HEALTH CARE COSTS
Tips for Getting the Most From Your Coverage

Health care is one of the highest costs for seniors. According to Kiplinger, the business and personal finance publisher, the average couple will pay more than $200,000 for health care in retirement.

To help manage your health care costs and reduce emergency expenses, consider these tips from Kiplinger and other financial advisors.

Manage Your Health
A healthy population reduces health insurance premiums for everyone, so take charge of your own health. Exercise regularly, get in a good sleep pattern and maintain a balanced diet that avoids excesses in eating and drinking. Take advantage of preventive tests, such as annual exams, prostate and breast cancer screenings and colonoscopies. Look into flu and pneumonia vaccines that may be covered or at least discounted by your health insurance carrier or Medicare.

Know Your Health Insurance and Medicare Benefits
Are you covered by the State Retiree Health Benefits Program or a health insurance program offered by your former employer? Stay on top of the services your insurance covers and your deductible amounts.

Remember your health care needs may change as you age. Ask yourself:
• How does your plan coordinate with Medicare, if you are eligible?
• Do you have coverage options that you’re not using?
• Do you need to add eye care and dental care?

Use your yearly open-enrollment period to fine-tune your coverage.

Check your Medicare plan to see if it covers everything you need. Consider your medical care needs and history, the coverage of your other health insurance and how it works with Medicare, whether your doctor accepts coverage.

FACTS AND FIGURES
DISTRIBUTION OF RETIREES BY YEARS OF SERVICE
ALL RETIREES AT JUNE 30, 2016

<table>
<thead>
<tr>
<th>PLAN</th>
<th>&lt; 10 YEARS</th>
<th>11-20 YEARS</th>
<th>21-30 YEARS</th>
<th>&gt; 30 YEARS</th>
</tr>
</thead>
<tbody>
<tr>
<td>VRS</td>
<td>11.43%</td>
<td>24.31%</td>
<td>29.41%</td>
<td>34.85%</td>
</tr>
<tr>
<td>SPORS</td>
<td>2.32%</td>
<td>3.59%</td>
<td>22.90%</td>
<td>71.19%</td>
</tr>
<tr>
<td>VaLORS</td>
<td>7.90%</td>
<td>20.81%</td>
<td>52.29%</td>
<td>19.00%</td>
</tr>
<tr>
<td>JRS</td>
<td>0.68%</td>
<td>2.55%</td>
<td>6.79%</td>
<td>89.98%</td>
</tr>
<tr>
<td>All Plans</td>
<td>11.27%</td>
<td>24.04%</td>
<td>29.77%</td>
<td>34.92%</td>
</tr>
</tbody>
</table>
your prescription drug needs and whether you can access doctors and hospitals in your network if you travel or relocate.

If you retired from a state agency, when you become eligible for Medicare, you must enroll in Medicare Part A and Part B and select one of the Advantage 65 plans to receive the full level of benefits.

You can change your plan and coverage once a year during the Medicare open enrollment period, from January 1 to March 31. For more information about Medicare, visit www.medicare.gov or call 1-800-MEDICARE.

Take Advantage of the Health Insurance Credit, if Eligible

The health insurance credit provides you with a reimbursement to help with your health insurance premiums. It is a dollar amount set by the General Assembly for each year of service and is added to your monthly retirement benefit. It ends upon your death and cannot exceed the amount of your individual health insurance premium.

To see if you are receiving the health insurance credit, check your myVRS account. If you are eligible, but not receiving the credit, complete and send the Request for Health Insurance Credit (VRS-45) to VRS. The credit will be added to your monthly retirement benefit.

Health care is costly; yet, by taking care of your own health and maximizing your coverage benefits, you may free up some of your retirement income for well-deserved fun and relaxation.

<table>
<thead>
<tr>
<th>HEALTH INSURANCE CREDIT ELIGIBILITY</th>
</tr>
</thead>
<tbody>
<tr>
<td>To be eligible for the health insurance credit, you must have retired with 15 years of service as a:</td>
</tr>
<tr>
<td>• State employee.</td>
</tr>
<tr>
<td>• Teacher or administrative school employee.</td>
</tr>
<tr>
<td>• General registrar or employee of a general registrar.</td>
</tr>
<tr>
<td>• Constitutional officer or employee of a constitutional office.</td>
</tr>
<tr>
<td>• Local social service employee.</td>
</tr>
<tr>
<td>• Employee of a political subdivision that elected to offer the health insurance credit to its retirees.</td>
</tr>
<tr>
<td>Or you must:</td>
</tr>
<tr>
<td>• Have retired on disability; or</td>
</tr>
<tr>
<td>• Be receiving a long-term disability benefit through the Virginia Sickness and Disability Program (VSDP) or the Virginia Local Disability Program (VLDP) if your employer participates in the health insurance credit.</td>
</tr>
</tbody>
</table>

**A New Look for a More Secure myVRS**

It’s almost here! Later this summer, your online myVRS account will have a fresh look and improved security to protect your personal information.

With the enhanced myVRS, you will see your most important information up front and follow easy navigation to find out about your cost-of-living adjustment, print income verification and check your direct deposit dates. The updated site offers counseling information tailored to your needs and tips for getting the most out of your retirement.

myVRS also will be more secure, and you will experience a new login process on your first visit after the updates. To register or log into the enhanced myVRS, you will use one of the following:

- Net Benefit Payment Amount: Find this amount by checking your most recent bank statement, viewing your online banking account or referring to the most recent statement of benefits you received in the mail from VRS.
- myVRS Access Code: If you retired recently, you have 90 days to access your account using the code you received by mail.

If you cannot access your myVRS account through one of these methods, you will be asked to answer a set of security questions to confirm your identity. The information you provide is never shared outside of this verification process.

After you have registered in myVRS, you will need only your user ID and password in the future.

Your online myVRS account provides the details of your retirement benefit payment each month; your tax withholdings; your health insurance credit, if applicable; your health insurance premium, if VRS is deducting your premiums from your benefit payment; and your VRS Group Life Insurance coverage, if applicable.

Watch for more information later this year, inviting you to try the new myVRS and make the most of your retirement.
The VRS Board of Trustees announced a 1.26 percent cost-of-living adjustment (COLA), effective July 1 for retirees in Plan 1, Plan 2 and the Hybrid Retirement Plan. If you are eligible for a COLA, the increase applies to your benefit payment deposited on August 1.

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 retired with an unreduced benefit or with a reduced benefit with at least 20 years of service credit, your COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from your retirement date. If you retired with a reduced benefit with fewer than 20 years of service credit, the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from the date you would have become eligible for an unreduced benefit.

Hazardous Duty Supplement Increases July 1

The hazardous duty supplement will increase to $13,584 a year for eligible retirees, effective July 1, 2017. The benefit payment issued August 1 will reflect the new amount.

The supplement is a dollar amount added to your monthly benefit if you retired with at least 20 years of hazardous duty service credit in the following plans or positions:

• State Police Officers’ Retirement System (SPORS).
• Virginia Law Officers’ Retirement System (VaLORS) under the 1.7 percent retirement multiplier.
• If you worked as a VRS-covered sheriff, deputy sheriff, regional jail superintendent or sworn officer of a regional jail.
• If you worked in a hazardous duty position with a political subdivision offering enhanced coverage.

The supplement begins at retirement and continues until full Social Security retirement age for most eligible retirees, except those retiring under VaLORS. VaLORS members who retire with the 1.7 percent multiplier and are eligible for the supplement, receive the supplement until age 65.

The hazardous duty supplement is evaluated by the VRS actuary every two years as required by the Code of Virginia.
Claire Cole Curcio
Living Retirement Life to the Fullest

For Claire Cole Curcio, the secret to a happy retirement seems to be not sitting still for very long. She thrives on activity.

She wasn’t content to relax after 37 years as counselor, teacher and administrator in the public school system, retiring as Professor Emerita at Virginia Tech. Following her retirement in 2001, Curcio teaches mental health courses for domestic violence volunteer workers and for Red Cross volunteers. She volunteers at her church, Trinity Episcopal, especially in programs to feed the hungry. She has published two books, *The Death Law*, a novel about end-of-life issues, and a work of nonfiction, *Voices of Women of the Cloth*, a series of interviews with 19 clergywomen from 10 different denominations.

**What is the first thing you did when you retired?**

I moved to Florida to my husband’s beach house on the Atlantic Coast. We loved Florida, but missed the family and once we had grandchildren, we moved back to Virginia. I was grateful we made this decision when my husband later passed away and I had the support of family nearby.

**Any advice for the newly retired?**

Don’t worry about what you’re going to do in retirement. There will be opportunities for things to do and ways to grow. Think about what you never had a chance to learn before, what you never had time to do before. Take time to find out what’s important to you.

I’ve always volunteered, but now that I have time I’m able to do more. In addition to teaching classes, I volunteer with the Red Cross to help fire victims and to help those serving in the military return home if there is a family emergency.

I think retirement is more enjoyable if you are a part of a community. Staying involved with other people keeps you healthier as you age and helps you live longer. My partner, Selby McCash, and I are involved with our church, where, in addition to volunteering at feeding programs, we helped start a senior group and a support group for those who are caretakers of disabled loved ones.

And last of all, it’s important to take care of yourself and your loved ones. Keeping healthy takes more time as you age, but luckily, when you’re retired, you have more time to exercise and pay attention to your health. We play golf, ride bikes and walk, especially when we’re at our beach place at the Outer Banks, and recently I’ve taken up pickleball, which I love!

**Any new interests in retirement?**

As part of my career, I wrote textbooks, but never considered expanding my writing in other areas. Then I was inspired by my partner – he’s a retired journalist and he recently co-authored *House Call*, a biography of a congressman who almost got good health care reform passed back in the 90s.

**Have VRS resources had any effect on your retirement?**

I’m very happy with my VRS benefit and the security it offers. It makes everything else in retirement possible. During my retirement, I’ve often relied on VRS to answer questions and provide help with my account and VRS always comes through for me.

**What’s the most important part of living well in retirement?**

Realize you are entering a new phase of life with new interests and beginnings. Be open to all the changes, stay involved with your community, remain close to people and enjoy yourself!

And that’s great advice for living well in retirement from someone who does it every day.

**Do you have a story to share or advice about life in retirement?** Contact VRS at proffice@varetire.org.
The last issue of Retiree News featured a sampling of educational centers in Virginia that focus on lifetime learning. We were happy to hear from other universities, communities and learning centers that offer classes, lectures and travel to enhance your retirement.

**Christopher Newport University**
**Lifelong Learning Society**
**Newport News**
cnu.edu/lifelonglearning
Features classes in foreign languages, film, yoga, painting, history and music. Recent classes included Contemporary Cuba: A Cultural and Geographical Survey of the Western Hemisphere’s Only Communist Country; The History of Comic Books in the “Long Silver Age” (1950s-1970s); A History of Ancient Greece in Art; A Storied Legacy, a Soaring Future – NASA Langley Research Center, 100 Years and Beyond; and Kings of Comedy.

The Society also offered visits to Hanover Tavern-Barksdale Theater, an Eastern Shore Garden Tour and a trip to New York City, plus a French River Cruise.

**Shepherd’s Center of Richmond**
**Open University (OU)**
TSCOR.org
Offers three eight-week sessions a year, including classes on foreign languages, history, literature, current events, yoga and other exercises. Classes have included the Religious Works of C.S. Lewis; Genealogy for Beginners; The Territorial Changes and Their Consequences after WWI, WWII and the Collapse of the USSR. The center also offers volunteer opportunities and travel. Teachers and speakers are volunteers from Richmond’s university and professional communities.

**Virginia Tech**
**Lifelong Learning Institute**
Blacksburg
cpe.vt.edu/lifelonglearning
Classes and lectures on everything from weather and storm chasing to creativity and watercolor to gender issues and music. Classes have included The Supreme Court and the Fourth Amendment; American Political Philosophy; The Roaring 20s and Dirty 30s; and Seeing the Real You at Last: The Many Faces of Bob Dylan. The institute also offers special events, including a road scholar trip to Cuba.

**VRS Workshops**
This summer, you can learn more about your retirement financial health by attending the workshop Living In Retirement. The workshop offers advice on making the most of your financial resources, estate planning and health care coverage. The workshop is available throughout Virginia.

- July 11 – John Tyler Community College, Chester campus, Nicholas Center
- July 20 – Tidewater Community College, Portsmouth campus, Forum
- July 27 – Germanna Community College, Fredericksburg campus
- November 8 – Central Virginia Community College, Merritt Hall
- November 14 – Wytheville Community College, Snyder Auditorium
- December 12 – Lord Fairfax Community College, The Barn

Visit http://www.varetire.org/retirees/education/living-retirement.asp for the complete schedule, locations and registration form.

Even More Educational Opportunities From Around Virginia

If you haven’t experienced Lifelong Learning, I highly recommend you get involved. You will be richly rewarded as it is stimulating and makes one curious to learn more.”

*Pat Ballard, retired Virginia Tech employee speaking of the Lifelong Learning Institute at Virginia Tech.*

Exploring Roanoke’s Railroad History with the Virginia Tech Lifelong Learning Institute.
You had a choice when you retired.
If you were a participant in the Commonwealth of Virginia 457 Deferred Compensation Plan, you could:

- Request a payment (distribution) from your plan.
- Leave your money in your account and continue to manage your investments.

If you decided to leave your money in your account, although you can no longer contribute to the plan, you continue to manage your investments, choosing from a number of investment options.

Now, you may have decided that it’s time to do something else with your money.

You Have a Number of Distribution Options

You can:
- Take a full lump-sum distribution.
- Take a partial lump-sum distribution.
- Take periodic payments.
- Take a partial lump-sum distribution combined with periodic payments.
- Roll over to another plan or IRA.
- Purchase an annuity with all or a portion of your account balance.

Taxes on Distributions

Taxes could be the deciding factor on your distribution decision. Distributions from your Commonwealth of Virginia 457 Plan pre-tax account are subject to a 20 percent federal income tax withholding. You can delay paying taxes if you roll over the entire amount to an eligible retirement plan, such as a 401(a), 401(k), 403(b), governmental 457(b) or IRA that accepts these rollovers.

State income taxes will be withheld from your distributions if you live in a state that taxes income. You may elect to have an additional amount withheld to cover any tax liability you may have.

Distributions that you receive from your Roth contributions and any earnings on those may be withdrawn tax free if:
- You 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.
- You are at least age 59½, permanently disabled or the assets are being paid to your beneficiaries following your death. 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.

You are required to take a minimum distribution the year you turn age 70½ or the year you end employment with the employer sponsoring your plan, whichever is later.

For additional distribution information or to access a distribution form, visit www.varetire.org/457, or call 1-VRS-DC-PLAN1 (1-877-327-5261).

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FACTS AND FIGURES

DISTRIBUTION OF RETIREES AND BENEFICIARIES BY PLAN

AT JUNE 30, 2016

<table>
<thead>
<tr>
<th>Plan Type</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Teachers (VRS)</td>
<td>83,738</td>
</tr>
<tr>
<td>Political Subdivision Employees (VRS)</td>
<td>48,827</td>
</tr>
<tr>
<td>Virginia Law Officers (VaLORS)</td>
<td>4,016</td>
</tr>
<tr>
<td>State Employees (VRS)</td>
<td>54,034</td>
</tr>
<tr>
<td>State Police Officers (SPORS)</td>
<td>1,242</td>
</tr>
<tr>
<td>Judges (JRS)</td>
<td>504</td>
</tr>
</tbody>
</table>

Total Retirees and Beneficiaries: 192,411
How Returning to Work Could Affect Your Benefits

Wondering how going back to work could affect your VRS benefits? Take time to understand how the return-to-work rules apply to your situation.

**Non-VRS Employment**
First, you can work for any employer that does not participate in the Virginia Retirement System, such as a nonprofit organization or private company, with no effect on your VRS benefits.

**Part-Time Work With a VRS Employer**
A different set of requirements apply if you return to work in a part-time or temporary, non-covered position with a VRS employer.

To start, there must be no verbal or written offer of reemployment between you and your employer before you retire. If you do return to part-time employment with your former employer, you must have a break in service of at least one calendar month. Periods of leave with or without pay, including educational leave and sabbaticals, as well as intersession periods, do not count toward satisfying the bona fide break in service.

The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. School divisions and political subdivisions are considered separate employers.

When you work in a part-time position, the hours must be 80 percent or less of the hours required of a full-time employee in the same or a comparable covered position.

If you work in more than one part-time position and continue to receive your retirement benefits, the total number of hours for all positions cannot exceed a part-time schedule.

**Full-Time Interim Position With a VRS Employer**
Some full-time positions with a VRS participating employer may be considered non-covered if they are temporary and require 80 percent or less of the hours per year than would be considered full-time and permanent for that position.

In some cases, you can work in an interim full-time position for up to six months without interruption in retirement benefits. Examples include working in a vacant position while the employer recruits for a full-time permanent employee or while the person normally in the position is on leave. If you are considering an interim appointment, your employer must discuss the appointment with VRS before hiring you. If you return to the employer from which you retired, you also must have a bona fide break in service.

**Returning to Work in a Full-Time Covered Position**
Some permanent part-time state positions are paid on a salaried basis and are considered covered positions providing eligibility for benefits.

If you go back to work in a covered position with a VRS-participating employer, your retirement benefits stop and you resume earning service credit toward your next retirement. To avoid overpayment of the retirement benefit, your new employer should notify VRS of your return to work as soon as possible.
VRS Terms Explained

**WHAT DO YOU MEAN BY THAT?**

VRS may seem to have its own language when it comes to benefits, eligibility and retirement plans. In each issue of *Retiree News*, we explain often-used terms.

**Break in Service**

A bona fide break in service is a break of at least one full calendar month from your retirement date or your last day of employment over a period you normally would work. Periods of leave with or without pay do not count toward satisfying this break in service. For retired teachers and faculty members, summer breaks, intersession periods, educational leave and sabbaticals also do not count toward satisfying this break.

**Covered Employment**

Covered employment is a full-time permanent, salaried position with an employer that participates in VRS. Some part-time permanent, salaried state positions also are covered under VRS.