VRS Plan 1&2

Getting Ready to Retire

Guide for Members in Plan 1 and Plan 2

Providing information, instructions and forms to help you prepare and apply for retirement

Virginia Retirement System

Getting Ready to Retire

Guide for members in Plan 1 and Plan 2 of the Virginia Retirement System, the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System

Contact VRS

VRS Website: *www.varetire.org*

Toll-Free Telephone Number: 1-888-VARETIR (1-888-827-3847)

TDD: 804-344-3190

Email: *vrs@varetire.org*

Important email notice: *Do not send personal or confidential information, such as your Social Security number, by email. VRS will send only non-confidential replies.*

Mailing Address:
Virginia Retirement System
P.O. Box 2500
Richmond, VA 23218-2500

Note: The information contained in this document is governed by Title 51.1 of the *Code of Virginia.* This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority of the *Code of Virginia*, which may be amended from time to time.

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Member Resources

VRS Website at *www.varetire.org:*

- Secure online access to *my*VRS, providing up-to-date information from your member record and tools to help you plan for retirement
- Benefit information, forms and publications, including the *Handbook for Members*
- Free member education about your benefits, money matters and retirement planning, as well as the Commonwealth's 457 Deferred Compensation Plan if your employer offers the plan

One-on-One Counseling:

Talk with a counselor about your retirement options, applying for retirement and retiree benefits. Walk-in counseling is available on a first-come first-served basis. Limited scheduled appointments also are available; call VRS toll free at 1-888-VARETIR (1-888-827-3847) for more information. Counseling hours are 8:30 a.m.- 4 p.m., Monday through Friday. See *www.varetire.org* for directions to VRS.

See also Key Contacts on the inside back cover.

1. About Your Retirement

About This Guide - The *Getting Ready to Retire Guide* provides an overview of your VRS benefits and how to apply for retirement. For detailed information, refer to the current *Handbook for Members* for Plan 1 or Plan 2 available at *www.varetire.org*. If you have a question about your benefits, you also can contact your human resource office or call VRS toll free at 1-888-VARETIR (1-888-827-3847).

What is Covered Employment? - Covered employment is a full-time permanent, salaried position with a Virginia state agency, public college or university, local public school division or political subdivision that has elected to participate in VRS. Some part-time permanent, salaried state positions also are covered under VRS.

Plan 1 and Plan 2

The Virginia Retirement System (VRS) administers the defined benefit Plan 1 and Plan 2 through VRS, the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS) and the Judicial Retirement System (JRS). The defined benefit plan provides a monthly benefit in retirement based on your age, total service credit and average final compensation. Your benefit is funded through member and employer contributions to VRS, which are invested over your career. VRS holds these funds in a trust protected by the *Constitution of Virginia.* This trust may be used only to pay benefits for VRS members, retirees and beneficiaries.

You are covered under the provisions of Plan 1 if your membership date is before July 1, 2010. If you have left covered employment but have not taken a refund of your member contributions and interest, you are considered a deferred member in Plan 1.

You are covered under the provisions of Plan 2 if your membership date is July 1, 2010 or later. If you were previously employed in a covered position before July 1, 2010 and took a refund of your member contributions and interest, you were rehired under Plan 2 when you returned to covered employment.

For more information, see "Retirement Plan Provisions at a Glance" in this chapter.

Benefit Payout Options

When you apply for retirement, you choose how you want to receive your benefit. The payout options are the Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (PLOP) and Advance Pension Option. **The option you elect is irrevocable.** That means you cannot change it after you retire, with the exception of the Survivor Option under some conditions.

Basic Benefit

The Basic Benefit is a monthly benefit based on a formula (see "Calculating the Unreduced Basic Benefit" on the next page). If you retire with a reduced benefit, VRS will first determine the amount of your Basic Benefit and then apply an early retirement reduction factor. The Basic Benefit does not provide a continuation of a benefit to a survivor. However, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death.

Calculating the Unreduced Basic Benefit

The Basic Benefit is calculated based on a percentage of your average final compensation (see "Retirement Plan Provisions at a Glance" on the next page), multiplied by your total service credit at retirement. This percentage is called a retirement multiplier.

In the following example, the member is retiring under Plan 1 at age 50 with 30 years of service credit and a retirement multiplier of 1.7 percent:

FORMULA	EXAMPLE
Average final compensation	$ 42,000.00
x 1.7%*	x .017
x Years of service credit	x 30
Annual benefit amount	$ 21,420.00
÷ 12 months	÷ 12
Monthly benefit amount before taxes and other deductions	$ 1,785.00

**If you are eligible for enhanced hazardous duty coverage, your retirement multiplier may vary. If you have a question about your multiplier, contact your human resource office or VRS for assistance.*

How Your Benefit is Paid - When you retire, your benefit is paid first from your member contribution account. After these funds have been paid out, your benefit is paid from the separate contribution your employer makes to VRS and investment earnings.

Survivor Option

With this option, you elect to receive a lower monthly benefit during your retirement so that your survivor can receive a monthly benefit after your death. If you elect this option, you will choose a whole percentage of your benefit, between 10 percent and 100 percent, to go to your survivor. Your benefit amount will be based on this percentage, your age and the age of your survivor at your retirement date.

You can name any living person as your survivor; you also can name more than one survivor. The Internal Revenue Service (IRS) may limit the amount that can go to a non-spouse survivor. For more information including a chart on maximum survivor option percentages, call the IRS toll free at 1-800-829-1040 or visit *www.irs.gov.*

Changing Your Survivor - You can change the Survivor Option only once. If you elect the Survivor Option and need to change your survivor after you retire, call VRS toll free at 1-888-VARETIR (1-888-827-3847) for assistance.

Changing the Survivor Option. You can name a new survivor or revert to the Basic Benefit if:

- Your survivor dies;
- Your survivor is your spouse and you divorce with fewer than 20 years of marriage;
- Your survivor is your spouse, you divorce after 20 or more years of marriage and your spouse dies, remarries or consents in writing to a change in benefit; or

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Retirement Plan Provisions at a Glance

	PLAN 1 *Hired Before July 1, 2010*	PLAN 2 *Hired On or After July 1, 2010*
Average Final Compensation	Average of your 36 consecutive months of highest compensation as a covered employee.	Average of your 60 consecutive months of highest compensation as a covered employee.
Member Contribution *Five percent of your compensation is contributed each month to your member contribution account. Any contributions you make are on a pre-tax salary reduction basis. Your account accrues 4 percent interest annually on the balance as of the previous June 30.*	If you are a state employee, you pay the member contribution. There are exceptions to this provision; contact your human resource office for more information. If you are an employee of a school division or a political subdivision, you or your employer (on your behalf) pays the member contribution, as elected by your employer.	If you are a state employee, you pay the member contribution. If you are an employee of a school division or a political subdivision, you may pay some or all of the member contribution, as elected by your employer.
Vesting	You are vested when you have at least five years of service credit. Vesting is the minimum length of service needed to qualify for retirement or to receive a full refund of your member contribution account balance.	
Refunds	If you leave your job, you can request a refund of your member contributions and interest. If you are vested or involuntarily separated from employment for causes other than job performance or misconduct, you will receive a full refund of your member contribution account balance. If you are not vested, you will receive a refund of the balance, excluding any member contributions made by your employer to your account after July 1, 2010 and the interest on these contributions.	
Normal Retirement Age	VRS: Age 65.	Normal Social Security retirement age. A Social Security age chart is provided in Chapter 5-After You Retire.
	SPORS, VaLORS and eligible political subdivision hazardous duty employees: Age 60.	Same as Plan 1.
	JRS: Age 65.	Same as Plan 1.

Hazardous Duty Supplement

If you have enhanced hazardous duty coverage and retire with at least 20 years of hazardous duty service credit, you may be eligible for a supplement to your retirement benefit. For more information, contact your human resource office or refer to the current *Handbook for Members* for Plan 1 or Plan 2 available at *www.varetire.org.*

	PLAN 1 *Hired Before July 1, 2010*	PLAN 2 *Hired On or After July 1, 2010*
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.	Normal Social Security retirement age with at least five years of service credit or when age and service equal 90. *Example:* Age 60 with 30 years of service credit.
	SPORS, VaLORS and eligible political subdivision hazardous duty employees: 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 at least five years of service credit or age 60 with at least 30 years of service credit.	Same as Plan 1. *Note:* Service under JRS is weighted. The weighting factors for the JRS Plan 2 vary from those for the JRS Plan 1. For more information, visit *www.varetire.org.*
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.	Age 60 with at least five years of service credit.
	SPORS, VaLORS and eligible political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Same as Plan 1.
	JRS: Age 55 with at least five years of service credit.	Same as Plan 1.
Retirement Multipliers	VRS and JRS: 1.7 percent SPORS, sheriffs and regional jail superintendents: 1.85 percent VaLORS: 1.7 percent or 2.0 percent Eligible political subdivision hazardous duty employees: 1.7 percent or 1.85 percent, as elected by the employer	Same as Plan 1.
Cost-of-Living Adjustment (COLA) *The COLA is effective July 1 of the second calendar year after you retire. During years of no inflation or deflation, the COLA will be 0 percent.*	Matches the first 3 percent increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half the remaining increase, up to a maximum COLA of 5 percent.	Matches the first 2 percent increase in the CPI-U and half the remaining increase, up to a maximum COLA of 6 percent.

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- You provide VRS a written consent from your survivor giving up claim to a benefit along with proof of your survivor's good health.

  Note: If you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, your benefit must be paid as directed by the ADRO. For more information, see Chapter 5-After You Retire.

Partial Lump-Sum Option Payment

If you work at least one year beyond the date you first become eligible for an unreduced retirement benefit, you may elect to receive a one-time Partial Lump-Sum Option Payment (PLOP). This option reduces your monthly benefit. You may elect the PLOP with the Basic Benefit or Survivor Option.

Beneficiary Payment and the PLOP - If you elect the PLOP with the Basic Benefit, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death. However, because the PLOP is paid from your member contribution account, there may be no balance in your account or the balance may be less than if you elected the Basic Benefit without the PLOP.

Qualifying for the PLOP. Prior service credit or granted service credit counts toward eligibility for unreduced retirement. However, to qualify for a PLOP, you must be working as an active member beyond the date you become eligible for an unreduced retirement benefit. Prior service credit or granted service credit cannot substitute for this active service.

PLOP amount. You may choose a lump sum equal to one, two or three times the amount of your annual Basic Benefit. The amount depends on how long you work beyond the date you first become eligible for an unreduced retirement benefit, as shown in the following table:

Partial Lump-Sum Option Payment (PLOP) Amounts

Active Service Beyond Eligibility for Unreduced Retirement	PLOP Payment	EXAMPLE *Annual Basic Benefit amount = $32,000*
12 months	1 x annual Basic Benefit amount (one-year PLOP)	$32,000
24 months	1 or 2 x annual Basic Benefit amount (one- or two-year PLOP)	$32,000 or $64,000
36 months or more	1, 2 or 3 x annual Basic Benefit amount (one-, two- or three-year PLOP)	$32,000, $64,000 or $96,000

Taxes on the PLOP. If you have the PLOP paid directly to you, VRS will deduct 20 percent for federal income taxes and, if you live in Virginia, 4 percent for state income taxes. You can roll over the PLOP to the Virginia Cash Match Plan if applicable, an Individual Retirement Account (IRA) or another qualified tax-deferred savings plan that accepts rollovers. For more information, read the IRS 402(f) Special Tax Notice available at *www.varetire.org.* You also can contact a tax advisor or the IRS toll free at 1-800-829-1040 or visit *www.irs.gov.*

Advance Pension Option

With this option, you elect to increase your monthly benefit temporarily. The temporary increase begins when you retire and continues until an age you choose, between age 62 and your normal retirement age under Social Security. At that point, your VRS benefit is permanently reduced. A Social Security age chart is provided in Chapter 5-After You Retire.

You can elect the Advance Pension Option with an unreduced benefit. If you are retiring with a reduced benefit, you can elect this option if:

- You are a state employee, teacher or political subdivision employee age 55 or older (age 60 or older if you are in Plan 2), and you have at least five years of service credit; or
- You are covered under Plan 1 or Plan 2 of the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS) or VRS serving in a political subdivision position eligible for enhanced hazardous duty coverage, and are age 50 or older with at least five years of service credit.

To figure your benefit amount, VRS will add a percentage of your estimated monthly Social Security benefit to your monthly VRS benefit. The percentage is based on several factors, including your age at retirement and the age you want your increased benefit to permanently reduce. See "Estimating and Electing the Advance Pension Option" beginning on the next page.

When the temporary increase ends, your benefit will be reduced by the estimated Social Security benefit used to determine your temporary increase. However, it will never be reduced by more than 50 percent of your Basic Benefit amount.

Important note: This option does not affect the amount of your Social Security Benefit. You also may draw your Social Security when you are eligible for it, regardless of the age you choose for your VRS benefit to reduce. The Advance Pension Option does not provide a continuation of a benefit to a survivor. You also cannot elect the Advance Pension Option with other benefit payout options.

Benefit Payout Options and the COLA - The cost-of-living adjustment (COLA) is an annual increase in your retirement benefit that goes into effect on July 1 of the second calendar year after you retire. The COLA calculation is based on the payout option you elect at retirement:

- For the Basic Benefit or Advance Pension Option, the COLA is based on the Basic Benefit amount.
- For the Basic Benefit with the PLOP, Survivor Option or Survivor Option with the PLOP, the COLA is based on the reduced benefit amount.

If you are eligible for a hazardous duty supplement, the supplement will not be included in the COLA calculation. During years of no inflation or deflation, the COLA will be 0 percent. For more information, see Chapter 5-After You Retire.

Estimating and Electing the Advance Pension Option

You will need an estimate of your Social Security benefit. The estimate must be less than 12 months old, assume you will have no future earnings after leaving your position and be based on your Social Security earnings record. To create an estimate, follow these steps:

First, create a Social Security estimate through the Social Security Administration Website:

1. Go to *www.socialsecurity.gov* and select “Estimate your retirement benefit” from the left column on the homepage. From the next page, select “Estimate Your Retirement Benefits.”
2. Follow the prompts and enter the required information. Review the information on the “Verify Your Information” page to ensure it is correct. Then select “Continue.”
3. Enter your salary from the previous year and select “Create Estimate” to see different Social Security retirement scenarios.
4. From this page, select “Create Additional Scenarios” to create an estimate based on your Stop Work Age:
    - Under "Stop Work Age," enter the age you wish to retire from VRS.
    - Under "Average Future Annual Earnings," enter zero (0) if your current age is the same as your Stop Work Age – or – enter your annual salary from the previous year if your current age is less than your Stop Work Age.
    - Select “Create Scenarios.”
5. Proceed to the next step.

Next, create an Advance Pension Option estimate through the VRS Website:

Use the Member Calculator:

1. Go to *www.varetire.org* and select Calculator & Estimator from the left column. Under "Use the Member Calculator," select "Calculate Now." On the next page, select your employer type and then "Next."
2. On the Member Calculator page, complete Rows 1-4. In the Advance Pension Option section, select the "APO Adjuster" link. (Leave the "Monthly Benefit Amount Adjusted for APO" field blank.)
3. A separate window will open showing the date of birth and retirement date you entered in Rows 1 and 2 of the calculator. Verify this information and then select an APO Reduction Age from the drop-down menu. In the "Est. Social Security Benefit" field, type in or copy and paste the result from Step 4 of your Social Security estimate from "First, create a Social Security estimate through the Social Security Administration Website" above. Select "Calculate" to see the result. Select "Accept" to automatically copy the APO Adjuster result in the "Estimated Monthly Social Security Benefit" field in the Member Calculator.
4. On the Member Calculator page, the age you selected for your benefit to permanently reduce will appear in the "Benefit Leveling" age fields. Verify this information and then select "Calculate" to see an Advance Pension Option benefit estimate.

Or, use the *my*VRS Benefit Estimator (Plan 1 members only):

1. Log-in or create a secure *my*VRS online account at *www.varetire.org/myvrs.* From your Account Home page, select the "Benefit Estimator" tab at the top of the page.

2. On the first page of the Benefit Estimator, in the first box, enter a retirement date if you wish to use a date other than your first opportunity to retire. Complete the second box only if you wish to estimate your benefit based on deferring retirement. In the third "Benefit Payout Options" box, select "Advance Pension Option" from the drop-down menu. Complete the Prior Service Credit information in the last box if applicable and then select "Next."

3. On the next page, select the average final compensation you wish to use for your estimate and then select "Next."

4. On the next page, under "Enter Advance Pension Option Information," enter the age at which you would like your benefit to reduce. You can select an age from the drop-down menu. Then select the "APO Adjuster" link. (Leave the "Monthly Benefit Amount Adjusted for APO" field blank.)

5. A separate window will open. Enter your date of birth and retirement date. In the "Est. Social Security Benefit" field, type in or copy and paste the result from Step 4 of your Social Security estimate from "First, create a Social Security estimate through the Social Security Administration Website" on the previous page. Select "Calculate" to see the result. Select "Accept" to automatically copy the result in the "Monthly Benefit Amount Adjusted for APO" field provided on Benefit Estimator page.

6. Select "View Estimate" from the Benefit Estimator to see the result

If you wish to elect the Advance Pension Option when you apply for retirement, follow these steps:

1. Print a copy of the Verify Your Information page from the Social Security calculator (see Step 2 under "First, create a Social Security estimate through the Social Security Administration Website" on the previous page).

2. On the "Create Additional Scenarios" page in the Social Security calculator, enter the age you wish to retire from VRS in the "Stop Work Age" field. Then enter zero (0) in the "Average Future Annual Earnings" field. Print a copy of this page.

3. Include these two results pages with your VRS retirement application. VRS will create the Social Security estimate needed to calculate your benefit under the Advance Pension Option based on the age you would like your temporary VRS benefit increase to end.

Commonwealth of Virginia 457 Deferred Compensation Plan

More Information - For more information about 457 Plan enrollment, contribution limits and plan resources, call toll free 1-VRS-DC-PLAN1 (1-877-327-5261) or visit *www.varetire.org* (select the Defined Contribution Plans tab).

About Distributions - Distributions are effective following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. This includes not working in any covered or non-covered position with a VRS-participating employer. Leave with or without pay, summer breaks and intersession periods do not count toward satisfying this break in service.

A required minimum distribution will begin if you have not arranged to receive payments from your plan by age 70½ or when you leave a position with an employer providing the plan, whichever is later.

The Commonwealth's 457 Deferred Compensation Plan allows you to defer income taxes on your savings until you withdraw the money from your plan. You also may be eligible for an employer cash match through the Virginia Cash Match Plan.

If you are a state employee hired before January 1, 2008, participation in the 457 Plan was voluntary. If you were hired on or after January 1, 2008, participation was automatic with an opt-out option. If you do not participate or opted out of the plan, you can enroll at any time.

If you are an employee of a school division or a political subdivision, your employer may offer the 457 Plan. If you are a teacher or faculty member, you also are eligible to participate in a 403(b) plan, if offered by your employer. Contact your human resource office for more information about your tax-deferred savings options.

Distribution options. If you participate in the Commonwealth's 457 Plan and leave or retire from your position, you can:

- Keep your money in your plan and continue to manage your account, or request a distribution. You cannot contribute to your plan unless you return to salaried or wage employment with an employer that offers the plan.
- Consolidate your retirement funds by contributing a refund, a Partial Lump-Sum Option Payment (PLOP) or money from another qualified plan to the Cash Match Plan, if applicable.
- Contribute payments for unused sick leave or annual leave or other compensation at retirement to your 457 Plan. As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Plan.
- Roll over some or all of the balance in your 457 or Cash Match Plan account to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers. Check with the plan sponsor to determine if the plan accepts rollovers and whether any fees or penalties apply.

Distributions from your plan are subject to federal and state income taxes. The Internal Revenue Service (IRS) also may impose an additional 10 percent tax penalty on withdrawals from the Cash Match Plan before age 59½; there are exceptions to this rule. Withdrawals from the 457 Plan are not subject to this penalty.

Purchasing Prior Service

You may be able to purchase service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as credit in your plan. Prior service credit counts toward the five years needed to become vested and eligibility for retirement, and may increase your retirement benefit or allow you to qualify for retirement at an earlier date. Prior service credit also counts toward eligibility for the health insurance credit, if offered by your employer (see Chapter 5-After You Retire).

To be eligible to purchase prior service, you must be an active member. If you are on leave without pay, you also may be eligible; contact your human resource office for more information. You are not eligible to purchase prior service if you are employed in a non-covered position such as a wage position, you are a deferred member or you are receiving a VRS benefit.

Types of Prior Service

You may purchase up to 48 months of each of the following types of prior public service. Except for some types of military leave, the service you purchase must not be used to qualify you for a benefit under another retirement plan:

- Active duty military service
- Full-time salaried federal service
- Full-time salaried public service other than previous VRS service
- Non-covered service with a VRS-participating employer
- Approved leave for the birth or adoption of a child or approved educational leave, provided you were on leave from a VRS-covered position
- Non-ported service. You do not need to apply for this service. The amount of service you are eligible to purchase will be determined during the portability process.

You also may purchase VRS refunded service, apply for no-cost military leave or convert unused sick leave to service credit if you are eligible (see next page).

Covered under VSDP? - If you are covered under the Virginia Sickness and Disability Program (VSDP) and go on work-related short-term disability, you may be eligible to purchase service credit for the period of time you are receiving a workers' compensation benefit. For more information, contact your human resource office. For an overview of VSDP, see Chapter 3-Other Benefits.

Purchase Prior Service Before You Retire - If you have eligible prior service and want this service applied to your benefit calculation, submit an Application for Purchase of Prior Service Credit (VRS-26) at least 60 days before your retirement date. See "Applying for Purchase of Prior Service" on the next page.

Payment Methods -

- Lump-sum payment using a personal check, trustee-to-trustee transfer of funds or pre-tax rollover of funds.
- After-tax payroll deduction contract or pre-tax salary reduction contract if your employer offers this option, provided you are within your eligibility period (see next page). If you use a contract method, your cost will be based on your compensation, even if your average final compensation is higher.
- Combination of the lump-sum and contract methods.

Prior Service Eligibility Periods and Cost

	PLAN 1 *Hired Before July 1, 2010*	PLAN 2 *Hired On or After July 1, 2010*
Eligibility Period	Within three years of employment or returning from an eligible period of leave, your cost will be based on 5 percent of your compensation or average final compensation at the time of purchase, whichever is higher or depending on the payment method you use.	Within one year of employment or returning from an eligible period of leave, your cost will be based on an approximate normal cost rate as a percentage of your compensation or average final compensation at the time of purchase, whichever is higher or depending on the payment method you use. Approximate normal cost is the average cost of one year of VRS service credit.
After the Eligibility Period	Your cost will be based on an actuarial equivalent rate. This rate represents the amount of money needed in today's dollars to pay for the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service.	
VRS Refunded Service	If you have VRS refunded service, you may purchase all or a portion of this service at 5 percent of your compensation or average final compensation at the time of purchase, whichever is higher or depending on the payment method you use. If you have not purchased your refunded service within three years of becoming eligible, your cost will still be based on 5 percent, but you will be required to use a lump-sum payment.	
No-Cost Military Leave	You may receive service credit at no cost for each occurrence of leave from a covered position for active duty military service. You can apply at any time provided you are not dishonorably discharged, return to covered employment within one year of discharge and do not take a refund of your member contributions and interest.	
Sick Leave Conversion	If you are eligible for a payment of unused sick leave at retirement, you may elect to have this payment converted to service credit toward your benefit calculation. For more information, contact your human resource office.	

Applying for Purchase of Prior Service - Complete an Application for Purchase of Prior Service Credit (VRS-26). If you are applying for prior service with different employers, complete an application for each employer. Depending on the payroll method you choose, you also may need to submit an Authorization for After-Tax Payroll Deduction to Purchase Service Credit (VRS-26C), Agreement for Salary Reduction to Purchase Service Credit (VRS-26E), Employer Certification of Accumulated Sick Leave Eligible for Conversion to Service Credit (VRS-26F) or Request for Trustee-to-Trustee Transfer or Rollover of Funds to Purchase Service Credit (VRS-26G). Note: If you apply for and are approved to purchase multiple service periods, you must purchase the most recent period first.

Please allow VRS approximately four weeks to process your application. If your application is approved, you will receive a cost letter explaining the cost, months of service you may purchase and the payment methods available to you. The cost letter is valid for 90 days. If you do not formally arrange to purchase your service within 90 days of the date of the letter, you will need to request a new cost letter. If your eligibility period has passed or your compensation has increased, your purchase cost may be recalculated.

3. Other Benefits

VRS Group Life Insurance Program

Basic Group Life Insurance Program. If your employer participates in the VRS Group Life Insurance Program, you have basic group life insurance coverage. Your employer may pay your portion of the premiums. Basic group life insurance benefits include:

- Natural death benefit equal to your compensation rounded to the next highest thousand and then doubled. *Example:* If your compensation is $41,400, that amount will be rounded to $42,000 and then doubled for a natural death benefit of $84,000.
- Accidental death benefit equal to twice your natural death benefit. *Example:* If your natural death benefit is $84,000, that amount will be doubled for an accidental death benefit of $168,000.

Other basic benefits include an accidental dismemberment benefit, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit option if you are diagnosed with a terminal condition and have fewer than 12 months to live.

> *Note:* The Department of Social Services may file child support liens against proceeds payable under the VRS Group Life Insurance Program. VRS is required to pay life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations at your death.

Optional Group Life Insurance Program. If you are covered under the VRS Group Life Insurance Program, you are eligible to elect additional coverage for yourself as well as a spouse or dependent children through the Optional Group Life Insurance Program. You pay the premiums through payroll deduction. For more information, refer to the current *Handbook for Members* for Plan 1 or Plan 2 available at *www.varetire.org.*

Disability Programs

VRS disability retirement. If you cannot perform your job because of a non-work related or work-related disability that is likely to be permanent, you may be able to retire on disability. You are not eligible for disability retirement if you are covered under the Virginia Sickness and Disability Program (VSDP), you defer retirement or you take a refund of your member contributions and interest. For more information, refer to the VRS *Disability Retirement Handbook for Members* available at *www.varetire.org.*

More Information - For more information about the VRS Group Life Insurance Program and designating a beneficiary, refer to the current *Handbook for Members* for Plan 1 or Plan 2 available at *www.varetire.org.* For more information about life insurance in retirement, see also Chapter 5-After You Retire.

VRS has contracted with Minnesota Life as the insurer for the program. For more information regarding your coverage, contact Minnesota Life toll free at 1-800-441-2258.

In the Event of Your Death - If you die while you are an active member, your beneficiary should contact your employer. The employer will assist in coordinating any benefits that may be due. If you die while you are retired, your beneficiary or survivor should contact Minnesota Life toll free at 1-800-441-2258. For more information, see *Losing a Loved One: Guide for Families* available at *www.varetire.org.*

Work-Related Disability - Under the provisions of VRS disability retirement and the Virginia Sickness and Disability Program (VSDP), a work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act. For more information, contact your human resource office. See also the Workers' Compensation Commission website at *www.vwc.state.va.us.* If you are a state employee, see the Department of Human Resource Management website at *www.dhrm.virginia.gov.*

More Information About Long-Term Care Programs - Refer to the current *Handbook for Members* for Plan 1 or Plan 2. For additional details about the VSDP Long-Term Care Plan, see also the *Virginia Sickness and Disability Program Handbook for State Employees.* These handbooks and other long-term care program information are available at *www.varetire.org.*

Virginia Sickness and Disability Program. If you are a state employee, you are covered under the Virginia Sickness and Disability Program (VSDP). You are not eligible to retire on disability. VSDP provides sick, personal and family leave; income replacement for short-term and long-term non-work related and work-related disabilities; and coverage under the VSDP Long-Term Care Plan (see below). If you were hired before January 1, 1999, you had the option to move to VSDP or retain your eligibility to be considered for disability retirement. If you were hired on or after July 1, 2009, you must satisfy eligibility periods for non-work related disability coverage and certain income replacement levels. For more information, refer to the *Virginia Sickness and Disability Program Handbook for State Employees* available at *www.varetire.org.*

Long-Term Care Programs

VSDP Long-Term Care Plan. If you are enrolled in VSDP, you are covered under the VSDP Long-Term Care Plan at no cost to you. If you leave or retire from your position, your VSDP long-term care coverage will end. You can elect to continue your coverage, which will be retroactive to your last day of employment; you will pay the premiums.

To continue your coverage, submit the VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and the VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) to the Long Term Care Group, Inc. within 60 days of your last day of employment at P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available at *www.varetire.org.* This option is not available after 60 days.

Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program. If your employer participates in the COV Voluntary Group Long Term Care Insurance Program, you are eligible to elect coverage for yourself and select family members between the ages of 18 and 79. The program provides a maximum monthly benefit for covered long-term care services.

If you are enrolled when you retire, you can continue your coverage by paying the premiums directly to Genworth Life, the insurer for the program. If you are not enrolled, you can apply as a retiree or if you defer retirement and are vested (have at least five years of service credit), provided you are under age 80. Your employer is not required to have elected the program. Medical underwriting (proof of good health) will be required. For more information, contact Genworth Life toll free at 1-866-859-6060 or visit *www.genworth.com/cov.*

4. Preparing and Applying for Retirement

Retirement Readiness Resources

Member Education

Take advantage of the following free educational opportunities offered in a variety of mediums, including live presentations, seminars, webinars, e-courses and regional meetings:

- Retirement planning sessions geared to new and current members, members within five or more years of retirement and those ready to retire
- "Money Matters for Virginians" financial education courses
- Courses on individual benefit topics such as the hazardous duty supplement, purchase of prior service and retirement payout options.

How to Register - Go to *www.varetire.org* and select the Member homepage, then Education & Counseling. For the deferred compensation plan meetings, select the Defined Contribution Plans tab.

Learn more about everything from banking and home finance to investment basics.

One-on-One Counseling

Need individual counseling? Meet with a member counselor at VRS at 1111 East Main Street in downtown Richmond. Sessions are offered on a first-come first-served basis. Limited scheduled telephone or in-person appointments are available; call VRS toll free at 1-888-VARETIR (1-888-827-3847) for more information. Counseling hours are 8:30 a.m.-4 p.m., Monday through Friday. See *www.varetire.org* for directions to VRS.

Deferred Compensation Plan Regional Education Meetings

If your employer participates in the Commonwealth's 457 Plan, be sure to sign up for the deferred compensation plan meetings. The meetings are held at sites around the state and cover topics such as long-term planning for financial security, managing your plan and distribution strategies.

Applying for Retirement

Retirement Date and Monthly Benefit Payments

Retirement is effective on the first of the month following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. To begin receiving your benefit payments in a timely manner, submit your application and all required forms and documents to your employer at least 60 days, but not more than four months (120 days), before you want to retire. *Example:* If you wish to retire on July 1, submit your application by May 1. You will receive your first benefit payment on August 1 for the month of July.

Forms and Documents

Read the directions on all forms carefully and provide all signatures and required documents. An incomplete or incorrect application will delay the processing of your retirement. If you need assistance applying for retirement, your human resource office, a family member or an individual authorized to act on your behalf, such as an agent named under a power of attorney or a legal guardian, may be able to assist you. For more information, call VRS toll free at 1-888-VARETIR (1-888-827-3847).

Retirement Forms - The Application for Service Retirement (VRS-5), Request for Income Tax Withholding (VRS-15) and Authorization for Direct Deposit of Monthly Benefit (VRS-57) are included in the back of this guide. These and other retirement forms also are available at *www.varetire.org.* Retirement forms are fillable. Select the fillable version and complete it online, then print and sign it before submitting.

Your application must include:

- Application for Service Retirement (VRS-5). Include acceptable legible evidence of your date of birth, such as a copy of your birth certificate. If you are married or separated, have your spouse complete the spousal acknowledgement section. Your spouse must sign on or after the date you sign the application.
- Designation of Beneficiary (VRS-2) to ensure your beneficiary designation is up to date. If you elect the Survivor Option, you must submit a VRS-2 to designate a beneficiary for life insurance benefits; you can name your survivor or another individual as your beneficiary.
- Request for Income Tax Withholding (VRS-15)
- Authorization for Direct Deposit of Monthly Benefit (VRS-57)
- If you are a state employee, State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants. You must submit this form with your application or within 31 days of your retirement date, whether you are electing or waiving coverage. Note that if you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date. For more information about the program, visit the Department of Human Resource Management website at *www.dhrm.virginia.gov.*
- If you are an employee of a school division or a political subdivision, contact your human resource office about retiree health insurance your employer may offer. Some employers have arranged with VRS to deduct the premiums from the monthly benefit payment.

Other forms and documents you may need:

- If you are electing the Survivor Option, acceptable legible evidence of your survivor's date of birth.
- If you are electing the Advance Pension Option, a Social Security benefit estimate. For more information, see "Benefit Payout Options" in Chapter 1-Your Retirement, or go to *www.varetire.org/apo.*
- Request for Health Insurance Credit (VRS-45) if you are eligible for the credit and VRS will not be deducting your health insurance premiums from your monthly benefit payment. If VRS will be deducting your premiums, you do not need to submit this form; VRS will apply the credit automatically to your benefit payment.
- If you participate in the Virginia Sickness and Disability Program (VSDP), VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) if you wish to continue your long-term care coverage into retirement. You will pay the premiums.

Deferring Retirement

If you leave covered employment and are eligible for retirement, you can defer receiving your retirement benefit until a later date. Submit a Name and Address Declaration for Deferred Members (VRS-3A) before you leave your position. The form is available at *www.varetire.org.* When you apply for retirement, your benefit will be calculated based on your service credit and average final compensation at the time you left your position. Submit the VRS-5 and all required forms and documents to VRS within 60 days, but not more than four months (120 days), before your retirement date.

Mandatory Retirement Distribution

If you defer retirement and do not apply for retirement by April 1 following the calendar year in which you turn age 70½, VRS will pay you a retirement benefit (Basic Benefit option), as required by law. VRS is not required to pay benefits retroactively; if your address changes, notify VRS as soon as possible by submitting a VRS-3A.

If you are not vested, you will receive a refund of your member contribution account balance, excluding any member contributions made by your employer to your account after July 1, 2010 and the interest on these contributions.

Submitting Your Retirement Application - Submit your application and all required documents to your human resource office. Your employer will review your application, complete the employer certification section and submit your application to VRS. If you apply for retirement 12 months or more from your last day of employment or if you are a state employee retiring after being on long-term disability under the Virginia Sickness and Disability Program (VSDP), submit your application directly to VRS.

Retirement Certificate - Once your application has been processed, you will receive a retirement certificate and the *Retiree Handbook.* The retirement certificate outlines your benefit payment information as well as your life insurance information, if applicable. Keep your certificate and handbook for future reference.

Retirement Readiness Checklist

DURING YOUR CAREER

- Create a *my*VRS member online account at *www.varetire.org.* Use the *my*VRS Retirement Planner to see if you are on track for saving for retirement.
- Sign up for free member education courses to learn more about your benefits and resources.

PREPARING FOR RETIREMENT

- Use the *my*VRS Retirement Planner to estimate your income and expenses in retirement. If you are in Plan 1, create different benefit scenarios in the *my*VRS Benefit Estimator and use one of these in your plan.
- Sign up for member education courses and, if applicable, the Deferred Compensation Plan Regional Education Meetings.
- Let your human resource office know your retirement plans at least six months before the date you wish to retire.

60-120 DAYS BEFORE YOUR RETIREMENT DATE

- Apply for retirement.
- If you have eligible prior service and want this service applied to your benefit calculation, submit an Application for Purchase of Prior Service Credit (VRS-26).
- If you are covered under the Virginia Sickness and Disability Program (VSDP), decide whether you want to continue your VSDP long-term care coverage into retirement.
- If you participate in the Optional Group Life Insurance Program, decide whether you want to continue or convert your coverage upon retirement.
- If you are a state employee, submit the State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants with your retirement application, whether you are electing or waiving coverage.

RIGHT AFTER YOU RETIRE

- Create a *my*VRS retiree account. VRS will send you a one-time authentication code in the mail shortly after you retire, which you will use to set up your secure online account.
- If you are a state employee and wish to be covered under the State Retiree Health Benefits Program, you must apply within 31 days of your retirement date.
- If you participate in VSDP and wish to continue your coverage under the VSDP Long-Term Care Plan, you must apply within 60 days of your retirement date.
- If you are enrolled in the COV Voluntary Group Long Term Care Insurance Program, you can continue your coverage by paying the premiums directly to the insurer. If you are not enrolled, you can apply as a retiree, provided you are under age 80. Your employer is not required to have elected the program. For more information, visit *www.genworth.com/cov.*

5. After You Retire

Direct Deposit

VRS deposits your benefit payment directly to the account you designate on the Authorization for Direct Deposit of Monthly Benefit (VRS-57). Benefit payments are deposited on the first of the month for the preceding month's benefit. If the first falls on a weekend or holiday, the payment is deposited on the last business day of the preceding month. If your financial institution account changes, submit a new VRS-57 to VRS. Do not close your old account until your benefit payment is deposited to your new account. You can check your deposit information through *my*VRS. See "*my*VRS: At Your Service When You Retire" in this chapter.

Taxes

Your retirement benefit will be subject to federal income taxes and, if you live in Virginia, state income taxes. Any after-tax member contributions in your benefit payment will not be taxed again.

If you do not file a Request for Income Tax Withholding (VRS-15) with your retirement application, VRS will withhold federal taxes as if you were married with three allowances and state taxes, if applicable, as if you had zero allowances. If you do not want VRS to withhold taxes from your benefit, notify VRS using the VRS-15. Note that you may be responsible for paying estimated taxes or face tax penalties if your estimated tax payments are insufficient. For more information, contact a tax advisor or the Internal Revenue Service (IRS) toll free at 1-800-829-1040 or *www.irs.gov.*

VRS does not deduct income taxes for other states. If you retire in Virginia and then move out of state, update your tax withholdings through your *my*VRS retiree online account (see "*my*VRS: At Your Service When You Retire" in this chapter) or by submitting a new VRS-15 to VRS.

1099-R Form

After you retire, you will receive a 1099-R form from VRS each January for the previous calendar year's benefit payments and tax withholdings. You will file this form with your federal and state income tax returns. The 1099-R shows:

- Total amount of your benefit for the previous year
- Taxable amount of your benefit and the amount that is not taxed, if any, as determined by the IRS

If You Retire as a Public Safety Officer - The federal Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act allows eligible retired public safety officers to exclude a certain amount per year from retirement income used for qualified health insurance premiums or long-term care insurance premiums. Premiums covering yourself as well as a spouse or dependent children may be eligible for this exclusion. You must claim the premiums on your tax return. The 1099-R reflects total taxable income without any adjustment for this benefit. For more information, contact a tax advisor or the IRS toll free at 1-800-829-1040 or *www.irs.gov.*

Update Your Tax Withholdings Online - After you retire, you can set up a *my*VRS retiree account, providing secure online access to your retirement information. Through *my*VRS, you can submit changes to your tax withholdings online. See "*my*VRS: At Your Service When You Retire" in this chapter.

- Total amount of federal income taxes and, if applicable, state income taxes withheld from your benefit during the previous year
- Total health insurance premiums for the previous year, less any health insurance credit reimbursements you receive. The health insurance credit is a non-taxable benefit and will not be included in your 1099-R.

Imputed Income - The value of VRS group life insurance over $50,000 on the premiums paid by VRS is called imputed income and subject to income taxes. If you are covered under the program when you retire and your coverage exceeds $50,000, VRS will automatically withhold FICA taxes and send you a W-2 form each year showing the amount of FICA taxes withheld and the additional taxable income.

Cost-of-Living Adjustment (COLA)

The cost-of-living adjustment (COLA) helps your retirement benefit keep pace with inflation. The COLA goes into effect on July 1 of the second calendar year after you retire and is effective each July 1 thereafter, when provided. *Example:* If you retire on March 1, 2012, your first COLA will be effective July 1, 2014 and appear in your August 1 benefit payment.

The COLA is based on the amount of increase or decrease in inflation. It is determined by calculating the annual average Consumer Price Index for all Urban Consumers (CPI-U), published by the U.S. Bureau of Labor Statistics, for the two years prior to the effective date of the COLA. Under Plan 1, the COLA matches the first 3 percent increase in the CPI-U and half the remaining increase, up to a maximum COLA of 5 percent. Under Plan 2, the COLA matches the first 2 percent increase in the CPI-U and half the remaining increase, up to a maximum COLA of 6 percent.

If you are eligible for the hazardous duty supplement, the supplement will not be included in the COLA calculation. During years of no inflation or deflation, the COLA will be 0 percent. For the current COLA and more information on how the COLA is calculated, visit *www.varetire.org* (select the Retiree homepage).

Social Security

As a Virginia public employee, you qualify for full Social Security retirement benefits when you reach your normal retirement age under Social Security (see chart at left). You may qualify for a reduced benefit as early as age 62. For more information, call the Social Security Administration toll free at 1-800-772-1213 or visit *www.socialsecurity.gov.*

Social Security Retirement Ages for Full Benefits

Year of Birth	Normal Retirement Age
1937 or earlier	65 years
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943-54	66 years
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 or later	67 years

If You Divorce

In the event of a divorce, your retirement benefit may be regarded as marital property in a property settlement. The *Code of Virginia* authorizes VRS to make a direct payment to a former spouse if he or she is awarded part of your benefit by the court. VRS implements the court decision when it receives a certified copy of an Approved Domestic Relations Order (ADRO). For more information, refer to the current *Handbook for Members* for Plan 1 or Plan 2 available at *www.varetire.org*. ADRO guidelines also are available on the VRS website.

Group Life Insurance

Basic Group Life Insurance Program. If you are covered under the VRS Group Life Insurance Program, some basic group life insurance benefits will continue into retirement or if you are eligible to retire but defer receiving your benefit until a later date. Your coverage will end if you have not met the age and service requirements for retirement or you take a refund of your member contributions and interest. Benefits include:

- Death benefit equal to your compensation at retirement, rounded to the next highest thousand and then doubled. If you retire with 20 or more years of service credit, the death benefit will be based on your highest compensation as a covered employee, even if your salary at retirement is lower.
- Accelerated death benefit option. If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw some or all of your life insurance proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.

The provisions that allow for double the natural death benefit for accidental death and dismemberment end upon retirement.

Optional Group Life Insurance Program. If you have optional group life insurance coverage, you may continue a portion of your coverage after you retire, provided you as well as your spouse and dependent children, if enrolled, were continuously covered during the 60 months preceding your retirement date. Accidental death and dismemberment coverage ends upon retirement. Optional life insurance amounts will reduce by 25 percent beginning at age 65; coverage ends at age 80. The maximum amount of optional group life insurance coverage in retirement is $250,000. You must elect to continue your coverage within 31 days of your retirement date. This option is not available after 31 days.

Life Insurance Coverage Reduction - Your basic group life insurance coverage will begin to reduce by 25 percent on the January 1 following one calendar year of retirement. It will continue to reduce each January 1 until it reaches 25 percent of its original value. *Example:* If you retire on March 1, 2012 and the value of your death benefit is $100,000, your first 25 percent reduction will occur on January 1, 2014 for a death benefit equal to $75,000. Its final reduced value will be $25,000.

For more information about your coverage as a retiree, call Minnesota Life toll free at 1-800-441-2258.

You as well as your spouse and dependent children, if enrolled, can convert your coverage to an individual policy. You will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-35E) to Minnesota Life within 31 days of the last day of the month in which you leave your position. The form is available at *www.varetire.org*.

Retiree Health Insurance (State Employees)

If You are a School Division or a Political Subdivision Employee- Contact your human resource office about retiree health insurance your employer may offer. Some employers have arranged with VRS to deduct the premiums from the monthly retirement benefit.

Advantage 65 - If you retire as a state employee and elect the State Retiree Health Benefits Program, you will be eligible for the Advantage 65 program, the state's Medicare supplement plan, when you qualify for Medicare. The Advantage 65 plan includes Medicare Part D prescription drug coverage; there also is a Medical Only plan that excludes prescription drug coverage.

You are eligible to enroll yourself as well as a spouse or dependent children in the State Retiree Health Benefits Program. Submit the State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants with your retirement application or within 31 days of your retirement date. The form is available at *www.varetire.org*.

VRS will deduct the premiums from your monthly benefit payment. If your benefit is not sufficient to cover the deduction, the health insurance carrier will bill you directly for the premiums. For more information about the program, visit the Department of Human Resource Management website at *www.dhrm.virginia.gov.*

Note that if you defer retirement, you will not be eligible to enroll in the program. If you waive coverage, you will not be able to enroll at a later date.

Health Insurance Credit

If you retire with at least 15 years of service credit, you may be eligible for the health insurance credit. This is a tax-free benefit that assists with health insurance premiums you pay for single coverage under qualified health plans, excluding any portion of the premiums covering a spouse or dependent children. Eligible employees include:

- State employees
- Teachers and administrative school employees
- General registrars and their employees, constitutional officers and their employees and local social service employees
- Political subdivision employees whose employers have elected to offer the health insurance credit

The health insurance credit is a dollar amount set by the General Assembly for each year of service credit, as shown in the table on the next page. It cannot exceed the amount of the individual premium amount. The health insurance credit is applied to your retirement benefit payment. If you do not receive a monthly benefit, VRS will reimburse you for the amount. The credit ends upon your death.

Health Insurance Credit Dollar Amounts		
ELIGIBLE EMPLOYEES	*Amount per Year of Service*	*Maximum Credit per Month*
State employees	$4.00	No cap
Teachers and administrative school employees	$4.00	No cap
General registrars and their employees, constitutional officers and their employees and local social service employees	$1.50	$45.00
General registrars and their employees, constitutional officers and their employees and local social service employees if the political subdivision elects the $1.00 enhancement	$2.50	$75.00
Other political subdivision employees as elected by the employer	$1.50	$45.00

Annual Health Insurance Credit Notice

If you are eligible for the health insurance credit, you will receive an annual Health Insurance Credit Notice from VRS reminding you to verify and update your health insurance information, if necessary. This will ensure you are receiving the proper credit amount in a timely manner and are not at risk for overpayments. For any premiums VRS will not be deducting, you will report a change or cancellation by submitting a Request for Health Insurance Credit (VRS-45) to VRS.

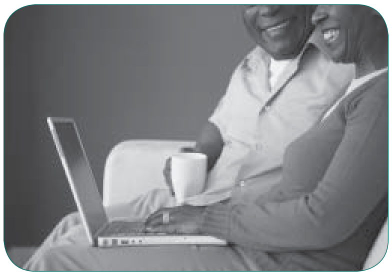
Long-Term Care Coverage

If you are a state employee covered under the VSDP Long-Term Care Plan, you can elect to continue your coverage into retirement; you will pay the premiums. Submit the VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and the VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) within 60 days of your last day of employment to the Long Term Care Group, Inc. at P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available at *www.varetire.org*. This option is not available after 60 days.

If you are not enrolled in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program when you retire, you can apply as a retiree, provided you are under age 80. Your employer is not required to have elected the program. Medical underwriting (proof of good health) will be required. For more information, call Genworth Life toll free at 1-866-859-6060 or visit *www.genworth.com/cov.*

See also *www.varetire.org* for more information about these long-term care programs.

Applying for the Health Insurance Credit - If you are eligible for the health insurance credit and VRS will be deducting your health insurance premiums, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. For any premiums VRS will not be deducting, submit a Request for Health Insurance Credit (VRS-45) to VRS. The form is available at *www.varetire.org.*



*my*VRS: At Your Service When You Retire

When you retire, you can create a secure *my*VRS retiree online account. Your account will be based on information you provide when you apply for retirement and information your employer reports to VRS.

What you can do in *my*VRS

- View your monthly retirement benefit payment amount and benefit payment history.
- See when your benefit payment is deposited and confirm your financial account information.
- View your COLA, retiree life insurance coverage amount, health insurance premium deductions and health insurance credit, if applicable.
- View your income tax withholdings and manage your withholdings online.
- Review the information used to calculate your retirement benefit, including the benefit payout option you elected at retirement.
- Update your personal profile.
- Print income verification information and tax documents for income tax filing purposes.

Creating your account

When you retire, you will receive a one-time authentication code from VRS in the mail. You will use this code to create your online account. Select *my*VRS Access from *www.varetire.org* and then Retirees-Register. Any time you want to log in, you will enter the username and password you set up to create your account.

Security and privacy

VRS is committed to protecting the security and privacy of your information. Before you are allowed access to your information, your identity is authenticated through the online account creation process. VRS also does not sell your information to anyone. Information is shared only with your employer and third-party administrators authorized to help coordinate benefits and services for VRS members, retirees and beneficiaries. For security tips and more information, select *my*VRS Access from *www.varetire.org.*

myVRS at your service

Working After Retirement

After you retire, you can work for any employer that does not participate in VRS and continue to receive your retirement benefits. If you return to covered employment with a VRS-participating employer, you will become an active member and your retirement benefits will end. You will be rehired under Plan 1 or Plan 2 according to the plan under which you retired.

Non-Covered Employment

In some cases, you can work in a non-covered position with a VRS-participating employer and continue to receive your retirement benefits. If you return to non-covered employment with the employer from which you retired, you must have a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. Periods of leave with or without pay, summer breaks, intersession periods, sabbaticals and educational leave do not count toward satisfying this break in service.

The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers. Your employer can make no verbal or written offer of reemployment before you retire. You and your employer must certify that no such pre-arrangement has been made on the Application for Service Retirement (VRS-5).

More Information

For more information about working after retirement, including working in a K-12 critical shortage position, see Working After Retirement at *www.varetire.org* (select the Retiree homepage); or refer to the current *Handbook for Members* for Plan 1 or Plan 2, also available on the VRS website.

What is Non-Covered Employment? - Non-covered employment is a temporary, hourly or other position with a VRS-participating employer that does not provide eligibility for benefits. Most non-covered positions are part-time wage positions. Some full-time positions may be considered non-covered if they are temporary and paid on an hourly basis.

6. Application Instructions and Forms

Application for Service Retirement (VRS-5)

To avoid processing delays, print or type your information and ensure all items are completed.

MEMBER RESPONSIBILITIES: COMPLETE PARTS A THROUGH D

Box 1-10:	Enter your personal information. In Box 2, check whether this is your original application or if you are submitting a revised application.
Box 11:	Enter the date you plan to retire (the first of any month after your employment is terminated).
Box 12:	If you check yes, the purchase must be completed while you are actively employed and no later than your date of termination. Your benefit cannot be calculated until payment for the purchase is submitted to VRS.
Box 13:	If you check yes, complete the VRS-26F and include it with this application. Your benefit cannot be calculated until payment for the purchase is submitted to VRS.
Box 14:	If you check yes, complete the VSDP Conversion of Disability Credits (VRS-5A) and provide it to your employer for signature. The VRS-5A must be submitted to VRS with this application. (State employees only.)
Boxes 15-16:	You must terminate all full-time and part-time positions that are covered by VRS to receive a monthly retirement benefit. At the time of retirement, you must also terminate work in any part-time positions not covered under VRS for the employer from which you are retiring.
Box 18:	Choose one payout option. Refer to your *Handbook for Members* to determine which option will meet your retirement goal. If you are considering the PLOP, refer to the IRS 402(f) Special Tax Notice on the VRS website at *www.varetire.org* to learn more about the tax implications of a lump-sum payment.
Box 19:	If you chose the Advance Pension Option in Box 18, enter the age at which you want your temporarily increased VRS benefit to be reduced. You must choose an age of at least 62 years, but no later than your normal retirement age as defined by the Social Security Act. You must include an estimate from the online Social Security Administration benefit estimator following the instructions on the VRS website at *www.varetire.org/apo*. This estimate must be less than 12 months old, for the age at which you choose for your VRS benefit to decrease, and it should assume no future earnings after leaving your covered position. Additional information about this option will be sent when your application is processed.
Boxes 20-21:	Complete Box 20 only if you chose a payout option that includes a partial lump-sum payment. Indicate the number of months on which the amount is to be based. For a 12-month payment, you must work at least one year beyond the date you are first eligible for an unreduced retirement benefit. For a 24-month payment you must work at least two years beyond the date you are first eligible for an unreduced retirement benefit. For a 36-month payment, you must work at least three years beyond the date you are first eligible for an unreduced retirement benefit. Complete Box 21 to let VRS know if you intend to roll the PLOP payment into an Individual Retirement Account (IRA) or other qualified plan. Additional information regarding your rollover options will be sent once your application for retirement has been processed.
Boxes 22-27:	Complete these boxes only if you choose a survivor option in Part B. If you choose a survivor option, you must send a legible copy of your survivor's birth certificate with this application.

Box 28: Carefully read the certification statement. Sign and date the application. Your signature certifies that you will repay benefits in excess of those to which you are entitled. It also certifies that you understand that you cannot return to work in a part-time position working for the employer from which you retired without first incurring the required break in service.

If you are unable to complete the application and you select a payout option other than the Basic Benefit in Part B, an individual authorized to make testamentary changes on your behalf may complete your application. Authorized individuals include: a court-appointed Guardian or Committee; an Attorney-in-Fact named in a Durable Power of Attorney; or an individual specifically authorized by a court order to do so. A copy of the document providing such authorization must be presented to VRS for review before the application can be processed. If the application is not signed and dated, it is not valid and a new one must be completed. This may delay your first payment.

Box 29: If you checked Married or Separated in Box 7, your spouse must sign and date the application on or after the date you sign; otherwise, a new application must be completed. If you are unable to obtain your spouse's signature, contact VRS for additional information.

Request for Income Tax Withholding (VRS-15)

This form authorizes VRS to withhold taxes at a rate other than a rate for a married individual claiming three exemptions and zero exemptions for state taxes. You will enter your personal information, and you will choose one federal income tax withholding option and one state option. You will enter the number of exemptions and any additional information you want withheld.

Authorization for Direct Deposit of Monthly Benefit (VRS-57)

This form authorizes VRS to transfer funds electronically to your financial institution. You will enter information about yourself and the account to which you will transfer funds. You will also tape a voided check to this form as VRS cannot accept hand-written account information.

Additional Documentation

- Include a legible copy of your birth certificate. If your birth certificate does not include your full given name and birth date, you must provide other legal documentation. Your application cannot be processed without this document.
- Include a legible copy of your survivor's birth certificate if you chose a survivor option. If your survivor's birth certificate does not include a full given name and birth date, provide other legal documentation.
- If you intend to purchase service credit with your sick leave payment or convert disability credit to service credit, request the appropriate forms from your benefits administrator and ensure they are completed and submitted with your application.
- If you elect the Advance Pension Option, submit your estimate from the Social Security online benefit estimator based on your Social Security earnings record using the instructions on the VRS website at *www.varetire.org/apo.* This estimate must be less than 12 months old. It must be for the age at which you choose for your VRS benefit to decrease and should assume no future earnings after leaving your covered position.

- Have your employer complete Part E of this application if you are currently employed in a covered position or have been within the last 12 months. If you are on VSDP long-term disability, send the application directly to VRS for certification.
- Complete and submit the Authorization for Direct Deposit of Monthly Benefit (VRS-57) and the Request for Income Tax Withholding (VRS-15). Processing of your retirement application is delayed if the VRS-57 is not completed and submitted with your application.

Employer Responsibilities

Complete Part E. (To avoid processing delays, print or type your information and ensure all items are completed.)

After completing Part E:

- Verify the application has been completed in its entirety, signed and dated as required.
- If the member answered yes to the questions in Boxes 13 or 14 in Part A, ensure the appropriate forms are completed and submitted with the application.
- Review the birth certificate (and the survivor's birth certificate if applicable) to ensure it is readable.
- Ensure the member has included an Authorization for Direct Deposit of Monthly Benefit (VRS-57) and a Request for Income Tax Withholding (VRS-15).
- If the member needs to apply for a health insurance credit, ensure the Request for Health Insurance Credit (VRS-45) is completed and submitted with this application. If the member's health insurance premium will be paid through VRS payroll deduction, do not complete a VRS-45. If the member has additional health insurance premiums to apply toward the credit, the VRS-45 must be completed and submitted with this application.
- For State Employees:
    - If an employee is retiring under the Workforce Transition Act of 1995, complete both pages of the Employer Certification of Involuntary Separation under the Workforce Transition Act (VRS-11) and submit it along with the VRS-5.
    - If an employee takes an immediate retirement and chooses to enroll in the State Retiree Health Benefits Program, ensure the Health Enrollment/Waiver form is completed and submitted within 31 days of the retirement date. (This form must be signed and returned to VRS even if the employee is waiving coverage.)
    - If an employee has disability credits remaining under the VSDP and wants to convert them to service credit, ensure the VSDP Conversion of Disability Credits (VRS-5A) is completed and submitted.
- If an employee of a locality (not including constitutional officers and sheriffs) or school board is retiring under the Transitional Benefits Program included in the Appropriation Act of 2010, complete both pages of the Employer Certification of Involuntary Separation (VRS-11B) and submit it along with the VRS-5.
- Mail the *original* Application for Service Retirement and all other required documents to VRS. A copy of the application cannot be processed.

Link to Forms on the VRS Website:

Application for Service Retirement (VRS-5)

Request for Income Tax Withholding (VRS-15)

Authorization for Direct Deposit of Monthly Benefit (VRS-57)

Key Contacts

- American Association of Retired Persons: 1-888-OUR-AARP (1-888-687-2277); *www.aarp.org*
- Anthem Blue Cross/Blue Shield (State Employees): 1-800-552-2682; *www.anthem.com/cova*
- Commonwealth of Virginia 457 Deferred Compensation Plan:1-VRS-DC-PLAN1 (1-877-327-5261); *www.varetire.org* (select the Defined Contribution Plans tab)
- Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program: Genworth Life, 1-866-859-6060; *www.genworth.com/cov*
- Federal Public Safety Officers' Benefits Act: 1-888-744-6513; *www.ojp.usdoj.gov/BJA*
- Group Life Insurance Program: Minnesota Life, 1-800-441-2258
- Internal Revenue Service: 1-800-829-1040; *www.irs.gov*
- Medicare: 1-800-MEDICARE (1-800-633-4227); *www.medicare.gov*
- Social Security Administration: 1-800-772-1213; *www.socialsecurity.gov*
- Virginia Department for the Aging: 1-800-552-3402; *www.vda.virginia.gov*
- Virginia Department of Human Resource Management (State Employees): *www.dhrm.virginia.gov*
- Virginia Department of Taxation: 804-367-8031; *www.tax.virginia.gov*
- Virginia Line of Duty Act, Virginia Department of Accounts: 804-225-3038; *www.doa.virginia.gov*
- Virginia Sickness and Disability Program (VSDP) (State Employees): Unum, 1-800-652-5602; *www.unum.com/claimant*
- VSDP Long-Term Care Plan (State Employees): Long Term Care Group, Inc., 1-800-761-4057
- Virginia Workers' Compensation Commission: 1-877-664-2566; *www.vwc.state.va.us*

VRS Plan 1&2

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