

RETIREE NEWS

VIRGINIA RETIREMENT SYSTEM

Summer 2014 • Vol. 13, No.1

COLA Rate for 2014 Set at 1.46 Percent

The VRS Board of Trustees announced a 1.46 percent cost-of-living adjustment (COLA), effective July 1 for retirees in Plan 1 and in Plan 2. If you are eligible for a COLA, the increase applies to the benefit payment you will receive on August 1.

How the COLA Is Calculated

COLAs help your retirement benefit 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.

The U.S. Bureau of Labor Statistics uses the CPI-U as a measure of the average change in prices paid by urban consumers for typical items such as food, rent, mortgages, clothing, transportation, medical care and fuel. During years of no inflation or deflation, the COLA is 0 percent.

The COLA calculation uses your Basic Benefit amount, if you retired under the Basic Benefit or Advance Pension Option. If you retired under the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP) or the Survivor Option or Survivor Option with the PLOP, the COLA calculation is based on the benefit amount after the PLOP or Survivor Option portion is deducted.



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Need forms, publications or more information about your benefits?

You can find all the forms, publications and benefit information you need on the VRS website at www.varetire.org.

If you do not have access to the Internet, the resources and information in this newsletter are available by calling VRS toll-free at 1-888-VARETIR (1-888-827-3847).

When to Expect a COLA if You Just Retired

If you retired this year, when will you receive your first possible COLA? The adjustment, if any for that year, will go into effect on July 1 after one full calendar year (January 1 to December 31) from your retirement date. For example, if you retired April 1, 2014, you will become eligible for your first COLA on July 1, 2016.

Resetting Your *myVRS* Password Online

Keeping up with all those passwords is challenging. If you forget your *myVRS* password, here's how to reset the password so you don't get locked out of your account.

The first step to take if you can't recall your password is to access the Forgot User Name/Password feature on the *myVRS* access page. In most cases, by following the three-step process of this feature, you quickly regain access to your account while keeping your account information secure.

Protect Your Identity in *myVRS*

- Do not close your browser to log out of *myVRS*. Instead, select Log-Out from the top right area of the page.
- Never send personal or confidential information through email.
- Do not use the same password for *myVRS* that you use for other accounts, such as your online bank account.
- Change your password regularly.
- Store printed copies of your online account information securely.
- Never use publicly shared computers to access secure systems.



It will appear in your August 1, 2016 benefit payment. There may be exceptions if you retired before you became eligible for an unreduced retirement and had fewer than 20 years of VRS-covered service. Your VRS retiree handbook, *Roadmap to Retirement*, provides details on COLA eligibility.

Keep Track of Your COLA and Other Benefits Through *myVRS*

VRS sends you a benefits statement only if the amount of your monthly benefit changes (e.g., a COLA rate change or a life insurance reduction).

However, you can access your benefits statement at any time through *myVRS* to check your deposit date, the amount of your benefit and other information. Go to your account information page to see:

- Where and when your benefit is deposited
- The gross and net amounts of your benefit
- Deductions for health insurance premiums and your health insurance credit, if applicable
- Your tax withholdings
- Your benefit payment history

Not signed up for *myVRS*? Select *myVRS* Access from the VRS website at www.varetire.org, then select Register Now. Follow the step-by-step instructions to create your online account.

If you need help while you are in your *myVRS* account:

- Select *myVRS* Help from the bottom of any screen for general information.
- Select Explain this Page from the top right for help on a particular screen.
- If you get locked out, call VRS at 1-888-VARETIR (1-888-827-3847).

VRS Announces New Board of Trustees Members

Joseph W. Montgomery and William H. Leighty were appointed recently to the Virginia Retirement System Board of Trustees.

Montgomery, appointed by the General Assembly Joint Rules Committee, is managing director-investments at Wells Fargo Advisors and heads the Optimal Service Group, specializing in advising high-net-worth individuals and institutions. During his 39-year career, he has been included in *Worth* magazine's Top 100 Financial Advisors and has been included in *Barron's* Top 100 Best Financial Advisors list since its inception in 2004.



Montgomery

In addition, *Research* magazine named him to the Broker Hall of Fame, and *On Wall Street* magazine recognized him as one of the Ten Best Brokers. He appeared on the *Virginia Business* list of "Virginia's Top Wealth Advisors" from 2005 to 2011, appearing in the number one position several years.

Leighty, appointed by Governor Terry McAuliffe, was chief of staff to Governors Mark Warner and Tim Kaine, and served as director of the Virginia Retirement System for seven years. In his most recent position as a consultant with DecideSmart LLC, he has served as senior advisor to the Scottish Executive, advising the government on designing and implementing a national performance management system. He also conducted a performance review of the United Nations Joint Staff Pension Fund, and, at the request of the National Governors Association, led a delegation to Nigeria to conduct a seminar for the country's newly elected governors. Leighty joined state government after serving in the United States Marine Corps.



Leighty

VRS Board of Trustees

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A. Marshall Acuff, Jr.

Wallace G. "Bo" Harris, Ph.D.

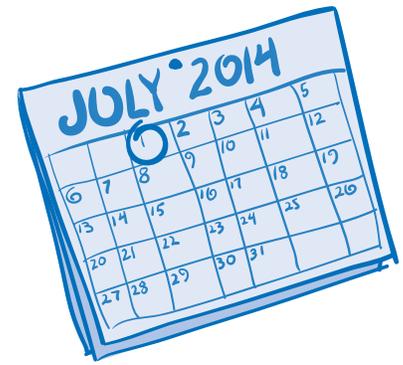
W. Brett Hayes

William H. Leighty

Joseph W. Montgomery

Mitchell L. Nason

Troilen Gainey Seward, Ed.S.



Direct Deposit Schedule June through December 2014

VRS deposits your monthly benefit payment to the financial institution account you designated when you retired. Your payment is deposited on the first day of the month for the preceding month's benefit. If the first day of the month falls on a weekend or holiday, VRS will deposit your payment on the last business day of the preceding month. *Example:* This year, September 1 is Labor Day, so your benefit will be deposited on Friday, August 29.

Payment for the month of:	Deposited on:
June	July 1
July	August 1
August	August 29
September	October 1
October	October 31
November	December 1
December	December 31

Durable Power of Attorney (VRS-901)

You might want to name a power of attorney to act on your behalf if you become incapacitated. The VRS Durable Power of Attorney (VRS-901) allows you to name a person as your agent to:

- Name or update your beneficiary or survivor.
- Request information about your benefits.
- Take other actions, such as setting up direct deposit, submitting a change of address or filing your tax withholdings.
- Create or change rights of survivorship.
- Delegate authority granted under the power of attorney.

The authority granted by the VRS-901 is limited to matters relating to your VRS record.

Authorization to Discuss VRS Account Information (VRS-900)

You also may want to authorize someone to speak on your behalf. The VRS-900 allows you to name one or more individuals to speak to a VRS representative about your VRS benefits and account information. It does not allow individuals to take actions on your behalf.

Keep Your Beneficiary Up To Date

VRS maintains your beneficiary designation in your file. But, should your beneficiary designation stay the same? Not if you marry, divorce, have children or your beneficiary predeceases you. To help provide for your loved ones, it's important to keep your beneficiary designation up to date.

You can name or change your beneficiary at any time for the member contributions and interest in your member account and for VRS life insurance benefits, by submitting the Designation of Beneficiary (VRS-

2) to VRS. The Designation of Beneficiary (VRS-2) is available under Forms on the VRS website or by calling 1-888-VARETIR (1-888-827-3847).

“...it's important to keep your beneficiary designation up to date.”

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, use the Designation of Beneficiary Form – Commonwealth of Virginia 457 Deferred Compensation Plan and Cash Match Plan to name or change a beneficiary to receive your plan assets. This form is available under

forms in the Commonwealth of Virginia 457 Deferred Compensation Plan under the Defined Contribution Plans tab or by calling 1-VRS-DC-PLAN 1 (1-877-327-5261).

If you don't name a beneficiary, by law VRS pays benefits according to the order of precedence:

- To your spouse
- If no surviving spouse, to your children and descendants of deceased children
- If none of the above, to your parents
- If none of the above, to the duly appointed executor or administrator of your estate
- If no estate, to your next of kin under the laws of the state where you resided at the time of death

Add Peace of Mind to Your Retirement With Long-Term Care Coverage

You're hiking in Hawaii, trip over a stray volcanic rock and break your leg. You're going to be confined to bed for a while. Or your mother, who has been living on her own, becomes confused and needs daily assistance.

Most medical plans don't cover long-term care services such as nursing home care or at-home care to assist with bathing, eating or other activities of daily living. Anyone at any age may need these services, the cost of which can quickly deplete savings or retirement income.

As a VRS retiree, you can help yourself and your loved ones receive care by enrolling in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program.



With this program you can apply at any time, as long as you are under age 80. There is no requirement for participation before you retired. Your spouse, adult children, parents, parents-in-law, step parents, step parents-

in-law, grandparents, grandparents-in-law, step grandparents and step grandparents-in-law all can apply if they are between the ages of 18 and 79.

Covered Services

The COV Voluntary Group Long Term Care Insurance Program provides a maximum monthly allowance for covered long-term care expenses, such as:

- Care in a nursing home
- Assisted living facility care
- Adult day care
- Services provided at home by a nurse or licensed physical, occupational, respiratory or speech therapist
- Home and community care assistance with simple health care tasks, such as personal hygiene, managing medications and performing other activities of daily living

You pay the premiums directly to Genworth Life, the insurer for the program. You may be eligible for a premium discount, if you pay the premiums on a quarterly, semi-annual or annual basis.

VSDP Long-Term Care Coverage

If you are a recent state retiree and were covered under the Virginia Sickness and Disability Program (VSDP) before you retired, you can continue your VSDP long-term care coverage into retirement. However, you must elect the coverage within 60 days of your retirement date.

To continue your coverage under VSDP Long-Term Care, 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. at P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available on the VRS website or by calling 1-888-VARETIR (1-888-827-3847). You will pay the premiums to the Long Term Care Group Inc., the third-party administrator for the program.

Find Out More

Go to the Genworth Life website at www.genworth.com/cov for a summary of benefits and an application. Or call toll-free at 1-866-859-6060 to request an information kit that includes the application form, directions and more details.

Life Insurance Coverage Continues Into Retirement

The good news about life insurance is that if you were covered under VRS Basic Group Life Insurance before retirement, your coverage continues in retirement.

What Are My Basic Group Life Insurance Benefits in Retirement?

The person you named on your Designation of Beneficiary (VRS-2) receives a life insurance payment upon your death, whether your death is from natural causes or from an accident (see the article on beneficiary designation on page 4). The provisions that allow for payment of double the benefit for accidental death and for dismemberment, however, end at retirement.

You are eligible for an accelerated benefit in retirement. This benefit allows you to withdraw any amount

of your life insurance for any purpose if you have a terminal illness and are not expected to live longer than 12 months. Any amount remaining after your death is paid to your beneficiary.

Coverage Reduction

At retirement, the life insurance benefit amount is based on twice the amount of your annual compensation. If you retired with 20 or more years of service credit, it is based on twice your highest annual compensation as a VRS member. Your coverage begins to reduce on January 1 following one calendar year of retirement.

For more information on your life insurance coverage, see Insurance in Retirement under the Retiree tab on the VRS website at www.varetire.org.

Life Insurance Reduction

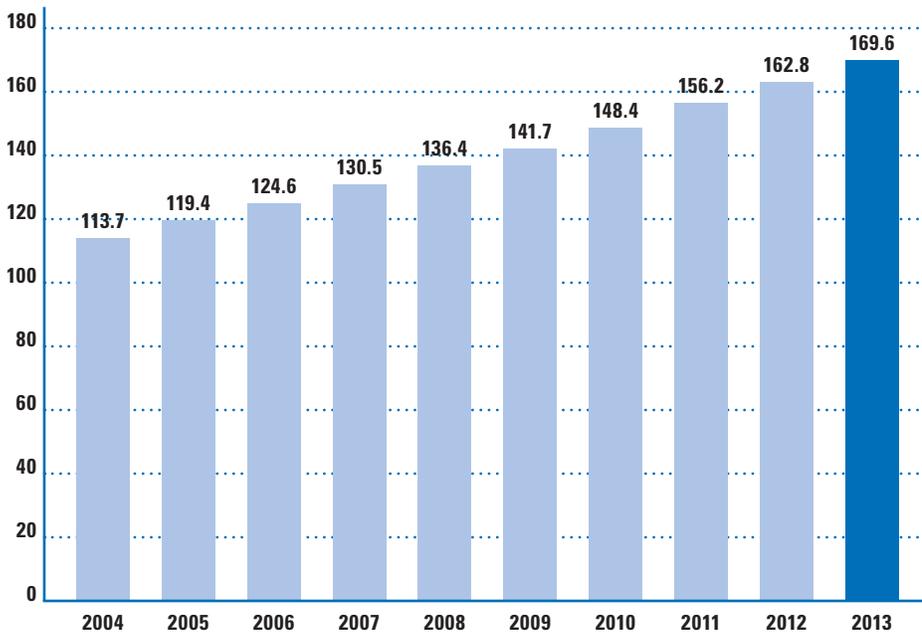
When	Your life insurance benefit	Example
You retire	Your life insurance benefit is equal to your compensation at retirement, rounded to the next highest thousand and then doubled	You retired on March 1, 2014. Your compensation at retirement was \$49,780; for your life insurance coverage, that amount 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, 2016 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, 2017 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, 2018 and your coverage will remain at \$25,000 for the rest of your retirement

Focus on Retirees

Want the inside scoop on your fellow retirees? This data from the 2013 VRS Comprehensive Annual Financial Report offers insights into the growing number of retirees and where they worked before retirement. See where you fit in.

Number of Retirees and Beneficiaries as of June 30, 2013

(expressed in thousands)



Moving? Let VRS Know

It's more important than you may think to let VRS know if you are moving. Even if you have direct deposit, VRS needs your new home address to send you this newsletter, tax forms and other important information.

You can change your address through your *myVRS* account or you can complete a Name/Address Declaration for Retirees (VRS-58), available on the forms section of the website or by calling 1-888-VARETIR (1-888-827-3847).



Distribution of Retirees and Beneficiaries as of June 30, 2013

	2013		2012		2011	
	Number	Percent of Total	Number	Percent of Total	Number	Percent of Total
State Employees (VRS)	49,586	29.2%	48,431	29.8%	47,286	30.3%
Teachers (VRS)	73,662	43.4%	70,392	43.2%	67,408	43.2%
Political Subdivision Employees (VRS)	41,511	24.5%	39,443	24.2%	37,325	23.9%
State Police Officers (SPORS)	1,175	0.7%	1,161	0.7%	1,137	0.7%
Virginia Law Officers (VaLORS)	3,180	1.9%	2,872	1.8%	2,571	1.6%
Judges (JRS)	474	0.3%	452	0.3%	438	0.3%
Total Retirees and Beneficiaries	169,588	100.0%	162,751	100.0%	156,165	100.0%

Virginia Retirement System
P.O. Box 2500
Richmond, Virginia 23218-2500

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Learn About Your DCP Options At a Meeting Near You

Want to learn more about your Commonwealth of Virginia 457 Deferred Compensation Plan and Virginia Cash Match? Attend one of the Regional Education Meetings, which are scheduled throughout Virginia. The session, 457 and Cash Match Distribution Options, is specially designed for 457 and Virginia Cash Match Plan participants who are retired or nearing retirement.

- The meetings are open to those who participate in the Commonwealth's 457 and Virginia Cash Match Plan.
- The meetings are free; registration is requested.
- Topics cover distribution options and taxes.
- Presenters are available following the afternoon session for individual questions.



For meeting dates and locations and to register online, go to www.varetire.org and select the Defined Contribution Plans tab, then Commonwealth of Virginia Deferred Compensation Plan (457) from the dropdown menu, or call 1-VRS-DCPLAN1 (1-877-327-5261) and choose Option 2.

Director

Robert P. Schultze

Public Relations Director

Jeanne L. Chenault

Communications Manager

Virginia Sowers

Editor

Kathleen A. Dimond

Virginia Retirement System

P.O. Box 2500

Richmond, Virginia 23218-2500

Toll-Free: 1-888-VARETIR

(1-888-827-3847)

TDD: 1-804-289-5919

Email: vrs@varetire.org

Website: www.varetire.org

