



Service Retirement Checklist FOR EMPLOYERS

Use this checklist to help counsel employees about service retirement. For more information, see VRS Plan 1, VRS Plan 2 and the Hybrid Retirement Plan.

✓ Preparing for the Service Retirement Counseling Session	
	Visit myVRS Navigator to access myVRS for Employers. Review the employee's record to determine eligibility for unreduced or reduced retirement.
	Determine if the employee is eligible for the hazardous duty supplement. Note: Purchased military leave or hazardous duty service with a non-VRS participating employer does not count toward the supplement.
	Determine if the employee is eligible for other retirement benefits, including life insurance, the health insurance credit, long-term care options or the Commonwealth's 457 Deferred Compensation and Cash Match Plans.
	Determine if the employee has unused sick leave (non-VSDP employees) or disability credits (VSDP employees).
	Determine if the employee is under contract to purchase prior service.
✓ Conducting the Counseling Session	
	Provide the <i>Getting Ready to Retire Guide</i> . Review other VRS resources, including VRS website information, myVRS, education and counseling and the <i>Handbook for Members</i> at www.varetire.org .
	Encourage employee to estimate income and expenses through myVRS and create different benefit scenarios through the myVRS Benefit Estimator. Employee also can view his/her Member Benefit Profile.
	Confirm eligibility for unreduced or reduced retirement and the hazardous duty supplement, if applicable.
	Advise employee that retirement is effective on the first of the month and to apply between 60-120 days before this date. Also explain that benefits cannot begin until the employee has been separated from employment (full-time and part-time) with the employer for all covered and non-covered service for at least one full calendar month from the retirement date.
	Review any eligible payments of unused annual leave, unused sick leave (non-VSDP employees only) or disability credits (VSDP employees only). Explain the conversion of sick leave to service credit (non-VSDP employees only), if applicable.
	Inform employee that any eligible prior service purchases must be completed 60 days before retirement. If employee is a Hybrid Retirement Plan member, purchase of prior service applies only to the defined benefit component of the Hybrid Retirement Plan.
	Review the benefit payout options available to the employee and that the selection is irrevocable, except for the Survivor Option under some conditions: <ul style="list-style-type: none"> • Basic Benefit • Survivor Option • Partial Lump-Sum Option Payment (PLOP) if the employee has been in active service for at least one year from his or her unreduced retirement eligibility date • Advance Pension Option if the employee is at least age 55 (age 50 for hazardous duty employees) and vested. Explain that the employee must submit the Social Security Online Estimate at www.ssa.gov/estimator. Note: For Hybrid Retirement Plan members, these options only apply to the defined benefit portion. Distribution of defined contribution benefits is different; refer to Leaving Employment for information.
	Explain the hazardous duty supplement if the employee is eligible (SPORS with 1.85% multiplier, VaLORS with the 1.7% or 2.0% multiplier or political subdivision employees covered under enhanced hazardous duty benefits with 1.7% or 1.85% multiplier). Note: Purchased military service or hazardous duty service with a non-VRS participating employer does not count toward the supplement.
	Review options for the employee's 457 and Cash Match Plans, if applicable (see Commonwealth of Virginia 457 Deferred Compensation Plan and Virginia Cash Match Plan for more information).
	Discuss federal and state income taxes on benefit payments (pre-tax dollars only) and distributions from the deferred compensation plan account, if applicable.
	If the employee is eligible to continue VRS group life insurance coverage (see Insurance in Retirement): <ul style="list-style-type: none"> • Explain Basic Group Life Insurance benefits that continue in retirement and coverage reduction: Beginning January 1 following one calendar year of retirement, 25 percent each January 1 until coverage reduces to 25 percent of its value. • If covered under Optional Group Life Insurance, explain eligibility to continue coverage provided the employee and his or her spouse and dependent children, if applicable, have been continuously covered during the 60 months prior to retirement, or option to convert coverage.

	<p>Discuss any employer-sponsored retiree health insurance coverage and the health insurance credit, if applicable. (State employees are eligible for the State Retiree Health Benefits Program administered by the Department of Human Resource Management).</p>
	<p>Review the COLA:</p> <ul style="list-style-type: none"> • Under VRS Plan 1, the COLA matches the first 3 percent increase in the Consumer Price Index-Urban (CPI-U) and half the remaining increase, not to exceed 5 percent. • Under VRS Plan 2, the COLA matches the first 2 percent increase in the CPI-U and half the remaining increase, not to exceed 6 percent. • Under VRS Hybrid Retirement Plan, the COLA matches the first 2 percent increase in the CPI-U and half the remaining increase, not to exceed 6 percent. This is applicable to the defined benefit component only. The COLA is not applicable to the defined contribution component. • If the employee retires under the Basic Benefit or Advance Pension Option, the COLA calculation will be based on the Basic Benefit amount. If the employee retires under the Basic Benefit with 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. During periods of no inflation or deflation, the COLA is 0 percent. The COLA is effective on July 1 of the second calendar year after retirement. • COLA Effective Dates for Service Retirement: <ul style="list-style-type: none"> • If the employee retires with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from the retirement date. • If the employee retires with a reduced benefit with fewer than 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from the date the employee would have become eligible for an unreduced benefit. • Exceptions to COLA Effective Dates: If the employee is eligible for a COLA under any of the following circumstances, the COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the retirement date: <ul style="list-style-type: none"> • Employee was within five years of qualifying for an unreduced retirement benefit as of January 1, 2013 • Employee retires on disability • Employee retires directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP) • Employee is involuntarily separated from employment for causes other than job performance or misconduct and is eligible to retire under the Workforce Transition Act or the Transitional Benefits Program
	<p>Explain long-term care coverage options (see Long-Term Care):</p> <ul style="list-style-type: none"> • Continuation of VSDP long-term care coverage, if eligible • Continuation of VLDP long-term care coverage, if eligible • Eligibility to apply for the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program, whether or not the employer has elected to participate • Note that all employees are eligible for this and all retirees can use this
	<p>Explain the requirements regarding working after retirement and encourage the employee to review Working After Retirement.</p>
<p>✓ Completing the Retirement Process</p>	
	<p>Have the employee complete the Application for Service Retirement (VRS-5) and return the form to you so that you can complete the employer certification section. For eligible hazardous duty employees, also include the Certification for Hazardous Duty (VRS-77).</p>
	<p>If applicable, have the employee complete the Application for Purchase of Prior Service Credit (VRS-26).</p>
	<p>If the employee is eligible and elects to convert sick leave to service credit, complete the process through myVRS Navigator.</p>
	<p>If the employee participates in VSDP and has elected to convert disability credit to service credit, complete the process through myVRS Navigator.</p>
	<p>If the employee is covered by VRS Plan 1 or VRS Plan 2, have the employee complete the following required forms:</p> <ul style="list-style-type: none"> • Designation of Beneficiary (VRS-2) • Request for Income Tax Withholding (VRS-15) • Authorization for Direct Deposit of Monthly Benefit (VRS-57) • State Health Benefits Program Enrollment Form for Retirees, Survivors and VSDP/LTD Participants (state employees only)

	<p>If the employee is covered by the Hybrid Retirement Plan, have the employee complete the following required forms:</p> <ul style="list-style-type: none"> • VRS Hybrid 457 Deferred Compensation Plan Distribution/Direct Rollover/Transfer Request Form • VRS Hybrid 401(a) Cash Match Plan Distribution/Direct Rollover/Transfer Request Form • IRS Form W-4P: Withholding Certificate for Pension or Annuity Payments • Beneficiary Designation Form – Defined Contribution* • Beneficiary Designation Form – Defined Benefit* <p>*Note: Both Beneficiary Designation Forms must be completed in order to designate beneficiaries.</p>
	<p>Have the employee complete the following forms as applicable:</p> <ul style="list-style-type: none"> • Retiree Optional Life Continuation (VRS-39R) • Request for Health Insurance Credit (VRS-45) if VRS will not be deducting health insurance premiums from the monthly benefit • Long-Term Care Plan Authorization of Coverage Retention (VSDP or VLDP) (VRS-170) and Long-Term Care Plan Protection Against Unintentional Lapse (VSDP or VLDP) (VRS-171) • Refer employees who wish to continue or apply for the COV Voluntary Group Long Term Care Insurance Program to www.genworth.com/cov
	<p>Review the entire package to ensure it is complete, sign the employer certification section and submit all original forms to VRS.</p>
<p>✓ Post-Application Communications</p>	
	<p>VRS will send the employee a confirmation notice in the mail regarding the benefit payout option selection if a PLOP or APO option is selected. The employee must sign and return this notice to VRS before benefits can be paid. If a survivor option is chosen, a confirmation notice will be mailed; however, it does not need to be returned if there are no changes to the survivor option.</p>
	<p>Following processing of the application, VRS will send the employee a retirement packet, which includes the retirement certificate and <i>Retiree Handbook</i>.</p>
	<p>In a separate mailing, VRS will send the employee an authentication code to create a secure myVRS online retiree account for managing his/her VRS benefits. The myVRS account will allow the retiree to perform the following tasks:</p> <ul style="list-style-type: none"> • View benefit payment information, tax withholdings and cost-of-living adjustments • Review health insurance coverage, premiums and health insurance credit, if eligible • View life insurance coverage • View and update personal contact information

Questions? Call VRS toll-free at 1-888-VARETIR (1-888-827-3847).

Select menu option 3 to speak with an employer advisor.