State Police Officers' Retirement System Plan 1

HANDBOOK FOR MEMBERS

Virginia Retirement System

State Police Officers' Retirement System Plan 1

HANDBOOK FOR MEMBERS

HELPING YOU PLAN FOR TOMORROW, TODAY

STATE POLICE OFFICERS' RETIREMENT SYSTEM (SPORS) PLAN 1

HANDBOOK FOR MEMBERS

You are in Plan 1 if your membership date is before July 1, 2010, and you were vested (you had at least five years of service credit) as of January 1, 2013.

CONTACT VRS

varetire.org
member-info@varetire.org
Toll-free: 888-827-3847
TDD: 804-289-5919

Important email notice: Do not send personal or confidential information, such as your Social Security number, by email. VRS will send only non-confidential replies.

VRS Retirement Counseling Center
1111 East Main Street, Richmond, VA 23219

VRS Administrative Offices
1200 East Main Street, Richmond, VA 23219

Mailing Address
P.O. Box 2500, Richmond, VA 23218

VRS MISSION

VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

Note: The information contained in this document is governed by Title 51.1 of the *Code of Virginia*. This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority granted by the *Code of Virginia*, which may be amended from time to time.

BENEFIT INFORMATION AND PLANNING RESOURCES

WEBSITES

- **varetire.org** – Benefit information, forms and publications, including the *Handbook for Members.*
- **myVRS.varetire.org** – Your secure online member account with retirement planning and financial wellness tools.

VRS RETIREMENT COUNSELING

Talk with a counselor about your retirement options, applying for retirement and retiree benefits. Walk-in counseling is available on a first-come, first-served basis. Limited scheduled appointments are also available; call VRS toll-free at 888-827-3847 for more information. Counseling hours are 8:30 a.m.-4 p.m., Monday through Friday. Go to varetire.org for directions and parking information.

ADDITIONAL CONTACTS

- Commonwealth of Virginia 457 Deferred Compensation Plan: 877-327-5261 (VRS-DC-PLAN1); varetire.org/457
- Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program: 866-859-6060; genworth.com/cov
- Federal Public Safety Officers' Benefits Act: 888-744-6513; psob.gov
- Group Life Insurance Program: Securian Financial, 800-441-2258
- Internal Revenue Service: 800-829-1040; irs.gov
- Medicare: 800-MEDICARE (800-633-4227); medicare.gov
- Social Security Administration: 800-772-1213; socialsecurity.gov
- Virginia Department of Taxation: 804-367-8031; tax.virginia.gov
- Virginia Department of Human Resource Management (State Employees): dhrm.virginia.gov
- Virginia Line of Duty Act (LODA):
  - Eligibility Determinations and Benefit Payments: Virginia Retirement System, Toll-free: 888-827-3847 (Request: LODA support), loda@varetire.org, valoda.org
  - Health Benefits Plans: Department of Human Resource Management, loda@dhrm.virginia.gov, dhrm.virginia.gov/healthcoverage/loda-health-benefits
- Virginia Sickness and Disability Program (VSDP): Reed Group, 877-928-7021; reedgroup.com/vsdp-claims
- VSDP Long-Term Care Plan: Long Term Care Group Inc. 800-761-4057
- Virginia Workers' Compensation Commission: 877-664-2566; vwc.state.va.us

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1 *Welcome to SPORS*

Preparing for Your Future
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Quick Reference

PREPARING FOR YOUR FUTURE

As a member of the State Police Officers' Retirement System (SPORS), you have an opportunity to lay the foundation for your future retirement needs. Your partners are your employer and the Virginia Retirement System (VRS).

In practical terms, preparing for retirement is about having enough income to live comfortably after you retire. Most financial planning experts recommend 80% of your current earnings as a retirement income target. The components are:

- Your lifetime monthly SPORS retirement benefit, which includes enhanced coverage for hazardous duty service.
- Social Security.
- Savings you put aside for your future. That means not only saving for retirement but also staying on track toward your retirement income target by increasing the amount you save over your active career.

As a member of SPORS, you also have other benefit coverage to protect you and your loved ones, including:

- Life insurance.
- Disability coverage.
- Long-term care benefits.
- Benefit for your beneficiary or survivor if you die while you are an active member.

The State Police Officers' Retirement System *Handbook for Members* explains how these benefits support you while you are working and after you retire. It also describes the member resources available to help you get started on planning ahead.

YOU AND YOUR PARTNERS

YOU

You can start saving for your financial future from the first day of employment through the Commonwealth of Virginia 457 Deferred Compensation Plan. You also contribute 5% of your compensation each month toward your future monthly retirement benefit.

While you are an active employee, take time to learn more about your benefits by referring to this handbook, registering for your secure online myVRS account, viewing information on the VRS website at varetire.org and taking advantage of member education opportunities.

YOUR EMPLOYER

- Your employer funds your retirement benefit by making a separate contribution to VRS. VRS invests these contributions to provide benefits for future retirees.
- Your employer offers the Commonwealth of Virginia 457 Plan, and if you participate, your employer matches a portion of your contributions through the Virginia Cash Match Plan.
- Your employer pays toward other coverage that protects you and your loved ones while you are employed and after you retire.

VRS

- VRS administers and pays your monthly benefit after you retire. VRS also assists your loved ones in obtaining benefits for which they may be eligible upon your death.
- VRS manages the investment of contributions, a critically important responsibility. Two-thirds of the average VRS retirement benefit is funded by investment earnings. The VRS trust fund can be used only on behalf of our members, retirees and beneficiaries.
- VRS is committed to continuous innovation. The secure myVRS online system provides tools and resources to assist in retirement planning.

Resources to Help You Plan a Successful Future

Whether you were just hired or are getting ready to retire, you can take advantage of free educational opportunities on everything from your benefits and financial wellness to retirement planning. Topics are offered through a variety of online and on-site educational mediums. Schedules and online registration are available at varetire.org/members/education.

myVRS HELPING YOU PLAN FOR TOMORROW, TODAY

As a member of VRS, you have access to myVRS, one of your most important retirement planning resources. This secure, online system helps you prepare for your future. It provides up-to-date benefit information based on your VRS member record.

KEY FEATURES

Benefit Estimator and Retirement Planner

Through the Benefit Estimator, you can create VRS retirement benefit estimates based on different retirement dates or payout options to see which will best meet your needs and those of your family when you retire. You can then select a benefit scenario to enter in the goal-based Retirement Planner, along with other sources of income and expenses, including income taxes, health insurance and living expenses. The result will help you project your income and expenses in retirement.

In addition, you can view your life insurance balance, purchase of prior service history and employment history, and update your contact information. Upon leaving employment, you can apply for a refund online and track its progress through your myVRS account.

If you participate in a VRS deferred compensation plan, you can also view your account balance to see whether you need to increase your contributions to stay on target toward your future retirement income.

Note: The plans and estimates you create through the myVRS Retirement Planner and myVRS Benefit Estimator are for your planning purposes only. They are based on your current member record, the information you enter and the policies in effect at the time you create them. The results may not reflect your actual retirement benefit amount or income and expenses in retirement. Create a new benefit estimate if your circumstances change.

myVRS Financial Wellness

Tap into personalized financial wellness features and tools. myVRS Financial Wellness will help you grow your confidence in financial decision-making through a variety of resources, including articles, videos, educational games, calculators and budgeting tools. No matter where you are in your career, you can increase your knowledge on topics like:

- Student loan repayment.
- Debt and credit management.
- Spending habits.
- Credit cards.
- Career-development strategies.
- Saving and investing.
- Planning for the future.
- Health insurance and long-term care costs and coverage.

Take charge of your financial health by selecting myVRS Financial Wellness when you log into myVRS.

Member Benefit Profile
Through myVRS, you can view your Member Benefit Profile (MBP). This is your annual online benefits statement based on information your employer reports to VRS through June 30 of each year. The MBP shows your earliest retirement eligibility dates, estimated benefit amounts and member contribution account balance, among other information from your member record.

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, your MBP also shows a total retirement income estimate combining your unreduced benefit estimate, a Social Security estimate and an estimated annuity from your deferred compensation plan, if applicable. You can measure this estimate against a retirement income target of 80% of your creditable compensation.

Review your annual statement with your family. If you have a financial advisor, he or she will find your MBP to be a helpful planning document. You can also view your current account balances on your myVRS homepage.

Creating Your myVRS Member Online Account
Register for your account at myVRS.varetire.org. VRS takes many measures every day to keep your information secure. Verifying your myVRS account helps prevent someone else from attempting to lay claim to the account fraudulently.

Security and Privacy
VRS is committed to protecting the security and privacy of your information. Before you are allowed access to your information, your identity is authenticated through the online account creation process. You set up your own username and password, which you use each time you log into myVRS.

Randomly generated questions presented during registration come from a third-party identity verification service and are used only for the initial verification process. VRS does not retain the information or share it with anyone.

You will have two attempts to register before a lockout occurs. Once registered, you can use the Forgot Password feature if you get locked out.

Assistance With myVRS
Select Help from the top of any screen for general information.

For additional assistance, call VRS toll-free at 888-827-3847 and select option 3 for myVRS online assistance, 8:30 a.m.–5 p.m., Monday through Friday, or contact myvrsonlineassistance@varetire.org

Important email notice: Do not send confidential or personal information, such as your Social Security number, by email even when you are logged into your account. VRS will send only non-confidential replies

QUICK REFERENCE

Need access to your member information?
Through myVRS, you can view information from your member record, track your savings progress, create benefit estimates and plan for retirement. To create a secure online account, visit myVRS.varetire.org.

See: Chapter 1-Welcome to SPORS

Have public service from previous employment or military service?
If you have eligible service from a previous public position, active duty military service, an eligible period of leave or VRS refunded service, you may purchase this service to add to your VRS retirement benefit.

See: Chapter 4-Enhancing Your Benefit: Purchase of Prior Service

Had a change in your marital status; having or adopting a child?
If your personal or family situation changes, review your beneficiary designation as soon as possible. VRS is required by law to pay benefits according to the latest beneficiary designation in your member record. If you need to confirm your current designation, request this information from Securian Financial, the insurer for the Group Life Insurance Program, by calling 800-441-2258. Neither Securian Financial nor VRS can provide this information over the phone. It will be mailed to you.

To update your beneficiary, complete the Designation of Beneficiary (VRS-2). If you participate in the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, complete the Beneficiary Designation 457(b)/401(a) Plan form or complete the update in Account Access. Both forms are available at varetire.org/beneficiary.

You are eligible to elect additional coverage for yourself as well as a spouse or dependent children through the Optional Group Life Insurance Program. You pay the premiums through payroll deduction.

See: Chapter 3-Commonwealth of Virginia 457 Deferred Compensation Plan
Chapter 5-Group Life and Long-Term Care Insurance Programs
Chapter 12-Insurance in Retirement

Have you become disabled?
If you participate in the Virginia Sickness and Disability Program (VSDP), you have income protection if you can't work because of a non-work-related or work-related illness or injury; there are eligibility periods for some coverage. If you are disabled in the line of duty, you also may be eligible for an enhanced VSDP benefit. If you do not participate in VSDP, you are eligible to be considered for VRS disability retirement if you have a non-work-related or work-related disability that prevents you from performing your job and is likely to be permanent.

See: Chapter 5-Group Life and Long-Term Care Insurance Programs
Chapter 6-Virginia Sickness and Disability Program (State Employees)
Chapter 7-Retiring on Disability

Planning to leave your job?
If you leave your position, you can keep your account balance with VRS. You will be considered a deferred member. If you are vested, you may be eligible for a future retirement benefit if you meet the age and service requirements for your plan.

Alternatively, you can request a refund of your member contributions and interest. You will receive a full or partial refund based on whether or not you are vested (you have at least five years of service credit) or involuntarily separated from employment for causes other than job performance or misconduct. Taking a refund cancels your membership and eligibility for any future VRS benefits.

Review your member contribution account balance and other benefit information in myVRS before deciding the option that will best meet your needs.

If you leave employment, you may be eligible to continue other coverage, such as life insurance or long-term care insurance. If you are involuntarily separated from employment, you may qualify for severance benefits. For more information, visit varetire.org/severance

See: Chapter 3-Commonwealth of Virginia 457 Deferred Compensation Plan
Chapter 9-Leaving Employment
Chapter 11-Receiving Retirement Plan Payments

Ready to prepare for retirement?
It's never too soon to plan for retirement:

- Start saving early in your career through the Commonwealth of Virginia 457 Plan or another supplemental retirement plan, if either are offered by your employer. From time to time, check your account balance to see if you can increase your contributions within allowable plan limits.
- Take advantage of free member education about your benefits, myVRS Financial Wellness and retirement planning, as well as the 457 Plan, if your employer offers the plan.
- Be sure to register for myVRS, which gives you secure online access to your benefit information and retirement planning.

See: Chapter 2-Your Retirement Plan
Chapter 3-Commonwealth of Virginia 457 Deferred Compensation Plan
Chapter 10-Getting Ready to Retire

Need to arrange your affairs?
If you no longer can take actions on your own behalf, an agent named under a power of attorney can act on your behalf. To name an individual as your agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901). The form is available at varetire.org/forms. VRS also offers a *Get Organized* guide, which helps you create a secure inventory of personal assets, expenses and records to review with those you trust. Find it online at varetire.org/publications.

If you die while you are an active member, your beneficiary may be eligible for a death-in-service benefit, funds from your tax-deferred savings plan, if applicable, or any life insurance benefits you may have. At retirement, you can elect the Survivor Option if you wish to continue a monthly benefit to a survivor upon your death. Your basic group life insurance coverage includes an accelerated death benefit option if you are diagnosed with a terminal condition and have fewer than 12 months to live. In the event of your death, *Losing a Loved One: Guide for Families* will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at varetire.org/publications.

See: Chapter 5-Group Life and Long-Term Care Insurance Programs
Chapter 8-Death-in-Service Benefits
Chapter 12-Insurance in Retirement

Seeking more details about your benefits as a retiree?
When you retire, you may be eligible for life insurance and the health insurance credit in addition to your monthly retirement benefit. Also, learn about direct deposit, the cost-of-living adjustment (COLA), taxes and payment options for your deferred compensation plan account, if you participate in the Commonwealth of Virginia 457 Plan.

See: Chapter 11-Receiving Retirement Plan Payments
Chapter 12-Insurance in Retirement

Plan to work after you retire?
Under some circumstances, you can work after retirement with no interruption in your monthly benefit. If you return to VRS-covered employment, however, your benefits will stop and you will again become an active member. Any cost-of-living adjustments (COLAs) you received while retired will not continue when you retire again. You may become eligible for an annual COLA effective July 1 of the second calendar year after your subsequent retirement.

See: Chapter 11-Receiving Retirement Plan Payments
Chapter 13-Working After Retirement

Have more questions about your benefits?
If, after reviewing this handbook, you have additional questions, contact your human resource office, log into your myVRS account or call VRS toll-free at 888-827-3847.

ELIGIBLE EMPLOYEES

You are covered under SPORS Plan 1 if you are a state police officer and your membership date is prior to July 1, 2010, and you were vested before January 1, 2013, and have not taken a refund

ABOUT YOUR PLAN

The SPORS Plan 1 is a defined benefit plan. This plan provides a lifetime monthly benefit during retirement based on your age, total service credit and average final compensation. Average final compensation is the average of your 36 consecutive months of highest creditable compensation as a covered employee.

Your benefit is funded through member and employer contributions to VRS, which are invested over your career. VRS holds these funds in a trust protected by the *Constitution of Virginia.* This trust may be used only to pay benefits for VRS members, retirees and beneficiaries.

Member Contributions
You contribute 5% of your compensation each month to your member contribution account on a pretax salary reduction basis. Your contributions are tax-deferred until you withdraw them as part of your retirement benefit or as a refund. Your account accrues 4% interest, which is compounded annually on the balance as of the previous June 30. When you retire, your benefit is paid first from your member contributions and interest. After these funds have been paid out, your benefit is paid from the separate contribution your employer makes to VRS and investment earnings.

If you leave your position before retirement, you can keep your funds with VRS. You will be considered a deferred member. If you are vested, you may be eligible for a future retirement benefit if you meet the age and service requirements for your plan.

You can also request a refund of your member contributions and interest. If you are vested (you have at least five years of service credit) or involuntarily separated from employment for causes other than job performance or misconduct, you will receive a full refund of your member contribution account balance. If you are not vested, you will receive a refund of the balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.

Taking a refund cancels your membership and eligibility for any future VRS benefits. For more information, see Chapter 9-Leaving Employment.

The *Code of Virginia* prohibits members from borrowing from their member contribution accounts.

What Is Covered and Non-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.

Non-covered employment is a part-time position with a VRS-participating employer. Non-covered positions do not provide eligibility for benefits. Part-time positions typically require 80% or less of the hours of comparable full-time permanent positions. Some full-time positions may be considered non-covered if they are temporary and require 80% or less of the hours per year that would be considered full-time and permanent for that position.

Employer Contribution
Your employer makes a separate contribution to VRS based on the payroll of all covered employees. The VRS actuary determines the rate your employer pays. This rate is based on several factors, including the number of employees eligible for benefits, number of retired employees, employee salaries, ages and mortality rates. Members are not eligible for a refund of the separate employer contribution.

QUALIFYING FOR RETIREMENT

Vesting
Vesting is the minimum length of service needed to qualify for a retirement benefit. You become vested when you have at least five years (60 months) of service credit. Once you are vested, you are eligible for a retirement benefit if you meet the age and service requirements for your plan.

You must have at least five years of service credit in VaLORS, SPORS or VRS with enhanced hazardous duty benefits to retire with hazardous duty benefits. If you do not have five years of hazardous duty service credit, you must meet the retirement eligibility requirements under VRS Plan 1 in order to retire.

Unreduced retirement
Normal retirement age under SPORS is age 60. You become eligible for an unreduced benefit at age 60 with at least five years of service credit or at age 50 with at least 25 years of service credit. The mandatory retirement age under SPORS is age 70.

Reduced retirement
You may retire with a reduced benefit as early as age 50 with at least five years of service credit. To determine your reduced benefit, VRS applies an early retirement reduction factor to the benefit you would receive if you retired with an unreduced benefit.

ENHANCED COVERAGE FOR HAZARDOUS DUTY SERVICE

You are eligible for a retirement multiplier of 1.85% as part of the unreduced and reduced benefit provisions described above.

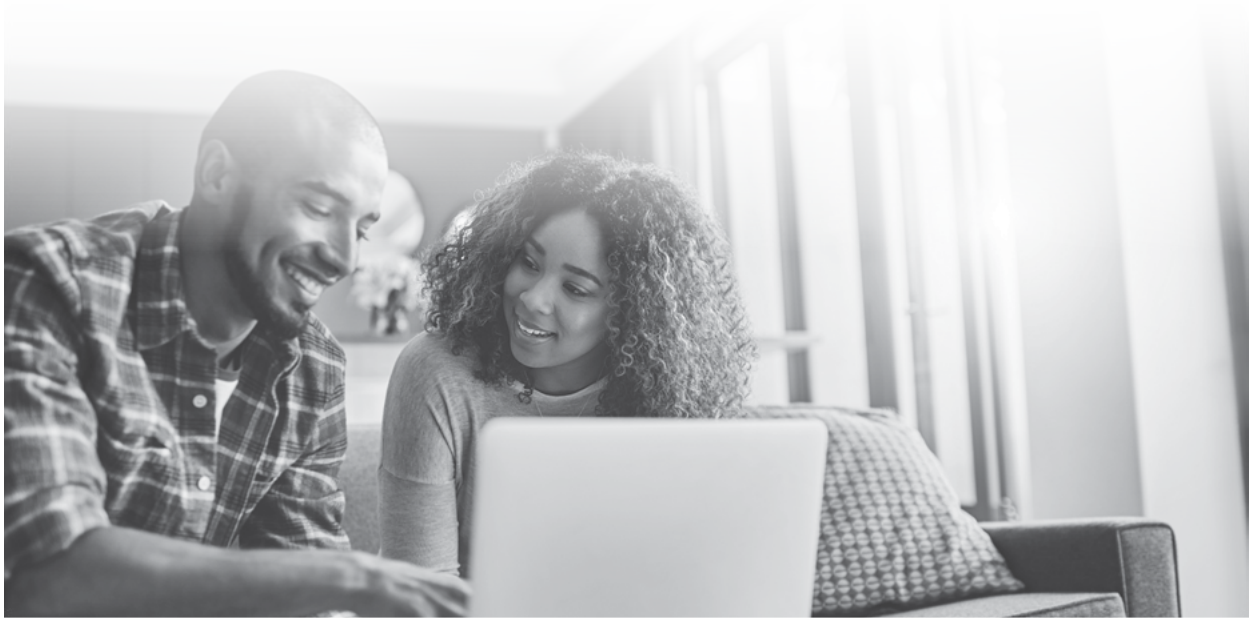
Hazardous Duty Supplement
If you retire with at least 20 years of eligible hazardous duty service credit, you will receive a supplement to your retirement benefit. The supplement is a dollar amount added to your monthly payment. It begins when you retire and ends when you reach your normal retirement age under Social Security. Once you are credited with at least 20 years of hazardous duty service credit while working in a hazardous duty position, you retain eligibility for the supplement if you move to a non-hazardous duty position. You can also defer retirement and still receive the supplement. The current supplement amount is available at varetire.org/retirees (select Receiving Your Benefit).

You are not eligible for the supplement if:

- You are at your normal Social Security retirement age or older when you retire.
- You retire on disability.
- You move to and retire from a position covered under the Virginia Law Officers' Retirement System (VaLORS) Plan 1 or Plan 2 and have a 2% retirement multiplier applied toward your hazardous duty service, even if you have earned 20 years of hazardous duty service.

Felony Conviction

If you are convicted of a felony related to your VRS-covered employment, your employer may direct that your employer contributions and related benefits be forfeited. If you have questions, contact your human resource office.



Your beneficiaries and survivors are not eligible for the supplement.

Other service eligible for the hazardous duty supplement that can count toward your 20 years of eligible hazardous duty service credit includes:

- Service in another VRS-covered position eligible for enhanced hazardous duty coverage.
- Hazardous duty service covered under VaLORS Plan 1 with the 1.7% retirement multiplier.
- Hazardous duty service if you were covered under VaLORS with the 2% retirement multiplier, provided you retire from a position eligible for the supplement.
- Hazardous duty service with a VRS-participating political subdivision that does not provide enhanced hazardous duty coverage, provided you retire from a position eligible for the supplement.
- Prior service credit for refunded VRS hazardous duty service or for an eligible period of leave while covered under SPORS, VaLORS or VRS in a hazardous duty position, provided you purchase or are granted this service.

Service not eligible for the supplement

Other types of prior service you may be eligible to purchase, such as active duty military service or hazardous duty service with a non-VRS participating employer, do not count toward eligibility for the hazardous duty supplement. For more information about purchasing prior service, see Chapter 4-Enhancing Your Benefit: Purchase of Prior Service.

Current Hazardous Duty Supplement

The supplement is reviewed every two years. The current supplement amount is available at varetire.org.

Moving to Another Covered Position?

If you move to a non-hazardous duty position covered under VRS, the Virginia Law Officers' Retirement System (VaLORS) or the Judicial Retirement System (JRS), you will come under the plan provisions of the new position for retirement and other benefits. If you take a refund of your member account and then return to a non-hazardous duty position with no service credit in VRS, you will be rehired under the Hybrid Retirement Plan.

BENEFIT PAYOUT OPTIONS

When you apply for retirement, you choose how you want to receive your benefit. The payout options are the Basic Benefit, Survivor Option, Basic Benefit with the Partial Lump-Sum Option (PLOP), Survivor Option with the PLOP and Advance Pension Option. **The option you elect is irrevocable.** That means you cannot change it after you retire, with the exception of the Survivor Option under some conditions.

Basic Benefit
The Basic Benefit is a monthly benefit based on a formula. See "Your Core Benefit" in this chapter for a calculation example. If you retire with a reduced benefit, VRS will first determine the amount of your Basic Benefit and then apply an early retirement reduction factor. The Basic Benefit does not provide a continuation of a benefit to a survivor. However, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death.

Your Core Benefit

Your plan provides a monthly benefit when you retire. Your core benefit is called the Basic Benefit. It is calculated using a percentage of your average final compensation multiplied by your service credit at retirement. The percentage is called a retirement multiplier.

Under the SPORS Plan 1, the retirement multiplier for service retirement is 1.85%.

Average final compensation is the average of your 36 consecutive months of highest creditable compensation as a covered employee, as shown in the following example:

Average Final Compensation Example

36 consecutive months of highest creditable compensation	$126,000
Divided by three years (36 months)	÷ 3
Average final compensation	$42,000

Calculating the Basic Benefit

Here is an example of how the unreduced Basic Benefit is calculated for a member retiring at age 50 with 30 years of service credit.

FORMULA	EXAMPLE
Average final compensation	$ 42,000.00
x 1.85%	x .0185
x Years of service credit	x 25
Annual benefit amount	$ 19,425.00
÷ 12 months	÷ 12
Monthly benefit amount before taxes and other deductions	$ 1,618.75

Calculating a Reduced Basic Benefit
To calculate a reduced Basic Benefit amount, a retirement reduction factor will be applied to your unreduced Basic Benefit amount.

Note: The Internal Revenue Code limits the amount of annual compensation that may be used to calculate a retirement benefit. The income limits typically change annually. If these limits apply to you, contact your human resource office for help in calculating your benefit estimate.

Survivor Option
With this option, you elect to receive a lower monthly benefit during your retirement so that your survivor can receive a monthly benefit after your death. If you elect this option, you will choose a whole percentage of your benefit, between 10% and 100%, to go to your survivor. Your benefit amount will be based on this percentage, your age and the age of your survivor at your retirement date.

You can name any living person as your survivor; you can also name more than one survivor. The Internal Revenue Service (IRS) may limit the amount of your benefit that can go to a non-spouse survivor. For additional information, including a chart on maximum survivor option percentages, contact the IRS toll-free at 800-829-1040 or visit irs.gov.

Changing the Survivor Option. You can name a new survivor or revert to the Basic Benefit if:

- Your survivor dies.
- Your survivor is your spouse and you divorce with fewer than 20 years of marriage.
- Your survivor is your spouse, 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 can change the Survivor Option only once. If you elect the Survivor Option and need to change your survivor after you retire, call VRS toll-free at 888-827-3847 for assistance.

Note: If you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, your benefit must be paid as directed by the ADRO. For more information about attachments to retirement benefits, see Chapter 11-Receiving Retirement Plan Payments.

Basic Benefit With PLOP or Survivor Option With PLOP
You may elect a Partial Lump-Sum Option Payment (PLOP) with the Basic Benefit or Survivor Option if you work at least one year beyond the date you first become eligible for an unreduced retirement benefit. You can choose an amount equal to one, two or three times your annual retirement benefit amount, depending on how long you work beyond your unreduced retirement eligibility date. This option is paid from your member contribution account and reduces your monthly benefit.

PLOP amounts. The amount depends on how long you work beyond the date you first become eligible for an unreduced retirement benefit, as shown in the following chart:

Partial Lump-Sum Option Payment (PLOP) Amounts

Active Service Beyond Unreduced Retirement Eligibility	PLOP Amount	EXAMPLE Based on an annual Basic benefit of $32,000
12 months	1 x annual Basic Benefit amount (one-year PLOP)	$32,000
24 months	1 or 2 x annual Basic Benefit amount (one- or two-year PLOP)	$32,000 or $64,000
36 months or more	1, 2 or 3 x annual Basic Benefit amount (one-, two- or three-year PLOP)	$32,000, $64,000 or $96,000

Qualifying for the PLOP. Prior service credit or granted service credit counts toward eligibility for unreduced retirement. However, to qualify for a PLOP, you must be working as an active member beyond the date you become eligible for an unreduced retirement benefit. Prior service credit or granted service credit cannot substitute for this active service.

Beneficiary Payment Under the PLOP

If you elect the PLOP with the Basic Benefit, your beneficiary will be eligible for a lump-sum payment of your member contribution account balance upon your death. However, because the PLOP is paid from your member contribution account, there may be no funds remaining in your account or the balance may be less than if you elected the Basic Benefit without the PLOP.

Taxes on the PLOP. If you have the PLOP paid directly to you, VRS will deduct 20% for federal income taxes and, if you live in Virginia, 4% for state income taxes. The IRS also may impose an additional 10% tax penalty for early withdrawal of member contributions if you receive the PLOP before age 59½; there are exceptions to this rule. You can roll over the PLOP to the Commonwealth of Virginia 457 Deferred Compensation Plan or the Virginia Cash Match Plan if applicable, an Individual Retirement Account (IRA) or another qualified tax-deferred savings plan that accepts rollovers. An established account with a balance is required for PLOP payments to the Commonwealth of Virginia 457 Plan and the Virginia Cash Match Plan. For more information, read the IRS 402(f) Special Tax Notice available at varetire.org/irs402f; or contact a tax advisor or the IRS toll-free at 800-829-1040 or irs.gov.

Advance Pension Option

With this option, you elect to increase your monthly benefit temporarily. The temporary increase will begin when you retire and continue until an age you choose, between age 62 and the age you become entitled to a normal Social Security benefit. At that point, your benefit will be permanently reduced. You can elect this option with an unreduced or reduced retirement benefit.

To figure your benefit amount, VRS will add a percentage of your estimated monthly Social Security benefit to your monthly VRS benefit. The percentage is based on several factors, including your age when you retire and the age you want your benefit to permanently reduce. When the temporary increase ends, your benefit will be reduced by the estimated monthly Social Security benefit used to determine your temporary increase. However, it will never be reduced by more than 50% of your Basic Benefit amount.

Note: This option does not affect the amount of your Social Security benefit. You may also draw your Social Security when you are eligible for it, regardless of the age you choose for your benefit to reduce. The Advance Pension Option does not provide a continuation of a benefit to a survivor. You cannot elect the Advance Pension Option with other benefit payout options.

Estimating and Electing the Advance Pension Option

You will need a Social Security benefit estimate adjusted for purposes of estimating or electing this option. The estimate must be less than 12 months old, assume you will have no future earnings and be based on your Social Security earnings record. For detailed instructions, go to varetire.org/apo.

When You're Ready to Think About Retirement

For more information, see Chapter 10-Getting Ready to Retire. Information about deferring retirement is also included in this chapter.

Let myVRS Calculate the Best Option for You

Through myVRS, you can create benefit estimates based on different payout options to see which option will best meet your needs and those of your family in retirement. Your retirement benefit amount is based on factors such as service credit, age, average final compensation and your selected benefit payout option. Create a new benefit estimate if your circumstances change. You can also see your current member contribution account balance, service credit and other information from your member record. To register or log into your secure online account, visit myVRS. varetire.org.

Benefit Payout Options and the COLA

The cost-of-living adjustment (COLA) is an annual increase in your retirement benefit. The COLA calculation is based on the payout option you elect at retirement, excluding the hazardous duty supplement:

- For the Basic Benefit or Advance Pension Option, the calculation is based on the Basic Benefit amount.
- For the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP), Survivor Option or Survivor Option with the PLOP, the calculation is based on the reduced benefit amount.

During years of no inflation or deflation, the COLA will be 0%. For more information about the COLA, see Chapter 11-Receiving Retirement Plan Payments.

DEFERRED COMPENSATION PLAN

VRS' Commonwealth of Virginia 457 Deferred Compensation Plan is a supplemental plan that allows you to save more for retirement. It is separate from your VRS retirement plan. The COV 457 Deferred Compensation Plan is part of VRS' Defined Contribution Plans, record kept by ICMA-RC.

If you were hired as a state employee before January 1, 2008, participation in the 457 Plan was voluntary. If you were hired on or after January 1, 2008, participation was automatic with an opt-out option. If you do not participate or opted out of the plan, you can enroll at any time.

If you participate in the Commonwealth of Virginia 457 Plan, you may choose to make either pretax or after-tax (Roth) contributions.

Savings made easy
Contributions to the Commonwealth of Virginia 457 Plan are deducted automatically from your paycheck, and you are eligible for an employer cash match through the Virginia Cash Match Plan equal to 50% of your contribution, not to exceed $20 per pay period. You can increase the amount you save at any time, subject to tax code and plan limits. You defer paying income taxes on your contributions until you withdraw the money from your plan, with the exception of Roth contributions. Roth contributions may be withdrawn tax-free provided certain criteria are met. The plan offers a variety of investment options to construct your investment portfolio, from premixed target date portfolios to a menu of options across asset classes.

RESOURCES

Use ICMA-RC's Account Access at varetire.org/dcp-login to manage your defined contribution accounts, view summary information, use calculators and see the details for each account. You can also designate or update beneficiary information, create fund comparisons and access educational information about your defined contribution plan.

Publications and education are available to help you get the most out of your 457 Plan. Publications include the Focus Newsletter, Plan Features and Highlights and the Investment Guide. The Deferred Compensation Plan Regional Education Meetings cover topics such as long-term planning for your financial future, managing your plan and distribution strategies. Meetings are held at sites around the state. You can find these plan resources at varetire.org/457.

Registered plan representatives are also available for one-on-one counseling. Call toll-free 877-327-5261 (VRS-DC-PLAN1) or visit the local plan representative at 951 E. Byrd Street, Suite 530, Richmond, VA 23219. Counseling hours are 8:30 a.m.-5 p.m., Monday through Friday.

ALLOWABLE CONTRIBUTION AMOUNTS

Regular contribution limit. Each year, you may contribute up to 100% of your includible compensation to the Commonwealth of Virginia 457 Plan, not to exceed the limit set by the Internal Revenue Service (IRS), which is updated from time to time. Includible compensation is the compensation you receive from your employer, less any amount you may be using to purchase VRS service credit on a tax-deferred basis. Contributions to your pretax account are not subject to federal or Virginia income taxes but are subject to employment taxes such as FICA.

Standard Catch-Up. During each of the three calendar years before your normal retirement age, you may contribute up to twice the regular IRS contribution limit or the amount of your Standard Catch-Up credit, whichever is less. The Standard Catch-Up credit is the amount participants were eligible to contribute but did not contribute in previous years. Use the Standard Catch-Up worksheet available at varetire.org/457 to determine the amount of your credit, or call toll-free 877-327-5261 (VRS-DC-PLAN1)

Contribution Limits

Current IRS contribution limits are available at varetire.org/457.

Age 50+ Catch-Up. If you are age 50 or older, you may contribute an additional amount over the regular IRS contribution limit to the 457 Plan. You cannot use the Age 50+ Catch-Up and the Standard Catch-Up in the same calendar year.

Military leave make-up. If you leave your position for military service, you will not be able to contribute to the 457 Plan unless you continue to receive compensation from your employer from which contributions can be made. If you return to employment with an employer that offers the plan, you may contribute the amount of deferrals you were unable to make during your period of military leave. If applicable, you will receive the employer cash match on these make-up contributions.

CONSOLIDATING YOUR RETIREMENT FUNDS

You can use your account(s) to consolidate your retirement funds, such as rolling over money from an Individual Retirement Account (IRA) or another qualified plan to your 457 Plan or your cash match account. If you leave employment or retire, you can contribute some or all of a Partial Lump-Sum Option Payment (PLOP), if you elect this option at retirement (see “Benefit Payout Options” in Chapter 2-Your Retirement Plan). An established account with a balance is required for PLOP payments to the 457 Plan and the Virginia Cash Match Plan.

You can use your 457 Plan account to consolidate payments you may be eligible to receive when you leave employment or retire, such as a payment of unused sick leave or annual leave. As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Plan.
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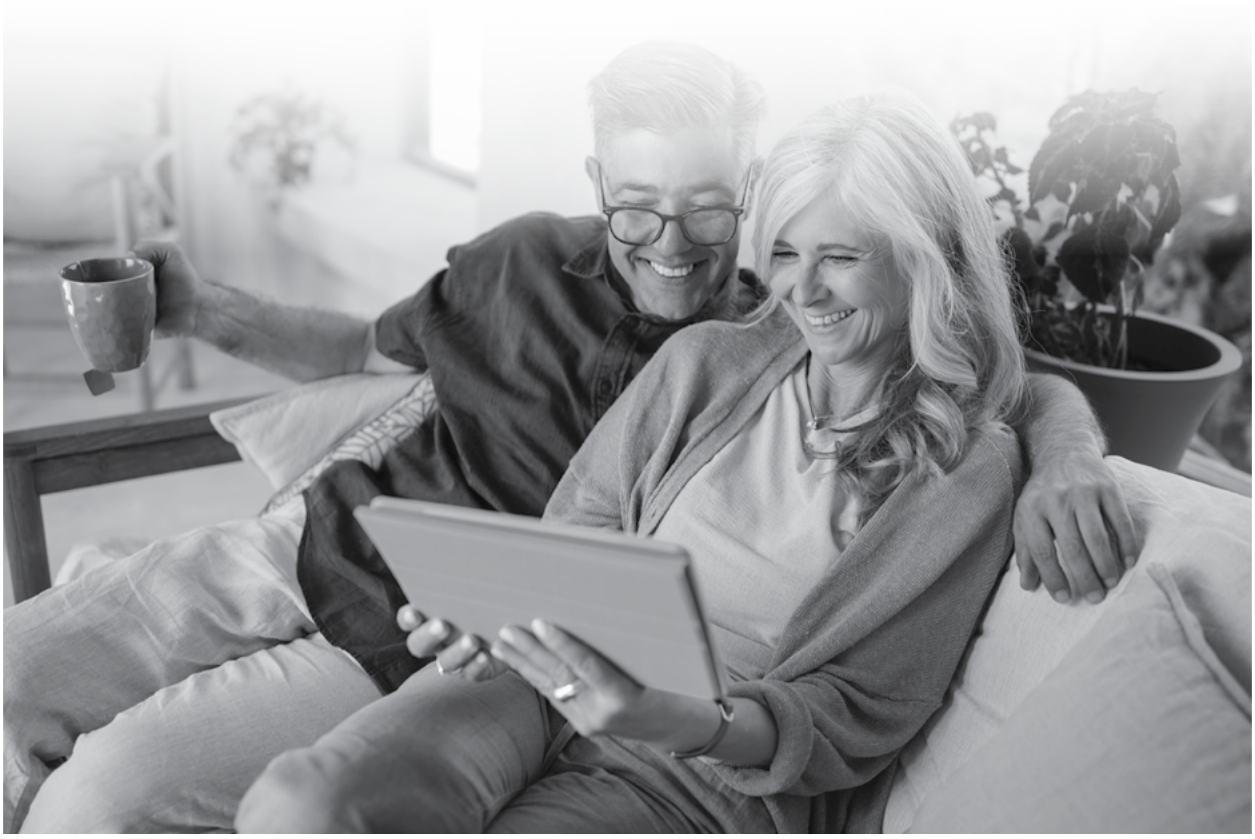
OPTIONS WHEN YOU RETIRE OR LEAVE EMPLOYMENT

If you participated in the Commonwealth's 457 Plan and the Virginia Cash Match Plan, at retirement the options for your account balance are:

- Leave your money in your account and continue to manage your investments. Your pretax account continues to be tax-deferred. If you have a Roth after-tax account, it can also remain in the plan. You continue to manage your investments. You cannot contribute to the Commonwealth's 457 Plan unless you return to salaried or wage employment with an employer that offers the plan.



- Use your 457 or cash match plan to consolidate your retirement funds from other qualified employer plans or Individual Retirement Accounts (IRAs).
- Request a payment (distribution) from your plan. A variety of distribution options are available.
- Roll over money from your 457 Plan or cash match account to another qualified employer plan or IRA.
- Purchase an annuity. Your plan offers an annuity product through MetLife.

There are advantages to keeping your money in the plan:

- The VRS defined contribution plans offer low administrative fees and investment options that are competitively priced compared to other investment options.
- If you leave your funds in the plan, they remain tax-deferred and you continue to benefit from compound interest.
- You can continue to manage your investments.
- You can roll other accounts, such as traditional IRAs, into your 457 plan or cash match plan account.
- Defined contribution plans retirement specialists offer no-cost counseling to help you transition to retirement and beyond.

Distributions
A distribution is a payment from your defined contribution accounts. Distributions may begin following a bona fide break in service from your last day of employment. A bona fide break in service is a break of at least one full calendar month from your last day of employment that occurs during a period you normally would work. Leave with or without pay, summer breaks, intersession periods, educational leave and sabbaticals do not count toward satisfying this break in service.

You are required to take your first minimum distributions by April 1 of the calendar year following the later of: 1) the calendar year in which you reach age 72, or 2) the calendar year in which you terminate employment from the employer sponsoring your plan.

Requesting a distribution. Submit the Distribution/Direct Rollover/Transfer form to ICMA-RC. The form is available at varetire.org/457 under Forms. A separate form is required for distributions from the Cash Match Plan.

TAXES ON YOUR 457 AND CASH MATCH PLANS

Payments from the Commonwealth's 457 Plan and Virginia Cash Match Plan are subject to federal and state income taxes, with the exception of Roth contributions, which are made on an after-tax basis to your 457 Plan and may be withdrawn tax-free provided certain criteria are met. The IRS

also may impose an additional 10% tax penalty on Virginia Cash Match Plan distributions received before age 59½; there are exceptions to this rule. There is no penalty for early withdrawals from the Commonwealth's 457 Plan. When you reach age 72, you can withdraw your money from your plan at any time, regardless of your employment status.

Your Roth contributions and any associated earnings are tax free if:

- You are 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 59½ years old or permanently disabled, or the assets are being paid to your beneficiaries following your death.

4 *Enhancing Your Benefit: Purchase of Prior Service*

What Is Purchase of Prior Service?
Types and Purchase Amounts of Prior Service
Cost Windows
Applying to Purchase Prior Service
Payment Methods

WHAT IS PURCHASE OF PRIOR SERVICE?

You may be eligible to purchase prior service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in your plan. Purchasing prior service counts toward vesting and eligibility for retirement and the health insurance credit.

To purchase prior service, you must be an active VRS member. You are not eligible to purchase prior service if you are employed in a non-covered position, on a leave of absence without pay, a deferred member or a retiree.

Note: If you leave VRS-covered employment and take a refund of your member contributions and interest, membership in VRS is canceled and you are no longer eligible for VRS benefits. If you return to VRS-covered employment, you will be rehired under the applicable plan. You may purchase the prior refunded service upon reemployment.

Prior Service Eligible for the Hazardous Duty Supplement
If you have at least 20 years of hazardous duty service credit at retirement, you may qualify for a supplement to your monthly retirement benefit until you reach normal Social Security age. Prior service credit for refunded VRS hazardous duty service or for an eligible period of leave while covered under VRS in a hazardous duty position may count toward eligibility for the hazardous duty supplement, provided you purchase or are granted this service. Other types of prior service you may purchase, such as active duty military service or hazardous duty service with a non-VRS participating employer, do not count toward the supplement.

TYPES AND PURCHASE AMOUNTS OF PRIOR SERVICE

Unlimited Purchase Amounts

Purchases of VRS-refunded service, no-cost military leave, ported service, sick leave or disability credit conversion at retirement and workers' compensation are unlimited.

- **Refunded service:** If you leave VRS-covered employment and take a refund of your member contributions and interest, your membership and eligibility for any future benefits will be canceled. If you return to covered employment, you will be rehired under the applicable retirement plan for that position. You may purchase the refunded service as service credit in your current plan. The purchase cost is based on the refund amount, plus interest compounded annually from the date of the refund to the date you buy back the service. The interest rate is the assumed rate of return of the VRS fund. You may purchase all of your refunded service or a portion at any time while an active VRS member.
- **No-cost military leave:** You can receive prior service credit at no cost for each occurrence of leave from a VRS-covered position for active duty military service. You can apply for no-cost military leave at any time, provided your discharge is not under dishonorable conditions and you return to covered employment within one year of discharge.
- **Ported service:** If you move to a VRS-covered position from a non-covered position with an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the former employer's plan in exchange for VRS service credit.
  - You must make the request within 18 months of beginning VRS-covered employment.
  - You must have been in a salaried, permanent full-time position and vested with the former employer.
- **Sick leave conversion at retirement:** If you are eligible for a payment of unused sick leave at retirement, you may elect to have this payment converted to service credit that will count toward your benefit calculation.
  - Your employer will deduct the appropriate tax withholding from the payment and then send the funds to VRS for this purchase.
  - VRS will calculate the service credit amount represented by the remainder of the payment based on an actuarial equivalent cost. If you wish to apply the full sick leave payment amount toward the conversion, you may make a lump-sum payment to cover the difference between the full payment amount and the amount withheld for taxes.

- **Disability credit conversion at retirement:** If you are eligible for a payment of unused disability credits under the Virginia Sickness and Disability Program (VSDP) at retirement, you may elect to convert the disability credit to service credit toward your benefit calculation. You will receive one month of service for each 173 hours of disability credits you have to convert.
- **Workers' compensation:** If you go on workers' compensation and member contributions are not withheld from your workers' compensation payment or any compensation you receive from your employer, you may be eligible to purchase service credit for this period. For leave without pay, the maximum amount eligible for purchase is 24 months per occurrence.

Limited Purchase Amounts

You may purchase up to a combined total of 48 months of the following types of prior service. With the exception of some types of active duty military service, the service must not be used to qualify you for a benefit under another retirement plan.

- **Educational leave:** Approved leave from a VRS-covered position.
- **Family and Medical Leave Act (FMLA) leave:** Leave—up to 12 workweeks in a 12-month period—for your own serious health condition or that of your immediate family member (spouse, child or parent), both as defined under FMLA and approved by your employer at the time of the leave. The FMLA defines "serious health condition" as an illness, injury, impairment or physical or mental condition that involves a) inpatient care in a hospital, hospice or residential medical care facility, or b) continuing treatment by a health care provider.
- **Federal service (salaried, full-time):** Service in a civilian position with the federal government.
- **Leave for the birth, adoption or death of a child:** Approved leave—up to 12 months maximum per occurrence—from a VRS-covered position. If your spouse is also an active VRS member and was also granted leave for birth, adoption or death of a child, he or she also may purchase this leave.
- **Non-covered service with a VRS-participating employer:** Service in a temporary, part- time or other non-covered position for an employer that participates in VRS. Total hours must be confirmed by the employer where you previously worked.
- **Non-ported service:** If you move to a VRS-covered position from an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the employer's plan in exchange for VRS service credit, if certain conditions are met. If not all service transfers, you may be eligible to purchase the remainder as non-ported service.
- **Public service (salaried, full-time) other than VRS:** Service with a Virginia public employer that does not participate in VRS, or with a public employer or a school system of another state or U.S. territory.

If you are eligible, you may purchase additional months above the limited purchase amounts if you have active duty military service or are a vested school superintendent

- **Active duty military service:** You may purchase up to 48 months of active duty military service (in addition to the 48 months of other limited service type), provided your discharge is not under dishonorable conditions, was full-time service of at least 180 consecutive days and at the time of purchase it does not qualify you for a military pension in the U.S. Army, Navy, Air Force, Marines, Coast Guard or reserve components. Exception: If you were in the U.S. Armed Forces Reserves or the National Guard, you may purchase up to 48 months of active duty military service (in addition to the 48 months of other limited service type), even if it will be used to qualify you for a military pension.
- **Additional public service for school superintendents:** If you are a vested school superintendent, you may purchase an additional 10 years of public service with a Virginia public employer that does not participate in VRS, or with a public employer or a school system of another state or U.S. territory. You have one year from the date you become vested to purchase additional service at the 10% rate. After the one-year period, the cost will be actuarial.

Actuarial Equivalent Cost

Actuarial equivalent cost represents the amount of money needed in today's dollars to pay for the total value of the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service. If you purchase prior service after your two-year approximate normal cost window, your cost will be actuarial.

COST WINDOWS

You are eligible to purchase your prior service at any point while an active VRS member. However, you have a two-year window of time to purchase most types of service at approximate normal cost before the cost changes to an actuarial equivalent cost. Approximate normal cost is the average cost of one year of VRS service credit. The cost is based on a percentage of your creditable compensation or average final compensation at the time of purchase, whichever is higher. If prior service eligibility was added to your member record before January 1, 2017, the cost to purchase will be based on the cost window in effect at the time the service was added.

Within the Two-Year Window
Your two-year cost window to purchase most types of service at approximate normal cost begins upon employment in a VRS-covered position or following an eligible period of leave.

Note: See variations for refunded service, ported service and public service purchased by school superintendents.

If you do not purchase your prior service within the two-year window and leave your job or take a leave of absence without pay, your window temporarily closes until you return to active VRS-covered employment.

Example: You work two years in federal service. You then get a new job with the Commonwealth of Virginia, where you work for one year but do not purchase your previous federal service during that time. You subsequently leave your state job and take a private industry job. A few years later, you switch jobs again, returning to VRS-covered employment. At that point, you would have one year remaining in your original cost window to purchase your federal service at approximate normal cost.

After the Two-Year Window
If you do not purchase the service within your two-year window, your cost shifts to an actuarial equivalent cost.

Prior Service Cost Estimates
Register for or log into your myVRS account (myVRS.varetire.org) for access to a variety of resources to help you in making a purchase decision. You can explore purchase options and evaluate the impact of purchasing service on your future retirement benefit as well as the time it will take to recover your purchase cost in retirement.

APPLYING TO PURCHASE PRIOR SERVICE

Register for or log into your myVRS account (myVRS.varetire.org) to review prior service in your record that is eligible for purchase. Your employer's human resource office also can offer assistance. Using myVRS, you can:

- Select the type and amount of prior service to purchase.
- Choose the order in which you wish to purchase service.
- Calculate the cost to purchase service.
- See the impact of purchasing service on your future retirement benefit.
- Evaluate the time it will take to recover the purchase cost in retirement.

Your online myVRS account includes counseling tips to guide you through each step of the purchase process. Once you commit to the purchase online, you may make a lump-sum payment directly to VRS. Or, you can set up a purchase payment agreement by printing your cost estimate page and working with your employer. VRS must receive your lump-sum payment or employer-approved agreement within 90 days of your confirmation, or you must reapply. Please note that, generally, the cost to purchase service increases over time.

Eligibility for Service From Non-VRS-Participating Employers
In the following cases, the previous employer with which you earned the service will need to certify your prior service before you can complete the purchase:

- **Military leave (no cost).** A copy of your DD214 or a copy of your orders for National Guard service may be required.
- **Full-time salaried federal service or other public service.** If you participated in the federal retirement system or the retirement system of another public employer, you also must obtain certification from your previous retirement system that you are no longer eligible for a retirement benefit under that employer's plan. All defined benefit funds must be withdrawn from the previous retirement plan.

Eligibility for Service From VRS-Participating Employers
In the following cases, the previous VRS employer with which you earned the service will need to certify and enter your prior service eligibility in the VRS system before you can complete the purchase.

- VRS service refunded after 1988.*
- Non-covered service with a VRS-participating employer.
- Leave for the birth, adoption or death of a child.
- Educational leave.
- Family and Medical Leave Act (FMLA) leave for your own serious health condition or that of your immediate family member, both as defined under FMLA, approved by your employer at the time of the leave.
- Service not reported.

** If you have previous VRS service refunded before July 1, 1988, complete the Application for Purchase of Prior Service Credit form (VRS-26) and send it to VRS.*

PAYMENT METHODS

You may initiate purchase of prior service through your myVRS account (myVRS.varetire.org) and select from among the following payment methods:

- **Lump-sum payment.** You can purchase prior service by paying for the service in full with a personal check, funds from another retirement plan to VRS using a trustee-to-trustee transfer or a pretax rollover of funds from another retirement account. VRS members who are active participants in the Commonwealth of Virginia 457 Deferred Compensation Plan may use pretax employee contribution funds from their 457 Plan for payment. Funds from after-tax Roth accounts, including the Roth option within the Commonwealth of Virginia 457 Plan, cannot be used to purchase prior service.
- **Purchase Payment Agreements**
  - **After-tax payroll-deduction agreement.** You may purchase prior service through an after-tax payroll-deduction agreement during any period of active employment. The agreement may be made for a minimum of six months (unless there are fewer than six months of prior service eligible for purchase) to a maximum of 12 months in duration. Payments will be deducted from your paycheck.
  - **Pretax salary-reduction agreement.** You may purchase prior service through a pretax salary-reduction agreement, if your employer offers this option. The agreement may be made for a minimum of six months (unless there are fewer than six months of prior service eligible for purchase) or a maximum of 12 months in duration. Payments will be deducted from your paycheck.

    When you complete your agreement, you can enter into another agreement or make a lump-sum purchase of your remaining service. If your two-year approximate normal cost window has ended and you wish to purchase the balance, either through an agreement or lump-sum payment, your cost will be the actuarial equivalent cost. If you have a purchase agreement in place and move from one state employer to another without a break in service, VRS will continue the agreement automatically. Purchase agreements will end if you move among other employer types or have a break in service.

- **Combination lump-sum payment and purchase payment agreement.** You may purchase a portion of your prior service in a lump sum and the remainder with a purchase payment agreement, as described above.

Purchase Agreement Requirements

- An agreement may include multiple types of prior service, provided that all types have the same cost basis (e.g., all are at approximate normal cost or all are at actuarial equivalent cost).
- Purchase agreements may be made for a minimum of six months (unless there are fewer than six months to purchase) or a maximum of 12 months.
- You may purchase a minimum of one month of service per month of an agreement, up to a maximum of four months of service per month of an agreement.
- You can make only one purchase agreement at a time.
- The duration of an agreement may not extend beyond the two-year approximate normal cost window. However, you may enter into another agreement to purchase any remaining service at actuarial equivalent cost.
- Purchase payment agreements are executed through your employer.
- Each agreement to purchase service is calculated on a stand-alone basis, meaning that the agreement cannot be renewed, and the terms and cost in effect at the end of an agreement will not carry forward to the next agreement.

VRS Portability Agreements

To port service, you must have been in a salaried, permanent full-time position with the former employer. VRS has portability agreements with the following Virginia public employers:

- City of Charlottesville
- City of Danville
- City of Newport News
- City of Norfolk
- City of Richmond
- City of Roanoke
- County of Fairfax

Changing Jobs While Purchasing Service?

If you have a purchase agreement in place and move from one state employer to another without a break in service, VRS will continue the agreement automatically. Purchase agreements will end if you move among other employer types or have a break in service.

Should You Move Out of State

If in the future, you leave VRS-covered service and move to another state and need certification of your prior service with VRS, call 888-827-3847 or email member-info@varetire.org for assistance.

BASIC GROUP NATURAL AND ACCIDENTAL DEATH, DISMEMBERMENT AND OTHER LIFE INSURANCE BENEFITS

You are covered under the Basic Group Life Insurance Program from the first day of employment. Basic group life insurance coverage includes the following benefits:

Natural death benefit. The natural death benefit is equal to your creditable compensation rounded to the next highest thousand and then doubled. **Example:** If your compensation is $41,400, that amount will be rounded to $42,000 and then doubled for a natural death benefit of $84,000.

Accidental death benefit. The accidental death benefit is double the natural death benefit. **Example:** If your natural death benefit is $84,000, that amount will be doubled for an accidental death benefit of $168,000.

Accidental dismemberment benefit. For the accidental loss of one limb or the sight in one eye, the dismemberment benefit is equal to your creditable compensation rounded to the next highest thousand. For the accidental loss of two or more limbs, total loss of eyesight or the loss of one limb and the sight in one eye, the benefit is equal to your creditable compensation rounded to the next highest thousand and then doubled.

Safety belt benefit. If you are killed or dismembered in an accident while driving or riding in a private passenger vehicle, your life insurance will pay an amount equal to 10% of your accidental death or dismemberment benefit or $50,000, whichever is less. You must have been using a safety restraint. No benefit is payable if you or another person was driving without a license, under the influence of alcohol or drugs or otherwise impaired.

Repatriation benefit. If you die in an accident 75 miles or more from your home, your life insurance will pay for the cost of transportation to return your remains, up to $5,000.

Felonious assault benefit. Your basic group life insurance coverage provides additional benefits if you die or are dismembered as a result of a felonious assault while performing your job duties. The incident must have occurred at your employer's normal place of business or while you were on work-related travel. No benefit is payable if the assaulter is an immediate family member.

Felonious assault benefits include:

- $50,000 or 25% of your accidental death or dismemberment benefit, whichever is less.
- Virginia College Savings Plan account for each qualifying child if you die as a result of the assault. The amount is approximately equal to the average cost of four years of tuition and mandatory fees at public colleges or universities in Virginia. Your child may attend any accredited college or university in the United States that participates in federal student financial aid programs.

Accelerated death benefit option.
If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw some or all of your life insurance proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.

More Information
VRS has contracted with Securian Financial as the insurer for the Group Life Insurance Program. For more information about your coverage, call Securian Financial toll-free at 800-441-2258.

What Is Creditable Compensation?

Creditable compensation is your current annual base salary excluding overtime; extraordinary pay; bonus pay; housing and moving expenses; mobile device and internet costs; vehicle allowances; termination pay for leave; non-permanent shift differentials; payments of a temporary nature including but not limited to acting pay (if not permanently confirmed for the position); or payments for extra duties, such as pay for teachers who serve as coaches. Your election to defer salary to a deferred compensation plan, such as a 403(b), a 457(b) or a 125 plan, may only be included in creditable compensation if you voluntarily elect the deferral, the deferral is not conditional or performance based, and the deferral would otherwise be included in your gross income. Other exclusions apply.

DESIGNATING A BENEFICIARY

You can designate or change your beneficiary for life insurance benefits as well as member contributions and interest while you are an active or deferred member or after you retire. Submit a Designation of Beneficiary (VRS-2) to VRS. The form is available at varetire.org/forms. Be sure to keep a copy for your records. You will not receive a copy or confirmation of receipt.

Who Can Be a Beneficiary?
You can name any living person or an entity, such as an eligible trust or charity, as your beneficiary.

Primary and Contingent Beneficiaries

- You can name more than one primary beneficiary to share in life insurance benefits and any funds remaining in your member contribution account upon your death, or a different primary beneficiary for each benefit.
- You can name a contingent beneficiary or beneficiaries. If your primary beneficiary or beneficiaries are deceased at the time of your death, your contingent beneficiary or beneficiaries will receive benefit payments according to your designation.

Changing Your Beneficiary
VRS is required by law to pay benefits according to the latest beneficiary designation in your member record. Review your beneficiary designation after a personal milestone, such as a change in marital status, the birth or adoption of a child or as you near retirement. To change your beneficiary, submit a new Designation of Beneficiary (VRS-2) to VRS as soon as possible. If you cannot remember your designation, submit a new VRS-2 or call Securian Financial toll-free at 800-441-2258 to request a copy by mail. Neither Securian Financial nor VRS can provide your designation over the phone.

If There Is No Beneficiary Designation
If there is no valid beneficiary designation on file or your named primary beneficiary or beneficiaries are deceased at the time of your death and there is no contingent beneficiary or beneficiaries, VRS will pay benefits according to the following order of precedence, as required by law:

Order of Precedence

- First, to the spouse of the member.
- Second, if no surviving spouse, to the children of the member and descendants of deceased children, per stirpes.
- Third, if none of the above, to the parents of the member.
- Fourth, if none of the above, to the duly appointed executor or administrator of the estate of the member.
- Fifth, if none of the above, to other next of kin of the member entitled under the laws of the domicile of the member at the time of his death.

Note: The Designation of Beneficiary (VRS-2) allows you to elect the order of precedence instead of designating a beneficiary.

OPTIONAL GROUP LIFE INSURANCE PROGRAM

If you are covered under the VRS Group Life Insurance Program, you may purchase additional coverage for yourself through the Optional Group Life Insurance Program. If you elect this coverage, you may also cover a spouse or dependent children. Optional group life insurance provides benefits for natural and accidental death or dismemberment. You pay the premiums through payroll deduction.

Coverage Options

Yourself. You can select one of the four coverage options shown in the chart to cover yourself, up to a maximum of $800,000.

Your spouse. You can cover your spouse for up to half the maximum amount of the coverage you select for yourself, not to exceed $400,000. Coverage for your spouse ends when your coverage ends or if you and your spouse divorce. If both you and your spouse are eligible to participate in the Optional Group Life Insurance Program, neither of you can buy additional coverage for the other.

Your dependent children. You can cover each dependent child who is at least 15 days old for $10,000, $20,000 or $30,000, depending on the coverage option you select for yourself. Coverage for dependent children ends when your coverage ends or your child marries, becomes self-supporting, reaches age 21 or reaches age 25 as a dependent attending college full time. Coverage continues for dependent unmarried children who are disabled.

OPTIONAL GROUP LIFE INSURANCE COVERAGE OPTIONS

Option	Your Insurance Amount	Spouse Insurance Amount	Insurance Amount per Dependent Child
Select one of the following	Not to exceed $800,000	Not to exceed $400,000	At age 15 days
1	1 x your compensation	½ x your compensation	$10,000
2	2 x your compensation	1 x your compensation	$10,000
3	3 x your compensation	1½ x your compensation	$20,000
4	4 x your compensation	2 x your compensation	$30,000

Proof of Good Health
Proof of good health (evidence of insurability) is not required if you enroll in the Optional Group Life Insurance Program within 31 days of your employment date. If you participate in the optional plan, you may add dependents within 31 days of a qualifying event, such as marriage or the birth or adoption of a child, without proof of good health.

Proof of good health (evidence of insurability) is required if:

- You apply after 31 days from your employment date.
- You wish to add your spouse or dependent child to your coverage after 31 days from your employment date or a qualifying event.
- You wish to purchase more than $400,000 for yourself.
- You wish to increase your optional life insurance coverage for yourself or your spouse.
- Your spouse's insurance amount is more than half your salary.

ADDITIONAL INFORMATION

Coverage while on leave without pay. If you go on leave without pay or go on military leave, your basic group life insurance coverage will continue for up to 24 months or for as long as you are on military leave, provided the premiums are paid. If you have optional life insurance, your coverage will continue as long as you pay the premiums and remain covered under the basic group life program.

Irrevocable assignment. You own your rights in your group life insurance coverage. You may transfer your ownership rights to another living person or entity. However, this is an irrevocable assignment; you cannot change it once it is made. Before making an irrevocable assignment, contact a legal advisor or Securian Financial toll-free at 800-441-2258 for assistance.

Loans prohibited. You may not borrow from or use your group life insurance coverage to secure a loan.

Imputed income taxes. Imputed income is the cost of life insurance in excess of $50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes and is reflected in your W-2 you receive from your employer. When you retire, VRS will deduct FICA taxes and report taxable or imputed income for as long as your group life insurance coverage exceeds $50,000.

Child support liens. The Department of Social Services may file child support liens against monthly retirement benefits or proceeds payable under the Group Life Insurance Program. VRS is required to pay a portion of your monthly retirement benefit or, at your death, life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations.

In the Event of Your Death

If you die while you are an active member, your beneficiary should contact your employer.
The employer will assist in coordinating any benefits that may be due. For more information, see *Losing a Loved One: Guide for Families* available at varetire.org/publications.

Death-in-Service Benefits

Your beneficiary or your spouse, minor child or parent may be eligible for an additional benefit if you die while you are an active member.
For more information, see Chapter 8-Death-in-Service Benefits.

Group Life Insurance Coverage After You Retire

See Chapter 12-Insurance in Retirement.

COMMONWEALTH OF VIRGINIA VOLUNTARY GROUP LONG TERM CARE INSURANCE PROGRAM

The employee-paid Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program provides a maximum monthly benefit for covered long-term care expenses. VRS has contracted with Genworth Life Insurance Co. as the insurer for the program. You are eligible to apply for coverage for yourself and select family members.

You must be:

- Over age 18.
- Work at least 20 hours per week.

Eligible family members must be between the ages of 18 and 75. They include:

- Your spouse.
- Adult children.
- Parents, parents-in-law and step parents.
- Siblings.
- Grandparents, grandparents-in-law, step grandparents and step grandparents-in-law.

Other program features:

- Reduced medical underwriting (proof of good health) for employees age 65 or under who apply within 60 days of employment. Full medical underwriting will be required after 60 days or if the employee is over age 65.
- At group rates, your premiums may be more affordable. You will pay your premiums directly to Genworth.
- You can choose one of three benefit increase options that will allow you to increase your coverage over time to help protect against the rising cost of care.

Deferred Members and Retirees

If you leave employment and become a deferred member with at least five years of service credit, or if you are receiving a VRS retirement benefit, you are eligible to apply for the COV Voluntary Group Long Term Care Insurance Program, provided you are age 75 or under. Your former employer is not required to have elected the program. Medical underwriting will be required.

For more information about the program, contact Genworth toll-free at 866-859-6060 or visit genworth.com/cov.

ELIGIBILITY

As a member of the State Police Officers' Retirement System (SPORS), you are enrolled automatically in the Virginia Sickness and Disability Program (VSDP) upon employment. However, if you were hired before January 1, 1999, you had the option to elect VSDP or retain your eligibility to be considered for disability retirement. If you did not elect VSDP, see Chapter 7-Retiring on Disability for more information about qualifying for disability retirement if you have a medical condition that prevents you from performing your job and is likely to be permanent.

VSDP provides income protection if you can't work because of a non-work-related or work-related illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a major chronic or catastrophic condition. VSDP focuses on assisting you with your recovery and helping you make a safe return to your full duties, if you are able. Benefits include:

- Sick leave
- Family and personal leave
- Income replacement if you can't work
- Return-to-work, medical rehabilitation and vocational rehabilitation programs
- Long-term care coverage

Include Long-Term Care in Financial and Retirement Planning

Many of us don't think about long-term care as part of financial or retirement planning. But, most health insurance plans don't cover long-term care services. And, anyone at any age may need these services, the cost of which can quickly deplete savings or retirement income. The long-term care programs administered by VRS can help you plan for the expense of long-term care services should you need them.

You are eligible for sick leave, family and personal leave, work-related disability coverage and coverage under the VSDP Long-Term Care Plan from the first day of employment. Eligibility periods for non-work-related disability coverage and certain income replacement levels vary.

LONG-TERM CARE PROGRAM

If you are covered under the Virginia Sickness and Disability Program (VSDP), you are eligible for the VSDP Long-Term Care Plan at no cost to you.

The VSDP Long-Term Care Plan assists with the cost of:

- Care in a nursing home or hospice facility
- Assisted living facility care
- Community-based care
- Home healthcare services
- Informal care-giving
- Alternative or transitional care

Six Activities of Daily Living

1. Bathing
2. Transferring, such as getting in and out of bed
3. Dressing
4. Toileting (using the bathroom)
5. Continence
6. Eating (ability to feed oneself)

You may be eligible for benefits if a licensed healthcare professional certifies that:

- You are unable to perform at least two of six activities of daily living; or
- You have a severe cognitive impairment, such as Alzheimer's disease, requiring substantial supervision.

The maximum daily benefit amount is $96 with a lifetime maximum of $70,080. More information about covered services is available at varetire.org.

VSDP HANDBOOK

The *Virginia Sickness and Disability Program (VSDP) Handbook for State Employees* provides details about VSDP as well as instructions to assist you with the application process. The handbook is available at varetire.org/publications. You can also request a printed copy from your human resource office or VRS.

ELIGIBILITY

If you cannot perform your job because of a medical condition that is likely to be permanent, you may qualify for disability retirement. If you were hired as a state employee before January 1, 1999, you had the option to retain your eligibility to be considered for disability retirement or elect to transfer to the Virginia Sickness and Disability Program (VSDP). You are not eligible to retire on disability if you are covered under VSDP, you defer retirement or you take a refund of your member contributions and interest.

Under the provisions for VRS disability retirement, a disability may be:

- The result of a physical illness or injury, or a cognitive condition. A cognitive disability is a loss or deterioration in intellectual capacity, such as Alzheimer's disease.
- Non-work-related or work-related. A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act.
- A chronic condition, such as diabetes or mental illness, that worsens to the point that you no longer can perform your job duties.

If you were disabled before becoming employed in a covered position, your condition must significantly worsen for you to be eligible for disability retirement.

There are no minimum requirements for age or service under VRS disability retirement. You can apply from the first day of covered employment or within 90 days of your last day of employment. If you are on leave without pay, you have up to 24 consecutive months on leave without pay to apply for disability retirement; after 24 months, you are no longer eligible to apply. If you are on active duty military leave, you can apply at any time while on military leave.

DISABILITY RETIREMENT HANDBOOK

The VRS *Disability Retirement Handbook for Members* provides details about disability retirement as well as instructions to assist you with the application process. The handbook is available at varetire.org/publications. You can also request a printed copy from your human resource office or VRS.

8 Death-in-Service Benefits

What Is a Death-in-Service Benefit?
Non-Work-Related Cause of Death
Work-Related Cause of Death
Information for Your Beneficiary

WHAT IS A DEATH-IN-SERVICE BENEFIT?

A death-in-service benefit is a payment of any member contributions and interest in your member contribution account to your named beneficiary or your spouse, minor child or parent in the event of your death as an active member (while you are in service). The benefit may be a lump-sum payment, a monthly benefit or both. This payment is in addition to any life insurance benefits you may have.

NON-WORK-RELATED CAUSE OF DEATH

If you die while you are an active member from a non-work-related cause, your named beneficiary or your spouse, minor child or parent will be eligible for a death-in-service benefit according to whether or not you are vested (you have at least five years of service credit) at the time of your death:

- If you are vested and your spouse, minor child or parent is one of your named beneficiaries, or is your beneficiary based on order of precedence (see "Death-in-Service Order of Precedence" in this chapter), he or she will be eligible for a lump-sum payment of any balance in your member contribution account or a monthly benefit to the exclusion of all other primary beneficiaries.
- If you are vested and your spouse, minor child or parent is not one of your named beneficiaries, or is not your beneficiary based on order of precedence, that beneficiary will be eligible for a lump-sum payment only.
- If you are not vested, either your designated beneficiary or, if none, your beneficiary based on order of precedence will be eligible for a lump-sum payment only.

Non-Work-Related Monthly Benefit Calculation

The non-work-related monthly benefit is calculated based on your average final compensation, your total service credit, your age and the age of your eligible named beneficiary at the time of your death. Your age and your beneficiary's age are calculated as follows:

- If you die before age 55, you are presumed to be age 55 for purposes of calculating the benefit. If your beneficiary is younger than you, the age difference is subtracted from age 55 to arrive at his or her adjusted age. If your beneficiary is older than you, the age difference is added to age 55 to arrive at his or her adjusted age.
- If you die at age 55 or older, your age and the actual age of your beneficiary are used to calculate the benefit.

WORK-RELATED CAUSE OF DEATH

A work-related cause of death is the result of an occupational illness or injury and the cause is determined to be compensable under the Virginia Workers' Compensation Act. If you die while you are an active member from a work-related cause, your named beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account. In addition, your spouse, minor child or parent will be eligible for a monthly benefit according to an order of precedence (see next page). If this individual also is your named beneficiary, he or she will receive both benefits.

Work-Related Monthly Benefit Calculation

- If your spouse, minor child or parent is eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 33⅓% of your average final compensation at the time of your death. If he or she is not eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 50% of your average final compensation at the time of your death.
- If your spouse, minor child or parent is eligible for a workers' compensation survivor benefit, the VRS work-related benefit will supplement the workers' compensation benefit. The VRS benefit also may be exempt from income taxes.

Additional Line-of-Duty Benefits

If you die in the line of duty, your beneficiary or survivor may be eligible for state or federal line-of-duty benefits. For more information, contact:

- Virginia Line of Duty Act (LODA):
  - Eligibility Determinations and Benefit Payments: Virginia Retirement System
    888-827-3847 (Request: LODA support); loda@varetire.org; valoda.org
  - Health Benefits Plans: Department of Human Resource Management
    loda@dhrm.virginia.gov; dhrm.virginia.gov/healthcoverage/loda-health-benefits
- Federal Public Safety Officers' Benefits Act: Bureau of Justice Assistance
  888-744-6513; psob.gov

Death-in-Service Order of Precedence

The death-in-service benefit may be a lump-sum payment of any balance remaining in your member contribution account, a monthly benefit or both. As required by law, VRS will pay a death-in-service benefit according to the following order of precedence if you die from a non-work-related cause and there is no valid beneficiary designation on file or your named beneficiary is deceased. If you die from a work-related cause, your spouse, minor child or parent will be eligible for a monthly benefit as well as a lump-sum payment of your member contribution account balance if he or she also is your named beneficiary.

First, to your spouse
If your spouse is eligible for a monthly benefit, the benefit will continue if your spouse remarries. It will end when your spouse dies.

Second, if no surviving spouse, to your minor child or children
If you have more than one minor child, each child will receive an equal share of the death-in-service benefit. If they are eligible for a monthly benefit, the youngest child's age will be used to calculate the benefit. As each child reaches age 18, his or her share of the benefit will be redistributed equally among the remaining minor children. The benefit will end when the last child reaches age 18.

Third, if none of the above, to your parent or parents
If both parents are living, each parent will receive an equal share of the death-in-service benefit. If they are eligible for a monthly benefit, the youngest parent's age will be used to calculate the benefit. When one parent dies, the other parent will receive the deceased parent's share. The benefit will end when the surviving parent dies.

Fourth, if none of the above
Any funds remaining in your member contribution account will be paid in a lump sum accordingly

- To your adult child or children.
- If none, to the descendants of your deceased adult child or children, per stirpes.
- If none, to the duly appointed executor or administrator of your estate.
- If none, to your next of kin entitled under the laws of the domicile at the time of your death.

INFORMATION FOR YOUR BENEFICIARY

In the event of your death, *Losing a Loved One: Guide for Families* will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at varetire.org/publications. In addition:

- For more information about workers' compensation survivor benefits, contact your human resource office.
- For more information about Social Security survivor benefits, contact the Social Security Administration toll-free at 800-772-1213 or visit socialsecurity.gov.
- For more information about income taxes, contact the Internal Revenue Service (IRS) toll-free at 800-829-1040 or visit irs.gov.

Designating a Beneficiary

You can name any living person or an entity, such as an eligible trust or charity, as your beneficiary. For more information, see Chapter 5-Group Life and Long-Term Care Insurance Programs.

What Is Average Final Compensation?

Average final compensation is the average of your 36 consecutive months of highest creditable compensation as a covered employee. It is one of the factors used to calculate your retirement benefit.

Taxes and Member Contribution Account Payments

Lump-sum payments of pretax member contributions and interest are subject to income taxes. The Internal Revenue Service (IRS) also may impose an additional 10% tax penalty on member contributions received before age 59½; there are exceptions to this rule. To defer taxes, the payment can be rolled over to an Individual Retirement Account (IRA) or another qualified plan. For more information, read the IRS 402(f) Special Tax Notice available at varetire.org/irs402f; or contact a tax advisor or the IRS toll-free at 800-829-1040 or irs.gov.

MOVING TO ANOTHER VRS-COVERED PLAN

If you move to a non-hazardous duty position covered under VRS, the Virginia Law Officers' Retirement System (VaLORS), VRS with enhanced hazardous duty benefits or the Judicial Retirement System (JRS), you will come under the plan provisions of the new position for retirement and other benefits. In addition, if you take a refund of your member account and then return to a non-hazardous duty position with no service credit in VRS, you will be rehired under the Hybrid Retirement Plan. If you take a refund and return to a hazardous duty position, you will be in Plan 2.

Retirement Eligibility		**Service Retirement Multiplier**	**Supplement Eligibility?**
Unreduced	Reduced		
If I move to a VaLORS Plan 1 position			
Age 50 with at least 25 years of service credit or at age 60 with at least 5 years of service credit	Age 50 with at least 5 years of service credit	2% on all hazardous duty service and 1.7% on all non-hazardous duty service	No
If I move to a Plan 1 political subdivision position with enhanced hazardous duty benefits			
Age 50 with at least 25 years of service credit or at age 60 with at least 5 years of service credit	Age 50 with at least 5 years of service credit	Political subdivisions may elect to provide their hazardous duty position employees with a service retirement multiplier of either 1.7% or 1.85% on all service	Yes, provided the employer has elected and the employee has at least 20 years of qualifying hazardous duty service or a membership date before July 1, 1974, and has not attained normal Social Security retirement age at the time of retirement
If I move to VRS Plan 1			
Age 50 with 30 or more years of service credit or at age 65 with at least 5 years of service credit	Age 50 with 10 years of service or at age 55 with at least 5 years of service credit	1.7% multiplier on all service	Yes, provided you have at least 20 years of qualifying hazardous duty service before leaving a hazardous duty position with enhanced benefits and have not attained normal Social Security retirement age at the time of retirement

OPTIONS IF YOU LEAVE YOUR JOB

If you leave covered employment and do not retire, you can leave your member contribution account balance with VRS and become a deferred member or take a refund of your member contributions and interest.

Becoming a Deferred Member

If you leave your member contributions with VRS, you will become a deferred member and continue earning yearly interest on your contributions, while maintaining your VRS service credit. If you are vested, you may be eligible for a future retirement benefit if you meet the age and service requirements for your plan. For information on qualifying for retirement, see Chapter 2-Your Retirement Plan. If you return to covered employment, member contributions and the service credit you earn upon reemployment will be added to your member record. As a deferred member, you will remain eligible to request a refund of your member contributions and interest.

Before leaving your position, submit a Name and Address Declaration for Deferred Members (VRS-3A) to VRS. To notify VRS of any future address changes, update your account details in myVRS or submit a VRS-3A. The form is available at varetire.org/forms.

Deferring retirement. If you have reached retirement eligibility when you leave covered employment, you can defer receiving a retirement benefit until a later date. If you decide to defer retirement, submit an Application for Service Retirement (VRS-5) to VRS at least 60 days, but not more than four months (120 days), before the date you wish to retire. For more information about applying for retirement, see Chapter 10-Getting Ready to Retire.

VRS communication. As a deferred member, you will have access to myVRS, where you can view information from your member record and plan for retirement online. To register or log into your secure online account, visit myVRS.varetire.org.

Taking a Refund

If you request a refund and are vested (you have at least five years of service credit) or involuntarily separated from employment for causes other than job performance or misconduct, you will be eligible for a full refund of your member contribution account balance. If you are not vested, you will be eligible for a refund of the balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.

Important: Taking a refund cancels your VRS membership and eligibility for any future benefits.

Requesting a refund. Log into your myVRS account (myVRS.varetire.org) and submit an online request for a refund. Refunds cannot be processed until at least a full calendar month after you have left all employment with a VRS-participating employer. This includes any non-covered positions with the employer you are leaving. The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Periods of leave with or without pay do not count toward satisfying this break from employment. **Example**: If you leave your job effective June 12 and request a refund, the earliest VRS can process your refund is August.

Taxes on refunds. If you have your refund paid directly to you, VRS will withhold federal taxes of 20% and, if you live in Virginia, state taxes of 4%. Any after-tax member contributions in your refund will not be taxed again. If you have your refund paid directly to you before age 59½, the Internal Revenue Service (IRS) may impose an additional 10% tax penalty for early withdrawal of member contributions; there are exceptions to this rule.

Before You Decide

Log into myVRS to check your member contribution account balance and view other information from your member record. Knowing this information may help you weigh your options if you are thinking of leaving covered employment. To register or log into your secure online account, visit myVRS.varetire.org.

myVRS

You can defer taxes by rolling over your refund to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers. For more information, read the IRS 402(f) Special Tax Notice available at varetire.org/irs402f; or contact a tax advisor or the IRS toll-free at 800-829-1040 or irs.gov.

IMPACT ON BENEFIT COVERAGE

Group Life Insurance

Basic group life insurance coverage. If you leave covered employment before you are eligible to retire, or if you take a refund of your member contributions and interest, your basic group life insurance coverage will end within 31 days of the last day of the month in which you leave your position. If you die before the end of this period, your beneficiary will receive your natural and accidental death benefit. You can convert your coverage to an individual policy if you leave employment before you reach retirement eligibility. If you have reached retirement eligibility but defer retirement and do not take a refund of your member contributions and interest, some basic life insurance benefits will continue after you leave your position.

Optional group life insurance coverage. If you have optional group life insurance coverage and leave covered employment, you may convert your coverage to an individual policy. If you do not convert your coverage and you die within 31 days of the last day of the month in which you leave your position, your beneficiary will receive your optional life insurance natural and accidental death benefit.

Converting your group life insurance coverage. If you wish to convert your coverage, you must do so within 31 days of the last day of the month in which you leave your position; you will pay the premiums. Proof of good health will not be required. This option is not available after 31 days. Submit a Conversion of Group Life Insurance Enrollment (VRS-35) to Securian Financial. The form is available at varetire.org/forms. For more information, call toll-free 800-441-2258.

Health Insurance

Your health insurance coverage will end on the last day of the month in which you leave covered employment. You may elect to extend your health insurance for up to 18 months from this date or convert your coverage to an individual policy; you will pay the premiums. For more information visit the Department of Human Resource Management website at dhrm.virginia.gov.

Virginia Sickness and Disability Program

If you are enrolled in the Virginia Sickness and Disability Program (VSDP) and leave your position, your eligibility for VSDP benefits will end with your last day of employment. If you have unused disability credits, you will be eligible for a payment of 25% of the balance, not to exceed $5,000. If you are retiring or deferring retirement, you can convert any unused disability credits to service credit toward calculating your retirement benefit. You must submit the VSDP Conversion of Disability Credits (VRS-5A) to VRS before leaving your position. The form is available at varetire.org/forms.

Long-Term Care Coverage

VSDP Long-Term Care Plan. If you leave or retire as a VSDP-covered employee, your VSDP long-term care coverage will end. You can elect to continue your coverage, which will be retroactive to your last day of employment; you will pay the premiums. Submit the Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and the Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) within 60 days of your last day of employment to the Long Term Care Group Inc. at P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available at varetire.org/forms. This option is not available after 60 days.

Commonwealth of Virginia Voluntary Group Long-Term Care Insurance Program. If you leave employment and are enrolled in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program, you can continue your coverage through Genworth Life Insurance Co., the insurer. If you are not enrolled, you can apply for coverage if you are a vested, deferred member or a retiree, provided you are age 75 or under. Medical underwriting (proof of good health) will be required. For more information, contact Genworth toll-free at 866-859-6060 or visit genworth.com/cov.

Annual Leave and Sick Leave

If you leave covered employment, you may be eligible for a payment of unused annual leave. If you are not enrolled in VSDP, you may also be eligible for a payment of unused sick leave. Contact your human resource office for more information.

Deferred Compensation Plan Options

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan and leave your position, your contributions will stop. However, you can continue to manage your account or request a distribution. If you are eligible for a payment of unused sick leave or annual leave, you can contribute this payment to your account. As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Deferred Compensation Plan. For more information, see Chapter 3-Commonwealth of Virginia 457 Deferred Compensation Plan.

SEVERANCE BENEFITS

As a member of SPORS, you may be eligible for severance benefits under the Workforce Transition Act (WTA) if you are involuntarily separated from employment. Involuntary separation is a layoff because of a budget reduction, agency reorganization, workforce downsizing or another cause not related to job performance or misconduct. If you voluntarily resign from your position, you are not eligible for severance benefits.

Your employer will notify you if you are involuntarily separated from employment and coordinate your WTA benefits. For more information, visit the Department of Human Resource Management website at dhrm.virginia.gov and the VRS website at varetire.org/severance.

RETIREMENT READINESS RESOURCES

Member Education

Whether you just started work or are ready to retire, you can take advantage of free educational opportunities to learn more about everything from your benefits and financial wellness to how to apply for retirement. You can select from a variety of educational mediums according to what's most convenient for you. These include live presentations, seminars, webinars, e-courses and regional meetings. Go to varetire.org/members/education. Courses include:

- Retirement planning sessions for new and current members, members within five or more years of retirement and those ready to retire.
- Courses on topics such as the hazardous duty supplement, purchase of prior service and retirement payout options.

Getting Ready to Retire Guide

The *Getting Ready to Retire Guide* provides information to assist you with the application process. The guide is available at varetire.org/publications.

Need Individual Counseling?

Meet with a counselor at the VRS Retirement Counseling Center at 1111 East Main Street, Richmond, VA 23219. Sessions are offered on a first-come, first-served basis between 8:30 a.m. and 4 p.m., Monday through Friday. Limited scheduled appointments are available. Go to varetire.org for directions to the center and the parking deck; the first hour of parking is free.

Use myVRS to Prepare for Retirement

VRS offers online tools to help you estimate your VRS benefit in retirement and develop a retirement income plan that will help meet your needs and those of your family:

- Use the Benefit Estimator to create estimates of your VRS retirement benefit based on different benefit payout options or retirement dates.
- Use the Retirement Planner to estimate your income and expenses upon retirement:
  - Include your estimated unreduced retirement benefit or an estimate you create in the Benefit Estimator. You also can enter a different retirement date.
  - Include estimated income from a spouse, part-time job, Social Security if you are eligible on the date you use for your plan, or other sources of retirement income.
  - Build in retirement expenses, including income taxes and health insurance. You can use the assumptions in the planner or enter your own figures.

Note: Your retirement benefit amount is based on factors such as service credit, age, average final compensation and your selected benefit payout option. Create a new benefit estimate if your circumstances change.

- If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, include an estimated annuity from your plan. Also, check your savings progress; you may be eligible for catch-up contributions as you near retirement. For more information, see Chapter 3-Commonwealth of Virginia 457 Deferred Compensation Plan. If you have another supplemental savings account, you can include this income in your plan.

To register or log into your secure online account, visit myVRS.varetire.org.

The myVRS Financial Wellness program will increase your knowledge and confidence in financial decision-making through a variety of resources, including articles, videos, educational games, calculators and budgeting tools. Through your secure myVRS account, you can tap into personalized features. Visit myVRS.varetire.org to register or log in.

Deferred Compensation Plan Regional Education Meetings
If your employer participates in the Commonwealth of Virginia 457 Plan, be sure to sign up for the deferred compensation plan meetings. Held at sites around the state, these meetings cover topics such as long-term planning for your financial future, managing your plan and distribution strategies. Go to varetire.org/457 and select Education from the menu.

APPLYING FOR RETIREMENT

Retirement Date and Monthly Benefit Payments
Retirement is effective on the first of the month, and your benefit begins the first of the following month. You must separate employment with all VRS-covered employers to be eligible for retirement.

To begin receiving your benefit payments in a timely manner, notify your employer and submit your Application for Service Retirement (VRS-5) and all required documents to VRS at least 60 days, but not more than four months (120 days), before you want to retire. **Example:** If you wish to retire on July 1, submit your application by May 1. You will receive your first benefit payment on August 1 for the month of July.

If you are married or separated, have your spouse complete the spouse certification section. Your spouse must sign on or after the date you sign the application.

Note: In some cases, working after retirement will affect your retirement benefit payments. Before submitting your retirement application, review VRS' rules for Working After Retirement.

Other forms and documents you may need:

- Designation of Beneficiary (VRS-2) to ensure your beneficiary designation is up to date. If you elect the Survivor Option, you must submit a VRS-2 to designate a beneficiary for life insurance benefits; you may name your survivor or another individual as your beneficiary.
- If you are electing the Advance Pension Option, include a Social Security benefit estimate. The estimate must be less than 12 months old, assume you will have no future earnings after leaving your position and be based on your Social Security earnings record. For detailed instructions, go to varetire.org/apo.
- Request for Health Insurance Credit (VRS-45), if you are eligible for the credit and VRS will not be deducting retiree health insurance premiums from your monthly benefit payment. If VRS will be deducting premiums, you do not need to submit this form; VRS will apply the credit automatically to your monthly benefit. For more information about the health insurance credit, see Chapter 11-Insurance in Retirement.

Forms and Documents

Forms are available at varetire.org/forms. Read the directions on all forms carefully and provide all signatures and required documents. An incomplete or incorrect application will delay processing your retirement. If you need assistance applying for retirement, your human resource office, a family member or an individual authorized to act on your behalf, such as an agent named under a power of attorney or a legal guardian, may be able to assist you. For more information, call VRS toll-free at 888-827-3847.

Once your application is approved, you will receive a letter confirming your selections and your benefit payment amount. When VRS makes your first payment, you will receive a letter that provides important details about your retirement payment as well as other eligible benefits. Keep this letter for future reference.

DEFERRING RETIREMENT

If you leave covered employment and are eligible for retirement, you can defer receiving your retirement benefit until a later date. Submit a Name and Address Declaration for Deferred Members (VRS-3A) before you leave your position. If you are covered under the VRS Group Life Insurance Program, some basic benefits will continue after you leave your position, provided you do not take a refund of your member contributions and interest. For more information, see Chapter 12-Insurance in Retirement.

When you apply for retirement, your benefit will be calculated based on your service credit and average final compensation at the time you left your position. Submit the VRS-5 and other required forms and documents to VRS within 60 days, but not more than four months (120 days), before your retirement date.

Mandatory Retirement Distribution
If you defer retirement and do not apply for retirement by April 1 following the calendar year in which you turn age 72, VRS will pay you a retirement benefit (Basic Benefit option), as required by law. VRS is not required to pay benefits retroactively; if your address changes, notify VRS as soon as possible by submitting a Name and Address Declaration for Deferred Members (VRS-3A).

If you are not vested, you will receive a refund of your member contribution account balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.

RETIREMENT READINESS CHECKLIST

DURING YOUR CAREER

- ❑ Create a myVRS member online account by visiting myVRS.varetire.org. Use myVRS to monitor your benefits and to help you plan effectively for retirement throughout your career.
- ❑ Confirm your retirement eligibility date on the homepage of your myVRS account.
- ❑ Sign up for free member education sessions to learn more about your benefits and resources.
- ❑ If you have eligible prior service, such as public or military service, and want to purchase this service so that it's applied to your benefit calculation, see Chapter 4-Enhancing Your Benefit: Purchase of Prior Service. You can explore purchase options through your myVRS account.

PREPARING FOR RETIREMENT

- ❑ Use the myVRS Benefit Estimator to create different retirement benefit estimates and the myVRS Retirement Planner to project your income and expenses in retirement.
- ❑ Sign up for retirement readiness member education sessions and, if applicable, the Deferred Compensation Plan Regional Education Meetings.
- ❑ Let your human resource office know your retirement plans at least six months before the date you wish to retire.

60-120 DAYS BEFORE YOUR RETIREMENT DATE

- ❑ Apply for retirement.
- ❑ If you participate in the Optional Group Life Insurance Program, decide whether you want to continue or convert your coverage upon retirement.
- ❑ Check with your employer regarding your eligibility for the health insurance credit to assist you with the cost of your health insurance premiums in retirement.
- ❑ If you participate in the Virginia Sickness and Disability Program (VSDP) and have disability credits to convert to service credit, submit the VSDP Conversion of Disability Credits (VRS-5A) to VRS. Also decide whether you want to continue your VSDP long-term care coverage into retirement.
- ❑ Finalize any lump-sum purchase of prior service through your myVRS account. Learn more about purchasing service at varetire.org/pps.

RIGHT AFTER YOU RETIRE

- ❑ Your myVRS account moves with you from active member to retiree. If you registered for myVRS while working, you may continue to use your myVRS member account username and password in retirement. Otherwise, you may set up an account after you retire.
- ❑ If you wish to enroll in the State Retiree Health Benefits Program, you must apply within 31 days of your retirement date.
- ❑ If you participate in VSDP and wish to continue your VSDP long-term care coverage into retirement, you must apply within 60 days of your retirement date.
- ❑ If you are enrolled in the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program, you can continue your coverage by paying the premiums directly to the insurer. If you are not enrolled, you can apply as a retiree, provided you are age 75 or under. Your employer is not required to have elected the program. For more information, visit genworth.com/cov.

11 *Receiving Retirement Payments*

Direct Deposit
Taxes
Cost-of-Living Adjustments
Social Security
If You Divorce

DIRECT DEPOSIT

After you retire, your monthly benefit will be deposited to the financial institution account you designate on the Application for Service Retirement (VRS-5) available at varetire.org/forms. Benefit payments are deposited on the first of the month for the preceding month's benefit. If the first falls on a weekend or holiday, the payment will be deposited on the last business day of the preceding month. If the net amount of your benefit changes, you will receive an earnings statement from VRS reflecting the new amount.

If you change your financial institution, submit an Authorization for Direct Deposit of Monthly Benefit (VRS-57) with the new account information. Do not close your old account until your direct deposit begins in your new account. You can verify your new deposit information through myVRS.

TAXES

Your retirement benefit will be subject to federal income taxes and, if you live in Virginia, state income taxes. Any after-tax member contributions in your benefit payment will not be taxed again.

If you do not want VRS to withhold taxes from your benefit, indicate that choice on the Application for Service Retirement (VRS-5). You may be responsible for paying estimated taxes or face tax penalties if your estimated tax payments are insufficient. For more information, contact a tax advisor or the Internal Revenue Service (IRS) toll-free at 800-829-1040 or irs.gov.

VRS does not deduct income taxes for other states. If you retire in Virginia and then move out of state, you can update your tax withholding through your myVRS account or submit a Request for Income Tax Withholding (VRS-15).

1099-R Form

After you retire, you will receive a 1099-R form from VRS each January for the previous calendar year's benefit payments and tax withholdings. You will file this form with your federal and state income tax returns. The 1099-R shows:

- Total amount of your benefit for the previous year.
- Taxable amount of your benefit.
- Total amount of federal income taxes and, if applicable, state income taxes withheld from your benefit during the previous year.
- Amount of your benefit that is not taxed, if any, as determined by the IRS.

- Whether your benefit is a retirement benefit, disability benefit or survivor benefit.
- Total health insurance premiums for the previous year, less any health insurance credit reimbursements you receive. The health insurance credit is a non-taxable benefit and will not be included in your 1099-R. For more information about the health insurance credit, see Chapter 12-Insurance in Retirement.

Imputed income. The cost of group life insurance in excess of $50,000 that VRS pays on behalf of the member is called imputed income. The Internal Revenue Service (IRS) considers this amount as income to you and subject to income taxes and FICA (Social Security and Medicare) taxes. If you are covered under the program when you retire and your coverage exceeds $50,000, VRS will automatically withhold FICA taxes and send you a W-2 form each year showing the amount of FICA taxes withheld and the additional taxable income. As your life insurance coverage reduces, the amount of imputed income will also reduce. If your coverage reduces to less than $50,000, these taxes will no longer be withheld. For more information about the life insurance coverage reduction, see Chapter 12-Insurance in Retirement.

If You Retire as a Public Safety Officer

The federal Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act allows eligible retired public safety officers to exclude a certain amount per year from retirement income used for qualified health insurance premiums or long-term care insurance premiums. Premiums covering yourself as well as a spouse or dependent children may be eligible for this exclusion. You must claim the premiums on your tax return. The 1099-R reflects total taxable income without any adjustment for this benefit. For more information, contact a tax advisor or the IRS toll-free at 800-829-1040 or irs.gov.

COST-OF-LIVING ADJUSTMENTS

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. The COLA is calculated using the first 3% increase in the CPI-U and half of any additional increase (up to 4%), for a maximum COLA of 5%. During years of no inflation or deflation, the COLA is 0%.

If you retire with an unreduced benefit or with a reduced benefit with at least 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 your retirement date.

If you retire 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 your retirement date. For the current COLA, visit varetire.org/retirees.

Exceptions to COLA Effective Dates

If you are eligible for a COLA under any of the following circumstances, your COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from the date the monthly benefit begins:

- You retire on disability.
- You retire directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- You are involuntarily separated from employment for causes other than job performance or misconduct and are eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- You die in service and your survivor or beneficiary is eligible for a monthly death-in-service benefit.

If you retire under the Basic Benefit or Advance Pension Option, the COLA calculation will be based on your Basic Benefit amount. If you retire under the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP), Survivor Option or Survivor Option with the PLOP, the COLA calculation will be based on your reduced benefit amount.

SOCIAL SECURITY

You will be eligible for a full Social Security retirement benefit when you reach your normal Social Security retirement age. You may qualify for a benefit as early as age 62. For more information, call the Social Security Administration toll-free at 800-772-1213, visit socialsecurity.gov or contact your local Social Security Administration office.

IF YOU DIVORCE

Approved Domestic Relations Order (ADRO)
In the event of a divorce, your retirement benefit may be regarded as 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 implements 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, provided the order is in compliance with the provisions of the *Code of Virginia*. Provide your attorney with VRS' required pre-approved ADRO forms for the defined benefit plan and the defined contribution plans. The forms are available at varetire.org/forms.

Other attachments. The *Code of Virginia* allows other attachments to your VRS benefit. Examples include IRS tax levies, debt to an employer, child support or other marital rights as stated in an ADRO.

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

Hazardous Duty Supplement

If you are eligible for the hazardous duty supplement when you retire, the supplement will be added to your monthly benefit payment and continue until your normal retirement age under Social Security. The current supplement amount is available at varetire.org/retirees (select Receiving Your Benefit). For more information about the supplement, see Chapter 2-Your Retirement Plan

Update Your Tax Withholdings Online

If you registered for myVRS while working, you may continue to use your myVRS member account username and password in retirement. Otherwise, you may set up an account after you retire. You may then update your withholding amount online.

myVRS

What Is the Consumer Price Index for All Urban Consumers (CPI-U)?

The U.S. Bureau of Labor Statistics defines the CPI-U as a measure of the average change over time in the prices paid by urban consumers for goods and services, such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.

BASIC GROUP LIFE INSURANCE COVERAGE

Some basic group life insurance benefits will continue when you retire or if you are eligible to retire but defer retirement. Your coverage will end, however, if you have not met the age and service requirements for retirement or you take a refund of your member contributions and interest.

Benefits include:

- Death benefit equal to your compensation at retirement, rounded to the next highest thousand and then doubled. If you retire with 20 or more years of service credit, the death benefit will be based on your highest compensation as a covered employee, even if your salary at retirement is lower. The benefit is payable if you die of natural or accidental causes.
- Accelerated death benefit option.If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw some or all of your life insurance proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.

The provisions that allow for double the natural death benefit for accidental death and dismemberment end upon retirement.

Life Insurance Coverage in Retirement. Your coverage begins to reduce on January 1 following one calendar year after your employment ends. The reduction rate is 25% each January 1 until it reaches 25% of the total life insurance benefit value at retirement. If you have at least 30 years of service credit, your coverage cannot reduce below an $8,000 minimum established in 2015. This minimum will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. You may end employment and defer retirement until a later date; however, the group life insurance will begin reducing based on the last month of employment.

THE VALUE OF YOUR LIFE INSURANCE	EXAMPLE
When you retire or defer retirement, your life insurance benefit is equal to your creditable compensation, rounded to the next highest thousand and then doubled.	You retire on July 1, 2020. Your compensation at retirement is $49,780; for your life insurance coverage, that amount is rounded to $50,000 then doubled to equal $100,000.
On January 1 following one calendar year after your employment ends (January through December), your life insurance coverage reduces 25%.	On January 1, 2022, your life insurance coverage reduces to $75,000.
On January 1 following two calendar years after your employment ends (January through December), your life insurance coverage reduces another 25%.	On January 1, 2023, your life insurance coverage reduces to $50,000.
On January 1 following three calendar years after your employment ends (January through December), your life insurance coverage reduces a final 25% and remains at that value for the rest of your retirement.	Your final reduction will be on January 1, 2024, and your coverage will remain at $25,000* for the rest of your retirement.

**The final amount of insurance will vary according to your creditable compensation when leaving employment.*

Optional Group Life Insurance Coverage

If you are enrolled in the Optional Group Life Insurance Program and meet the qualifications for retirement, you may continue a portion of your coverage upon leaving employment. You as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date. Accidental death and dismemberment coverage ends upon retirement. Optional life insurance amounts will reduce by 25% based on your age, beginning with your normal retirement date under your plan; coverage ends at age 80. The maximum amount of optional group life insurance coverage in retirement is $300,000. You must elect to continue your coverage within 31 days of the last day of the month in which you leave your position by submitting the Retiree Optional Life Continuation (VRS-39R) to Securian Financial. This option is not available after 31 days.

You as well as your spouse and dependent children, if enrolled, can convert your coverage to an individual policy. You will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-35) to Securian Financial within 31 days of the last day of the month in which you leave your position. This option is not available after 31 days. Forms are available at varetire.org/forms.

More Information

VRS has contracted with Securian Financial as the insurer for the Group Life Insurance Program. For more information, call toll-free 800-441-2258

State Retiree Health Benefits Program

You are eligible to enroll in the State Retiree Health Benefits Program upon retirement. You can elect coverage when you apply for retirement or within 31 days of your retirement date by submitting the State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879). The form is available at varetire.org/forms. Note that if you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date.

If you elect this coverage, VRS will deduct the health insurance premiums from your monthly benefit payment. If your benefit is not sufficient to cover the deduction, the health insurance carrier will bill you directly for the premiums. For more information about the program, visit the Department of Human Resource Management website at dhrm.virginia.gov.

Enrollment options for your survivors. If you enroll in the State Retiree Health Benefits Program, you also can enroll your survivors (a spouse or dependent children). If you elect the Survivor Option at retirement and your survivors are not enrolled, they may enroll upon your death. If you elect another benefit payout option and your survivors are enrolled at the time of your death, they may elect to continue their coverage. Your survivors must submit a State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879) within 60 days of your death. This option is not available after 60 days.

Canceling coverage. You can cancel your coverage at any time after you retire by submitting the State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879) or by sending a written request to VRS. Cancelling your coverage also cancels coverage for your spouse and dependent children, if enrolled. Once you cancel coverage, you are not eligible to re-enroll in the program. However, you can be covered as a dependent of an active state employee or a state retiree who enrolls you in the program, or if you return to work and retire again as a state employee. In the latter case, you will have 31 days from your subsequent retirement date to elect coverage.

HEALTH INSURANCE CREDIT

If you retire with at least 15 years of service credit, you may be eligible for this tax-free benefit. The health insurance credit assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents. As set by the General Assembly, eligible SPORS members receive $4 per year of service credit per month, up to a maximum of $120 per month, not to exceed the individual premium amount.

The health insurance credit is applied to your retirement benefit payment. If you do not receive a monthly benefit, VRS will reimburse you for the amount. The credit ends upon your death.

Qualifying Health Plans

- Individual health plans.
- Coverage as a dependent on a spouse's plan.
- Employer-sponsored health plans.
- Medicare Part B.
- Dental and vision plans.
- Prescription drug plans, including Medicare Part D.

The following are examples of plans not eligible for the health insurance credit:

- Coverage for specific diseases or procedures to treat a specific illness, such as cancer insurance.
- Hospital or other indemnity policies.
- Limited benefit plans, which offer coverage for only particular health care conditions or diseases, and do not replace traditional health insurance.
- Plans covering home health care.
- Long-term care insurance.
- Long-term disability insurance.
- Life insurance.
- Network discount programs or policies, such as pharmacy discount programs.
- Policies that include non-healthcare coverage, such as an auto club membership that includes a prescription discount program.

Applying for the Health Insurance Credit

If you are eligible for the health insurance credit upon retirement and VRS will be deducting your health insurance premiums, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. For any premiums VRS will not be deducting, complete and send the Request for Health Insurance Credit (VRS-45) to VRS. The form is available at varetire.org/forms.

Keep VRS Updated on Premium Changes

Keeping your information current ensures you receive the proper credit amount and are not at risk for receiving an overpayment, which would require you to reimburse VRS. For any premiums VRS will not be deducting, report a change or cancellation by submitting a Request for Health Insurance Credit (VRS-45) to VRS.

Health Insurance in Retirement

When you reach age 65, you will become eligible for Medicare. Medicare is a federal government-sponsored health insurance program. Medicare includes coverage for hospital care (Part A) at no cost to you and medical care (Part B), for which you pay a monthly premium. You may also elect coverage under the prescription drug plan (Part D). You should apply for Medicare at least three months before your 65th birthday.

Before you retire, you can estimate your health insurance and other expenses in retirement through the myVRS Retirement Planner. You can use the assumptions built into the planner or enter your own figures. Depending on the retirement date you use for your plan, you can also include a Medicare premium estimate. To create a secure online account, visit myVRS.varetire.org.

LONG-TERM CARE COVERAGE

Virginia Sickness and Disability Program Long-Term Care Plan
Your coverage under the Virginia Sickness and Disability Program (VSDP) Long-Term Care Plan will end when you retire. You can elect to continue your coverage, which will be retroactive to your last day of employment. You will pay the premiums. To continue your coverage, submit the Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) to the Long Term Care Group Inc. within 60 days of your last day of employment. The forms are available at varetire.org/forms. This option is not available after 60 days.

Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program
If you are enrolled in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program when you retire, you can continue your coverage through Genworth Life Insurance Co., the insurer. You will pay the premiums directly to Genworth. If you are not enrolled, you can apply as a retiree, provided you are age 75 or under. Your employer is not required to have elected the program. Medical underwriting (proof of good health) will be required. For more information, contact Genworth toll-free at 866-859-6060 or visit genworth.com/cov.

In the Event of Your Death After You Retire

Your beneficiary or survivor should call Securian Financial toll-free at 800-441-2258. Securian Financial can initiate all benefit claims and will provide information to VRS for processing any benefits due. For more information, see *Losing a Loved One: Guide for Families* available at varetire.org/publications.

Additional Information About Your Life Insurance

For information about irrevocable assignment, imputed income taxes and child support liens, see Chapter 5-Group Life and Long-Term Care Insurance Programs

13 *Working After Retirement*

Non-Covered Employment | K-12 Critical Shortage Positions
Retiree School Security Officer Positions
Returning to Covered Employment | Retiring Again

After you retire, you can work for any employer that does not participate in the Virginia Retirement System (VRS) and continue to receive your retirement benefits. If you return to covered employment with a VRS-participating employer, you will become an active member and your retirement benefits will stop.

NON-COVERED EMPLOYMENT

In some cases, you can work in a non-covered position with a VRS-participating employer and continue to receive your retirement benefits. If you return to non-covered employment with the employer from which you retired, you must have a bona fide break in service of at least one full calendar month from your retirement date. This break must occur over a period you normally would work. Periods of leave with or without pay do not count toward satisfying this break in service. If you do not take the break in service, your retirement is void and any benefit payments received will have to be repaid.

The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers. Your employer can make no verbal or written offer of reemployment before you retire. You and your employer must certify that no such prearrangement has been made on the Application for Service Retirement (VRS-5).

Interim Appointments

In some cases, retirees can work in an interim 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 incumbent is on leave. If you are considering an interim appointment, your employer must discuss the appointment with VRS before hiring you in the position. If you return to the employer from which you retired, you must also have a bona fide break in service as described above.

K-12 CRITICAL SHORTAGE POSITIONS

You may be eligible to teach or serve as a principal or assistant principal in a critical shortage position in a Virginia public school. You do not have to retire as a teacher or school administrator as long as you become licensed by the Virginia Board of Education for the position you will hold. Positions are full time and temporary (non-covered) for the current school year; and if you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

To be considered for a K-12 critical shortage position, you must:

- Be retired from a VRS-covered position.
- Be hired by a Virginia public school division in a designated teacher critical shortage position.
- Hold a Virginia Board of Education license for the position.
- Have a break in service of at least 12 consecutive months between your retirement date and the date you wish to work in a critical shortage position. This break in service means not working in any full-time, part-time or volunteer position, including coaching and substitute teaching, with any VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

For more information on critical shortage designations and how to apply, visit the Department of Education website at doe.virginia.gov or contact the school system where you would like to work.

RETIREE SCHOOL SECURITY OFFICER POSITIONS

Retired sworn law-enforcement officers may be eligible to return to work full time as a retiree school security officer at a Virginia public school. Positions are full-time; and if you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

To be considered for a retiree school security officer position and continue to receive your retirement benefit, you must:

- Be retired from a sworn law-enforcement officer position covered under VRS.
- Be hired by a Virginia public school division in a retiree school security officer position.
- Have a break in service of at least 12 consecutive months between your retirement date and the date you wish to work in a retiree school security officer position. This break in service means not working in any full-time, part-time or volunteer position with any VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

For more information, contact the school division where you would like to work.

RETURNING TO COVERED EMPLOYMENT

If you return to covered employment, your retirement benefits will stop and you will become an active member. A bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work is required to retire. Periods of leave with or without pay, summer breaks, intersession periods, sabbaticals and educational leave do not count toward satisfying this break in service. If you did not take the break in service before returning to covered employment, your retirement is void and any benefit payments received will have to be repaid.

Group Life Insurance Coverage

If you return to an employer that participates in the VRS Group Life Insurance Program and had this coverage as a retiree, you will resume your active member coverage. Your coverage will be based on the creditable compensation you earn upon reemployment or your highest career creditable compensation as a covered employee if you have 20 or more years of service credit. If you did not have retiree coverage, you will be enrolled automatically in the program upon reemployment.

If you return to an employer that does not participate in the VRS Group Life Insurance Program and you had retiree coverage, your coverage will continue at the level to which it had reduced before reemployment. For more information about the program, see Chapter 5-Group Life and Long-Term Care Insurance Programs and Chapter 12-Insurance in Retirement.

Disability Coverage

If you return to covered employment, you will be covered under either Disability Retirement, the Virginia Sickness and Disability Program or the Virginia Local Disability Program, depending on your plan and position. Learn more about those programs at varetire.org.

Commonwealth of Virginia 457 Deferred Compensation Plan

If you return to employment with an employer that offers the Commonwealth of Virginia 457 Plan, you will be able to resume your contributions or enroll in the plan and may be eligible for an employer cash match through the Virginia Cash Match Plan. If you return to salaried state employment and are not participating in the plan, you will be enrolled automatically and will receive the employer cash match.
If you return to employment and are receiving plan distributions, you can continue or suspend your distributions; you cannot start distributions unless you are age 72 or older and eligible for an in-service distribution. For more information about the plan, see Chapter 3-Commonwealth of Virginia 457 Deferred Compensation Plan and Chapter 11-Receiving Retirement Plan Payments.

Before You Accept Employment

If you want to work after you retire, call VRS toll-free at 888-827-3847 to determine the impact on your retirement benefits. Also contact the Social Security Administration toll-free at 800-772-1213 or visit socialsecurity.gov for information on the effect of earnings during retirement on your eligibility for Social Security benefits.

RETIRING AGAIN

When you retire again, you must submit a new Application for Service Retirement (VRS-5) and retire under the same benefit payout option you elected for your previous retirement. Your monthly benefit will be recalculated based on the additional service credit you earn and any changes in your average final compensation. If you retire under the Partial Lump-Sum Option Payment (PLOP) with the Basic Benefit or Survivor Option, you will not receive another PLOP; your subsequent benefit will also be adjusted for the previous PLOP. If you retire under the Advance Pension Option, your subsequent benefit will be adjusted for the temporary increase in your previous benefit.

Any cost-of-living adjustments (COLAs) you were receiving during your previous retirement will not resume when you retire again. The COLA will be calculated as if you were retiring for the first time. For more information about the COLA, see Chapter 11-Receiving Retirement Plan Payments.

What Is Covered and Non-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.

Non-covered employment is a part-time position with a VRS-participating employer. Non-covered positions do not provide eligibility for benefits. Part-time positions typically require 80% or less of the hours of comparable full-time permanent positions. Some full-time positions may be considered non-covered if they are temporary and require 80% or less of the hours per year that would be considered full-time and permanent for that position. .

If You Retire on Disability

If you accept a position with any employer, including a VRS participating employer, that requires the same or similar duties as those you performed before you retired on disability, your disability retirement benefits will end. If you are considering employment after you retire on disability, contact VRS to determine whether the position would disqualify you from continuing to receive disability retirement benefits.

14 *Frequently Used Terms*

Active Member

You are an active member if you are working in a covered position with an employer that participates in the Virginia Retirement System (VRS).

Active Service

Active service is the number of years you worked in a covered position. While you were an active member, you earned one month of service credit for each month you were employed ("in service").

Actuarial Equivalent Cost

Actuarial equivalent cost represents the amount of money needed in today's dollars to pay for the total value of the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service. If you purchase prior service after your two-year approximate normal cost window, your cost will be based on this rate.

Advance Pension Option

The Advance Pension Option is one of the benefit payout options available at retirement under the defined benefit component. This option allows you to temporarily increase your monthly benefit amount until an age you select, between age 62 and your normal retirement age under Social Security. At that point, your benefit is permanently reduced.

Approved Domestic Relations Order (ADRO)

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

Approximate Normal Cost

Approximate normal cost is the average cost of one year of VRS service credit. The cost is based on a percentage of your creditable compensation or average final compensation at the time of purchase, whichever is higher.

Average Final Compensation

Average final compensation is the average of your 60 consecutive months of highest creditable compensation as a covered employee. It is one of the factors used to calculate your retirement benefit.
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Basic Benefit

The Basic Benefit is calculated based on a formula using your average final compensation, a retirement multiplier and your total service credit at retirement. You can elect the Basic Benefit or another payout option when you apply for retirement.

Beneficiary

Your beneficiary is eligible for a payment of any funds remaining in your member contribution account and any life insurance benefits you may have upon your death. You may designate a beneficiary or beneficiaries on the Designation of Beneficiary (VRS-2).

Benefit Payout Options

When you apply for service retirement under the defined benefit component, you elect how you want to receive your benefit. You choose from five benefit payout options, depending on your eligibility: Basic Benefit, Basic Benefit with Partial Lump-Sum Option, Survivor Option, Survivor Option with PLOP or Advance Pension Option. The option you elect is irrevocable; you cannot change it once you retire, with the exception of the Survivor Option under some conditions.

Bona Fide Break in Service

A bona fide break in service is a break of at least one full calendar month from your last day of employment or retirement date. This break must occur over a period you normally would work. Periods of leave with or without pay do not count toward satisfying this break in service.

Child Support Liens

The Department of Social Services may file child support liens against monthly retirement benefits or proceeds payable under the VRS Group Life Insurance Program. VRS is required to pay a portion of your monthly retirement benefit or, at your death, life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations.

Consumer Price Index All Urban Consumers

The cost-of-living adjustment (COLA) is based on the Consumer Price Index for all Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics. The CPI-U is defined as a measure of the average change over time in the prices paid by urban consumers for goods and services, such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.

Cost-of-Living Adjustment

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 will be 0%. For more information about the COLA, see Chapter 10-Receiving Retirement Plan Payments.

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 are also covered under VRS.

Creditable Compensation

Creditable compensation is your current annual base salary excluding overtime; extraordinary pay; bonus pay; housing and moving expenses; mobile device and internet costs; vehicle allowances; termination pay for leave; non-permanent shift differentials; payments of a temporary nature including but not limited to acting pay (if not permanently confirmed for the position); or payments for extra duties, such as pay for teachers who serve as coaches. Your election to defer salary to a deferred compensation plan, such as a 403(b), a 457(b) or a 125 plan, may only be included in creditable compensation if you voluntarily elect the deferral, the deferral is not conditional or performance based, and the deferral would otherwise be included in your gross income. Other exclusions apply.

Death-in-Service Benefit

If you die while you are an active member ("in service"), your beneficiary may be eligible for a death-in-service benefit in addition to any life insurance benefits you may have.

Deferred Member

You are considered a deferred member if you have left covered employment but have not withdrawn your member contributions and interest and have service credit in VRS or are maintaining an account balance in a Virginia optional retirement plan.

Defined Benefit Plan

This plan provides a monthly benefit during retirement based on age, total service credit and average final compensation.

Defined Contribution Plan

The benefit under a defined contribution plan is based on contributions and net investment gains on these contributions. The defined contribution plans administered or authorized by VRS include the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, optional retirement plans for selected employees and a supplemental plan for certain school employees.

Disability Retirement

You may be eligible for disability retirement if you have a non-work-related or work-related disability that prevents you from performing your job and is likely to be permanent. If you participate in the Virginia Sickness and Disability Program (VSDP), you are not eligible to be considered for VRS disability retirement.

Employer Contribution

Your employer makes a separate contribution to VRS toward funding current and future benefits for all covered employees. Members are not eligible for a refund of the separate employer contribution.

Form 1099-R

You receive a 1099-R from VRS each January for the previous year's benefit payments and tax withholding. You file this form with your income tax returns.

Full-Time Employment

Full-time employment is typically 40 hours a week. Thirty-two hours a week is considered the minimum number for full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.

Hazardous Duty Supplement

The hazardous duty supplement is a dollar amount added to the monthly retirement benefit for eligible members. It continues until your normal retirement age under Social Security.* You qualify for the supplement once you are credited with at least 20 years of eligible hazardous duty service. However, you are not eligible for the supplement if you retire from a VaLORS position with the 2% multiplier.

**If you retire from a VaLORS Plan 1 position with a 1.7% multiplier, your supplement continues until age 65.*

Imputed Income

Imputed income is the cost of life insurance in excess of $50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes. VRS deducts FICA taxes and reports taxable or imputed income for as long as your group life insurance exceeds $50,000.

Irrevocable Assignment

Irrevocable assignment means assigning your ownership rights in your life insurance coverage to another person. You cannot change this assignment once it is made.

Line-of-Duty Benefits

If you are disabled or die in the line of duty, you or your survivor may be eligible for state or federal line-of-duty benefits. For information about the Virginia Line of Duty Act (LODA), call 888-827-3847 and request LODA support, or visit valoda.org. For more information about the Federal Public Safety Officers' Benefits Act, call toll-free 888-744-6513 or visit psob.gov.

Mandatory Retirement Age

The mandatory retirement age under SPORS is age 70.

Mandatory Retirement Distribution

If you defer retirement and do not apply for retirement by April 1 following the calendar year in which you turn age 72, VRS will pay you a retirement benefit (Basic Benefit option), as required by law. If you are not vested, you will receive a refund of your member contribution account balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.

Member Benefit Profile (MBP)

The Member Benefit Profile (MBP) is your annual online benefits statement. It is based on information your employer reports to VRS through June 30 of each year. You can view your MBP through your myVRS member online account.

Member Contributions

You contribute 5% of your compensation each month to your member contribution account on a pretax salary reduction basis. The *Code of Virginia* prohibits members from borrowing from their member contribution accounts.

Membership Date

Membership is based on the date you are first reported to VRS in a covered position. If you have previous VRS service but took a refund, your membership is the date you return to covered employment.

Non-Covered Employment

Non-covered employment is a part-time position with a VRS-participating employer. Non-covered positions do not provide eligibility for benefits. Part-time positions typically require 80% or less of the hours of comparable full-time permanent positions. Some full-time positions may be considered non-covered if they are temporary and require 80% or less of the hours per year that would be considered full-time and permanent for that position. Note that some part-time permanent salaried state positions are covered under VRS.

Normal Retirement Age

Normal retirement age under SPORS is age 60.

Order of Precedence

If there is no valid beneficiary designation on file or your beneficiary is deceased at the time of your death, VRS is required by law to pay benefits according to an order of precedence. You designate a beneficiary on the Designation of Beneficiary (VRS-2). You can elect the order of precedence on the VRS-2 instead of naming a beneficiary.

Part-Time Employment

Part-time employment is typically 80% or less of full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.

Partial Lump-Sum Option Payment

You may elect a Partial Lump-Sum Option Payment (PLOP) with the Basic Benefit or Survivor Option if you work at least one year beyond the date you first became eligible for an unreduced retirement benefit. You can choose an amount equal to one, two or three times your annual retirement benefit amount, depending on how long you work beyond your unreduced retirement date. This option is paid from your member contribution account and reduces your monthly benefit.

Plan 1

You are covered under Plan 1 if your membership date is prior to July 1, 2010, and you were vested before January 1, 2013, and have not taken a refund. You are covered under Optional Retirement Plan 1 if you have an ORP membership date before July 1, 2010. If you have a pre-July 1, 2010, ORP account balance and moved to a defined benefit plan, you must have any combination of VRS service credit and/or ORP participation that totals five years as of January 1, 2013, to be considered a Plan 1 member.

Plan 2

You are covered under Plan 2 if your membership date is from July 1, 2010, to December 31, 2013, and you have not taken a refund. Additionally, you are covered under Plan 2 if you have a membership date prior to July 1, 2010, but you were not vested before January 1, 2013. You are covered under Optional Retirement Plan 2 if you have an ORP membership date on or after July 1, 2010. If you are a member covered under VaLORS, SPORS, or VRS with enhanced hazardous duty benefits or the hazardous duty alternate option under VRS and were hired on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013.

Plan Provisions

Plan provisions are the requirements that govern the plans or programs under which you are covered based on your current position of employment.

Portability

Portability means transferring the value of your retirement assets from a previous employer with which VRS has a portability agreement to a VRS-participating employer, through the purchase of VRS service credit, in order to consolidate your retirement benefits. Currently, VRS has portability agreements with the following public employers: City of Charlottesville, City of Danville, City of Newport News, City of Norfolk, City of Richmond, City of Roanoke and County of Fairfax.

Power of Attorney

Under a power of attorney, you can name someone as your agent to take actions on your behalf and in accordance with your wishes if you can no longer take care of your own affairs. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901).

Prior Service Credit

Eligible prior service includes federal and other public service, active duty military service, certain types of leave and VRS refunded service. If you have prior service, you may be eligible to purchase this service as credit in your plan. Prior service credit counts toward vesting, eligibility for retirement and eligibility for the health insurance credit, if offered by your employer.

Refund

A refund is a lump-sum payment of your member contribution account balance. If you leave covered employment, you can request a refund. You will receive a full or partial refund based on whether or not you are vested or involuntarily separated from employment for causes other than job performance or misconduct.

Required Minimum Distribution

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 account by age 72 or when you leave a position with an employer providing the plan, whichever is later.

Retiree

You are a retiree if you are no longer employed in a covered position and are receiving a monthly retirement benefit from VRS.

Retirement Benefit-Reduced

Under SPORS, you are eligible for a reduced benefit beginning at age 50 with at least five years of service credit.

Retirement Benefit-Unreduced

Under SPORS, you are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.

Note: Some political subdivision employers require employees to reach age 55 with at least 30 years of service credit to be eligible for an unreduced retirement benefit. Check with your human resource office to confirm age and service requirements.

Retirement Date

The effective date of retirement is the first of the month.

Retirement Multiplier

The retirement benefit under SPORS is based on a multiplier of 1.85%.

Rollover

A rollover is a contribution of a pretax lump-sum payment, such as a refund or a Partial Lump-Sum Option Payment (PLOP), to an Individual Retirement Account (IRA) or another qualified plan. A rollover allows you to defer income taxes until you withdraw the money from your plan.

Service Credit

Service credit is credit for service earned as a VRS defined benefit member. Members earn service credit for each month they are reported in a covered position. Service credit also may include credit for prior service a member may have purchased or additional service credit granted by an employer. Service credit is one of the factors used to calculate the VRS retirement benefit and determine eligibility for retiree benefits.

Survivor Option

The Survivor Option is one of the benefit payout options available at retirement. Under the Survivor Option, you elect to continue a monthly benefit to a survivor upon your death. If you work at least one year beyond your eligibility for an unreduced retirement, you can elect the Survivor Option with the Partial Lump-Sum Option Payment (PLOP). This option reduces your monthly benefit. You can name any living person as your survivor; you also can name more than one survivor.

Vesting

You become vested when you have at least five years (60 months) of service credit. Vesting is the minimum length of service needed to qualify for a retirement benefit, if you meet the age and service requirements for your plan, or to receive any contributions made by your employer to your member contribution account after July 1, 2010, should you leave covered employment and request a refund.

ABOUT VRS

Plan: The Virginia Retirement System (VRS) is administered based on the plan year July 1 to June 30. VRS is governed by the provisions of Title 51.1 of the *Code of Virginia*. Changes to the law can be made only by an act of the General Assembly.

Administration: VRS is an independent state agency. As provided under the *Constitution of Virginia*, VRS funds are separate from other state funds and can be used only to administer and pay benefits for members, retirees and beneficiaries. The Board of Trustees administers and is trustee of the funds of the Virginia Retirement System Trust, including Plan 1, Plan 2, the defined benefit component of the Hybrid Retirement Plan, and Plan 1 and Plan 2 hazardous duty benefits for political subdivision employees; the State Police Officers' Retirement System Trust, including Plan 1 and Plan 2; the Virginia Law Officers' Retirement System Trust, including Plan 1 and Plan 2; the Judicial Retirement System Trust, including Plan 1 and Plan 2, and the defined benefit component of the Hybrid Retirement Plan for judges; the Virginia Sickness and Disability Program (VSDP) Trust for state employees, including VSDP long-term care; the Virginia Local Disability Program (VLDP) Trust for eligible school division and political subdivision employees, including VLDP long-term care; a disability retirement option for certain members not covered under VSDP or VLDP; the Hybrid 457 Deferred Compensation Plan; the Hybrid 401(a) Cash Match Plan; the Optional Retirement Plan for Political Appointees, the Optional Retirement Plan for School Superintendents, the Optional Retirement Plan for Employees of Higher Education; the Commonwealth of Virginia 457 Deferred Compensation Plan; the Virginia Cash Match Plan; the Virginia Supplemental Retirement Plan; the Group Life Insurance Program; the Retiree Health Insurance Credit Program; and the Line of Duty Death and Health Benefits Trust Fund.

In addition, the Board administers or has substantial oversight responsibilities for the Benefit Restoration Plan, the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program, and the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund Program, as well as benefit eligibility determinations under the Line of Duty Act in Title 9.1 of the *Code of Virginia*.

Nine members serve on the VRS Board of Trustees. Their appointment is shared between the executive and legislative branches of state government. The Governor appoints five members, including the chairman. The Joint Rules Committee of the Virginia General Assembly appoints four members. The General Assembly confirms all appointments. Of the nine Board members, four must be investment experts; one must be experienced in employee benefit plans; one must be a local government employee; one must be an employee of a Virginia public institution of higher education; one must be a state employee; and one must be a public school teacher. The public employee members may be active or retired.

The Board appoints the director of the Virginia Retirement System, who serves as chief administrative officer, as well as the chief investment officer and the internal audit director.

Employees Eligible for Membership: Membership in VRS is automatic with employment in a covered position. Covered employment is a full-time permanent, salaried position with a VRS-participating employer. Some part-time permanent, salaried state positions also are covered under VRS. Participating employers include state agencies, public colleges and universities, local public school divisions and political subdivisions that have elected to participate in VRS.

VRS' Relationship With Employers: VRS administers benefits on behalf of employers that participate in VRS. Employers are not agents of VRS nor do they act at the direction of VRS. A list of participating employers is available at varetire.org.

Want to learn more about your VRS benefits?

Meet with a counselor at the VRS Retirement Counseling Center at 1111 East Main Street, Richmond, VA 23219. Sessions are held on a first-come, first-served basis with limited scheduled appointments available. The hours are 8:30 a.m.–4 p.m., Monday through Friday. Go to varetire.org for directions to the center and the parking deck; the first hour of parking is free.

Also, take advantage of free member education opportunities. Schedules and registration are available on the VRS website; select Education & Counseling from the Members homepage. For Deferred Compensation Plan Regional Education Meetings, select the Defined Contribution Plans tab.

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