



Calling VRS Telephone Number Changes Coming Soon

Now, all customers can call VRS using one easy-to-remember toll-free number: 1-888-VARETIR (827-3847). The Richmond area number – 804-649-8059 will be discontinued. After July 1, use the toll-free number to call VRS.

Moving to one number is part of a modernization of the telephone system. The new system will allow Customer Contact Center representatives to provide you with a higher level of service.

Listen carefully to the phone menu options, since some may change. You will be able to speak to a Customer Contact Center representative or use the automated menu options.

General Assembly Budget Discussion Continues



As of this newsletter's publication date, the 2006 General Assembly Special Session I continues on the budget for the next biennium. VRS will monitor the session for new developments related to member benefits. You can check the VRS Web site at www.varetire.org for changes.

Take Advantage Of Retirement Planning Opportunities In Your Area

Whether you are new on the job, in mid-career or just a few years from retirement, you can benefit by attending one of the free educational programs sponsored by VRS. These events are held throughout the year.

Five to 10 years away from retirement?

A half-day Retirement Education Seminar is right for you if you are more than 10 years away from retirement. The seminar shows you how to:

- Decrease debt.
- Use financial planning to prepare for retirement.
- Use benefits such as deferred compensation to increase retirement income.

Within five years of retirement?

The Group Counseling Session is designed for you if you are within five years of retirement. These half-day sessions focus on:

- VRS retirement benefits.
- Purchasing prior service credit.
- Investing.
- How to complete the retirement application.

See pages 7-8 of this newsletter or the VRS Web site at www.varetire.org/Resched for the schedule and registration form.



STATE EDITION

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Prior Service
Credit?



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Lump-Sum Option
The Right Option
For You?



6 Long-Term Care
Insurance Provides
Peace of Mind





New Appointments To The Board Of Trustees

The Joint Rules Committee of the Virginia General Assembly reappointed Paul W. Timmreck to the Virginia Retirement System Board of Trustees for a five-year term. At the same time, Governor Timothy M. Kaine designated Timmreck to serve as Chairman of the Board for a two-year term. Timmreck is currently Senior Vice President for Finance and Administration for Virginia Commonwealth University. He previously served as Secretary of Finance in the Office of the Governor and as director of the Virginia Department of Planning and Budget. Timmreck has served on the board since 2001.

The governor also appointed A. Marshall Acuff, Jr. to the Board of Trustees for a five-year term. Acuff is president of AMA Investment Counsel, LLC. He is past Chair of the Association of Governing Boards of Colleges and Universities and a past Rector of the College of William and Mary Board of Visitors. He is a graduate of the College of William and Mary and the University of Michigan Graduate School of Business Administration.

Fillable PDF Forms Now Available

More and more members are using fillable forms on the VRS Web site. All VRS forms, such as the application for retirement, the designation of beneficiaries and the request for refund, are available in fillable format on the VRS Web site.



If you need to complete a form, go to the Forms/Publications section of the Web site at www.varetire.org, fill it out, print it and you're ready to send it off to VRS. Check the Web site for a complete list of VRS forms.

Do You Have Prior Service Credit? Buy It Now And Increase Your Retirement Benefit

Because service is one of the factors in the formula used to determine the amount of your retirement benefit, the more service you have, the higher your benefit.

Examples of prior service that you may be eligible to purchase include service with another government agency, military service or service you may have lost because you took a refund.

Buy Within Three Years Of Eligibility To Save Money

It's wise to buy prior service credit as early as possible in your career when it usually costs less.

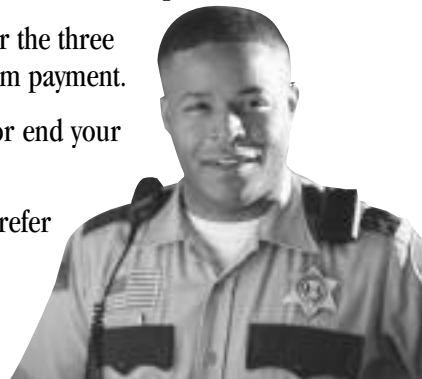
The cost to buy prior service credit is 5 percent of your compensation at the time of purchase if you buy it within three years of becoming eligible. If your compensation at the time of purchase is not the highest you have earned during your career, the cost is based on the average of the 36 consecutive months of your highest compensation, wherever it occurs during your VRS employment. If you wait longer than three years, the cost is at a higher actuarial equivalent rate.

You can purchase service credit through a tax-deferred contract. However, if you are buying service credit one year at a time, you must renew the contract within 30 days of the end of the contract each year. If you break your contract (a break is more than 30 days between ending one contract and signing another), you will not be able to purchase the remaining service at 5 percent. Instead, you will have to purchase the service at the actuarial equivalent rate.

You can purchase refunded service at 5 percent even after the three years of eligibility, but the purchase must be in a lump-sum payment.

You may not buy service credit after the date you retire or end your VRS-covered employment.

If you think you may be eligible for prior service credit, refer to the *Handbook for Members* and the instructions for completing the Application for Purchase of Prior Service Credit (VRS-26), both available at www.varetire.org.



You May Buy These Types Of Service:

- Birth or Adoption Leave of Absence.
- Educational Leave of Absence.
- Non-Covered Service with a VRS-Participating Employer.
- Public Service.
- Civilian Service in the Federal Government.
- VRS Refunded Service.
- Active Duty Military Service.
- Service Not Included in a Portability Transaction.

Some types of prior service credit carry restrictions, such as a limit on the number of years that may be purchased. See the VRS Web site for more information.

Except for non-covered service, all service credit purchased must be full-time permanent service.

Is The Partial Lump-Sum Option The Right Option For You?



The Partial Lump-Sum Option Payment (PLOP) has become a popular retirement payout option. But will it work for you?

PLOP allows you to receive a lump-sum payment of up to three times your annual benefit

amount at the time you retire, if you work past the date you become eligible for unreduced retirement. The amount of the lump-sum payment depends on the number of years you work past your eligibility for retirement.

If you work one year beyond eligibility for unreduced retirement, you qualify for a lump-sum payment equal to one year of your basic annual benefit. You qualify for a lump-sum payment of one or two times your annual salary if you work two years beyond eligibility for retirement. If you work three

years past retirement, you qualify for one, two or three times your annual benefit.

If you choose the lump-sum payment:

- Your monthly retirement benefit will be reduced permanently to reflect the lump-sum payment.
- You must pay taxes (20 percent federal and 4 percent state) on the lump-sum payment when you receive it. If part of the payment consists of member contributions on which you have already paid taxes, that portion is not taxed again.

If you are younger than 55, you may also pay a 10 percent tax penalty for an early distribution from a pension plan.

You may defer paying taxes on your payment by rolling the taxable amount into an Individual Retirement Account (IRA) or other qualified plan. If you are eligible, you may also roll some or all of the lump-sum payment into your Virginia Cash Match Plan.

It's a good idea to talk with your financial advisor before you decide on a benefit payout option.

VRS Needs Your Authorization To Release Personal Information

VRS protects the confidentiality of your records. VRS shares information only with those authorized to administer benefits and services to VRS members. You are the only one who can provide authorization to VRS to release personal information to anyone else. Your authorization is needed before information can be released to your spouse, children, other relatives, attorney or any other individuals. Send your authorization to VRS in the form of a letter, with your signature properly notarized.

VRS will honor a written authorization for a period of 12 to 18 months, unless your authorization specifies a different time.

What Is Deferred Retirement?

If you have at least five years of service and leave your money in VRS instead of taking a refund, you become a member in deferred status. As a deferred member, you may be eligible to draw a VRS benefit when you reach retirement age.

Before you leave your job, complete a Name/Address Declaration for Deferred Members (VRS-3A), so that VRS can send you your annual benefits statement and other important information about your benefits. Notify VRS of any change in your address so that we can continue to provide you with information about your benefits.



News

FROM YOUR DEFERRED COMPENSATION PLAN

Deferred Compensation Plan Offers Regional Enrollment/Education Meetings



Commonwealth of Virginia employees and employees of participating political subdivisions can learn more about the Commonwealth's 457 Deferred Compensation Plan by attending regional enrollment/education meetings.

Participants in these educational programs learn about the features and benefits of the Deferred Compensation and Cash Match Plans, explore account management strategies and learn the advantages of budgeting.

A new workshop on Post-Retirement Strategies addresses the management of resources during retirement and is designed for participants who are nearing retirement. Both participants and non-participants are invited. Pre-registration is not required. See the schedule on page 5 for meeting dates and locations.

Board Amends Defined Contribution Plans

The VRS Board of Trustees has amended the defined contribution plans to conform to recent Internal Revenue Service rules and to make the plans more beneficial to participants. The following are amendment highlights.

Effective date of changes

If you want to increase or decrease the amount you allocate to the Deferred Compensation Plan (DCP), fill out the Payroll Authorization Form for the 457 Deferred Compensation Plan (DCP). Changes are effective no earlier than the first of the month following the month you give the completed form to your agency's payroll office.

New deferrals

If you are a new employee, you may begin deferrals to the DCP from your first paycheck if you enroll in the Plan on the first day of employment.

Deferrals during leave sharing

If you receive leave through the leave-share program, you may continue your deferrals to the DCP while you are receiving the shared leave.

Rollovers

The Cash Match Plan, the Virginia Supplemental Retirement Plan (VSRP) and the Optional Retirement Plans (ORP) now allow rollovers from other retirement plans while you are an employee and after you have left employment or retired. The rollovers are allowed as long as you have an account balance in the Plan that will receive the rollover. Rollovers are allowed from 401(a) plans, 403(b) accounts, 457 plans, 401(k) plans and traditional IRAs.

The current plan documents are on the Web at www.vadcp.com. Select Plan Information on the top navigation bar.



Good News

from Your Deferred Compensation and Cash Match Plans

VRS announces fee reductions, effective April 1, 2006:

- The annual asset-based fee decreased from 0.30 percent to 0.28 percent. This means that a larger percentage of contribution dollars goes towards your account.
- The maximum account balance for which the asset fee is charged was reduced from \$150,000 to \$130,000. This means that you do not pay any asset-based fees on that portion of account balances over \$130,000. This change makes combining retirement plans even more attractive.



Commonwealth of Virginia Deferred Compensation Plan Regional Enrollment/Education Meetings

Date	Plan Features & Benefits	Account Management Strategies	Advantages of Budgeting	Post-retirement Strategies	Location/Presenter
June 13	9:00	10:15	11:30	1:30	Danville Community College Regional Center for Advanced Technology & Training (RCATT) 121 Slayton Avenue, Danville, VA 24541 Nancy Roth; 1-866-226-6682, opt 2; Ext 115
June 20	9:00	10:15	11:30	1:30	Northern Virginia Graduate Center 7054 Haycock Road, Falls Church, VA 22043 Room 214 Maria Clark; 1-866-226-6682, opt 2; Ext 112
June 21	9:00	10:15	11:30	1:30	Rappahannock Community College Warsaw Campus, 52 Campus Drive, Warsaw, VA 22572 Les Thompson 1-866-226-6682, opt 2 Ext 123
June 28	9:00	10:15	11:30	1:30	John Tyler Community College Chester Campus 13101 Jefferson Davis Highway, Chester, VA 23831 Bird Hall, Room B 124 Tom Ferguson; 1-866-226-6682, opt 2; Ext 102
July 13	9:00	10:15	11:30	1:30	Carroll County Administration Building 605 Pine Street #1, Hillsville, VA 24343 Board Room Nancy Roth; 1-866-226-6682, opt 2; Ext 115
July 19	9:00	10:15	11:30	1:30	Southside Virginia Community College Workforce Development Center 109 Campus Drive, Alberta, VA 23821 Room 108; Les Thompson; 1-866-226-6682, opt 2; Ext 123
July 19	9:00	10:15	11:30	1:30	Library of Virginia 800 East Broad Street, Richmond, VA 23219 1st Floor, Conference Room A Tom Ferguson; 1-866-226-6682, opt 2; Ext 102
July 20	9:00	10:15	11:30	1:30	Virginia Department of Transportation 86 Deacon Road, Fredericksburg, VA 22405 Fredericksburg District Auditorium Maria Clark; 1-866-226-6682, opt 2; Ext 112
August 8	9:00	10:15	11:30	1:30	Henry County Administration Building Rte 174, 3300 Kings Mountain Road, Collinsville, VA 24078 1st Floor, Board Room Nancy Roth; 1-866-226-6682, opt 2; Ext 115
August 15	9:00	10:15	11:30	1:30	Virginia Department of Transportation 1601 Orange Road, Culpeper, VA 22701 Culpeper District Auditorium Maria Clark; 1-866-226-6682, opt 2; Ext 112
August 16	9:00	10:15	11:30	1:30	Eastern Shore Community College 29300 Lankford Highway, Melfa, VA 23410 Lecture Hall Les Thompson; 1-866-226-6682, opt 2; Ext 123
August 16	9:00	10:15	11:30	1:30	James Monroe Building 101 North 14th Street, Richmond, VA 23219 Conference Rooms D & E Tom Ferguson; 1-866-226-6682, opt 2; Ext 102
September 12	9:00	10:15	11:30	1:30	Virginia Highlands Community College 110 Opportunity Lane, Abingdon, VA 24212 Learning Resource Center Room #605 (Auditorium) Nancy Roth; 1-866-226-6682, opt 2; Ext 115
September 13	9:00	10:15	11:30	1:30	Norfolk Health Department 830 Southampton Avenue, Norfolk, VA 23513 3rd Floor, Room A & D Les Thompson; 1-866-226-6682, opt 2; Ext 123
September 19	9:00	10:15	11:30	1:30	Northern Virginia Community College Manassas Campus, 6901 Sudley Road, Manassas, VA 20109 Colgan Theater Maria Clark; 1-866-226-6682, opt 2; Ext 112



Report A Disability Immediately To Protect Your Income

As a participant in the Virginia Sickness and Disability Program (VSDP), you have sick leave for short-term illnesses and income replacement for periods of short-term and long-term disabilities.

If an illness causes you to become unable to work for at least seven calendar days, contact UnumProvident, the VSDP third-party administrator, at 1-800-652-5602. If you know in advance that you will require disability benefits, such as for a scheduled surgery or childbirth, call this number as soon as you know when you will be out. It's important to contact UnumProvident as soon as possible to receive the benefits available to you.

If you are unable to call, a family member, friend, or your employer can make the initial call for you. You should follow up with UnumProvident, however, as soon as possible, to receive the appropriate benefits.

Even if your disability is covered under Workers' Compensation, notify UnumProvident to ensure coordination of your benefits under each plan.



Long-Term Care Insurance Provides Peace Of Mind

In addition to sick leave, family and personal leave, short-term and long-term disability benefits, the Virginia Sickness and Disability Program (VSDP) provides a long-term care benefit, at no cost to you.

Long-term care helps if you become disabled and cannot perform day-to-day functions. The VSDP long-term care program helps pay for care at home or in an adult day care center, an assisted living facility, nursing home or hospice. You are eligible for long-term care if you participate in VSDP.

The benefit pays up to a \$75 a day basic benefit with a two-year lifetime maximum if you need care for an extended period. Long-term care includes: nursing or hospice facility care, assisted living facility care, home health care services, alternate care, transitional care, informal caregiver training, and respite care.

Aetna, the provider for the long-term care program, certifies you for the benefits if you are unable to perform two out of six activities of daily living, or if you have a severe cognitive impairment such as Alzheimer's. Activities of daily living include:

- Bathing
- Dressing.
- Eating on your own.
- Controlling the bladder or bowel.
- Toileting (personal hygiene).
- Transferring (getting in and out of bed or chairs).

If you leave your VRS-covered position, your long-term care coverage may continue with Aetna at the same group rate as at your initial coverage. You pay premiums to Aetna directly. To take advantage of this opportunity, you must call the Aetna Long-Term Care Hotline at 1-877-796-1927 within 30 days of your termination date. You will be responsible for paying the premiums for the coverage.

You can find more information by visiting the VRS Web site at www.varetire.org, the Aetna Long Term Care Web site at www.aetna.com/group/commonwealthva, or by calling Aetna, toll-free, at 1-877-796-1927.

Additional Long-Term Care Coverage

As a state employee, you are eligible to purchase additional long-term care coverage under a voluntary employee-paid long-term care insurance program. The program is offered by the Department of Human Resource Management (DHRM). To learn more about this long-term care insurance program, contact your human resource office or visit the DHRM Web site at www.dhrm.state.va.us.





Retirement Education Seminar & Group Counseling Schedule

For registration form, see page 8 or go to <http://www.varetire.org/Members/RetPlanning/EduCounsel.html>

Date	RES	GCS	Location/Contact
June 8	8 – 12	1 – 4	Northern Virginia Community College, Annandale Mail: Northern Virginia Community College, Suite 600, 7630 Little River Tpk., Annandale, VA 22003-3796 Phone: 703-323-3102 FAX: 703-813-1325
June 14	8 – 12	1 – 4	John Tyler Community College, Nicholas Student Ctr., Chester Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831, Att: Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
June 21	8 – 12	1 – 4	Blue Ridge Community College, Weyers Cave Mail: Blue Ridge Community College, P.O. Box 80, Weyers Cave, VA 24486 Phone: 540-453-2342 FAX: 540-234-8102
June 22	8 – 12	1 – 4	Thomas Nelson Community College, Espada Conference Center, Moore Hall 99 Thomas Nelson Drive, Hampton, VA Email: WTCE Coordinator Mail: Thomas Nelson CC, P.O. Box 9407, Hampton, VA 23670 Phone: 757-825-3548 FAX: 757-825-2960
June 27	8 – 12	1 – 4	Greenfield Education and Training Center Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: 540-767-6125 FAX: 540-767-6098
July 10	8 – 12	1 – 4	Tidewater Community College, Virginia Beach Campus, Advanced Technology Center Mail: Tidewater Community College, 300 Granby Street, 5th Floor, Norfolk, VA 23510 Phone: 757-822-1234 FAX: 757-822-1160
July 13	8 – 12	1 – 4	John Tyler Community College, Nicholas Student Ctr., Chester Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831, Att: Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
July 19	8 – 12	1 – 4	Wytheville Community College, Wytheville Mail: Wytheville Community College, 1000 E. Main St., Wytheville, VA 24382 Phone: 276-223-4712 FAX: 276-223-4716
August 30	8 – 12	1 – 4	Greenfield Education and Training Center Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: 540-767-6125 FAX: 540-767-6098
September 6	8 – 12	1 – 4	Blue Ridge Community College, Weyers Cave Mail: Blue Ridge Community College, P.O. Box 80, Weyers Cave, VA 24486 Phone: 540-453-2342 FAX: 540-234-8102



Retirement Education Seminar & Group Counseling Schedule

CONTINUED FROM PAGE 7

Date	RES	GCS	Location/Contact
Sept ember 13	8 – 12	1 – 4	Thomas Nelson Community College, Espada Conference Center, Moore Hall 99 Thomas Nelson Drive, Hampton, VA Email: WTCE Coordinator Mail: Thomas Nelson CC, P.O. Box 9407, Hampton, VA 23670 Phone: 757-825-3548 FAX: 757-825-2960
Sept ember 19	8 – 12	1 – 4	John Tyler Community College, Nicholas Student Ctr., Chester Mail: John Tyler Community College, 1301 Jefferson Davis Hwy, Chester, VA 23831, At: Community College Workforce Alliance Phone: 804-706-5030 FAX: 804-796-4266
Sept ember 28	8 – 12	1 – 4	Northern Virginia Community College, Annandale Mail: Northern Virginia Community College, Suite 600, 7630 Little River Tpk., Annandale, VA 22003-3796 Phone: 703-323-3102 FAX: 703-813-1325
October 4	8 – 12	1 – 4	Greenfield Education and Training Center Mail: Roanoke Higher Education Center, 108 N. Jefferson St., Roanoke, VA 24016 Phone: 540-767-6125 FAX: 540-767-6098

Retirement Education Seminar & Group Counseling Session Registration Form

To register for either a Retirement Education Seminar or a Group Counseling Session, fax or mail this form to the contact person listed for the meeting you wish to attend. This form is also available on the VRS Web site at www.varetire.org. Make sure your name and phone number are included on the fax cover sheet.

Sessions fill up quickly, so register early to reserve your seat(s) at the session of your choice. Registrations should be received 15 days prior to the program date. You will receive confirmation of your registration 7-10 days prior to the session date from the community college.

Which program would you like to attend?

Retirement Education Seminar (RES):

This session is recommended for members who are five to 10 years away from retirement. Topics discussed: Adjusting and Planning for Retirement; Estate Planning and Legal Readiness; Basic Financial Planning concepts.

Group Counseling Session (GCS):

This session is recommended for members who are within 5 years of retirement. Topics discussed: VRS Retirement Options, Estimating your monthly benefit, Increasing your retirement benefit, Life Insurance and other retirement resources.

I would like to attend both the RES and the GCS sessions.

Date, Time and Location: _____

Name: _____

Last Four Digits of Member's Social Security #: xxx-xx- _____

Mailing Address: _____

STREET

CITY

STATE

ZIP

E-mail address: _____

Are you bringing a guest? YES or No Number of Guests _____

If your guest is a VRS member, please have the guest complete registration form.

Please check your employer: State Agency State Police VaLORS

Judges School System Political Subdivision LEOS/Firefighters

If you need assistance due to a disability, please indicate how we can help:

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