

## Getting Ready to Retire – Guide for Members in Plan 1 and Plan 2

There are important updates to your VRS retirement benefits since the last issue of this handbook was published. Refer to this information when reading your handbook. **Changes are in bold.**

**Page 15:** Clarification of purchase limits under Limited Purchase Amounts.

Active duty military service: You may purchase up to ~~an additional~~ **48 months of active duty military service (in addition to the 48 months of other limited service type)**, provided your discharge is not under dishonorable conditions, was full-time service of at least 180 consecutive days and at the time of purchase it does not qualify you for a military pension in the U.S. Army, Navy, Air Force, Marines, Coast Guard or reserve components. Exception: If you were in the U.S. Armed Forces Reserves or the National Guard, you may purchase up to ~~an additional~~ **48 months of active duty military service (in addition to the 48 months of other limited service type)**, even if it will be used to qualify you for a military pension.

**Page 30:** Administrative changes under Benefit Information and Planning Resources.

~~Virginia Line of Duty Act, Virginia Department of Accounts: 804-786-1856;~~  
[www.doa.virginia.gov](http://www.doa.virginia.gov)

**Virginia Line of Duty Act (LODA):**

### **Eligibility Determinations and Benefit Payments:**

Virginia Retirement System  
Toll-free: 1-888-827-3847 (Request: LODA support)  
[loda@varetire.org](mailto:loda@varetire.org)  
[www.valoda.org](http://www.valoda.org)

### **Health Benefits Plans:**

Department of Human Resource Management  
[loda@dhrm.virginia.gov](mailto:loda@dhrm.virginia.gov)  
[www.dhrm.virginia.gov/healthcoverage/loda-health-benefits](http://www.dhrm.virginia.gov/healthcoverage/loda-health-benefits)

# Getting Ready to Retire

Guide for Members in Plan 1 and Plan 2

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Providing information to help you  
prepare and apply for retirement



## Getting Ready to Retire

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Retirement Guide for members in Plan 1 and Plan 2 of the Virginia Retirement System, the State Police Officers' Retirement System and the Virginia Law Officers' Retirement System. The Disability Retirement Handbook for Members is available for members retiring on disability.

### Contact VRS

VRS website: [www.varetire.org](http://www.varetire.org)

Toll-free telephone number: 1-888-VARETIR (1-888-827-3847)

TDD: 804-289-5919

email: [vrs@varetire.org](mailto: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

### VRS Mission

VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

**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.



# Table of Contents

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<b>1. About Your Retirement</b>	
Plan 1 and Plan 2	4
Benefit Payout Options	4
Retirement Plan Provisions at a Glance	6
<b>2. Enhancing Your Retirement</b>	
Commonwealth of Virginia 457 Deferred Compensation Plan	11
Purchase of Prior Service	12
Types and Purchase Amounts of Prior Service	13
Cost Windows	15
<b>3. Other Benefits</b>	
Group Life Insurance Program	16
Disability Programs	16
Long-Term Care Programs	17
<b>4. Preparing and Applying for Retirement</b>	
Retirement Readiness Resources	18
Applying for Retirement	18
Deferring Retirement	20
Retirement Readiness Checklist	21
<b>5. After You Retire</b>	
Direct Deposit	22
Taxes	22
Cost-of-Living Adjustment (COLA)	23
Social Security	25
If You Divorce	25
Group Life Insurance	25
Retiree Health Insurance (State Employees)	26
Health Insurance Credit	27
Long-Term Care Coverage	28
Working After Retirement	28
myVRS: Helping You Plan for Tomorrow, Today	29
Key Contacts	30
The Forms You Need	30

## Member Resources

VRS website at [www.varetire.org](http://www.varetire.org):

- Secure online access to myVRS, 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](http://www.varetire.org) for directions to VRS.

# 1. About Your Retirement

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## 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](http://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 Plan 1 if your membership date is prior to July 1, 2010, and you were vested before January 1, 2013, and have not taken a refund.**

You are covered under Optional Retirement Plan 1 if you have an ORP membership date before July 1, 2010. If you have a pre-July 1, 2010, ORP account balance and moved to a defined benefit plan, you must have any combination of VRS creditable service and/or ORP participation that totals five years as of January 1, 2013, to be considered a Plan 1 member.

**You are covered under Plan 2 if your membership date is from July 1, 2010, to December 31, 2013, and you have not taken a refund. Additionally, you are covered under Plan 2 if you have a membership date prior to July 1, 2010, but you were not vested before January 1, 2013.** You are covered under Optional Retirement Plan 2 if you have an ORP membership date after July 1, 2010. If you are a member of VaLORS or SPORS, or an employee of a political subdivision that covers you with enhanced hazardous duty benefits or the hazardous duty alternate option under VRS and were hired on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013.

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 certain conditions.

## Basic Benefit

The Basic Benefit is a monthly benefit based on a formula (see “Calculating the Unreduced Basic Benefit” below). 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 VRS 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.*

## 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](http://www.irs.gov).

### 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.

### Felony Conviction

If you are convicted of a felony related to your VRS-covered employment, your employer may direct that your employer contributions and related benefits be forfeited. If you have questions, please contact your human resource office.

### 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.

*Continued on page 8*



## Retirement Plan Provisions at a Glance

	PLAN 1	PLAN 2
	<i>Membership date before July 1, 2010, and vested as of January 1, 2013</i>	<i>Membership date before July 1, 2010, and not vested as of January 1, 2013, or membership date is between July 1, 2010, and December 31, 2013.</i>
<b>Average Final Compensation</b>	Average of your 36 consecutive months of highest creditable compensation as a covered employee.	Average of your 60 consecutive months of highest creditable compensation as a covered employee.
<b>Member Contribution</b> <i>Your account accrues 4 percent interest annually on the balance as of the previous June 30.</i>	If you are a state employee, you pay the member contribution. This excludes state elected officials, judges and non-covered wage employees.  If you were an employee of a school division or a political subdivision as of June 30, 2012, you or your employer (on your behalf) pays the member contribution, as elected by your employer. Some employers elected to phase in the 5 percent member contribution. If you were hired or re-hired after July 1, 2012, you pay the 5 percent member contribution.	
<b>Vesting</b>	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.	
<b>Refunds</b>	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.	
<b>Normal Retirement Age</b>	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.	

### 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](http://www.varetire.org).

## PLAN 1

Membership date before July 1, 2010,  
and vested as of January 1, 2013

## PLAN 2

Membership date before July 1, 2010,  
and not vested as of January 1, 2013, or  
membership date is between July 1, 2010,  
and December 31, 2013.

### 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.

### 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.

### Retirement Multipliers

VRS: 1.7 percent

VRS: 1.65 percent on service earned, purchased or granted on or after January 1, 2013, and 1.7 percent on service earned, purchased or granted before January 1, 2013.

SPORS, sheriffs and regional jail superintendents: 1.85 percent

VaLORS: 1.7 percent or 2.0 percent

Political subdivision hazardous duty employees with enhanced benefits: 1.7 percent or 1.85 percent, depending on the employer's multiplier choice under the enhanced benefit election.

### Cost-of-Living Adjustment (COLA)

See Chapter 5 – Cost of Living Adjustment for information on COLA effective dates.

Matches the first 3 percent increase in the Consumer Price Index for all Urban Consumers (CPI-U) and half of any additional 4 percent increase, up to a maximum COLA of 5 percent.

Matches the first 2 percent increase in the CPI-U and half of any additional 2 percent increase, for a maximum COLA of 3 percent.

**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
- 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.

**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.

**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.

**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:

<b>Partial Lump-Sum Option Payment (PLOP) Amounts</b>		
Active Service Beyond Eligibility for Unreduced Retirement	PLOP Payment	<b>EXAMPLE</b> <i>Annual Basic Benefit amount = \$32,000</i>
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/irs402f](http://www.varetire.org/irs402f). You also can contact a tax advisor or the IRS toll-free at 1-800-829-1040 or visit [www.irs.gov](http://www.irs.gov).

## Advance Pension Option

With this option, you elect to temporarily increase your monthly retirement benefit. The temporary increase begins at retirement and continues until an age you choose, between age 62 and your normal retirement age under Social Security. At the age you select, your retirement benefit permanently reduces. You can elect this option with an unreduced benefit or a reduced benefit. The Advance Pension Option does not provide a continuation of a benefit to a survivor.

If you are retiring with a reduced benefit, you can elect this option if:

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

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

You will need an estimate of your Social Security benefit through the Social Security Administration website if you want to create an estimate of your benefit under the Advance Pension Option or to elect the option at retirement. The Social Security estimate must be fewer 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 your estimate, go to [www.socialsecurity.gov](http://www.socialsecurity.gov) and select the Retirement Estimator on the homepage.

## Benefit Payout Options and the COLA

The cost-of-living adjustment (COLA) is an annual increase in your retirement benefit. 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.

To complete an estimate of your VRS retirement benefit under the Advance Pension Option, log into your myVRS account and select Benefit Estimator. You can create different estimates to explore your retirement options. Each estimate can be saved for 30 days from the date you create them. If you are applying for retirement, include the printout from steps 2 and 4 with your retirement application. VRS will use these results to create the Social Security estimate needed to calculate your benefit under the APO based on the age you would like your temporary VRS benefit increase to end.

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

*Important Note:* The selection of the Advance Pension Option does not affect your Social Security benefit amount. You may draw your Social Security when you are eligible, regardless of the age you choose for your VRS benefit to reduce. You cannot elect the Advance Pension Option with other benefit payout options.

## 2. Enhancing Your Retirement

### Commonwealth of Virginia 457 Deferred Compensation Plan

Plans such as the Commonwealth of Virginia 457 Deferred Compensation Plan, or another supplemental plan if offered by your employer, allow you to save for retirement. If you participate in the Commonwealth's 457 Plan, you may choose a Roth contribution option. Roth contributions are made on an after-tax basis to your 457 account. 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 a teacher or faculty member, you also are eligible to participate in a 403(b) plan, if offered by your employer.

If you are an employee of a school division or a political subdivision, your employer may offer the 457 Plan and the Virginia Cash Match Plan, a 403(b) plan or another supplemental savings plan. Contact your human resource office for more information about your savings opportunities. Your employer also may provide automatic enrollment in these plans upon employment.

**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. Your pre-tax account continues to be tax-deferred. If you have a Roth after-tax account, it can also remain in the plan. You are required to take your first minimum distributions by April 1 of the calendar year following the later of: 1) the calendar year in which you reach age 70½, or 2) the calendar year in which you terminate employment from the employer sponsoring your plan. 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.

#### 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/457](http://www.varetire.org/457).

#### 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.

- 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 Commonwealth of Virginia 457 Plan pre-tax account 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.

Distributions from your Roth contributions and any earnings on those may be withdrawn tax free if you meet the following requirements:

- Separated from covered employment with a bona fide break in service.
- At least five years have passed since January 1 of the year you made your first Roth contribution.
- At least age 59½, permanently disabled or the assets are being paid to your beneficiaries following your death.

*Note:* You can request separate distributions from your pre-tax account and your Roth after-tax account.

For additional distribution information, visit [www.varetire.org/457](http://www.varetire.org/457).

## Purchase of Prior Service

You may be eligible to purchase prior service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in your plan. Purchasing prior service counts toward vesting and eligibility for retirement and the health insurance credit.

To purchase prior service, you must be an active VRS member. You are not eligible to purchase prior service if you are employed in a non-covered position, on a leave of absence without pay, a deferred member or a retiree.

## Prior Service Eligible for the Hazardous Duty Supplement

If you are eligible for enhanced hazardous duty coverage and have at least 20 years of hazardous duty service credit at retirement, you may qualify for a supplement to your monthly retirement benefit until you reach normal Social Security age (or age 65 for members of the Virginia Law Officers' Retirement System). Prior service credit for refunded VRS hazardous duty service or for an eligible period of leave while covered under VRS in a hazardous duty position may count toward eligibility for the hazardous duty supplement, provided you purchase or are granted this service. Other types of prior service you may purchase, such as active duty military service or hazardous duty service with a non-VRS participating employer, do not count toward the supplement.

## Types and Purchase Amounts of Prior Service

### Unlimited Purchase Amounts

Purchases of VRS-refunded service, no-cost military leave, sick leave or disability credit conversion at retirement and workers' compensation are unlimited.

- **Refunded service:** If you leave VRS-covered employment and take a refund of your member contributions and interest, your membership and eligibility for any future benefits will be canceled. If you return to covered employment, you will be rehired under the applicable retirement plan for that position. You may purchase the refunded service as service credit in your current plan. The purchase cost is based on the refund amount, plus interest compounded annually from the date of the refund to the date you buy back the service. The interest rate is 7 percent, which is the assumed rate of return of the VRS fund. You may purchase all of your refunded service or a portion at any time while an active VRS member.
- **No-cost military leave:** You can receive prior service credit at no cost for each occurrence of leave from a VRS-covered position for active duty military service. You can apply for no-cost military leave at any time, provided your discharge is not under dishonorable conditions and you return to covered employment within one year of discharge.
- **Ported service:** If you move to a VRS-covered position from a non-covered position with an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the former employer's plan in exchange for VRS service credit. You must make the request within 18 months of beginning VRS-covered employment. You must have been in a salaried, permanent full-time position and vested with the former employer. VRS has service portability agreements with the following Virginia public employers: county of Fairfax and cities of Charlottesville, Danville, Newport News, Norfolk, Richmond and Roanoke.
- **Sick leave conversion at retirement:** If you are eligible for a payment of unused sick leave at retirement, you may elect to have this payment converted to service credit that will count toward your benefit calculation.
  - Your employer will deduct the appropriate tax withholding from the payment and then send the funds to VRS for this purchase.
  - VRS will calculate the service credit amount represented by the remainder of the payment based on an actuarial equivalent rate. If you wish to apply the full sick leave payment amount toward the conversion, you may make a lump-sum payment to cover the difference between the full payment amount and the amount withheld for taxes.

#### Refunded Service Cost

Refunded service cost is based on the return of the refunded amount plus interest from the date of refund to the purchase date, using a 7 percent interest rate compounded annually. The interest rate is based on the assumed rate of return of the VRS fund. You may purchase all of your refunded service or a portion at any time while an active VRS member.



**Disability credit conversion at retirement:** If you are eligible for a payment of unused disability credits under the Virginia Sickness and Disability Program (VSDP) at retirement, you may elect to convert the disability credit to service credit toward your benefit calculation. You will receive one month of service for each 173 hours of disability credits you have to convert.

**Workers' compensation:** If you go on workers' compensation and member contributions are not withheld from your workers' compensation payment or any compensation you receive from your employer, you may be eligible to purchase service credit for this period. For leave without pay, the maximum amount eligible for purchase is 24 months per occurrence.

### Limited Purchase Amounts

You may purchase up to a combined total of 48 months of the following types of prior service. With the exception of some types of active duty military service, the service must not be used to qualify you for a benefit under another retirement plan.

#### Approximate Normal Cost

Approximate normal cost is the average cost of one year of VRS service credit. The cost is based on a percentage of your compensation or average final compensation at the time of purchase, whichever is higher.

- **Educational leave:** Approved leave from a VRS-covered position.
- **Family and Medical Leave Act (FMLA) leave:** Leave—up to 12 workweeks in a 12-month period—for your own serious health condition or that of your immediate family member (spouse, child or parent), both as defined under FMLA and approved by your employer at the time of the leave. The FMLA defines “serious health condition” as an illness, injury, impairment or physical or mental condition that involves a) inpatient care in a hospital, hospice or residential medical care facility, or b) continuing treatment by a health care provider.
- **Federal service (salaried, full-time):** Service in a civilian position with the federal government.
- **Leave for the birth, adoption or death of a child:** Approved leave—up to 12 months maximum per occurrence—from a VRS-covered position. If your spouse is also an active VRS member and was also granted leave for birth, adoption or death of a child, he or she also may purchase this leave.
- **Non-covered service with a VRS-participating employer:** Service in a temporary, part-time or other non-covered position for an employer that participates in VRS. Total hours must be confirmed by the employer where you previously worked.
- **Non-ported service:** If you move to a VRS-covered position from an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the employer's plan in exchange for VRS service credit, if certain conditions are met. If not all service transfers, you may be eligible to purchase the remainder as non-ported service.

- **Public service (salaried, full-time) other than VRS:** Service with a Virginia public employer that does not participate in VRS, or with a public employer or a school system of another state or U.S. territory.

If you are eligible, you may purchase additional months above the limited purchase amounts if you have active duty military service or are a vested school superintendent.

**Active duty military service:** You may purchase up to an additional 48 months of active duty military service, provided your discharge is not under dishonorable conditions, was full-time service of at least 180 consecutive days and at the time of purchase it does not qualify you for a military pension in the U.S. Army, Navy, Air Force, Marines, Coast Guard or reserve components. *Exception:* If you were in the U.S. Armed Forces Reserves or the National Guard, you may purchase up to an additional 48 months of active duty military service, even if it will be used to qualify you for a military pension.

**Additional public service for school superintendents:** If you are a vested school superintendent, you may purchase an additional 10 years of public service with a Virginia public employer that does not participate in VRS, or with a public employer or a school system of another state or U.S. territory. You have one year from the date you become vested to purchase additional service at the 10 percent rate. After the one-year period, the cost will be actuarial.

## Cost Windows

You are eligible to purchase your prior service at any point while an active VRS member. However, you have a two-year window of time to purchase most types of service at approximate normal cost before the cost changes to an actuarial equivalent cost. If prior service eligibility was added to your member record before January 1, 2017, the cost to purchase will be based on the cost window in effect at the time the service was added.

*Note:* The two-year window does not apply to refunded service, which can be purchased at any time during active membership. Also, see above for additional service purchased by school superintendents.

### Within the Two-Year Window

Your two-year cost window to purchase most types of service at approximate normal cost begins upon employment in a VRS-covered position or following an eligible period of leave.

### After the Two-Year Window

If you do not purchase the service within your two-year window, your cost shifts to an actuarial equivalent cost.

### Actuarial Equivalent Cost

Actuarial equivalent cost represents the amount of money needed in today's dollars to pay for the total value of the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service. If you purchase prior service after your two-year approximate normal cost window, your cost will be actuarial.

### Applying to Purchase Prior Service

Register for or log into your myVRS account (*myVRS.varetire.org*) for access to a variety of resources to help you in making a purchase decision. You can explore purchase options and evaluate the impact of purchasing service on your future retirement benefit as well as the time it will take to recover your purchase cost in retirement. Information is also available on the VRS website, [www.varetire.org/PPS](http://www.varetire.org/PPS).

## 3. Other Benefits

### 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](http://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](http://www.varetire.org).

## 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](http://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](http://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](http://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 Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and the Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (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](http://www.varetire.org). This option is not available after 60 days.

### 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](http://www.vwc.state.va.us).

If you are a state employee, see the Department of Human Resource Management website at [www.dhrm.virginia.gov](http://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](http://www.varetire.org).

## 4. Preparing and Applying for Retirement

### How to Register

Go to [www.varetire.org](http://www.varetire.org) and select the Members tab, 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. Visit [www.varetire.org](http://www.varetire.org) for more information.

### 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.

#### One-on-One Counseling

Need individual counseling? Meet with a member counselor at VRS at 1111 East Main Street, Richmond, VA 23219. 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](http://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).

### Your application must include:

- Application for Service Retirement (VRS-5). Include acceptable evidence of your date of birth, such as a legible 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) if you need to update your beneficiary for your member account and life insurance benefits.
- 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 Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879). 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](http://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.

### 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) and other retirement forms are available at [www.varetire.org](http://www.varetire.org).

Retirement forms are fillable. Select the form and complete it online, then print and sign it before submitting.

### 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 *Your Retirement Roadmap* 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.

### 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](http://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), Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (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](http://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.

## Retirement Readiness Checklist

### DURING YOUR CAREER

- Create a myVRS member online account at [www.varetire.org](http://www.varetire.org). Use the myVRS 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 myVRS Retirement Planner to estimate your income and expenses in retirement. Create different benefit scenarios in the myVRS 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. Refer to pages 18-20 in this book for more information.
- If you have eligible prior service and want this service applied to your benefit calculation, contact your human resource office.
- 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 Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879) with your retirement application, whether you are electing or waiving coverage.



### RIGHT AFTER YOU RETIRE

- Create a myVRS 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](http://www.genworth.com/cov).



## 5. After You Retire

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### 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 myVRS. See "myVRS: Helping You Plan for Tomorrow, Today" in this booklet.

### 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](http://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 myVRS retiree online account (see "myVRS: Helping You Plan for Tomorrow, Today" 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](http://www.irs.gov).

- 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.

## Cost-of-Living Adjustment (COLA)

Cost-of-living adjustments (COLAs) allow your retirement benefit to keep pace with inflation. The COLA is based on the Consumer Price Index for all Urban Consumers (CPI-U), published by the U.S. Bureau of Labor Statistics and updated each July 1. During years of no inflation or deflation, the COLA is 0 percent.

If you retire with an **unreduced benefit** or with a reduced benefit with at least 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from your retirement date. Example: If you retire on November 1, 2017, your first COLA will be effective July 1, 2019, and appear in your August 1, 2019, benefit payment.

If you retire with a **reduced benefit** with fewer than 20 years of creditable service, the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from the date you would have become eligible for an unreduced benefit. Example: If your unreduced retirement eligibility date is October 1, 2020, but you retire on November 1, 2017, and have fewer than 20 years of service credit when you retire, your first COLA will be effective July 1, 2022, and appear in your August 1, 2022, benefit payment.

For the current COLA, visit [www.varetire.org](http://www.varetire.org) (select the Retirees homepage).

### Imputed Income

The cost 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.

### **What Is the Consumer Price Index for all Urban Consumers (CPI-U)?**

The U.S. Bureau of Labor Statistics defines the CPI-U as a measure of the average change over time in the prices paid by urban consumers for goods and services, such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.

## **Exceptions to the COLA**

If you are eligible for a COLA under any of the following circumstances, your COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from your retirement date:

- You were within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- You retire on disability.
- You retire directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- You are involuntarily separated from employment for causes other than job performance or misconduct and are eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- You die in service and your survivor or beneficiary is eligible for a monthly death-in-service benefit. The COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins.

## **How the COLA Is Calculated**

### **Plan 1**

The COLA is calculated using the first 3 percent increase in the CPI-U and half of any additional increase (up to 4 percent), for a maximum COLA of 5 percent.

### **Plan 2**

The COLA is calculated using the first 2 percent increase in the CPI-U and half of any additional increase (up to 2 percent), for a maximum COLA of 3 percent.

## 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 right). 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](http://www.socialsecurity.gov).

## 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](http://www.varetire.org). ADRO guidelines also are available on the VRS website at [www.varetire.org/adro](http://www.varetire.org/adro).

## 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. A portion of the benefit also may continue if you are eligible to retire but defer receiving your benefit until a later date. Your coverage will end, however, if you leave employment and 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.

**Life Insurance Coverage in Retirement.** Your coverage begins to reduce on January 1 following one calendar year of retirement. The reduction rate is 25 percent each January 1 until it reaches 25 percent of the total life insurance benefit value at retirement. If you have at least 30 years of creditable service,

### 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

your coverage cannot reduce below \$8,000. This minimum will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation.

Life Insurance Reduction		
When	Your life insurance benefit	Example
You retire	Your life insurance benefit is equal to your compensation at retirement, rounded to the next highest thousand and then doubled	You retire on March 1, 2017. Your compensation at retirement is \$49,780; for your life insurance coverage, that amount is rounded to \$50,000 then doubled to equal \$100,000 at retirement
On January 1 after you complete one calendar year of retirement (Jan. through Dec.)	Your life insurance coverage reduces 25 percent	Your first 25 percent reduction will be on January 1, 2019, with remaining coverage of \$75,000
On January 1 after you complete two calendar years (Jan. through Dec.) of retirement	Your life insurance coverage reduces another 25 percent	Your next 25 percent reduction will be on January 1, 2020, with remaining coverage of \$50,000
On January 1 after you complete three calendar years (Jan. through Dec.) of retirement	Your life insurance coverage reduces a final 25 percent and remains at that value for the rest of your retirement	Your final reduction will be on January 1, 2021, and your coverage will remain at \$25,000 for the rest of your 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 \$275,000. You must elect to continue your coverage within 31 days of your retirement date. This option is not available after 31 days.

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](http://www.varetire.org).

### Retiree Health Insurance (State Employees)

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 Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879) with your retirement application or within 31 days of your retirement date. The form is available at [www.varetire.org](http://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,

**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.

visit the Department of Human Resource Management website at [www.dhrm.virginia.gov](http://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 Virginia General Assembly for each year of service credit, as shown in the table below. It cannot exceed the amount of the individual premium. 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

### 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](http://www.varetire.org).

### 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.

## 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.

## 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 Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and the Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) within 60 days of your last day of employment to the Long Term Care Group, Inc., P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available at [www.varetire.org](http://www.varetire.org). This option is not available after 60 days.

See also [www.varetire.org](http://www.varetire.org) for more information about these long-term care programs.

## 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).

### 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.

### 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](http://www.varetire.org) (select the Retirees tab); or refer to the current *Handbook for Members* for Plan 1 or Plan 2, also available on the VRS website.

## myVRS: Helping You Plan for Tomorrow, Today

When you retire, you can create a secure myVRS 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 myVRS

- 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 myVRS from [www.varetire.org](http://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 myVRS from [www.varetire.org](http://www.varetire.org).





## Key Contacts

- American Association of Retired Persons: 1-888-OUR-AARP (1-888-687-2277); [www.aarp.org](http://www.aarp.org)
- Anthem Blue Cross/Blue Shield (State Employees): 1-800-552-2682; [www.anthem.com/cova](http://www.anthem.com/cova)
- Commonwealth of Virginia 457 Deferred Compensation Plan: 1-VRS-DC-PLAN1 (1-877-327-5261); [www.varetire.org](http://www.varetire.org) (select the Defined Contribution Plans tab)
- Federal Public Safety Officers' Benefits Act: 1-888-744-6513; [www.psob.gov](http://www.psob.gov)
- Group Life Insurance Program: Minnesota Life, 1-800-441-2258
- Internal Revenue Service: 1-800-829-1040; [www.irs.gov](http://www.irs.gov)
- Medicare: 1-800-MEDICARE (1-800-633-4227); [www.medicare.gov](http://www.medicare.gov)
- Social Security Administration: 1-800-772-1213; [www.socialsecurity.gov](http://www.socialsecurity.gov)
- Virginia Division for the Aging: 1-800-552-3402; [www.vda.virginia.gov](http://www.vda.virginia.gov)
- Virginia Department of Human Resource Management (State Employees): [www.dhrm.virginia.gov](http://www.dhrm.virginia.gov)
- Virginia Department of Taxation: 804-367-8031; [www.tax.virginia.gov](http://www.tax.virginia.gov)
- Virginia Line of Duty Act, Virginia Department of Accounts: 804-225-3038; [www.doa.virginia.gov](http://www.doa.virginia.gov)
- Virginia Sickness and Disability Program (VSDP) (State Employees): Reed Group, 1-877-928-7021; [www.reedgroup.com/vsdp-claims](http://www.reedgroup.com/vsdp-claims)
- 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](http://www.vwc.state.va.us)

## The Forms You Need

The forms you need to retire are also available on the VRS website at [www.varetire.org/readytoretire](http://www.varetire.org/readytoretire); or you can call VRS at 1-888-VARETIR (1-888-827-3847) to request the forms.

- Application for Retirement (VRS-5)
- Request for Income Tax Withholding (VRS-15)
- Designation of Beneficiary (VRS-2)
- Authorization for Direct Deposit of Monthly Benefit (VRS-57)

You may also need:

- Request for Health Insurance Credit (VRS-45) (if you are eligible)
- Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170)
- Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171)
- If you are a state employee, State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879)

# APPLICATION FOR SERVICE RETIREMENT



**VIRGINIA RETIREMENT SYSTEM**  
 P.O. Box 2500 ♦ Richmond, Virginia 23218-2500  
 Toll Free 1-888-VARETIR (827-3847)  
 Fax 804-786-9718  
 www.varetire.org

1. Social Security Number
2. Check One <input type="checkbox"/> Original Application <input type="checkbox"/> Revised Application

**PART A. MEMBER INFORMATION**

3. Name (First, Middle Initial, Last)	
4. Address (Street, City, State and Zip+4)	
5. Are you a Virginia resident? <input type="checkbox"/> Yes <input type="checkbox"/> No	6. Are you a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No
7. Marital Status <input type="checkbox"/> Never Married <input type="checkbox"/> Married or Separated <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced – Date of Divorce _____ <span style="float: right; font-size: small;">(mm/dd/yyyy)</span>	
8. Home Phone Number	9. Daytime Phone Number
10. Birth Date (mm/dd/yy)	11. Retirement Date (mm/01/yy)
12. Do you intend to make a lump-sum purchase of service credit prior to retirement? <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
13. Will you be purchasing service credit with a sick leave payment? ( <i>Irrevocable option</i> ) <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
14. VSDP Participants Only: Will you be converting disability credit to service credit when you retire? ( <i>Irrevocable option</i> ) <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
15. Will you be terminating all full-time employment with employers participating in VRS as of your retirement date, including employment covered by an optional retirement plan? ( <i>See instructions for more information</i> ) <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No</span>	
16. Will you be terminating all part-time employment with the employer from which you are retiring as of your retirement date? ( <i>See instructions for more information</i> ) <span style="float: right;"><input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A</span>	



17. SSN

**PART B. PAYOUT OPTION SELECTION****18. Retirement Payout Options (Choose only one)**

- Basic Benefit
   
  Survivor Option with \_\_\_\_\_ % payable to survivor  
 Basic Benefit with a Partial Lump-Sum Option Payment (PLOP)
   
  Survivor Option with \_\_\_\_\_ % payable to survivor, and a Partial Lump-Sum Option Payment (PLOP)  
 Advance Pension Option

**19. Advance Pension Option** If you chose this option above, enter the age at which you want your retirement benefit to decrease:

**20. PLOP** If you chose a payout option with a PLOP payment above, choose the number of months for the payment:

- 12 months     24 months     36 months

**21.** If you chose a PLOP payment above, do you intend to roll the funds into an IRA or other qualified plan?

- Yes     No

**PART C. SURVIVOR INFORMATION**

Complete Part C **ONLY** if you chose a Survivor Option in Part B. Your survivor is the person to whom your monthly retirement benefit will continue upon your death. (This is different than naming a beneficiary, which you do on the VRS-2.)

**22. Survivor's Name** (First, Middle Initial, Last)

**23. Relationship**

- Spouse                       Other

**24. Survivor's Birth Date** (mm/dd/yy)

**25. Survivor's SSN**

**26. Is your survivor a U.S. Citizen?**

- Yes     No

**27. Survivor's Gender**

- Male     Female

**PART D. CERTIFICATION****28. Member Certification**

I hereby certify: 1) All information I provide in this document is true and I understand that any willful falsification of facts presented may result in prosecution as provided by law, 2) I have read and understand the service retirement information in the *Handbook for Members*, 3) I will terminate all full-time positions with VRS employers prior to my retirement, and 4) I will not return to work in a part-time position with my current employer following my retirement date for at least one full calendar month during which I would normally work. Additionally, I agree that, in the event that VRS pays retirement benefits in excess of those to which I am entitled, I or my estate will repay the excess to VRS. By signing this form, I hereby assign to VRS any VRS group life insurance benefits that may be payable as a result of my death to secure repayment of any such retirement benefit overpayment.

\_\_\_\_\_  
Member Signature

\_\_\_\_\_  
Date

**29. Spouse Certification (Required if married or separated)**

I have read and understand the retirement payout options available under VRS. I am aware of and understand the retirement payout option selected by my spouse in Part B and if my spouse chose a Survivor Option, the survivor benefits will be provided to the person named in Part C. Further, I am aware that counseling regarding the payout options is available.

\_\_\_\_\_  
Spouse's Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Address (If different from member's address)



## INSTRUCTIONS FOR COMPLETING THE APPLICATION FOR SERVICE RETIREMENT

Please read the service retirement information in your *Handbook for Members* before completing your application. You may obtain this handbook from your benefits administrator or view it on the VRS Web site ([www.varetire.org](http://www.varetire.org)). Use *myVRS* on the VRS Web site to estimate your VRS benefits before applying for retirement.

Submit your application to the Virginia Retirement System (VRS) at least 60 days, but not more than four months, prior to your effective date of retirement. This ensures you will receive your first benefit payment the first of the month following your retirement date.

### *When submitting your application:*

- 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 your benefits administrator complete the necessary online certification. These options are irrevocable and cannot be reversed.
- 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](http://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 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 Request for Income Tax Withholding (VRS-15) and the Authorization for Direct Deposit of Monthly Benefit (VRS-57). Processing of your retirement application is delayed if the VRS-57 is not completed and submitted with your application. **Note:** If you have fraud control or protection measures on the account that will receive your VRS benefit payment, you may want to check with your financial institution before VRS sends your first payment to be sure it is not rejected.

If all required documents are not received by VRS within 60 days of your anticipated retirement date, processing of your application will be delayed. This will affect when your first benefit payment is made. VRS does not process incomplete applications; your application is not considered complete until all documents are received. VRS will process your application within 60 days of the date all documents are received.

### *Considerations:*

You must terminate all full-time and part-time positions that are covered by VRS to receive a monthly retirement benefit. This includes positions which provide retirement benefits in any VRS administered Optional Retirement Plan or a public college or university Optional Retirement Plan authorized by the Code of Virginia. 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.

If you return to work in a full-time or part-time position covered by VRS for retirement purposes, a VRS-administered Optional Retirement Plan or a public college or university Optional Retirement Plan authorized by the Code of Virginia, your monthly retirement benefit must cease.

If you plan to return to work in a part-time position with any employer participating in VRS, your employer must comply with Internal Revenue Service (IRS) rules about in-service distributions. For your employer to be in compliance, you must:

- Terminate all full- and part-time employment with your current employer before you receive your benefit payment.
- Incur a break in service of at least one full calendar month before returning to part-time employment in a position not covered by VRS with your current employer. This break must occur during a normal work period.

**Note:** State agencies are considered one employer. Retired state employees may return to work in part-time positions with other state agencies after a full calendar month break in service during a normal work period.

## 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 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, be sure your employer has completed the on-line certification for your accumulated sick leave using *myVRS Navigator*.
- Box 14: If you check yes, be sure your employer has completed the on-line certification for your conversion of disability credits using *myVRS Navigator*.
- Box 15-16: You must terminate all full-time and part-time positions that are covered by VRS, including positions covered by an optional retirement plan, 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. Choose yes or no as appropriate, or choose "N/A" in box 16 if you have not been working in a part-time position and do not plan to do so prior to your date of retirement.
- Box 18: Choose only 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 to learn more about the tax implications of a lump-sum payment.
- Box 19: If you chose 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](http://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.
- Box 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, at least two years; and for a 36-month payment, at least three years. 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.
- Box 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.

## Employer Responsibilities

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

Box 4: For members in a political subdivision, select the job name for the last position held if listed. Members in these positions may be eligible for the state's health insurance credit.

Box 5: If the member is covered by hazardous duty provisions, check the applicable box.

Boxes 7-12: This information is used to project creditable compensation received up to the effective date of retirement. If there is a change to this information, submit a Change to Certification (VRS-49) to update the information on this form. Using *myVRS Navigator*, you must also correct any payroll reported error that resulted from changes in these items or in the creditable compensation used to calculate the average final compensation. To avoid an erroneous payment to the retiree, please submit changes to VRS immediately.

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 you have completed the necessary on-line certification in *myVRS Navigator* before submitting the application.
- Review the birth certificate (and the survivor's birth certificate if applicable) to ensure it is legible.
- 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 Benefit 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 VSDP and wants to convert them to service credit, ensure you have completed the on-line certification in *myVRS Navigator* before submitting the application.
- If an employee of a locality (not including constitutional officers or sheriffs) or school board is retiring under the Transitional Benefits Program, complete both pages of the Employer Certification of Involuntary Separation (VRS-11B) and submit it along with the VRS-5.

# DESIGNATION OF BENEFICIARY



**VIRGINIA RETIREMENT SYSTEM**  
 P.O. Box 2500 ♦ Richmond, Virginia 23218-2500  
 Toll Free 1-888-VARETIR (827-3847)  
 www.varetire.org

1. Social Security Number
2. Employer Code

## PART A. MEMBER/RETIREE INFORMATION

3. Name (First, Middle Initial, Last)	4. Are you retired? <input type="checkbox"/> Yes <input type="checkbox"/> No
5. Address (Street, City, State and Zip+4)	6. Birth Date

## PART B. BENEFICIARIES FOR VRS BASIC AND OPTIONAL GROUP LIFE INSURANCE

Check ONE:

- I revoke any previous designations and elect payment of VRS basic and optional group life insurance benefits to be made by order of precedence established by law. If you check this box, do not complete the beneficiary information below. Continue to Part C. (Order of precedence is explained in the form instructions.)
- I revoke any previous designations and elect payment of VRS basic and optional group life insurance benefits to the beneficiaries designated below. If you check this box, complete the beneficiary information below.

Full Name (Person or Estate) (First, Middle Initial, Last)			Social Security Number
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Relationship	Birth Date
Full Name (Person or Estate) (First, Middle Initial, Last)			Social Security Number
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Relationship	Birth Date
Full Name (Person or Estate) (First, Middle Initial, Last)			Social Security Number
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Relationship	Birth Date
Name of Trust Organization			Date of Trust
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Trustee or Organization Executive Officer	

Are additional beneficiaries for Part B listed on a VRS-2A continuation form?

Yes  No





**PART C. BENEFICIARIES FOR VRS DEFINED BENEFIT MEMBER ACCOUNT RETIREMENT CONTRIBUTION/ BENEFITS**

Check ONE:

- I revoke any previous designations and elect payment of VRS defined benefit retirement contributions/benefits to be made by order of precedence established by law. If you check this box, do not complete the beneficiary information below. Continue to Part D. (Order of precedence is explained in the form instructions.)
- I revoke any previous designations and elect payment of VRS defined benefit retirement contributions/benefits to the beneficiaries designated below. If you check this box, complete the beneficiary information below.

Full Name (Person or Estate) (First, Middle Initial, Last)			Social Security Number
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Relationship	Birth Date
Full Name (Person or Estate) (First, Middle Initial, Last)			Social Security Number
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Relationship	Birth Date
Full Name (Person or Estate) (First, Middle Initial, Last)			Social Security Number
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Relationship	Birth Date
Name of Trust Organization			Date of Trust
Address (Street, City, State and Zip+4)			
Beneficiary Type (Check one) <input type="checkbox"/> Primary <input type="checkbox"/> Contingent	Share %	Trustee or Organization Executive Officer	

Are additional beneficiaries for Part C listed on a VRS-2A continuation form?

- Yes  No

**PART D. CERTIFICATION**

**Member Certification:** I do hereby revoke all previous designations of primary and contingent beneficiaries, if any, and designate the beneficiary(ies) as indicated on this form to receive the proceeds of the basic and optional group life and accidental death and dismemberment insurance policies administered by VRS if I am covered under those policies, and to receive the accumulated retirement contributions/benefits to my credit in VRS at the time of my death. I do hereby direct that should I survive all of the above-named primary and contingent beneficiaries, any amount(s) which otherwise would have been payable to such beneficiary(ies) shall be paid in the order of precedence established by law and as listed in the instructions of this form or to such other beneficiary(ies) as I shall hereafter designate by written designation filed with the VRS Board of Trustees in accordance with its procedures. The right to change the beneficiary(ies) designation without the consent of said beneficiary(ies) is reserved. All information I provide in this document is true and I understand that any willful falsification of facts presented may result in prosecution as provided by law. (Persons holding a Power of Attorney, acting under a Guardianship, or acting as a Trustee may not make or change any beneficiary designation unless the relevant documentation specifically grants the authority to do so. Persons not holding such documents may not make or change any member's beneficiary designation unless granted the authority to do so by court order.)

Member Signature \_\_\_\_\_

\_\_\_\_\_ Date

7. Social Security Number:
----------------------------

## INSTRUCTIONS FOR COMPLETING THE DESIGNATION OF BENEFICIARY

Complete this form to designate a beneficiary for VRS Basic and Optional Group Life Insurance and for your defined benefit retirement contribution account. It is only necessary to designate a beneficiary if you want payment to be made in a method other than by order of precedence established by law. If you previously completed a VRS-2 and wish to change beneficiaries or now wish to choose the order of precedence, you must complete this form to revoke any prior designations.

Please read the information provided on this form to understand your options for designating a beneficiary. Additional information is provided in your *Handbook for Members*, which is available on the VRS Web site ([www.varetire.org](http://www.varetire.org)) or from your human resources representative.

**Order of Precedence:** You may choose the order established by law to provide payment of your benefits or you may designate specific beneficiaries to receive your benefits in the event of your death. The order of precedence is as follows:

- To your spouse;
- *If no surviving spouse*, to your natural or legally adopted children and descendants of your deceased natural or legally adopted children;
- *If none of the above*, to your parents equally or to the surviving parent;
- *If none of the above*, to the duly appointed executor or administrator of your estate;
- *If none of the above*, to your next of kin under the laws of the state where you reside at the time of your death.

**Life Insurance Benefits:** Your VRS Basic and Optional Group Life Insurance benefits will be paid by order of precedence unless otherwise indicated in Part B of this form.

### Defined Benefit Retirement Benefits

#### Death in Service:

If you are vested (have at least five years of service credit) and die while in service with a VRS-covered employer and your death is **not** work-related, VRS pays retirement benefits as follows:

- If no designation is made, or the death of all primary and contingent designated beneficiaries occurs prior to your death and another designation is not made, the beneficiary is determined by order of precedence.
- If you name your spouse, minor child(ren), or parent(s) as a beneficiary, or they are deemed the beneficiary by order of precedence, that person may receive a monthly benefit or may elect a refund of the contributions and accrued interest in your account to the exclusion of any other named beneficiary. The spouse will take precedence over a minor child, a minor child will take precedence over a parent.
- If the beneficiary named, or determined by order of precedence, is someone other than your spouse, minor child(ren), or parent(s), a refund of the contributions and interest credited to your account is paid.

If you are not vested and die while in service with a VRS-covered employer and your death is **not** work-related, VRS pays defined benefit retirement benefits in the form of a refund to your designated beneficiary.

If you die while in service with a VRS-covered employer, and your death **is** work-related, VRS pays defined benefit retirement benefits as follows regardless of whether or not you are vested:

- A refund of contributions and interest is paid to your designated beneficiary. If no designation is made, or the death of all of your primary and contingent designated beneficiaries occurs prior to your death and another beneficiary is not designated, the contributions and interest credited to your account are refunded to the beneficiary as determined by order of precedence.
- In addition to the refund of contributions and interest, a monthly benefit is paid to your surviving spouse for life. If you have no surviving spouse, the monthly benefit is paid to your minor child(ren) until age 18. If you have no minor child(ren), the benefit is paid to your parent(s) for life. All benefits are governed by and subject to the Virginia Retirement Act (Title 51.1 of the [Code of Virginia](#).)

#### Death After Retirement:

If you die after your effective date of retirement and chose a payout option other than a Survivor Option, a refund of the contributions and interest that have not been paid to you as a monthly retirement benefit is refunded to your named beneficiary or, if no beneficiary designation is on file with VRS, to the first person qualifying by order of precedence.

If you die after your effective date of retirement and chose a Survivor Option, your monthly retirement benefit payment continues to the person you named as your contingent annuitant.

If you are retired, selected a survivor option and wish to change the name of the person you selected to receive the monthly benefit at the time of your death, contact VRS for further information. *This form cannot be used to change the contingent annuitant you designated at retirement.*

### Death After Termination:

If you die after you have terminated your employment in a VRS-covered position but before beginning to receive a monthly retirement benefit and you have not taken a refund of the contributions and interest credited to your account prior to your death, a refund of the contributions and interest credited to your account is paid to your named beneficiary; or if no beneficiary designation is on file, to the first person qualifying by order of precedence.

### **Other Key Points to Remember**

1. This form is *not* used to designate a beneficiary for any defined contribution account funds that you may have as a part of your covered employment. You must contact your defined contribution plan provider directly to designate beneficiaries.
2. This form cannot be used to designate a beneficiary for your spouse's or children's coverage under the Optional Life Insurance Plan because you are the beneficiary of those benefits.
3. If you name multiple primary beneficiaries, other than those established by law for death in service benefits, the proceeds will be split equally, unless you instruct otherwise in the Share % box for each beneficiary on this form. If you need to designate additional beneficiaries, list them on the Designation of Beneficiary – Continuation (VRS-2A) at the time you complete the VRS-2 and send both forms to VRS.
4. To be valid, this form must be filled out completely using given names such as "Mary L. Doe" rather than "Mrs. John Doe."
5. If a **minor** (child less than 18 years of age) is named as beneficiary, a guardian for the financial estate of the minor must be appointed by the court before benefits can be paid.
6. If an **estate** is named as beneficiary, a probated will appointing an administrator or executor must be provided or the court must appoint an administrator or an executor before benefits can be paid.
7. If a **trust** is named as beneficiary, list the name of the trustee and the date that the trust agreement was completed. Do not submit a copy of the trust with this form. A copy will be requested when the claim for benefits is made.
8. Forms that have been altered cannot be accepted. If you make an error when completing this form, either complete a new form or initial the information that was changed.
9. *Beneficiary Types:* When you choose beneficiaries, you must indicate whether each beneficiary is a primary or contingent beneficiary.  
*Primary:* Person(s) to receive the death benefits payable upon your death.  
*Contingent:* Person(s) to receive the death benefits payable upon your death, if the primary beneficiary(ies) dies before you.
9. *Share %:* You may provide less than 100% share to your beneficiaries. You may break down the shares designated in Part B different from those in Part C. Designations in Part B must total 100%, and designations in Part C must also total 100%.

### **Completing the Form**

#### Part A. Member/Retiree Information

Enter your personal information in boxes 1 through 6, and box 7 on the 2<sup>nd</sup> page. Your VRS identification number must be clearly displayed in boxes 1 and 7. The employer code is required in box 2 only if you are an active VRS member.

#### Part B. Designation of Beneficiary for VRS Basic and Optional Group Life Insurance

Check the appropriate box to indicate whether you wish to have payment of basic and optional life insurance be made by order of precedence or have the payment made to beneficiaries you designate.

If you choose to designate beneficiaries, enter each beneficiary's full name, Social Security number and complete address as well as whether the beneficiary is primary or contingent, the person's relationship to you, the percentage of life insurance to be paid to the person, and his or her birth date.

#### Part C. Designation of Beneficiary for Accumulated VRS Defined Benefit Retirement Contributions/Benefits

Check the appropriate box to indicate whether you wish to have payment of VRS retirement contributions/benefits be made by order of precedence or have the payment made to beneficiaries you designate.

If you choose to designate beneficiaries, enter each beneficiary's full name, Social Security number and complete address as well as whether the beneficiary is primary or contingent, the person's relationship to you, the percentage of retirement contributions/benefits to be paid to the person, and his or her birth date.

#### Part D. Certification

Sign and date the member certification. Make a copy of the completed form for your records and mail the original to VRS.

# REQUEST FOR INCOME TAX WITHHOLDING



**VIRGINIA RETIREMENT SYSTEM**  
P.O. Box 2500 ♦ Richmond, Virginia 23218-2500  
Toll-free 1-888-VARETIR (827-3847)  
Fax 1-804-786-9718  
[www.varetire.org](http://www.varetire.org)

1. Social Security Number
2. Phone Number

Complete this form to request or make changes to your income tax withholding. If a completed VRS-15 is not on file, VRS withholds federal income tax based on the rate for a married individual claiming three exemptions and state income tax based on the rate for zero exemptions. Refer to the back of this form to calculate exemptions.

## PART A. REQUESTOR INFORMATION

3. Name (First, Middle Initial, Last)	
4. Address (Street, City, State and Zip+4)	
5. Type of Request <input type="checkbox"/> New Request <input type="checkbox"/> Change to current withholdings	6. Type of Payment (Choose payments affected by this change) <input type="checkbox"/> Retiree <input type="checkbox"/> Survivor <input type="checkbox"/> Third Party
7. Citizenship <input type="checkbox"/> US Citizen <input type="checkbox"/> Resident Alien <input type="checkbox"/> Non-resident Alien (Marking this box certifies your status as non-resident alien and that you are not a U.S. citizen or resident alien)	

## PART B. FEDERAL INCOME TAX WITHHOLDING

Choose one option below. If you choose to have income tax withheld, provide marital status and number of exemptions.

Do not withhold federal income tax from my monthly benefit. I understand I am liable for paying federal income tax on the taxable portion of my benefit and I may be subject to tax penalties under the estimated tax payment rules if my payment(s) of estimated tax and withholding are not adequate. (If I am a U.S. Citizen or resident alien whose benefit payments are delivered outside the U.S. or its possessions, I *must* have federal income tax withheld.)

Calculate my federal income tax withholding (if any) in accordance with the tax formula as published in IRS Publication 15 based on the following selections:

Marital Status for Federal Taxes:     Single     Married

Number of Exemptions: \_\_\_\_\_

**If you wish an amount withheld in addition to the calculated tax, enter the additional amount to be withheld per month: \$ \_\_\_\_\_**

## PART C. STATE OF VIRGINIA INCOME TAX WITHHOLDING

Choose one option below. If you choose to have income tax withheld, provide marital status and number of each exemption type. (You are not required to have Virginia state income tax withheld from your benefit if you do not reside in Virginia.)

Do not withhold state income tax from my monthly benefit. I understand I am liable for paying state income tax on the taxable portion of my benefit and I may be subject to tax penalties under the estimated tax payment rules if my payment(s) of estimated tax and withholding are not adequate.

Calculate my state income tax withholding (if any) in accordance with the tax formula as published in the Virginia Income Tax publication based on the following selections:

Marital Status for State Taxes:     Single     Married

Exemptions:    Personal: \_\_\_\_\_    Age and Blindness: \_\_\_\_\_    Total: \_\_\_\_\_

**If you wish an amount withheld in addition to the calculated tax, enter the additional amount to be withheld per month: \$ \_\_\_\_\_**

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date



## Completing Part B. Federal Income Tax Withholding

For detailed information about federal income tax withholding, refer to the Internal Revenue Service (IRS) website at [www.irs.gov](http://www.irs.gov) to review the IRS Form W-4P. The "Personal Allowances Worksheet" from the W-4P is provided below for calculating exemptions for federal income tax purposes. Review the IRS Form W-4P for additional information about other worksheets that might apply.

- A** Enter "1" for **yourself** if no one else can claim you as a dependent. **A** \_\_\_\_\_
- B** Enter "1" if: a) You are single and have only one pension; or **B** \_\_\_\_\_  
b) You are married, have only one pension and your spouse has no income subject to withholding; or  
c) Your income from a second pension or a job, or your spouse's pension or wages (or the total of all), is \$1,500 or less.
- C** Enter "1" for your **spouse**. You may choose to enter "0" if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (Entering "0" may help you avoid having too little tax withheld.) **C** \_\_\_\_\_
- D** Enter the number of **dependents** (other than your spouse or yourself) you will claim on your tax return. **D** \_\_\_\_\_
- E** Enter "1" if you will file as **head of household** on your tax return. **E** \_\_\_\_\_
- F** **Child Tax Credit** (including additional child tax credit): If your total income will be less than \$70,000 (\$100,000 if married), enter "2" for each eligible child, then **less** "1" if you have two to four eligible children or **less** "2" if you have five or more eligible children. If your total income will be between \$70,000 and \$84,000 (\$100,000 and \$119,000 if married), enter "1" for each eligible child. **F** \_\_\_\_\_
- G** Add lines A through F for total Personal Exemptions. Enter this number in Part B if you choose to have federal income tax withheld. **Note:** This may be different than the number of exemptions you claim on your tax return. **G** \_\_\_\_\_

## Completing Part C. State Income Tax Withholding

For detailed information about state income tax withholding, refer to the Virginia Department of Taxation web site at [www.tax.virginia.gov](http://www.tax.virginia.gov) to review the Virginia Form VA-4P. The "Personal Exemption Worksheet" from the VA-4P is provided below for calculating exemptions for state income tax purposes.

### Calculate Personal Exemptions

- 1** Enter "1" for **yourself**. **1** \_\_\_\_\_
- 2** If you are married and your spouse is not claimed on his or her own certificate, enter "1". **2** \_\_\_\_\_
- 3** Enter the number of dependents you will claim on your state income tax return. (Do not include your spouse.) **3** \_\_\_\_\_
- 4** Add lines 1, 2, and 3 for total Personal Exemptions. Enter this number in Part C if you choose to have state income tax withheld. **4** \_\_\_\_\_

### Calculate Exemptions for Age and Blindness

- 5** Age: a) If you will be 65 or older on January 1, enter "1". **5a** \_\_\_\_\_  
b) If you claimed an exemption on line 2 above and your spouse will be 65 or older on January 1, enter "1". **5b** \_\_\_\_\_
- 6** Blindness: a) If you are legally blind, enter "1". **6a** \_\_\_\_\_  
b) If you claimed an exemption on line 2 above and your spouse is legally blind, enter "1". **6b** \_\_\_\_\_
- 7** Add lines 5a through 6b for total Age and Blindness Exemptions. Enter this number in Part C if you choose to have state income tax withheld. **7** \_\_\_\_\_

# AUTHORIZATION FOR DIRECT DEPOSIT OF MONTHLY BENEFIT



**VIRGINIA RETIREMENT SYSTEM**  
 P.O. Box 2500 ♦ Richmond, Virginia 23218-2500  
 Toll-free 1-888-VARETIR (827-3847)  
 Fax 1-804-786-9718  
[www.varetire.org](http://www.varetire.org)

1. Social Security Number
2. Phone Number

If you are a Power of Attorney or guardian for a retiree or survivor, please attach a copy of your Power of Attorney or guardianship papers. If you are filling this out on behalf of a retiree or beneficiary in the State Retiree Health Benefits Program and the address is being updated, the address change will not be made unless the Power of Attorney specifically authorizes access to health plan information.

VRS will send you a Statement of Benefits when the first benefit payment is made into the new account. If your mailing address changes, it is very important to notify VRS so you'll receive important information that is mailed to your mailing address, including the year-end tax statement and newsletters.

**Note:** If you receive more than one benefit from VRS, this authorization applies to all benefits you receive.

<b>3. Name</b> (First, Middle Initial, Last)
<b>4. Address</b> (Street, City, State and Zip+4) <input type="checkbox"/> Check here if a new address
<b>5. Type of Request</b> (Choose one) <input type="checkbox"/> New Retiree (Initial Request) <input type="checkbox"/> New Survivor (Initial Request) <input type="checkbox"/> Third Party (Initial Request) <input type="checkbox"/> Change of Direct Deposit Information
<b>6. Financial Institution Name</b>
<b>7. Financial Institution Account Information</b>  <b>Account Type</b> (Choose one): <input type="checkbox"/> Checking <input type="checkbox"/> Savings  <b>Bank Routing Number</b> <input style="width: 100px; height: 20px;" type="text"/>  <b>Account Number</b> <input style="width: 300px; height: 20px;" type="text"/>  <b>Note:</b> If you have fraud control or protection measures on this account, you may want to check with your financial institution before VRS sends your first payment to be sure it is not rejected.
<b>8. Authorization and Signature (Required for Processing)</b>  I hereby authorize VRS to deposit my monthly retirement benefit payment directly to my account at the financial institution shown above. I agree to provide written notification to VRS within 30 days of any changes to this information so that my monthly benefit may be properly distributed. I also authorize VRS to make adjustments to my account to correct any credit entries made in error.  <hr style="width: 40%; margin-left: 0;"/> Signature <span style="float: right; margin-right: 0; width: 40%;"><hr style="width: 40%;"/></span>











1200 East Main Street • P.O. Box 2500 • Richmond, Virginia 23218-2500  
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