

Coronavirus-Related Leave Without Pay and Your VRS Member Benefits

Introduction:

Due to budgetary impacts caused by COVID-19, some VRS-participating employers are reducing employee working hours and salaries or laying off personnel.

If you are in this situation, review this informational summary, visit varetire.org for additional benefits information or call VRS at 888-827-3847 to speak with a member counselor.

State employees should refer to [specific guidance provided by the Department of Human Resource Management](#).

Higher education faculty and staff members should consult with your human resource office for specific guidance.

Implications of a Temporary Salary Reduction on VRS Member Benefits:

Benefit	Employee Status and Eligibility for Benefits
Creditable Compensation for Retirement	<ul style="list-style-type: none"> • If the temporary salary reduction start date is on or before the first business day of the month, the creditable compensation change is effective in the current month. • If the temporary salary reduction start date is after the first business day of the month, the creditable compensation change is effective the first of the following month.
Service Retirement	<ul style="list-style-type: none"> • If you are eligible to retire, you may apply for VRS retirement. Your employer must separate you from employment before the effective date of retirement. • A temporary salary reduction may impact your average final compensation if the time period of the reduction falls within your highest period of creditable compensation <ul style="list-style-type: none"> ○ If you are a VRS Plan 1 member, your retirement benefit multiplier will be based on an average of your 36 consecutive months of highest creditable compensation. ○ If you are a VRS Plan 2 or a Hybrid Retirement Plan member (defined benefit component), your retirement benefit multiplier will be based on an average of your 60 consecutive months of highest creditable compensation. • Log into your myVRS account (myVRS.varetire.org) to create a benefit estimate. You also may talk with a VRS member counselor to learn more about how your circumstances affect your benefit.
Disability Retirement	<ul style="list-style-type: none"> • If eligible, you can apply within 90 days from the last day of employment. • If you are furloughed, you have up to 24 consecutive months while on leave without pay to apply for disability retirement. • A temporary salary reduction may impact your average final compensation if the time period of the reduction falls within your highest period of creditable compensation. <ul style="list-style-type: none"> ○ If you are a VRS Plan 1 member, your retirement benefit multiplier will be based on an average of your 36 consecutive months of highest creditable compensation. ○ If you are a VRS Plan 2 or a Hybrid Retirement Plan member (defined benefit component), your retirement benefit multiplier will be based on an average of your 60 consecutive months of highest creditable compensation.

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- Log into your [myVRS account \(myVRS.varetire.org\)](https://myVRS.varetire.org) to create a benefit estimate. You also may talk with a VRS member counselor to learn more about how your circumstances affect your benefit.

Refunds

- If you are on leave without pay, you may not take refunds or withdrawals from your defined benefit pension plans, including VRS Plan 1, VRS Plan 2 or the Hybrid Retirement Plan defined benefit component.
- If you are separated from employment, you may apply for a refund from VRS. [Refunds](#) cannot be processed until at least a full calendar month after you leave employment. IMPORTANT: Taking a refund cancels your VRS membership and eligibility for any future benefits in retirement.

Distributions from Defined Contribution Plans

- Per the Coronavirus Aid, Relief and Economic Security Act (CARES Act), active and separated VRS participants who are directly affected by COVID-19 may request a coronavirus-related distribution (CRD) from the following plans through December 30, 2020:
 - Commonwealth of Virginia 457 Deferred Compensation Plan
 - Virginia Cash Match Plan
 - Hybrid 457 Deferred Compensation Plan
- To initiate this type of distribution, visit www.varetire.org/dcp; then select your defined contribution plan to log in to Account Access. Once logged on, select Forms and locate the CRD under the Roll/Disburse category. The form can be downloaded as a PDF or emailed to you. Upon completion, the form can be mailed or faxed to ICMA-RC. You may also request a form by contacting ICMA-RC Participant Services at [877-327-5261](tel:877-327-5261), option 1.
- If you are separated from employment for any reason, you may request a distribution from certain defined contribution plans in which you participated. The distribution cannot be made until at least one full calendar month has passed since you left employment. To initiate this type of distribution, visit www.varetire.org/dcp; then select your defined contribution plan to log in to Account Access. Once logged on, you may request the distribution from the withdrawals tab.
- Unless you have separated from employment, withdrawals are *not* allowed from the Hybrid 401(a) Cash Match Plan or optional retirement plans (ORPs).
- In you are still actively employed and are not eligible for a CRD, emergency withdrawals are allowed under limited circumstances from the Commonwealth of Virginia 457 Deferred Compensation Plan (not all employers have elected this plan).

Group Life Insurance

- VRS life insurance coverage remains in force as long as you remain employed and the premium amounts are paid (whether by employer or member). If life insurance premium payments end and you are furloughed and placed on leave without pay, the benefit is suspended. Coverage resumes upon reemployment.
- The group life insurance amount is based on the last reported salary, which may be lower than a previously reported salary. The basic group life insurance benefit is equal to the last reported compensation rounded to the next highest thousand and then doubled.
- If you have 20 or more years of service credit, the basic group life benefit is based on the highest salary as a VRS-covered employee, even if the most recent salary is lower.
- Provided that premiums continue to be paid, the optional group life benefit is based on the coverage you selected.

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Virginia Sickness and Disability Program (VSDP)

Virginia Local Disability Program (VLDP)

Purchase of Prior Service Pre-tax Agreements

- If your disability starts before you are placed on leave without pay, you are eligible for short-term disability. If your disability begins after you are placed on leave without pay, you are not eligible for short-term disability.
 - If you are furloughed while on long-term disability, you will remain on long-term disability, provided you continue to meet eligibility requirements.
 - If you are furloughed while receiving VSDP short-term disability benefits, you will continue to receive the full retirement contribution and service credit.
 - Employees receiving long-term disability benefits will receive service credit only.
 - VSDP and VLDP Long-Term Care Plan participants remain covered in the active group provided they are reported to VRS in an active status, are reported on leave without pay or are on long-term disability. If you are separated from employment, you are eligible to retain coverage at cost.
 - If you are covered under a VLDP-comparable plan offered by your employer, you are eligible to apply for the benefit as long as you are not on leave without pay.
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- If you are currently in an agreement to purchase service, pre-tax agreements may only be broken if the employee incurs a financial hardship due to an unforeseeable emergency. Consult with your human resource office on your employer's policy if you are furloughed or laid off while purchasing service.