

Appendix: Benefits

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RETIREMENT CONTRIBUTIONS

Short-term Disability

The employee retains VRS membership while on short-term disability. The employee continues to accrue service credit and remains eligible for retirement after reaching age and service requirements. Time spent on short-term disability counts toward the five years needed to become vested for a retirement benefit.

While the employee is on short-term disability and the employer is paying the employee, the employer continues to report the employee's creditable compensation and deducts the 5 percent member contribution. The reported creditable compensation should be the full amount of the employee's pre-disability earnings.

Long-term Disability Working

An employee receives service credit during the period of long-term disability working, based on the pre-disability income.

No employee or employer contributions are reported by the agency for an employee in long-term disability working as long as there is an open claim with Reed Group. Reed Group reports the service credit. If the employee is earning 80 percent or more of pre-disability income, Reed Group closes the claim and discontinues reporting the employee. The employer would then resume reporting the employee.

Long-term Disability

An employee receives service credit during the period of long-term disability, based on the pre-disability income.

No employee or employer contributions are reported by the agency for an employee in long-term disability. Reed Group reports the service credit.

PURCHASE OF PRIOR SERVICE CREDIT

Short-term Disability

The employee may purchase prior service while on short-term disability. The purchase may be made in a lump sum or through payroll deduction. The cost of purchasing service credit will be based on the full pre-disability income, regardless of the actual income replacement percentage received at the time of purchase.

Note: After an employee on work-related VSDP returns to work, he or she may purchase periods of time where the service was not reported.

Long-term Disability Working

The employee may purchase prior service while on long-term disability working. The purchase may be made in a lump sum only. The cost of purchasing service credit will be based on the full pre-disability income, regardless of the actual income replacement percentage received at the time of purchase.

Long-term Disability

The employee may not purchase prior service credit during periods of long-term disability.

HEALTH INSURANCE

Short-term Disability

State health insurance coverage continues on short-term disability with the state paying the employer share of the premium. The employee continues to pay his or her share.

Long-term Disability Working

Both the employer and employee continue paying the premiums.

If the employee's wages do not cover his or her portion of the health insurance premium, the employee can pay the agency by check.

Long-term Disability

The employee must elect coverage within 31 days of transition to long-term disability to continue State health insurance coverage. The employee must pay the full cost of the coverage (employer and employee cost) by paying the carrier directly. The employee will be billed directly by the carrier.

An eligible employee using Family Medical Leave who participates in the State health insurance program during the period of long-term disability will continue coverage through the current employer until the Family Medical Leave is exhausted.

COBRA

Short-term Disability

Time spent in short-term disability does not count toward COBRA entitlement, since the employee has not separated and is still eligible for State coverage. Agencies are responsible for notifying the employee of his or her COBRA status.

Long-term Disability Working

Time spent in long-term disability working does not count toward COBRA entitlement, since the employee has not separated and is still eligible for State coverage. Agencies are responsible for notifying the employee of his or her COBRA status.

Long-term Disability

Time spent in long-term disability runs concurrently with COBRA. Agencies are responsible for notifying the employee of his or her COBRA status.

HEALTH INSURANCE CREDIT

Short-term Disability

The time spent while on short-term disability counts toward the 15-year eligibility requirement for the health insurance credit.

Long-term Disability Working

An employee in long-term disability working status is not eligible for the credit since state health insurance coverage continues to be provided for the employee.

Long-term Disability

An employee receives a health insurance credit of the greater of \$120 or \$4 per year of creditable service at the time of eligibility for VSDP. The credit cannot exceed the cost of the employee's premium.

Time spent on long-term disability counts toward the health insurance credit 15-year eligibility requirement needed for service retirement.

BASIC GROUP LIFE INSURANCE

Short-term Disability

Basic group life insurance continues with the State paying for the program. Accelerated benefits and accidental death and dismemberment coverage also continues.

Long-term Disability Working

The employee continues to be covered by group life insurance while on long-term disability working. The State pays for the life insurance coverage.

Long-term Disability

Basic group life insurance continues with the State paying for the life insurance coverage. Accelerated benefits and accidental death and dismemberment coverage also continues.

The amount of life insurance is based on the pre-disability annual salary at the time of transition to long-term disability. The amount of life insurance may be increased annually by cost of living adjustments.

When the employee retires, the basic group life insurance begins to reduce until it is 25 percent of its original amount. Accidental death and dismemberment coverage ceases at retirement.

OPTIONAL GROUP LIFE INSURANCE

Short-term Disability

Optional group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage through payroll deduction.

If the employee terminates employment or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

Long-term Disability Working

Optional group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage via payroll deduction.

If the employee terminates employment or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

Long-term Disability

Optional group life insurance continues (for the employee, spouse and any minor dependents) as long as the employee pays the premiums for this coverage via direct bill.

If the employee long-term disability ends or coverage ceases because of non-payment of premiums, the employee may convert to an individual policy.

The amount of life insurance is based on the pre-disability annual salary at the time of transition to long-term disability.

DEFERRED COMPENSATION

Short-term Disability

The employee may continue to contribute to the 457 Deferred Compensation Plan or 403(b) account while on short-term disability unless the disability is work-related.

Contributions may not exceed the lesser of adjusted annual salary or the annual limit. If the employee is contributing at least \$10 per pay period to the 457 Plan or 403(b) account, the employer Cash Match also will continue as long as there is no legislated cash match holiday. Distributions from the plan are allowed only in the event of approved hardship withdrawals, which must conform to IRS guidelines.

Long-term Disability Working

The employee may continue to contribute to the 457 Deferred Compensation Plan or 403(b) account while on long-term disability working unless the disability is work-related.

Contributions may not exceed the lesser of adjusted annual salary or the annual limit. If the employee is contributing at least \$10 per pay period to the 457 Plan or 403(b) account, the employer Cash Match also will continue as long as there is no legislated cash match holiday. Distributions from the plan are allowed only in the event of approved hardship withdrawals, which must conform to IRS guidelines.

Long-term Disability

The employee may not contribute to the 457 Deferred Compensation Plan or 403(b) account while on long-term disability. VRS will allow 457 distributions for employees on long-term disability if the agency classified this status as “severance from employment,” and a full calendar month break-in-service has occurred.

REFUND

The employee will lose all VSDP benefits if he or she takes a refund. See the VRS Employer Manual for detailed information about Plan 1 and 2 refund requirements.

Short-term Disability

An employee may only request a refund of VRS retirement contributions and interest upon termination of employment. If a refund is taken, all benefits stop, including VSDP short-term and long-term disability benefits.

Long-term Disability Working

An employee may only request a refund of VRS retirement contributions and interest upon termination of employment. If a refund is taken, all benefits stop, including VSDP long-term disability benefits.

Long-term Disability

If a refund is taken, all benefits stop, including VSDP long-term disability benefits.

SERVICE RETIREMENT

Short-term Disability

The time spent on short-term disability counts toward the five years needed to become vested to a retirement benefit.

If the member is receiving Workers' Compensation benefits while on short-term disability, the employee may not retire until Workers' Compensation benefits cease.

Long-term Disability Working

The time spent on long-term disability working counts toward the five years needed to become vested to a retirement benefit.

If receiving Workers' Compensation benefits while on long-term disability-working, the employee may not retire until Workers' Compensation benefits cease.

Long-term Disability

If vested, the employee retains eligibility for retirement benefits after meeting age and service requirements.

If receiving Workers' Compensation benefits while on long-term disability, the employee may not retire until Workers' Compensation benefits cease.

The employee is required to retire at his or her normal retirement date. An employee who is approved for disability benefits within five years of his normal retirement date shall be eligible for up to five years of disability before the employee is required to retire under service retirement.

When retiring, the employee may select any eligible option. The retirement benefit is calculated using the employee's highest average final compensation.