

Retiree News

VIRGINIA RETIREMENT SYSTEM 
WINTER 2016 | VOLUME 15 | NUMBER 2

— THE MORE YOU KNOW —

VRS Workshops and Other Educational Opportunities

It's amazing what you can learn when you have the time. Estate planning and taxes, investing and fraud prevention through VRS. Local history, a foreign language, a new skill—cooking maybe—digital photography, ukulele, charcoal drawing through a local university, community college or online. All this and more is yours to learn. Here's just a sampling of educational opportunities that can enrich your life.



VRS Workshops for Retirees

If you want to start with some practical retirement living advice and financial and estate planning skills, VRS has you covered.

Starting in spring 2017, VRS will offer workshops specifically for retirees, focusing on retirement life and how to get the most out of it. Each workshop offers a unique set of seminars held at locations throughout Virginia. Look for the schedule and workshop locations at www.varetire.org, under Retirees, then Retiree Education. Planned topics include:

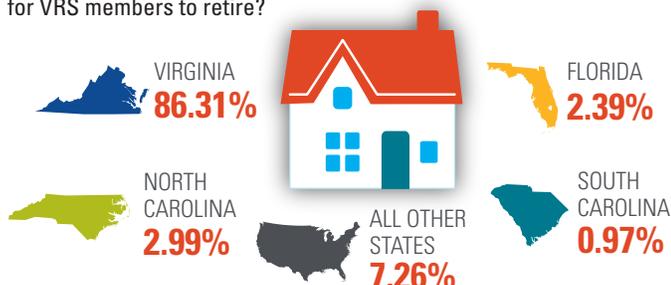
Finish Line—Life in Retirement

You've worked hard, and now it's time to enjoy your retirement. With a little planning, you can ensure that you have financial resources for the things you want to do during your retirement. Learn about turning retirement

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Where Do You Live?

VRS retirees hail from the Caribbean, Canada, France and Israel. However, most remain in Virginia. What other states are popular places for VRS members to retire?



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assets into retirement security, estate planning for everyone and health care in retirement.

Estate Planning & Taxes

Presenter: Estate Attorney



Believe it or not, you have an estate. It consists of everything you own—your home, car, furniture, the funds in your investment and saving accounts, and even Aunt Tilly’s fine china. You’ll learn how to anticipate legal requirements and eliminate uncertainties surrounding the disposition of your estate. Learn the estate planning process, including probate, common probate-avoidance strategies and how to maximize the value of your estate by reducing taxes and other expenses.

Leaving a Lasting Legacy With Virginia 529

Presenter: Virginia 529 College Savings Plan

Saving for a loved one’s college education is one of the most encouraging and rewarding things you can do for their future. Learn about saving through a Virginia 529 plan, perhaps for your grandchildren or other family members.

Organizing Your Financial Records

Presenter: Virginia Credit Union

Save time and enjoy peace of mind by getting and keeping your financial records organized. Learn which records to keep on file, which ones to have handy in case of a natural disaster and how to take a home inventory.

Demystifying Health-Related Insurances in Retirement

Presenter: State Corporation Commission

Inundated with mail offering a variety of insurance policies—cancer, disability, long-term care? And what about Medicare and Medicaid? The flood of offers can be confusing and overwhelming. A representative from Virginia’s State Corporation Commission discusses health-related insurance products and policies and provides insight on personal factors and how to determine coverage needs.

my Social Security

Presenter: Social Security

Set up your online my Social Security account, and rest easy knowing that you’re in control of your future. In this session, a Social Security representative demonstrates the benefits and features of the administration’s website, my Social Security and other online tools available to you. Social Security representatives also address common questions, such as “What’s the best time to take Social Security?” and “Can I work after retiring with Social Security?”

Fraud Watch

Presenter: AARP

An inside look at how scammers think, how to safeguard against identity theft and fraud, accounts from victims and what to do if you or someone you know has been a victim.

E-courses: Money Matters for Virginians

These e-courses allow you to learn more about everything from

banking and home finance to investment basics, at your own pace and during a time that is convenient for you. Visit Retiree Education at www.varetire.org.

If these VRS workshops make you want to venture further afield, check out a nearby university or community college.

University Learning—No Grading

The Osher Lifelong Learning Institute (OLLI) offers classes at 117 universities



and colleges, including George Mason University, Hampton University, James Madison University and the University of Richmond. You pay a membership fee, then can take non-credit classes on everything from history and world culture to computer software, theatre and foreign languages. The classes are taught by university professors or by other experts in a particular field.

Recent classes at George Mason featured a study of Iran and its people; an exploration of musicals; how to understand opera; an exploration of exposés in journalism, from Watergate to Snowden; and classes on watercolor and sketching.



Old Dominion University (ODU) and Virginia Tech also offer learning in retirement classes.

Recent offerings from ODU featured the painter, Caravaggio; the Lewis and Clarke Expedition; what it’s like to play in an orchestra; a look at the 2016 election; Alfred Hitchcock’s movie “The Birds;” and a geographic exploration of the Caribbean. You would never get bored.

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VRS Investment Returns

VRS achieved a 1.9 percent return, net of fees, on its investment portfolio for fiscal year 2016, ending the year with \$68.1 billion in assets.

The portfolio, as of June 30, 2016, included approximately \$26.6 billion in public equity, \$12.5 billion in credit strategies, \$12.0 billion in fixed income, \$8.8 billion in real assets, \$5.2 billion in private equity and \$1.1 billion in strategic opportunities.

VRS' diversified portfolio helps manage investments in this volatile market. VRS uses stocks, bonds, real estate, cash and other investment strategies to create a stable foundation and help moderate the highs and lows experienced in the stock market. VRS is also a long-term investor, measuring returns over a long horizon. In fiscal year 2016, VRS exceeded its 10-year, five-year, three-year and one-year benchmarks.

TAX TIME

What You Need to File Your 2016 Taxes



If you received a monthly retirement benefit from VRS in 2016, VRS will send you a 1099-R form in late January, showing your benefit payments, taxes withheld and other information for the previous calendar year. Use the 1099-R form to complete your 2016 federal and state income tax returns.

Imputed Income Impacts Tax Filing

If the value of your group life insurance coverage exceeds \$50,000, the premiums on the excess amount are considered imputed income and subject to income taxes and FICA (Social Security and Medicare) taxes.

If you have VRS Group Life Insurance coverage, VRS automatically withholds FICA taxes and sends you a W-2 form

each year showing the amount of FICA taxes withheld and the additional taxable income.

You use the W-2 to file federal and, if applicable, state income taxes. As your life insurance coverage reduces, the amount of imputed income also reduces. If your coverage reduces to less than \$50,000, these taxes will no longer be withheld.

YOUR 2017 DIRECT DEPOSIT SCHEDULE

PAYMENT FOR THE MONTH OF:	DEPOSITED ON:
December	December 30, 2016
January	February 1, 2017
February	March 1
March	March 31
April	May 1
May	June 1
June	June 30
July	August 1
August	September 1
September	September 29
October	November 1
November	December 1
December	December 29

Coming Enhancements to myVRS Will Give You More Security



In 2017, VRS will introduce an added layer of security to protect your myVRS retiree account. When the changes go into effect, you will need to complete a one-time identity-authentication process, similar to the one financial institutions use.

Other coming enhancements will make myVRS easier to use and will provide additional online services. Look for more details in the next issue of *Retiree News*.

What Is Everyone Talking About on Facebook?



Were you in on the discussion about living in retirement? How about the one on keeping your account secure? The subject on Facebook changes every day and you may find your interest piqued or learn something you didn't know. Like VRS on Facebook.

Eric and Linda Christenson Bring an Added Dimension to Retirement

Talk about taking retirement to another level! Since leaving their day jobs, Eric and Linda Christenson have:

- Co-produced a PBS documentary, “The Marshall Plan: Against the Odds,” with Educational Film Center of Annandale, Va.
- Served as consultants to the U.S. State Department.
- Written speeches and chapters in books.
- Continued mentoring, teaching, traveling and writing.



Both Eric and Linda have an appreciation for creativity and community involvement. Eric taught high school English for 32 years in Arlington, and Linda taught French and Spanish and later worked as a freelance photo researcher at the National Archives and the Library of Congress. After retiring in 1993, Eric tutored Arlington students writing their college application essays. In 2013 they moved to Southern Pines, N.C.

After a recent day spent tutoring four community college students in freshman English, playing a round of golf, exercising and sketching, Eric took time to share some of his and Linda’s experiences and a few ideas on living well in retirement.

What was the first thing you did when you retired?

When I retired, Linda had begun an effort to create a documentary on the European Recovery Program, which helped to modernize and rebuild war-torn Europe’s economies. We found our producer, interviewed

160 people in the U.S. and Europe, applied for grants, went back to Europe twice with a film crew and the show premiered on the Marshall Plan’s 50th anniversary. Linda was the project director; I was the interviewer.

Any advice for the newly retired?

The one step I recommend is to move into a retirement community a little too soon rather than too late so you can remain active in the community and independent. I write articles for our community newsletter and profiles of new residents to introduce them to the community, and I organize our speakers’ bureau. I’m busy.

I also recommend sharing your stories with your grandchildren. Because I’m sorry not to have known my grandfathers better, I write my grandkids letters. They get 50 at Christmas and another 50 on their birthdays, and I’m up to letter 275. I write about current events and past adventures, sharing my reflections and ideas so that they will have that connection with the past.

Do you have new interests in retirement?

I’ve returned to pottery. I took pottery classes while earning an MA in English during a 1970-71 sabbatical year and started a part-time business selling pots, principally at the Waterford Fair in Loudoun County. When we sold our Arlington house, I sold my kiln bricks, my 1976 wheel and bags of chemicals. And then a local potter opened her studio to me. I’ve made vases for our community’s tables and pots for the art show, with proceeds going to a foundation that keeps residents here who have outlived their resources.

Walking about five miles a day, stretching and doing strength training, I stay pretty fit. I manage to play golf twice a week, and both of us still love to travel. We have served several times as consultants to the State Department for projects in our Paris embassy. And we have submitted a proposal for a conference in Paris in 2017, to reflect on the principles of the Marshall Plan before the dawn of the

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Divorcing? Be Aware of the Effects on Your VRS Benefits

According to a recent article in *The New York Times*, the divorce rate for Americans over 50 has increased 50 percent in the past 20 years. If you find yourself in that percentage, it may affect your VRS benefits. Did you know that in a divorce, your benefit payment may be considered 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 carries out the court decision when it receives a certified copy of an Approved Domestic Relations Order (ADRO). The court, not VRS, decides whether to divide your retirement benefit and how it is to be divided.

Your attorney should provide VRS a draft ADRO before filing it with the court to ensure the language conforms to VRS' requirements. ADRO guidelines are available at www.varetire.org/adro.



VRS will not release information about your benefit to anyone other than yourself without your written authorization, unless your information is subpoenaed.

Survivor Option

If you chose the Survivor Option at retirement and you divorce, you may be able to name a new survivor or go back to the Basic Benefit if:

- You divorce with fewer than 20 years of marriage.
- You divorce after 20 or more years of marriage and your spouse dies, remarries or consents in writing to a change in benefit.

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

You may make a change to the Survivor Option only once.

Beneficiary Changes

If you need to change your beneficiary, complete a Designation of Beneficiary (VRS-2) and return it to VRS. The VRS-2 is available on the VRS website. You do not receive a confirmation notice when you submit a designation form, so it is important to keep a copy of the form for your files.

To change your beneficiary if you have a Commonwealth of Virginia 457 Deferred Compensation Plan account, complete the Designation of Beneficiary Form for Commonwealth of Virginia 457 Deferred Compensation Plan and Cash Match Plan and return it to ICMA-RC:

Attn: Workflow Management Team
P.O. Box 96220
Washington, DC 20090-6220

LIFE IN RETIREMENT | ERIC AND LINDA CHRISTENSON continued from page 4

European Union and to discuss the current stresses on the EU.

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

The best advice I can give is to retire to something and not just *from* something. Staying involved and continuing to try to make a positive difference is more rewarding and fun than being bored watching television. I also recommend keeping in contact with young people. I tutor local high school and college students and am

a mentor to a ninth grader and four college students.

We have made international friends from our travels, from the PBS show and related work, and from being a host family for the Meridian International Center for 50 years—and we keep in touch. Recently we have visited friends in The Netherlands, France, Austria and Switzerland. And we've hosted scores of people from across Europe, Asia, Africa and South America—some for dinner, some for a

night or two and some for weeks while they did research.

One reason we are able to enjoy our lives in retirement is that we have made the most of our VRS benefits. Saving and investing over the years and taking advantage of other benefits such as the health insurance credit, help make living well in retirement possible.

Do you have a story to share or advice about life in retirement?

Contact VRS at proffice@varetire.org.



TOP THREE REASONS FOR Taking Advantage of the Health Insurance Credit

The health insurance credit is a VRS benefit that can save you money. If you are eligible (see sidebar), the health insurance credit provides you with a reimbursement to help with the cost of health insurance coverage.

The top three reasons to take advantage of the health insurance credit

NO. 3 In most cases, the credit is applied automatically to your health insurance premiums, if VRS is deducting health insurance premiums from your monthly benefit. You can check to see if you are receiving the credit by reviewing benefit payment details in your myVRS retiree account. Your benefit payment summary is displayed when you log in. Select Show Payment Details under your gross monthly defined benefit amount.

NO. 2 It's easy to apply for the health insurance credit if you are eligible but not receiving it. Send a Request for Health Insurance Credit (VRS-45) to VRS. The form is available at www.varetire.org. Or call VRS at 1-888-827-3847 to request the form.

NO. 1 **And the Number One reason you should take advantage of the health insurance credit:**
The credit is a tax-free benefit that is applied to your retirement benefit payment. It is a dollar amount for each year of your service at retirement.

The credit ends at your death and cannot exceed the amount of your individual health insurance premiums for single coverage.

ARE YOU ELIGIBLE FOR THE HEALTH INSURANCE CREDIT?

You are eligible if you retired with at least 15 years of service credit as a:

- State employee.
- Teacher or administrative school employee.
- General registrar or employee of a general registrar.
- Constitutional officer or employee of a constitutional officer.
- Local social service employee.
- Employee of a political subdivision that elected to offer the health insurance credit to its retirees.

For more information, and to see the dollar amount per year that you are eligible for, visit VRS at www.varetire.org.

BENCHMARKING RESULTS:

How Does VRS Measure Up?

Each year, Cost Effectiveness Management (CEM), a benchmarking company, conducts an international comparison study of retirement systems, focusing on service and cost to customers. The latest study, from 2015, shows that VRS provides high customer service at a lower cost as compared to other U.S. and international retirement systems.

In customer service, VRS received a score of 81 out of 100, outperforming its peers and exceeding the median of 77 for the 72 U.S. and global retirement systems participating in the study.

The customer service score takes into account phone call results, processing of benefits, web and newsletter effectiveness and member participation in counseling and presentations.

In addition to exceeding its peers in customer service delivery, VRS kept the cost of providing service to members and retirees far below the average. VRS administrative cost was \$64 per member and retiree. This compares to a \$95 peer average cost, and a \$121 average cost for all participants in the study.

CEM attributed VRS' low administrative cost to higher productivity and lower costs in office support, technology and project expenses as compared to other retirement systems.

In a separate study related specifically to investments, CEM also noted that the skill exhibited by VRS investment professionals in performing their investment functions, in comparison to their public fund peers, results in VRS being classified as a low-cost, value-added pension plan.

THE MORE YOU KNOW: VRS WORKSHOPS AND OTHER EDUCATIONAL OPPORTUNITIES continued from page 2



Online Learning on Your Schedule

Finally, look online for your next educational outing—one you can enjoy from the comfort of your home. More universities, including Harvard, Stanford, Tufts, Yale and MIT, now offer classes and seminars online. And if you've not yet discovered TED Talks (ted.com), a wide selection of thought-provoking discussions await you.

Go see what's out there and keep learning:

- **Osher Lifelong Learning Institute:** www.osherfoundation.org/index.php?olli_list
- **George Mason University:** olli.gmu.edu
- **Hampton University:** universitycollege.hamptonu.edu/page/Osher-Lifelong-Learning-Institute
- **James Madison University:** jmu.edu/outreach/programs/all/lli/index.shtml
- **Old Dominion University:** oduilr.com
- **University of Richmond:** spcs.richmond.edu/osher/membership/index.html
- **University of Virginia:** olliuva.org
- **Learning Advisor:** learningadvisor.com/about-learning-advisor
- **100 Best Websites for Free Adult Education:** onlinedegreeworld.com/blog/2009/100-best-websites-for-free-adult-education
- **HarvardX:** edx.org/school/harvardx
- **MIT:** ocw.mit.edu/index.htm
- **Open University:** open.edu/openlearn/free-courses
- **Road Scholar – Travel and Learning:** roadscholar.org/roadscholar-experience/learning-adventures
- **Stanford University:** <http://online.stanford.edu/courses/>
- **Tufts University:** it.tufts.edu/learningctr
- **Arlington Learning in Retirement Institute:** arlingtonlr.org/Publications/Catalogs/Catalog%202006-2%20Fall.pdf
- **The Christopher Wren Association for Lifelong Learning:** mrwilliamsburg.com/seniors/christopher-wren-association-for-lifelong-learning
- **Lifelong Learning Institute in Chesterfield:** llichesterfield.org
- **VCU: Lifelong Learning–Commonwealth Society:** http://www.news.vcu.edu/article/Fall_Commonwealth_Society_classes_offer_diverse_experiences
- **Yale:** ctl.yale.edu/using-technology/online-learning

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WHAT DO YOU MEAN BY THAT?

VRS Terms Explained

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.

Approved Domestic Relations Order (ADRO)

An Approved Domestic Relations Order (ADRO) is a court order related to marital property rights at the time of divorce and other attachments to your benefit such as child support. If you divorce, all or a portion of your VRS benefit may be regarded as marital property in a property settlement.

Required Minimum Distribution (RMD):

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, 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.

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