

CONTRIBUTION CONFIRMATION AND PAYMENT SCHEDULING

EMPLOYER MANUAL

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CONTRIBUTION CONFIRMATION AND PAYMENT SCHEDULING



**EMPLOYER
MANUAL**

To complete the contribution confirmation process, your organization must create a monthly snapshot in myVRS Navigator of your current population of employees enrolled in VRS provided plans and other member benefits, such as group life insurance. Before confirming, you must review and reconcile your snapshot to ensure the most accurate data is reported. In addition to the data, you must submit payments for the defined benefit plans and other member benefits to VRS each month. For the Hybrid Retirement Plan defined contribution component, you must submit contribution detail through EZLink, ICMA-RC's web-based system. Payments for the defined contribution component of the hybrid plan are submitted to ICMA-RC each time contributions are withheld through payroll.

REPORTING ROLES ASSOCIATED WITH CONTRIBUTION CONFIRMATION AND PAYMENT SCHEDULING

Role-based security is a feature that enables employers to manage access to myVRS Navigator and VRS data based on the work employees perform. Roles define the data a person can view, create and update. Employers authorize employees to access VRS data and systems and assign the appropriate roles for each employee. The following roles are associated with contribution confirmation and payment scheduling:

Employer Roles Associated with Reporting		
Contribution Confirmation	Advance Person Account Processor	Informs VRS of Social Security number, contribution and coverage errors and submits mass updates for multiple people at the same time, manages enhanced benefits
	Employer Contributions Processor	Views and maintains contribution details
	Snapshot Processor 2	Generates, views and confirms the organization's monthly contribution report
Payment Scheduling	Payment Scheduler	Schedules the amount and date of payment of member and employer contributions
	Payments Scheduler Approver	Approves the amount and date of scheduled payments for member and employer contributions

For a complete list of roles, see the *Employer Roles and myVRS Navigator Security Access Job Aid* in the VRS University.

CONTRIBUTION CONFIRMATION PROCESS

Throughout the month, it is the employer's responsibility to enroll and maintain employee records. At the end of each month, the employer is required to complete the contribution confirmation process by generating and confirming a snapshot. A snapshot is a monthly picture of the employer's current population of employees and includes a summary of all the data from your employee records. The generation of the snapshot calculates both creditable compensation and service, as well as contributions (employee and employer) for all employees included in the snapshot. Confirmation of the snapshot posts this information to the employee's record.

Prior to confirming the snapshot, you should review and reconcile the amounts in myVRS Navigator to the information in your payroll system. Summary information is included for defined benefit contributions, the Basic Group Life Insurance Program, the Virginia Sickness and Disability Program, the Virginia Local Disability Program and the

Health Insurance Credit. Payment for the defined benefit contributions and member benefits must be paid to VRS once a month.

The snapshot also includes a summary of the Hybrid Retirement Plan defined contributions for the month. myVRS Navigator calculates the amount that is expected to be sent to ICMA-RC, based on the information from myVRS Navigator. The defined contribution information should be used to reconcile the amounts you submit to ICMA-RC each payroll cycle.

Note: The snapshot does not include the Commonwealth of Virginia 457 Deferred Compensation Plan information.

All employers are required to report to VRS employee activity for the month by the 10th of the following month. If the 10th of the month falls on weekend or holiday, confirmations are due the next business day. Confirming late delays benefit processing and results in errors due to incorrect or incomplete information. Refunds, retirements, benefit estimates, Member Benefit Profiles, and processing of purchase of service applications are all affected by late reports.

For step-by-step instructions on how to generate, review, reconcile and confirm the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* located in the VRS University.

PAYROLL FREQUENCY AND THE MONTHLY SNAPSHOT

Since the snapshot is a monthly process that must be reconciled to the payroll deductions withheld from your employees, it is important to understand the relationship between your payroll frequency and myVRS Navigator monthly snapshot. When contributions are taken, the basis of the contribution may need to be adjusted based on your payroll frequency. Contributions must be based on monthly creditable compensation, not the amount paid. Monthly creditable compensation is the annual salary amount divided by 12 or the contract length. See the Enroll and Maintain Employees chapter for more information about creditable compensation.

Employers who pay employees on either a monthly or semi-monthly payroll cycle (like DOA-CIPPS) fall naturally into a monthly payroll cycle. For employers who pay employees bi-weekly, VRS recommends withholding contributions twice a month, even in months where an employee receives three paychecks. For employers who pay employees weekly, VRS recommends withholding contributions four times a month, even in months where the employee receives five paychecks. This recommended pattern for withholding deductions applies to all VRS defined benefit plans, the Hybrid Retirement Plan and Other Post-Employment Benefits (OPEB). See the table below for an illustration.

Pay Frequency	Number of Pay Periods per Year	Number of Pay Periods per Year without VRS Deductions Taken	Number of Pay Periods per Year with VRS Deductions Taken	Percentage of Employee's Monthly Creditable Compensation and VRS Deductions	Number of Hybrid Contributions to ICMA-RC per year	Number of Payments to VRS per Year
Weekly	52	4	48	25%	48	12
Bi-weekly	26	2	24	50%	24	12
Semi-monthly	24	0	24	50%	24	12
Monthly	12	0	12	100%	12	12

This withholding pattern is particularly important for the Hybrid Retirement Plan. In addition, deductions for the defined benefit and defined contribution components of the Hybrid Retirement Plan are both based on an employee's monthly creditable compensation. Unlike a traditional deferred compensation plan where a percentage of compensation is withheld each pay period, the defined contribution component of the hybrid plan is part of a VRS retirement plan that also has a defined benefit component.

Example: Sarah is a Hybrid Retirement Plan member who has elected a 4% voluntary contribution. She has a salary of \$60,000 and a monthly creditable compensation of \$5,000. Her bi-weekly pay is \$2,308. You would deduct \$125 from each of the first two paychecks of the month, which represents the 4% mandatory defined benefit contribution deduction (\$100) and the 1% mandatory defined contribution deduction (\$25). In addition, you would deduct \$100 from each of the first two paychecks of the month for the 4% voluntary deduction.

	Paycheck 1	Paycheck 2	Paycheck 3*
4% Mandatory DB	\$100	\$100	\$0
1% Mandatory DC	\$25	\$25	\$0
4% Voluntary DC	\$100	\$100	\$0
Totals	\$225	\$225	\$0

* Occurs twice a year.

You will note that the deductions were based on her monthly creditable compensation, not her bi-weekly pay amount. The \$125 mandatory contribution equals 5.4% and the \$100 voluntary contribution equals 4.33% of her bi-weekly pay amount. However, there will be two pay periods in the year where no deductions will be taken.

Example: Tom is a Hybrid Retirement Plan member who has elected a 2% voluntary contribution. He has a salary of \$48,000 and a monthly creditable compensation of \$4,000. His weekly pay is \$923.08. You would deduct \$70 from each of the first four paychecks of the month, which represents the 4% mandatory defined benefit contribution deduction (\$40) and the 1% mandatory defined contribution deduction (\$10). In addition, you would deduct \$20 from each of the first four paychecks of the month for the 2% voluntary deduction.

	Paycheck 1	Paycheck 2	Paycheck 3	Paycheck 4	Paycheck 5*
4% Mandatory DB	\$40	\$40	\$40	\$40	\$0
1% Mandatory DC	\$10	\$10	\$10	\$10	\$0
?% Voluntary DC	\$20	\$20	\$20	\$20	\$0
Totals	\$70	\$70	\$70	\$70	\$0

* Occurs four times a year.

You will note that the deductions were based on his monthly creditable compensation, not his weekly pay amount. The \$50 mandatory contribution equals 5.4% and the \$20 voluntary contribution equals 2.17% of his weekly pay amount. However, there will be four pay periods in the year where no deductions will be taken.

GENERATE THE SNAPSHOT

When the employer creates a snapshot, myVRS Navigator calculates the contribution for each employee and includes any enrollment information and maintenance changes since the last confirmation. The snapshot includes summary information, as well as detailed information of the changes, to assist in your review of the snapshot. Employers will confirm one monthly reporting snapshot for each VRS-administered retirement system (VRS, VaLORS, SPORS and JRS) and/or group of employees (VRS-N or VRS-T).

You can generate a new snapshot one day after the previous month's snapshot has been confirmed. Snapshots can be generated throughout the month and are not recorded in the employee records until confirmed. Early generation may be particularly helpful in identifying the Hybrid Retirement Plan defined contributions to be submitted to ICMA-RC during the current month.

For step-by-step instructions on how to generate the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* located in the VRS University.

REVIEW AND RECONCILE THE SNAPSHOT

Once the snapshot is generated, the data should be reviewed in either myVRS Navigator or you can utilize the Snapshot Download File. Compare the data to your payroll system prior to confirmation and at any point during the month. The snapshot will always display the monthly contribution amounts. By comparing the snapshot download file to your payroll system results early in the month, you may identify required payroll adjustments and take corrective action before the last payroll of the month is processed.

The Employment Summary tab of the snapshot is a summary of the changes you made to employee records since your last snapshot. Compare this information to your payroll records to make sure that all the changes were accurate and included in the snapshot. If there are discrepancies, find and correct the error either in your payroll system or in myVRS Navigator.

Once you've verified that the changes in the Employment Summary tab are accurate, use the rest of the tabs in the Other Details panel to reconcile the snapshot totals to the total amounts in your payroll system. Details are included for DB Plan Contributions, DC Plan Contributions, Benefit Contributions, Service Purchase Contributions and adjustments to each of these. myVRS Navigator automatically calculates any necessary changes for retroactive adjustments and corrections. Both retroactive adjustments and corrections are changes to a data element that occur in the past.

If there are differences in any of the contribution types, drill down into the Other Details panel or use the Snapshot Download File to identify the individuals impacted. Once the individuals are determined, ensure that myVRS Navigator records are correct, making any adjustments to the employee record. If myVRS Navigator records are correct and your payroll records are incorrect, adjustments to your payroll data will need to be made in subsequent payroll cycles. For example, additional contributions may need to be withheld or excess contributions refunded to the employee.

If corrections have been made to employee records in myVRS Navigator, the snapshot must be regenerated. A new snapshot replaces the old one. Even if the snapshot is generated multiple times per month, nothing is submitted until the snapshot is confirmed.

For step-by-step instructions about how to review and reconcile the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* and the *Interpreting the Snapshot Download File Process Guide* located in the VRS University.

RECONCILING THE DEFINED CONTRIBUTION COMPONENT OF THE HYBRID PLAN

It's especially important that you reconcile the defined contribution portion of the snapshot to your payroll system to ensure that employees' contributions are invested in a timely manner. Defined contributions credited to the hybrid defined contribution component must match the expected contribution amounts calculated in myVRS Navigator based on each employee's creditable compensation. Because the employee is at risk of losing potential investment earnings, VRS and ICMA-RC use the following process to identify any discrepancies that may require correction:

- When the employer completes the contribution confirmation in myVRS Navigator, VRS will send an electronic file to ICMA-RC detailing, at the employee level, the amount ICMA-RC should expect from the employer.
- ICMA-RC will compare the actual amount received from the employer to the expected amount received on the electronic file from VRS for each contribution month.
- VRS is provided the Hybrid Reconciliation Report by ICMA-RC and reviews any discrepancies.
- ICMA-RC or VRS will contact the employer regarding any discrepancies that need to be researched and/or corrected by the employer.
- If a correction is required, the employer should contact ICMA-RC's Employer Support Team. For more information about corrections, see the *Hybrid Retirement Plan Adjustment Policy* in the Resource Center for Employers (www.varetire.org/hybrid-er). Select the Hybrid Retirement Plan Payroll Information from the Admin tab.

To avoid penalties, such as those set forth by the IRS, it is important that you reconcile your snapshot each month and remit the appropriate contributions.

CONFIRM THE SNAPSHOT

Once the snapshot is correct, it must be confirmed. The system runs validations to ensure the data shown in the monthly reporting snapshot is using the most current data for all employee records. If the data isn't current due to a recent change, the system provides an error message to regenerate the snapshot. You may see other errors, warnings and informational messages. Errors must be addressed before confirming. For certain errors, reports will show on your dashboard. All warnings must be either corrected or acknowledged. When you acknowledge a warning, you are agreeing that the information is not included in the current snapshot. This information will not be included in any snapshot until corrected.

The snapshot can only be confirmed once and cannot be "unconfirmed." Should an error or retroactive activity be discovered after the snapshot is confirmed, this information should be updated in myVRS Navigator with the retroactive effective date.

These adjustments will be included as part of the next month's contribution confirmation process.

Example: In March, Oliver is granted a salary increase retroactive to January 1. The employer enters the new salary and effective date into myVRS Navigator. myVRS Navigator calculates the additional creditable compensation and contributions due for January and February. When the employer reviews his March snapshot, myVRS Navigator presents the revised calculations for January and February and includes the incremental contributions due with the total due for March.

SUBMITTING PAYMENTS

Defined benefit contributions and other employee benefits (such as group life insurance) are paid in a single payment to VRS. Contributions for the defined contribution component of the Hybrid Retirement Plan are paid to ICMA-RC.

PAYMENTS TO VRS

The payment of defined benefit contributions and other employee benefits to VRS should be scheduled in myVRS Navigator, immediately after confirming the snapshot. Once the snapshot is confirmed, the Payment Scheduler role schedules payment for the retirement plans, service purchase, health insurance credit, group life insurance, the Virginia Sickness and Disability Program, the Virginia Local Disability Program and early retirement contributions. Employers can also schedule an ad hoc payment for early retirement contributions. The payment schedule indicates both the amount to be paid, as well as the payment date. The Payments Scheduler Approver may approve or reject the payment. For step-by-step instructions about how to schedule and approve payments in myVRS Navigator, view the *Contribution Confirmation and Payment Scheduling Course* located in the VRS University.

Defined benefit payments must be scheduled so that VRS receives the contributions by the 10th of the month. This means the employer will need to schedule payment at least three days prior to the 10th of the month if you submit payment by ACH Debit/Credit.

Employers that do not confirm the snapshot or pay defined benefit contributions on time may be assessed a penalty of 5% of the amount due, plus interest at the rate of 1% per month until the report is received and the payment is made.¹

To help you manage your payments to VRS, the Employer Account Receivable information and the Employer Monthly Statement are available in myVRS Navigator. To find greater detail regarding real-time balances, and to research historical transaction activity, you can access information made available on the Employer Accounts Receivable screen.

The Employer Monthly Statement is automatically generated at the end of each month, offering a breakdown of your organization's current activity balance, ending balance and any balance forward. The statement details contributions for retirement plans and other member benefits. The statement also includes data for employer monthly activities such as the snapshot confirmation date and amount as well as payments made to VRS. When the statement has been generated, the employer will receive a communication that it's available for viewing in the Employer Monthly Statement Maintenance screen.

For step-by-step instructions on how to schedule your VRS payments, view the *Contribution Confirmation and Payment Scheduling Course* located in the VRS University.

PAYMENTS TO ICMA-RC

Payments for defined contributions must be scheduled separately. Defined contributions are submitted to ICMA-RC each time contributions are withheld through payroll, but do not wait until the snapshot is approved. If defined contributions are delayed, the employee's investment earnings may be impacted and the employer may be assessed penalties in accordance with the Hybrid Retirement Plan Adjustment Policy.

¹ *Code of Virginia* § 51.1-146 provides that VRS may assess a penalty of 5% of the amount due, plus interest at the rate of 1% per month until the payment is made.

To submit contributions, you can either create an online contribution file or upload a contribution batch file in EZLink for defined contributions. Creating an online contribution file is typically used for fewer than 25 employee records to submit. Batch files are used for more than 25 employee records. Payments should not be made before the contribution files are submitted. For file layouts and details about how to submit the contribution file, go to the Resource Center for VRS Employers at <http://www.varetirement.org/hybridemployer/admin-/ezlink.html>.

Note: It's important that the total monthly EZLink contribution files be reconciled to your monthly snapshot totals for the defined contribution component of the Hybrid Retirement Plan.

PAYMENT OPTIONS

VRS recommends ACH debit as the preferred method of payment due to the efficiency and security offered by electronic payments, but also accepts ACH Credit. ACH Debit and ACH Credit are electronic transfers of funds through secure financial networks. ICMA-RC accepts ACH Debit/Credit and Wire Transfers. The following chart outlines details for the available payment options.

CONTRIBUTION CONFIRMATION & PAYMENT SCHEDULING

Payment Options	Defined Benefit (VRS)	Defined Contribution (ICMA-RC)
ACH Debit*	<p>Complete the VRS-61, Notification of Electronic Payment Information. Mail the original signed form to: Virginia Retirement System Finance Control Department P.O. Box 361 Richmond, VA 23218</p>	<p>Complete the VRS ACH Debit Authorization Form. This form can be downloaded from the Hybrid Retirement Plan Resource Center for VRS Employers: http://www.varetirement.org/hybridemployer/forms.html Scan and securely upload a PDF copy of your completed ACH Debit Authorization Form through EZLink. For instructions on how to upload, refer to the second page of the ACH Debit Authorization Form.</p>
ACH Credit	<p>Wells Fargo Bank, N.A. ABA #: 051400549 Account #: 2000050271162 Beneficiary: Virginia Retirement System</p> <p>Employer five-digit VRS employer code must be included in the individual ID field in the supplemental payment record. This ensures that VRS credits the proper organization with the payment.</p>	<p><u>Hybrid 457 Plan</u> M & T Bank ABA #: 022000046 Account #: 42538001 Ppt ID: 307059/4-Digit Division ID**</p> <p>If an email is required for the ACH Credit notification, then please use achnotice@icmarc.org</p>
ACH Credit	<p>Employer five-digit VRS employer code must be included in the individual ID field in the supplemental payment record. This ensures that VRS credits the proper organization with the payment.</p>	<p><u>Hybrid 401 Plan</u> M & T Bank ABA #: 022000046 Account #: 42537981 Ppt ID: 108043/4-Digit Division ID**</p> <p>If an email is required for the ACH Credit notification, then please use achnotice@icmarc.org</p>
Wire Transfer	Not Applicable	<p><u>Hybrid 457 Plan</u> M & T Bank ABA #: 022000046 Vantagepoint Transfer Agents - 457 Account #: 42538001 OBI: 307059/4-Digit Division ID**</p> <p><u>Hybrid 401 Plan</u> M & T Bank ABA #: 022000046 Vantagepoint Transfer Agents - 401 Account #: 42537981 OBI: 108043/4-Digit Division ID**</p>

* The ACH Debit process normally takes three business days for VRS and two business days for ICMA-RC after contribution records are received.

** The 4-digit Division ID can be found in EZLink under Reports, Participant Indicative, Participant Info, Search Criteria and Select Divisions. Please note that this is not the 5 digit VRS Employer Code.

USE OF FORFEITED DEFINED CONTRIBUTION FUNDS

Once a year, employers are able to offset employer defined contributions for the Hybrid Retirement Plan using funds in a forfeiture account. The forfeiture account may include employer contributions that have been removed from an employee's account as a result of an adjustment and any non-vested defined contribution funds.

In December of each year, political subdivisions, school divisions and decentralized state agencies may use the balance in their forfeiture account to fund a portion of the employer contributions sent to ICMA-RC. In May of each year, state agency forfeiture accounts are handled by DOA. Employers may view the balance in their forfeiture account in EZLink.

DEFINED CONTRIBUTION PLANS PENALTIES

Employers are responsible for correcting employee records in a timely manner. Effective January 1, 2015 and until January 1, 2016, VRS and ICMA-RC will continually monitor and assess compliance with the corrections and adjustments policy. Starting January 1, 2016, VRS and ICMA-RC may then assess an administrative fee to an employer in cases of repeated corrections and adjustments to employee records or persistent noncompliance with policy. Although employers will not be charged an administrative fee in 2015, they still will be responsible for any "penalties, interest, compliance fees or other charges" associated with the failure to follow state and federal laws that may be imposed under the *Code of Virginia* Section 51.1-124.22(A)(14).

For details about the policy, see the *Hybrid Retirement Plan Adjustment Policy* in the Resource Center for VRS Employers (www.varetire.org/hybrid-er). Select the Hybrid Retirement Plan Payroll Information from the Admin tab.

REPORTS IN MYVRS NAVIGATOR

A variety of reports are available in myVRS Navigator. The following reports may be useful when you are completing the contribution confirmation process. Reports are available in PDF and Excel formats. Reports are available in the Report Repository unless otherwise noted. For step-by-step instructions about how to download reports, view the *Introduction to myVRS Navigator Course* located in the VRS University.

CONTRIBUTION CONFIRMATION & PAYMENT SCHEDULING

Report Name	Description	Roles
Employment Changes for Monthly Snapshot	This report lists the person employment changes that occurred during the contribution month.	Employment Processor, Primary Administrative Authority, Security Administrator, Snapshot Processor 2
Enrollments for Monthly Snapshot	This report lists the person enrollments that occurred during the contribution month.	Employment Processor, Primary Administrative Authority, Security Administrator, Snapshot Processor 2
Off Contract Employees	This report lists the persons who are not in a system administrated contract position and are off contract (i.e., are not within the period between a contract's contract start and end date) for this confirmation month based on their contract period and start date.	Employment Processor, Primary Administrative Authority, Security Administrator, Snapshot Processor 2
Separate Employees Before Confirming Snapshot	This document defines the report generated to the employer when one or more employees are being reported on a snapshot who either: <ul style="list-style-type: none"> • Have a death date on or before the first business day of the previous month AND they do not have a separation date on or before the death date, or • Have a retirement date on or before the first business day of the current month AND they do not have a separation date on or before the retirement date AND they are NOT a General Assembly member. 	Employment Processor, Primary Administrative Authority, Security Administrator, Snapshot Processor 2
System Initiated Separation	This report provides a list of employee separations that were completed by myVRS Navigator automatically, with no processor intervention due to enrollment. The employees displayed on the report will be those separations that are effective in the most current snapshot month or retroactive snapshot month that will affect the current snapshot. The report is generated upon generation of the snapshot and is only available to the employer from which the employee was separated.	Employment Processor