

Highlights of VRS Plan 1 and Plan 2 Provisions

Effective July 1, 2010

PLAN 1: Employees whose membership date is before July 1, 2010 are covered under the provisions of the VRS Plan 1. Employees may be active or deferred. Active members are currently working in a covered position. Deferred members are not currently working in a covered position but have not withdrawn their funds and have service credit in VRS or an account balance in a Virginia optional retirement plan (ORP) as of June 30, 2010. Deferred members who return to covered employment will be rehired under Plan 1.

PLAN 2: Employees whose membership date is July 1, 2010 or later are covered under the provisions of the VRS Plan 2. Employees who were previously employed in a covered position and withdrew their funds will be rehired under Plan 2 if they return to covered employment with no service credit in VRS or no ORP account balance.

Effective July 1, 2010	VRS Plan 1 <i>(Members with pre-July 1, 2010 service credit or an ORP account balance)</i>	VRS Plan 2 <i>(Members hired or rehired on or after July 1, 2010 with no service credit or ORP account balance)</i>
Average final compensation	Average of the employee's 36 highest consecutive months of creditable compensation	Average of the employee's 60 highest consecutive months of creditable compensation
Member contribution, VRS defined benefit (DB) plan	<p>Full-time salaried and part-time salaried state employees contribute 5 percent of their compensation each month to their member contribution account. (This excludes state elected officials, judges, ORP participants and non-covered wage employees.)</p> <p>School divisions and political subdivisions may elect to pay the 5 percent member contribution on behalf of employees. As provided under current statute, this election is irrevocable.</p>	<p>State employees contribute the 5 percent member contribution. School divisions and political subdivisions may elect to pick up some or all of the 5 percent member contribution for their employees. Political subdivisions that do not pay the 5 percent member contribution for current Plan 1 employees must elect to pick up the full contribution for these employees in order to pay some or all of the contribution for Plan 2 employees. Employees pay contributions on a pre-tax salary reduction basis.</p>

Member and employer contributions, optional retirement plan (ORP)	10.4 percent employer contribution	8.5 percent employer contribution and 5 percent member contribution on a pre-tax basis. Institutions of higher education have the option to increase the employer ORPHE contribution up to 8.9 percent, provided the additional increase is paid from non-state funds.
Vesting, VRS DB plan	At 5 years of service credit	Same as Plan 1
<i>Vesting and Refunds</i>	Vested members are eligible for a full refund of their member contribution account balance including interest. Non-vested members are eligible for any funds they contributed, plus accrued interest. They also are eligible for any contributions made by their employer before July 1, 2010 and corresponding interest. Non-vested members are not eligible for a refund of any contributions made by their employer after July 1, 2010 or the interest on these contributions.	Same as Plan 1. NOTE: Non-vested Plan 2 members will not have pre-July 1, 2010 contributions.
Vesting, ORP	Immediate	Same as Plan 1
Retirement multipliers	VRS (state, school division and political subdivision non-hazardous duty employees): 1.7 percent SPORS: 1.85 percent VaLORS: 1.7 percent or 2.0 percent, depending on member's election Sheriffs: 1.85 percent Political subdivision hazardous duty employees: 1.7 percent or 1.85 percent, depending on employer's election	Same as Plan 1. NOTE: VaLORS members under Plan 2 retire under the 2.0 percent multiplier with no eligibility for the hazardous duty supplement.

Normal retirement age	Age 65	Normal Social Security retirement age
	SPORS, VaLORS and Political Subdivision Hazardous Duty Members: Age 60	Same as Plan 1
Earliest unreduced retirement eligibility	VRS: Age 65 with at least five years of service credit or age 50 with at least 30 years of service credit	VRS: Normal Social Security retirement age with at least five years of service credit or when age and service equal 90 (e.g. age 60 with 30 years of service credit)
	SPORS, VaLORS and Political Subdivision Hazardous Duty Members: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit	Same as Plan 1
	JRS: Age 65 with weighted service equal to at least five years of service credit or age 60 with weighted service equal to at least 30 years of service credit	Same as Plan 1
Earliest reduced retirement eligibility	VRS: Age 55 with at least five years of service credit or age 50 with at least 10 years of service credit	VRS: Age 60 with at least five years of service credit
	SPORS, VaLORS and Political Subdivision Hazardous Duty Members: Age 50 with at least five years of service credit	Same as Plan 1
	JRS: Age 55 with weighted service equal to at least five years of service credit.	Same as Plan 1

<p>Cost-of-Living Adjustment (COLA) <i>(effective July 1 of the second calendar year after retirement)</i></p>	<p>Matches first 3 percent increase in the Consumer Price Index-Urban and one-half of the remaining increase up to a maximum COLA of 5 percent, when provided</p>	<p>Matches first 2 percent increase in the Consumer Price Index-Urban and one-half of the remaining increase up to a maximum COLA of 6 percent, when provided</p>
<p>Purchase of Prior Service</p>	<p>Three-year eligibility period to purchase prior service at 5 percent; actuarial equivalent rate after three years</p>	<p>Effective January 1, 2011: One-year eligibility period to purchase prior service at normal cost; actuarial equivalent rate after one year</p> <p>Exception: Provisions for VRS refunded service, no-cost military leave and sick leave conversion are the same as Plan 1.</p>