standard Catch-Up limit is \$31,000. You may contribute the additional Standard Catch-Up amount during each of the three consecutive calendar years before your normal retirement age.

You may not use both the Age 50 Catch-Up and the Standard Catch-Up in the same year.



myVRS Puts Your Account Information At Your Fingertips

CONTINUED FROM PAGE 1

To set up your *myVRS* account:

- Go to the VRS Web site at www.varetire.org and select the *myVRS* logo from the homepage.
- This will take you to the *myVRS* log-in page. Select “Register Now” to set up your account. Once you have entered all your information, click the “Finish” key to submit your registration.
- You will log in from this page each time you want to access your online account.

The log-in page provides a “Help” menu of FAQs, common terms, the VRS Web Policy and a *myVRS* User’s Guide. Because registration questions cannot be

addressed through e-mail, if you have problem logging into your *myVRS* account, please contact the Customer Contact Center at 1-888-VA-RETIR (827-3847).

myVRS Protects Your Member Account Information

When you register for *myVRS*, you answer a few questions only you can answer to verify your identity. You then set up a personal profile with your username and password, which you use each time you want to access your account. Only you and your employer have access to your account. No one else can log into your *myVRS* account.

To maintain the security of the account, never share your username or password.



Director
Robert P. Schultze

Public Relations Director
Jeanne Chenault

Communications Manager
Ann Black

Communications Editor
Kathleen Dimond

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

Virginia Retirement System
Post Office 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
Web Site: www.varetire.org



Virginia
Retirement
System

VRS Announces Latest Schedule For Deferred Compensation Plan Regional Enrollment And Education Meetings

The Commonwealth of Virginia 457 Deferred Compensation Plan (457 Plan) has scheduled Regional Enrollment and Education Meetings (REEMS) through October. These meetings introduce the benefits of the 457 Plan and Cash Match Plans, account management and budgeting strategies. The free sessions are for both active employees and retired plan participants. Pre-registration is not required.

PLAN FEATURES & BENEFITS	ACCOUNT MANAGEMENT STRATEGIES	ADVANTAGES OF BUDGETING	POST-RETIREMENT STRATEGIES
9:00 a.m.	10:15 a.m.	11:30 a.m.	1:30 p.m.
DATE	LOCATION/PRESENTER		
October 4	VDOT Staunton District 811 Commerce Road, Staunton, VA 24401 Catherine Pfeilsticker 1-866-226-6682, opt 2 Ext 107		
October 10	Radford University Fairfax Street, Radford, VA 24142 Heth Hall Lounge B Nancy Roth 1-866-226-6682, opt 2 Ext 115		
October 24	John Tyler Community College Featherstone Prof Center 1807 Huguenot Road, Midlothian, VA 23114 Tom Ferguson 1-866-226-6682, opt 2 Ext 102		
October 25	Southeastern Virginia Training Center 2100 Steppingstone, Chesapeake, VA 23320 Tom Ferguson 1-866-226-6682, opt 2 Ext 102		
October 30	Chesapeake Main Library 298 Cedar Road, Chesapeake, VA 23322 Tom Ferguson 1-866-226-6682, opt 2 Ext 102		