

VRS MEMBER NEWS

Special Edition December 2013

Virginia Retirement System

What is the Hybrid Plan?

The 2012 General Assembly passed a series of pension reform initiatives, including the establishment of the VRS Hybrid Retirement Plan. The new plan will apply to most members hired on or after January 1, 2014. Most current VRS members will have the opportunity to elect the Hybrid Retirement Plan during an opt-in window from January 1 through April 30, 2014.

The VRS Hybrid Retirement Plan combines the features of a **defined benefit plan**, which pays a monthly retirement benefit based on age, total service credit and average final compensation, and a **defined contribution plan**, which provides a retirement benefit based on contributions and the investment performance of those contributions.

How does it work?

If you become a Hybrid Retirement Plan member:

- You contribute 4 percent of your creditable compensation to the defined benefit component of the plan each month;
- You and your employer each contribute 1 percent of your creditable compensation to the defined contribution component each month;
- You may voluntarily contribute up to an additional 4 percent in 0.5 percent increments to the defined contribution component each month;
- Your employer matches the first 1 percent of your voluntary contribution with a corresponding contribution of 1 percent;
- Each additional 0.5 percent increase is matched by your employer with a 0.25 percent contribution.

With the mandatory and voluntary contributions to the defined contribution component, you can contribute a maximum of 5 percent a month, with a 3.5 percent match from your employer. You may choose the investment options that best fit your needs from a variety of choices and may increase or decrease your voluntary contributions quarterly.

Am I eligible to elect the Hybrid Retirement Plan?

The new plan will apply to most members hired on or after January 1, 2014. As a current member, you can either remain in your current plan or join the hybrid plan during the opt-in period from January 1 through April 30, 2014. During this period, you may make an irrevocable decision to opt into the Hybrid Retirement Plan. If you opt in, your hybrid plan membership becomes effective July 1, 2014.

These current members are eligible to opt into the Hybrid Plan:

- State employees*
- School division employees
- Political subdivision employees*

*Some current members will not be eligible to opt into the Hybrid Plan:

- Optional Retirement Plan (ORP) participants
- Virginia Law Officers' Retirement System (VaLORS) members
- State Police Officers' Retirement System (SPORS) members
- Judicial Retirement System (JRS) members
- Political subdivision members who are covered by enhanced benefits for hazardous duty employees



Hybrid Retirement Plan

How is the Hybrid Retirement Plan different from Plan 1 and Plan 2?

- It includes a defined contribution component, to which you and your employer contribute.
- You have the opportunity to create an investment portfolio that addresses your current situation and goals.

There are also differences in benefits. For example, the retirement multiplier for the defined benefit component is 1.0 percent under the Hybrid Retirement Plan. Also, there is no disability retirement under the Hybrid Retirement Plan. If you are a state employee opting into the hybrid plan, you are covered under the Virginia Sickness and Disability Program (VSDP). If you are a political subdivision or school division employee opting into the plan, you are covered under the Virginia Local Disability Program (VLDP) or a comparable plan provided by your employer.

See the [Plan Comparison Guide](#) to review benefit provision similarities and differences.

How do I opt into the plan?

Wondering if the Hybrid Retirement Plan might be right for you? Review the Comparison Guide, then go to *myVRS* and use the Hybrid Plan Calculator. The calculator, available the first week in January, uses your member record to compare estimated retirement benefit amounts under the Hybrid Retirement Plan to estimated benefits under your current plan.

If you review your estimates, compare the benefits and decide to opt into the hybrid plan, select Yes, Get the Form, on the Decision page in the calculator to complete the Election of VRS Hybrid Retirement Plan (VRS-120). The VRS-120 is available only through the Hybrid Plan Calculator and is pre-filled with your estimate information from the calculator. Submit the VRS-120 to VRS, postmarked no later than April 30. If you do not have internet access, contact your employer or VRS. The voluntary contributions that you select will be deducted starting July 1, 2014. Your decision to opt into the Hybrid Retirement Plan is irrevocable, which means you cannot change the decision after April 30, 2014, when the opt-in period ends. If you decide to opt into the plan, your participation begins on July 1, 2014.

How Can I Find Out More?

Go to www.varetire.org/hybrid for these resources

Attend a Presentation

Attend one of VRS' [Hybrid Retirement Plan Presentations](#), scheduled throughout Virginia, January through April. Each session provides an overview of the Hybrid Retirement Plan, gives step-by-step instructions on using the Hybrid Plan Calculator and shows how the opt-in process works. A representative from ICMA-RC will provide an overview of the investment options available and how to use the ICMA-RC Member Portal to access your account and manage your investments.

Attend a Webinar

The [VRS Hybrid Retirement Plan Opt-in Process webinar](#) introduces you to the hybrid calculator. It walks you through the calculator, provides information about the opt-in process and reviews hybrid plan features.

- Attend live on December 19, 2013, 4 to 5 p.m.
- Register online

This live hybrid opt-in webinar will be repeated twice monthly, January through April 30, 2014. It also will be recorded and available at www.varetire.org, under Education and Counseling.

View a Webinar

Learn if you're eligible to opt into the Hybrid Retirement Plan by viewing The [Hybrid Retirement Plan Overview](#), a recorded webinar for members, available throughout the opt-in period. The webinar explores plan features and provides information to consider as you decide whether to opt into the plan. It is available at www.varetire.org, under Education and Counseling.

Visit a Webpage

Visit www.varetire.org/hybrid to see the:

- [Plan Comparison Guide](#): Compare Plan 1, Plan 2 and the Hybrid Retirement Plan.
- Hybrid Retirement Plan Handbook for Members: This handbook will be available on the [Publications page](#) of the VRS website in early 2014.
- [Hybrid Retirement Plan Calculator](#): The calculator, available in *myVRS* in early January, will help you, as a current member, decide if opting into the hybrid plan is a good option for you.

Call

Contact the Hybrid Retirement Plan Support Team at 1-855-291-2285 or email vrshybridsupport@varetire.org.