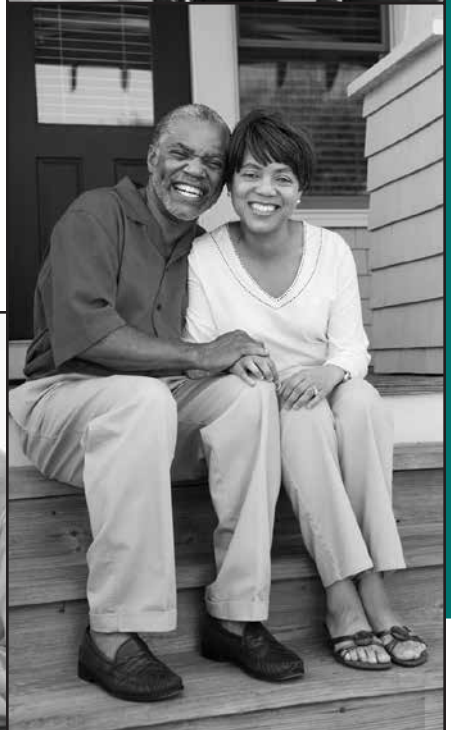




Retiree Handbook

FOR RETIREES UNDER
PLAN 1, PLAN 2 AND
THE HYBRID RETIREMENT PLAN



Retiree Handbook

FOR RETIREES IN PLAN 1, PLAN 2
AND THE HYBRID RETIREMENT PLAN*

**HELPING YOU PLAN
FOR TOMORROW,
TODAY**

**This guide does not apply to members of the Judicial Retirement System. See the Judicial Retirement System member handbook, and also contact VRS or your employer for additional assistance.*



RETIREE HANDBOOK

CONTACT VRS

varetire.org
retiree-info@varetire.org
888-827-3847
TDD: 804-289-5919
International Dialing: +1 804-649-8059

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
6641 West Broad Street, Richmond, VA 23230
VRS Administrative Offices
1200 East Main Street, Richmond, VA 23219
Mailing Address
P.O. Box 2500, Richmond, VA 23218-2500

CONTACT VOYA FINANCIAL

Record keeper for the VRS defined contribution plans (DCP) and the defined contribution component of the Hybrid Retirement Plan.

Log in to your DCP Account to send a secure message:
dcp.varetire.org/login
877-327-5261
Voya Richmond Office
6641 West Broad Street
Richmond, VA 23230
Mailing Address
Attn: Virginia Retirement System
One Orange Way
Windsor, CT 06095

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* and other applicable law. 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.

ADDITIONAL CONTACTS

- Anthem Blue Cross/Blue Shield (state retirees): 800-552-2682; anthem.com/cova
- Commonwealth of Virginia 457 Deferred Compensation Plan: 877-327-5261; dcp.varetire.org/457
- Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program: Genworth Life, 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; ssa.gov
- Virginia Department of Human Resource Management (state retirees): dhrm.virginia.gov
- Virginia Department of Taxation: 804-367-8031; tax.virginia.gov
- 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.varetire.org dhrm.virginia.gov/healthcoverage/loda-health-benefits
- Virginia Local Disability Program (VLDP) for school division and political subdivision retirees, if provided by your employer: Alight, 877-928-7021; vldpclaimservices.com; VLDP Long-Term Care Plan: illumifin Corp., 800-761-4057
- Virginia Sickness and Disability Program (VSDP) for state retirees: Alight, 877-928-7021; vsdpclaimservices.com; VSDP Long-Term Care Plan: illumifin Corp., 800-761-4057

TABLE OF CONTENTS

1. WELCOME TO RETIREMENT	
VRS: Serving You in Retirement	5
Receiving Your Monthly Defined Benefit	6
Cost-of-Living Adjustment (COLA)	7
Hazardous Duty Supplement	8
Managing Your Defined Contribution Plan Funds	8
Taxes on Your Benefits	9
Social Security	10
2. YOUR ONLINE ACCOUNTS HELP YOU STAY CONNECTED	
myVRS for Retirees	11
myVRS Financial Wellness	13
Using Your DCP Account	13
Security and Privacy	13
3. LIFE INSURANCE IN RETIREMENT	
Basic Group Life Insurance	15
Optional Group Life Insurance	17
Naming Your Beneficiary	17
4. HEALTH INSURANCE IN RETIREMENT	
State Retiree Health Benefits Program	19
Coverage for School Division and Political Subdivision Retirees	20
Medicare Benefits	20
Receiving the Health Insurance Credit	20
5. LONG-TERM CARE	
VSDP Long-Term Care Plan and VLDP Long-Term Care Plan	23
Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program	24
6. LIFE CHANGES	
Changing the Survivor Option	25
Divorce	25
Power of Attorney	26
Information for Your Loved Ones	27
7. WORKING AFTER RETIREMENT	
Non-Covered Employment	28
Teaching While Retired	29
Critical Shortage Positions	30
Retiree School Security Officer Positions	31
Returning to Covered Employment	31
Retired Faculty Returning to Covered Employment	33
Retiring Again	33
8. FREQUENTLY USED TERMS	34
9. ABOUT VRS	40

1

Welcome to Retirement

VRS: Serving You in Retirement
Receiving Your Monthly Defined Benefit
Cost of Living Adjustment (COLA)
Hazardous Duty Supplement

Managing Your Defined Contribution
Plan Funds
Taxes on Your Benefits
Social Security

VRS: SERVING YOU IN RETIREMENT

The Virginia Retirement System (VRS) had the privilege of serving you during your working life, providing you with benefit services, counseling and retirement planning. Now that you are retired, VRS continues to be by your side, helping you make the most of life in retirement. Your retiree handbook provides information on your benefit payments, accessing benefit information online, taxes, benefits available to you in retirement and other resources.

Your VRS benefits in retirement include:

- A monthly defined benefit (pension) payment.
- The investments and savings you earned if you participated in a defined contribution plan, such as the defined contribution component of the Hybrid Retirement Plan or the Commonwealth of Virginia 457 Deferred Compensation Plan, when you choose to take a distribution or annuity.
- Life insurance coverage, if eligible.
- Health insurance credit to help with the cost of your health insurance premiums, if eligible.
- Retiree website at varetire.org/retirees.
- Retiree News, your twice-yearly newsletter providing important benefit updates, annual direct deposit schedules and more.
- Access to myVRS, your VRS online account with retiree benefit information, including the ability to download tax forms, income verification documentation, update your contact information and change direct deposit instructions.
- Access to myVRS Financial Wellness. Tap into personalized content and tools through your myVRS account.
- Your DCP Account, a secure online link to your defined contribution retirement account(s).
- Workshops, seminars and one-on-one counseling.

At retirement, your defined benefit amount is based on a formula using your age, service credit and average final compensation. You receive this benefit according to the payout option you chose when you applied for retirement. If you participated in the Hybrid Retirement Plan or another VRS defined contribution plan, your savings from that plan depend on the contributions you made while working, your employer's contributions to your account and their investment performance. These benefits, along with Social Security and other savings, are the basis of your retirement income.

RECEIVING YOUR MONTHLY DEFINED BENEFIT

Once your application is approved, you will receive a letter confirming your selections and your defined 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 your other benefits. Keep this letter for future reference. You receive your first benefit payment on the first of the month after the month you retire. **Example:** If you retired on July 1, your first payment will be August 1. This is your payment for July.

- VRS deposits your monthly defined benefit payment to the financial institution account(s) you designated when you retired.
- Your payment is deposited on the first day of the month for the preceding month's benefit.
- If the first day of the month falls on a weekend or holiday, VRS will deposit your payment on the last business day of the preceding month. **Example:** If September 1 is a Saturday, your benefit will be deposited on Friday, August 31. January is an exception. For tax purposes, VRS must issue the January payment on the first business day of the new year. A schedule is available at varetire.org/retirees/direct-deposit-schedule.

Felony Conviction

If you are convicted of a felony and your employer determines that your conviction is related to your job duties, the employer must direct that all employer contributions and VRS-related benefits be forfeited. All member contributions will be refunded to you. Contact your human resource office for more information.

MANAGING YOUR DIRECT DEPOSIT ACCOUNT

Log in or register your myVRS account at myVRS.varetire.org to set up direct deposit for your monthly defined benefit or notify VRS when you change financial institutions or bank accounts and need to redirect your monthly benefit payment. Alternatively, you may complete and submit a new Authorization for Direct Deposit of Monthly Benefit (VRS-57) to VRS. The form is available at varetire.org/forms. Do not close your old account until your direct deposit begins in your new account. Verify your new deposit information through myVRS.

BENEFIT PAYOUT OPTIONS

You receive your defined benefit according to the payout option you chose when you applied for retirement. 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: Based on your age at retirement, years of service credit and average final compensation.

Survivor Option: You receive a lower monthly benefit during retirement so that your survivor can receive a monthly benefit after your death.

Basic Benefit with Partial Lump-Sum Option Payment (PLOP) or Survivor Option with PLOP:

If you selected the Basic Benefit or the Survivor Option and worked at least one year beyond the date you became eligible for an unreduced retirement benefit, you could choose to receive a onetime Partial Lump-Sum Option Payment (PLOP). This option reduces your monthly benefit.

Advance Pension Option: Your monthly benefit was increased temporarily. It will be permanently decreased at the age you selected at retirement, between age 62 and your normal retirement age under Social Security.

COST-OF-LIVING ADJUSTMENT (COLA)

You receive cost-of-living adjustments (COLAs) to your retirement benefit to assist with rising costs. The COLA is based on the annual monthly average of the Consumer Price Index for all Urban Consumers (CPI-U), which is published each December 31 by the U.S. Bureau of Labor Statistics. VRS reviews the COLA annually and implements any increases the following July 1 at the start of the fiscal year. During years of no inflation or deflation, the COLA will be 0%.

Plan 1. The COLA is calculated using the first 3% increase in the annual monthly average of the CPI-U and half of any additional increase (up to 4%), for a maximum COLA of 5%.

Plan 2 and Hybrid Retirement Plan. The COLA is calculated using the first 2% increase in the annual monthly average of the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%.

YOUR COLA EFFECTIVE DATE

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 the date you would have become eligible for an unreduced benefit.

For the current COLA, visit varetire.org/retirees.

EXCEPTIONS TO COLA EFFECTIVE DATES

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 if:

- You retire on disability.
- You retire directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP) or the Virginia Local Disability Program (VLDP).
- 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.

HOW THE COLA IS CALCULATED FOR YOUR PAYOUT OPTION

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.

HAZARDOUS DUTY SUPPLEMENT

The hazardous duty supplement is a dollar amount added to the monthly retirement benefit of eligible members. It continues until your normal retirement age under Social Security, or until age 65 for VaLORS Plan 1 members. 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.

The current supplement amount is available at varetire.org/retirees (select Receiving Your Benefit).

MANAGING YOUR DEFINED CONTRIBUTION PLAN FUNDS

If you are a Hybrid Retirement Plan retiree or you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan and the Virginia Cash Match Plan, the options for your account balance(s) are:

- Leave your money in your account(s) and continue to manage your investments. You cannot contribute to the Commonwealth of Virginia 457 Plan or hybrid plan accounts unless you return to salaried or wage employment with an employer that offers the plan.
- Use your Commonwealth of Virginia 457 Plan, Virginia Cash Match Plan, or Hybrid 457 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, including periodic payments and partial withdrawals.
- Roll over money from your VRS defined contribution account(s) 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 tax-deferred 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 Commonwealth of Virginia 457 Plan, Virginia Cash Match Plan or Hybrid 457 Plan account.
- Defined contribution plans retirement specialists offer no-cost counseling to help you transition to retirement and beyond.

Benefits Statements

VRS mails you a retirement benefits statement only when there is a change to your net benefit amount, such as when you receive a COLA or when your taxes change.

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 retirement date 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.

Distribution options include:

- Full lump-sum distribution.
- Partial lump-sum distribution.
- Periodic payments (monthly, quarterly, semi-annually or annually).
- Partial lump-sum distributions combined with periodic payments.
- Purchase of an annuity with all or a portion of the account balance.
- Roll over to another plan or IRA, including a Roth IRA.

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 73, or 2) the calendar year in which you terminate employment from the employer sponsoring your plan.

Requesting a distribution. Log in to your DCP Account at dcp.varetire.org/login and select your account(s) to request a distribution. Separate distribution requests are required for each defined contribution plan in which you participate.

For more information or to request a distribution by phone, contact Voya Financial at 877-327-5261.

TAXES ON YOUR BENEFITS

Your monthly VRS defined benefit is subject to federal income taxes and, if you live in Virginia, state income taxes. If your benefit includes after-tax contributions made to your member contribution account while you were employed, this portion of your benefit will not be taxed again. VRS does not withhold taxes for other states.

If you change your primary residence to another state and are having Virginia income taxes withheld, update your tax withholdings as soon as possible through your online myVRS account or by submitting the Request for Income Tax Withholding (VRS-15) to VRS. You can find the form at varetire.org/forms.

TAXES ON DEFINED CONTRIBUTION PLAN DISTRIBUTIONS

Generally, if you have a distribution paid directly to you, Voya Financial will withhold federal taxes of 20% and, if you live in Virginia, state taxes of 4%. However, you may request to have additional taxes withheld at the time of distribution. If you take a distribution from the Hybrid 401(a) Cash Match Plan or the Virginia Cash Match Plan paid directly to you before age 59½, the Internal Revenue Service (IRS) may impose an additional 10% tax penalty for early withdrawal; there are exceptions to this rule. There is no early withdrawal penalty if you take a distribution from the Hybrid 457 Deferred Compensation Plan or the Commonwealth of Virginia 457 Deferred Compensation Plan upon leaving employment.

For more information, read the IRS 402(f) Special Tax Notice available at varetire.org/irs402f or contact a tax advisor or the IRS at 800-829-1040 or irs.gov.

IMPORTANT TAX FORMS

You receive a Form 1099-R from VRS each January for the previous calendar year's defined benefit payments and tax withholdings. The form is also available in myVRS. If you take any distributions from a VRS defined contribution plan, you will also receive a Form 1099-R from Voya Financial. File these forms with your federal and state income tax returns.

The Form(s) 1099-R you receive from VRS and/or Voya Financial will show:

- Your defined benefit payments, or your defined contribution account distributions.
- Taxes withheld.
- Other account information for the previous calendar year.

If you participate in the VRS Group Life Insurance Program and have imputed income, you will receive Form W2 from VRS. Imputed income is based on the cost of life insurance in excess of \$50,000, as determined by the 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 benefit exceeds \$50,000.

SOCIAL SECURITY

You are eligible for a full Social Security benefit in addition to your VRS retirement benefit when you reach your normal Social Security retirement age. You may qualify for a Social Security retirement benefit as early as age 62. The amount of your Social Security benefit is based on lifetime earnings and how many years you worked.

APPLYING FOR SOCIAL SECURITY

Go to ssa.gov for more information, including an online application form. Use Social Security's online planner and estimator for retirement benefit estimates based on your actual Social Security earnings record. Need more help? Call the Social Security Administration at 800-772-1213 or contact your local Social Security Administration office.



2

Your Online Accounts Help You Stay Connected

myVRS for Retirees
myVRS Financial Wellness
Using Your DCP Account
Security and Privacy



Your myVRS account moves with you from active member to retiree. If you registered for myVRS while working, you keep the same account when you retire. You continue to use your secure myVRS member account username and password. Remember to use a personal email address you will have access to in retirement.

If you are registered but have not accessed your myVRS account within 90 days, you will be required to reset your password to log in.

If you did not have a myVRS member account before retiring: Go to myVRS.varetire.org/register and follow the on-screen instructions. When logging in for the first time, you will need to verify your identity using one of the following methods:

- **Net Benefit Payment Amount:** If you have received at least one monthly benefit payment in retirement, you may enter your net payment amount. Find this amount by referring to the most recent statement of benefits you received in the mail from VRS or by checking the VRS deposit amount on your most recent bank statement or online banking account.
- **myVRS Access Code:** If you retired within the last 90 days, you can use the one-time authentication code you received in the mail from VRS.

If you cannot access your myVRS account using one of these methods, you will answer security questions to confirm your identity. The information you provide is never shared outside of the verification process.

After you complete your initial login, you will need only your username and password for future access.

IF YOU JUST RETIRED

When you log in to your account after applying for retirement, a banner at the top of the page will confirm that VRS has received your retirement application. You will continue to see your member information until you receive your first benefit payment. Once VRS has issued your first benefit payment, the information in your myVRS account will switch from active member information to retiree information.

VIEW AND MANAGE YOUR RETIREMENT BENEFITS

Using myVRS (myVRS.varetire.org), you can view your monthly benefit payment, when and where it was deposited and other current information about your VRS benefits. From the home page, Your Retirement at a Glance provides:

- **Last payment date and net monthly benefit payment.** Shows current payment information. Under Detailed Payment Information, see your net and gross payment amounts for the month and year, your financial institution information and your health insurance credit amount, if you are eligible, for the month and year. View the direct deposit dates for the year at varetire.org/retirees/direct-deposit-schedule.
- **Retirement Information Summary.** Reflects the selections you made at retirement, including your retirement date. It also includes your VRS plan type and your age at retirement.
- **Your Payment Destination.** Shows the financial institution and address where your defined benefit payment is deposited. Change your direct deposit account through myVRS or by submitting the Authorization for Direct Deposit of Monthly Benefit (VRS-57).

QUICKLY FIND INFORMATION YOU NEED

Links on every page help you navigate efficiently:

- **Update My Profile.** Change your address, phone number, username and password.
- **Print your income verification.** The details of your most recent defined benefit payment are included on the printed letter.
- **View your federal and state tax information.** Keep track of federal and state income tax withholdings and exemptions.
- **Change your tax withholdings.** Use the built-in calculator to enter different withholding amounts, review the impact on your monthly defined benefit and submit withholding changes.
- **Review your Cost-of-Living Adjustments (COLAs).** View COLAs for the current year and last five years.
- **Update your beneficiaries.** Update your beneficiaries for your VRS defined benefit member account and group life insurance benefits to ensure payments are made according to your wishes. Use your DCP Account to update defined contribution plan beneficiaries.
- **Review your health insurance information.** If you are a state employee who enrolled in the State Retiree Health Benefits Program, view the name of your plan, date of coverage and the premium amount.
- **Manage your health insurance credit information.** If your health insurance credit is not automatically included in your benefit payment, you can request the credit online, if eligible, and report future changes in insurance premiums.
- **Review your life insurance information.** View the amount of your basic group life insurance coverage.
- **Manage your optional group life insurance.** If applicable, view and update your optional group life insurance coverage through Securian Financial.

IMPORTANT EMAIL NOTICE

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

myVRS FINANCIAL WELLNESS

When it comes to money management and improving your overall financial health, it's never too late to sharpen your skills and gain new knowledge. Tap into personalized financial wellness features and tools through your myVRS account.

Grow your confidence in financial decision-making through a variety of resources, including articles, videos, educational games, calculators, budgeting tools, interactive courses, personalized action plans and content recommendations based on your interests.

Increase your knowledge on topics like:

- Debt and credit management.
- Spending habits.
- Identity theft protection.
- Saving and investing.
- Health insurance and long-term care costs and coverage.

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

Questions?

Within myVRS you'll find the answers to frequently asked questions at the top of each page under Help.

Can't recall your account username or password? Click on the Forgot Username feature on the myVRS login page. In many cases, you can regain access to your account. If you get locked out of your account, call VRS at 888-827-3847. For additional questions, call VRS or email myVRSONlineassistance@varetire.org.

USING YOUR DCP ACCOUNT

If you are a member in the Hybrid Retirement Plan or participate in another VRS defined contribution plan, such as the Commonwealth of Virginia 457 Deferred Compensation Plan and Virginia Cash Match Plan, access your Defined Contribution Account through Voya Financial at dcp.varetire.org/login. View contributions and balances for each account, create fund comparisons, and use calculators and other educational resources to help you manage your savings. It's important to name beneficiaries for your defined contribution accounts. The beneficiaries you name for your defined benefit account do not automatically carry over to your DCP accounts.

Self-Service Phone Line

Voya Financial also offers a 24/7 self-service phone line at 877-327-5261, which allows you to make account changes, register for one-on-one counseling and more. You will need your account ID or Social Security number.

SECURITY AND PRIVACY

VRS and Voya Financial are committed to protecting the security and privacy of your information. No one but you has access to your myVRS account or your defined contribution account; never give anyone your usernames and passwords. Visit varetire.org/securitycenter for more security information and tips.

VRS and Voya Financial do not sell your information to anyone. Your information is only shared with third-party administrators authorized to help coordinate benefits and services for VRS members, retirees and beneficiaries.

Tips to Protect Your Identity:

- Do not close your browser to log out of your accounts. Always select the Logout option before exiting your account.
- Never send personal or confidential information, such as your Social Security number, through email. VRS and Voya Financial will send only non-confidential replies.
- Do not use the same password for myVRS and your DCP Account. Nor should you use those passwords to access other secure systems, such as your online bank account.
- Change your passwords regularly.
- Store any printed copies of your online account information securely.
- Never use publicly shared computers or public Wi-Fi to access secure systems.

SECURITY BEST PRACTICE: CLAIM YOUR ONLINE ACCOUNTS

VRS and Voya Financial take many measures every day to keep your information secure. You can help by registering for your defined benefit account at myVRS.varetire.org and your DCP Account at dcp.varetire.org/login, completing the identity-verification steps and then establishing a password-protected account. Verifying your online accounts helps prevent someone else from attempting to lay claim to the accounts fraudulently. Remember to use a personal email address you will have access to in retirement.

If you are registered but have not accessed your myVRS account within 90 days, you will be required to reset your password to log in.

Financial Planning Services

VRS retirees have access to financial planning services provided through Voya Financial, the record keeper for VRS defined contribution plans. Participation in a VRS defined contribution plan is not required to take advantage of these services.

Financial planning professionals offer guidance and support to help you feel confident about your financial security and find a path forward for:

- Reducing debt.
- Budgeting.
- Protecting your loved ones.
- Optimizing Social Security benefits.
- Planning your estate.

Visit varetire.org/make-a-plan to learn more.

3

Life Insurance in Retirement

Basic Group Life Insurance

Optional Group Life Insurance

Naming Your Beneficiary

BASIC GROUP LIFE INSURANCE

If you had life insurance through the VRS Group Life Insurance Program when you were working and you meet the eligibility requirements for retirement, you have basic group life insurance coverage in retirement. Life insurance benefits are administered by Securian Financial.

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.
- 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.

IF YOU DO NOT HAVE VRS LIFE INSURANCE

If your former employer did not cover employees with the VRS group life insurance, contact your former employer's human resource office to determine if life insurance coverage is offered through another provider.

LIFE INSURANCE COVERAGE REDUCTION

Your VRS life insurance 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

Reduction Timeline	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, 2025. 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, 2027, 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, 2028, 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, 2029, 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.*

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 at 800-441-2258 for assistance. Depending on your circumstances, you may want to consider the accelerated death benefit. The accelerated death benefit allows you to withdraw some or all of your life insurance coverage to use for any purpose if you are diagnosed with a terminal condition and have fewer than 12 months to live. Your beneficiary or survivor will receive any amount remaining upon your death.

LOANS PROHIBITED

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

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.

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 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. The amount of optional coverage eligible for continuation as a retiree may not be more than the level of coverage you had as an active employee. You may choose Option 1 for yourself (your creditable compensation at retirement) or Option 2 (twice your creditable compensation at retirement), not to exceed \$375,000. You, as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date.

The accidental death benefit and dismemberment coverage end upon retirement. The value of your VRS optional life insurance reduces by 25% beginning with your normal retirement age under your plan, with additional reductions occurring at ages 70 and 75. All optional life insurance coverage ends at age 80.

You as well as your spouse and dependent children, if enrolled, can convert 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. The form is available at varetire.org/forms. This option is not available after 31 days.

If you need to reduce or cancel coverage in retirement, log in to your myVRS account to securely link to Securian Financial.

NAMING YOUR BENEFICIARY

Through your myVRS account, you can designate or change your beneficiary for life insurance benefits as well as any member contributions and interest remaining in your defined benefit member contribution account upon your death.

Note: Your beneficiary designation in myVRS applies only to life insurance and your defined benefit member contribution account. Beneficiary designations for VRS defined contribution plans are updated separately using your DCP Account at dcp.varetire.org/login.

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 defined benefit 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.

VRS is required by law to pay benefits according to the latest beneficiary designation in your member record. Review your beneficiary designation regularly and update it if necessary.

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: You can elect the order of precedence instead of designating a beneficiary.



4

Health Insurance in Retirement

State Retiree Health Benefits Program

Coverage for School Division and Political Subdivision Retirees

Medicare Benefits

Receiving the Health Insurance Credit

Although VRS does not administer health insurance benefits for retirees, several options are available to you depending on your age and employer. Some premiums may be deducted from your monthly defined benefit payment. VRS does administer the health insurance credit for eligible retirees.

STATE RETIREE HEALTH BENEFITS PROGRAM

If you retired as a state employee, you were eligible to enroll in the State Retiree Health Benefits Program within 31 days of your retirement date. If you elected this coverage, VRS will deduct the health insurance premiums from your monthly defined benefit payment. If your benefit is not sufficient to cover the deduction, the health insurance carrier will bill you directly for the premiums. If you waived coverage, you cannot enroll at a later date unless you continue coverage through your spouse's plan.

The State Retiree Health Benefits Program is administered by the Department of Human Resource Management (DHRM). For more information, see dhrm.virginia.gov.

Enrollment options for your survivors. If you elected 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 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](#) to VRS. Canceling 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.

COVERAGE FOR SCHOOL DIVISION AND POLITICAL SUBDIVISION RETIREES

Your employer may offer retiree health insurance coverage. Some employers have arranged with VRS to deduct the premiums from the monthly retirement benefit. Contact your former employer's human resource office for more information.

MEDICARE BENEFITS

Medicare is a federal government-sponsored health insurance program. You become eligible for Medicare when you reach age 65. Medicare includes:

- Coverage for hospital care (Part A) at no cost to you.
- Medical care (Part B), for which you pay monthly premiums.
- The option to elect coverage under the prescription drug plan (Part D).

Apply for Medicare at least three months before your 65th birthday online at [medicare.gov](https://www.medicare.gov) or call 800-MEDICARE (800-633-4227) for assistance. If you are receiving Social Security benefits, you will be enrolled automatically when you qualify and do not need to apply. The premiums will be deducted from your Social Security benefit.

Medicare is your primary health care insurer. You may go to any physician, hospital or health care facility that accepts Medicare. You pay a deductible and then Medicare pays its share of your health care expenses and supplies.

If you have other health insurance coverage, also known as secondary insurance, this insurer will pay its share of covered expenses.

RECEIVING THE 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. Eligible employees include:

- State employees.
- Teachers and school administrators.
- General registrars and their employees, constitutional officers and their employees and local social service employees.
- Non-teacher school division employees.
- Employees of political subdivisions that have elected to offer the health insurance credit.

The health insurance credit is a dollar amount set by the General Assembly for each year of service credit, as shown below, 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.

HEALTH INSURANCE CREDIT DOLLAR AMOUNTS

Eligible Employees	Amount per Year of Service	Maximum Credit per Month
State employees	\$4.25	No cap
Teachers and school administrators	\$4.00	No cap
General registrars, their employees and local social service employees	\$1.50	\$45.00
General registrars, their employees and local social service employees, if the political subdivision has elected the \$1.00 enhancement	\$2.50	\$75.00
Constitutional officers and their employees	\$1.75	\$52.50
Constitutional officers and their employees, if the political subdivision has elected the \$1.00 enhancement	\$2.75	\$82.50
Non-teacher school division employees	\$1.50	No cap
Non-teacher school division employees, if the political subdivision has elected the \$1.00 enhancement	\$2.50	No cap
Other political subdivision employees if elected by the employer	\$1.50	\$45.00

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.
- Long-term care insurance contracts.
- Long-term disability insurance.
- Hospital or accident indemnity policies.
- Supplemental policies for cancer or other specific illnesses.
- Medical discount programs.

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

- Health care sharing ministries or cooperatives.
- Direct primary care arrangements such as concierge medicine.
- Life insurance.

APPLYING FOR THE HEALTH INSURANCE CREDIT

If VRS is deducting your health insurance premium from your benefit, you do not need to apply for the health insurance credit. If VRS is not deducting your health insurance premium or you have eligible health insurance coverage in addition to your employer-sponsored coverage, register or log in to your myVRS account to manage your health insurance credit online, or complete and send the Request for Health Insurance Credit (VRS-45) form to VRS. The form is available at varetire.org/forms. The credit will be added to your monthly retirement benefit. If you do not receive a monthly benefit, you will receive a check from VRS for the reimbursable amount.

If you are covered under your spouse's health insurance plan, your health insurance credit is based on your portion of the health insurance premium. Your spouse's health insurance provider can advise you of the premium amount represented by your coverage.

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 logging in to myVRS or submitting a new Request for Health Insurance Credit (VRS-45) to VRS.

VSDP LONG-TERM CARE PLAN AND VLDP LONG-TERM CARE PLAN

If you retired as a state employee and had coverage under the Virginia Sickness and Disability Program (VSDP), or you retired under the Hybrid Retirement Plan and had coverage under the Virginia Local Disability Program (VLDP) for school division and political subdivision employees whose employers participate, you had the option to continue your coverage into retirement. If you continued your coverage, you are paying the premiums directly to illumifin Corp.

These plans provide assistance with the following costs:

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

QUALIFYING FOR BENEFITS

You are eligible for benefits if a licensed healthcare practitioner certifies that:

- You are unable to perform at least two of six activities of daily living without substantial assistance; or
- You have a severe cognitive impairment requiring substantial supervision to protect you from threats to health and safety.

The maximum daily benefit amount is \$96, with a lifetime maximum of \$70,080. If you are eligible for the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program or have other long-term care insurance, you may be able to coordinate with the VSDP Long-Term Care Plan or VLDP Long-Term Care Plan to obtain even more coverage.

Waiting period. Benefits are payable 90 calendar-days after your licensed healthcare practitioner certifies that you qualify for long-term care benefits.

Six Activities of Daily Living

- Bathing
- Transferring, such as getting in and out of bed
- Dressing
- Toileting (using the bathroom)
- Continence
- Eating (ability to feed oneself)

HOW TO FILE A CLAIM

Contact illumifin Corp. within 60 days of when your licensed health care practitioner certifies that you are eligible for benefits. A family member or friend may call on your behalf.

Contact:

illumifin Corp.

P.O. Box 64011

St. Paul, MN 55164-0011

800-761-4057

COMMONWEALTH OF VIRGINIA (COV) VOLUNTARY GROUP LONG TERM CARE INSURANCE PROGRAM

As a VRS retiree, you are eligible to enroll in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program. Your former employer is not required to have elected the program. You can apply for the program at any time, provided you are age 75 or under. Your spouse or surviving spouse age 75 or under may also apply. Genworth Life Insurance Co., the insurer for the program, requires medical underwriting (proof of good health).

Other program features:

- 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.
- If you are eligible for the VSDP Long-Term Care Plan or have other long-term care insurance, including the VLDP Long-Term Care Plan, you may be able to coordinate with the voluntary program to obtain even more coverage.

Contact Genworth at 866-859-6060
or visit genworth.com/cov.



CHANGING THE SURVIVOR OPTION

If you chose the Survivor Option at retirement, you may 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.

Note: Generally, you can change the Survivor Option only once. In addition, if you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, you must select your retirement benefit option as directed by the ADRO.

To Change Your Survivor

If you elected the Survivor Option and need to change your survivor, call VRS at 888-827-3847 for assistance.

DIVORCE

In the event of a divorce, all or a portion of your retirement benefit or defined contribution account(s) 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 who is awarded part of your benefit by the court. The court, not VRS, decides whether to divide your retirement benefit or defined contribution account(s) and how your benefits are 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. Read more about the impact of divorce on your VRS benefits at varetire.org/adroinfo.

Other attachments. The *Code of Virginia* allows other attachments to your VRS accounts or benefits. 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 VRS accounts or benefits to anyone other than yourself without your written authorization, unless your information is subpoenaed.

POWER OF ATTORNEY

You have an opportunity to name a trusted person to act on your behalf in the event you need assistance with your retirement accounts. 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.

VRS DURABLE POWER OF ATTORNEY (VRS-901)

The VRS Durable Power of Attorney (VRS-901) allows you to name someone as your agent in the event you can no longer handle your own affairs. Depending on your authorization, your agent can take actions on your behalf and in accordance with your wishes if you can no longer take care of your own affairs.

Consider naming a power of attorney before you need one. If you should become incapacitated, VRS will have your information on file and can work with your designated agent. You do not have to be incapacitated to have your agent handle your affairs under a VRS-901. However, VRS must have the VRS-901 on file designating the individual you wish to act as your agent.

The authority granted by the VRS-901 is limited to matters relating to your VRS record. The agent you designate on the VRS-901 will not have authority over matters outside of VRS. You may submit any valid durable power of attorney drafted by your legal counsel to VRS at P.O. Box 2500, Richmond, VA 23218-2500.

AUTHORIZATION TO DISCUSS VRS ACCOUNT INFORMATION (VRS-900)

The VRS-900 allows you to name one or more individuals to speak to a VRS representative about your VRS benefits and account information. It does not allow anyone to take actions on your behalf. If you would like someone other than your agent you named as power of attorney to have this authority, complete the Authorization to Discuss VRS Account Information (VRS-900) and submit it to VRS.



INFORMATION RELEASE AUTHORIZATION – DEFINED CONTRIBUTION PLANS

This form authorizes a third party to obtain information regarding your defined contribution account(s). Please note that it does not authorize this individual to conduct transactions on your behalf. To access this form, visit dcp.varetire.org, select your plan, and navigate to the Forms tab on your defined contribution plan's website.

INFORMATION FOR YOUR LOVED ONES

Your loved one should call Securian Financial at 800-441-2258 to report your death. Life insurance benefits are administered by Securian Financial. The person who calls Securian Financial will need:

- Your full name, Social Security number and date of death as well as a mailing address where claim information can be sent.
- Original or certified copy of the death certificate.
- Original or certified letter of qualification issued by a Circuit Court if benefits are to be paid to an estate.
- Copies of the trust agreement establishing a trust and appointment of individual trustee if benefits are to be paid to a trust.
- Copy of guardianship appointment for the minor child's estate if benefits are to be paid to a minor child.
- Copy of power-of-attorney document if benefits are to be paid to a non-minor beneficiary who has a designated attorney-in-fact to handle his or her affairs.

Securian Financial can initiate VRS benefit claims and will provide information to VRS for processing any benefits due, such as:

- Life insurance benefits.
- Payment of any remaining member contributions in your VRS member contribution account or a monthly benefit to your named survivor if you elected the Survivor Option at retirement.
- Payment from your defined contribution plan accounts, if you participated in these plans.
- Health insurance benefits for your eligible dependents if you are a state retiree, if applicable.

For more information, see *Losing a Loved One: Guide for Families* available at varetire.org/publications.

WHAT HAPPENS TO MY DEFINED BENEFIT MEMBER CONTRIBUTION ACCOUNT WHEN I DIE?

If you did not elect the Survivor Option when you retired, the retirement benefit stops and your beneficiary is eligible for a lump-sum payment of any member contributions and interest remaining in your defined benefit member contribution account in addition to VRS life insurance benefits, if applicable.

If you elected the Survivor Option, your member contributions help fund your survivor's benefit. Your survivor will receive a monthly benefit upon your death in the amount you designated at retirement instead of a lump-sum payment of any contributions remaining in your account.

Non Covered Employment
 Teaching While Retired
 Critical Shortage Positions
 Retiree School Security Officer Positions

Returning to Covered Employment
 Retired Faculty 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 monthly defined benefit payment and any defined contribution plan distributions 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 on the retirement application that there has been no verbal or written offer of reemployment after retirement.

FULL-TIME AND PART-TIME EMPLOYMENT

If you want to work for a VRS-participating employer and continue to receive your retirement benefits, you must work 80% or less of the hours required of a full-time employee in the same or a comparable covered position. If you work in more than one part-time position and continue to receive your retirement benefits, the total number of hours for all positions cannot exceed a part-time schedule.

Employers, not VRS, classify positions as full-time or part-time and define the hours applicable to each classification according to the following guidelines:

- Full-time employment is typically considered to be 40 hours a week. Thirty-two hours is the usual minimum number for a full-time position.
- Part-time employment is typically 80% or less of a comparable full-time position. Note that some permanent part-time state positions and non-adjunct positions working 20 hours or more with a Virginia public college or university are paid on a salaried basis and are considered covered positions providing eligibility for benefits.
- Some full-time positions may be considered noncovered 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.

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.

TEACHING WHILE RETIRED

You may work in a non-covered part-time teaching position with your former school division, or an adjunct teaching position with a public college or university and continue to receive your retirement benefits, provided you have a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. This includes teachers who retired under an early retirement incentive program (ERIP). Periods of leave with or without pay, including educational leave and sabbaticals, as well as intersession periods, do not count toward satisfying the bona fide break in service. If you were on a nine-, 10- or 11-month contract, summer breaks also do not satisfy this requirement.

Examples:

- You were on a nine-month contract for the period August 1 to May 31, and you retired at the end of your contract. If you wish to return to part-time employment with your employer, the months of June, July and August will not count toward satisfying the bona fide break in service. To continue receiving your retirement benefits, the earliest you could return to work would be October 1.
- You were on a 10-month contract for the period August 20 to June 15, and you retired at the end of your contract. If you wish to return to part-time employment with your employer, the months of July and August will not count toward satisfying the bona fide break in service. To continue receiving your retirement benefits, the earliest you could return to work would be October 1.

If you are a retired teacher or faculty member and want to teach while you are retired, contact your former human resource office to determine the earliest you could return to a non-covered part-time teaching position without interrupting your retirement benefits. Part-time employment is typically 80% or less of a comparable full-time position. If you return to any position covered under VRS, whether or not it is a teaching or faculty position, your retirement benefits will stop and you will become an active member.

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.

CRITICAL SHORTAGE POSITIONS

You may be eligible to return to work full time in a critical shortage position at a Virginia public school. Positions are full-time and temporary (non-covered) for the current school year. If you qualify, you will continue to receive your monthly retirement benefit, but you will not earn additional service credit or be eligible for VRS member benefits.

There are three types of critical shortage positions:

- **Teachers:** Includes teachers, principals and assistant principals.
- **Specialized Student Support Positions:** Includes positions employed by the school board such as school social workers, school psychologists, school nurses, licensed behavior analysts, licensed assistant behavior analysts, speech-language pathologists and other licensed health and behavioral positions as determined by the Virginia Department of Education and the *Code of Virginia*.
- **Bus Drivers.**

To be considered for a critical shortage position after retiring, you must:

- Be retired from an eligible VRS-covered position. Members of the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible.
- Be hired by a Virginia public school division in a designated critical shortage position.
- Hold a license for the position by the Virginia Board of Education or per the *Code of Virginia*.
- Have a break in service of at least six consecutive months between your retirement date and the date work begins in the 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 Virginia 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 six 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 a 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 a covered position with a VRS-participating employer, you generally will be rehired in the plan from which you retired. In certain circumstances involving hazardous duty or judicial service, you will be rehired under the currently applicable retirement plan for your new position. Check with your employer or VRS. Hybrid Retirement Plan members who return to covered employment will need to elect voluntary contributions to the defined contribution component of their retirement plan.

YOUR BENEFITS

Upon reemployment in a covered position, your retirement benefit payments stop. You will resume earning service credit toward your next retirement. When you retire again, you will retire under the currently applicable plan for your position, which may change the benefit calculation for your second retirement. Your subsequent benefit calculation will also include the additional service credit as well as any increase in your average final compensation. In many cases, that will result in a higher subsequent benefit than your current benefit amount. However, depending on your circumstances, your next benefit may actually be less.

Before You Accept Employment

If you want to work after you retire, call VRS at 888-827-3847 to determine the impact on your retirement benefits. Also contact the Social Security Administration at 800-772-1213 or visit [ssa.gov](https://www.ssa.gov) for information on the effect of earnings during retirement on your eligibility for Social Security benefits.

Examples

- Any cost-of-living adjustments (COLAs) you are receiving with your current benefit will not immediately resume when you retire again. As a result, your subsequent benefit may be less than what you are receiving now, especially if you have been receiving the COLA for several years. You will become eligible for a COLA effective July 1 of the second calendar year after your subsequent retirement date. The COLA will be calculated as if you were retiring for the first time.
- If you retired under a severance benefits program administered by VRS, you will lose any additional retirement credits used to calculate your current benefit upon subsequent retirement. This may affect whether or not your next benefit is less than your current benefit amount.

HAZARDOUS DUTY ENHANCED BENEFITS AND RETURN TO WORK

If you retired with an enhanced benefit from a position covered by VRS, SPORS or VaLORS and return to covered employment with any VRS-participating employer in any capacity, your retirement benefit will be determined based on the plan you are covered under at the time of your subsequent retirement. This may result in the loss of enhanced hazardous duty retirement benefits.

LIFE INSURANCE AND DISABILITY COVERAGE UPON REEMPLOYMENT

Basic Group Life Insurance

- If you have retiree coverage under the VRS Group Life Insurance Program and return to an employer that participates in the program, you will resume active member coverage for basic life insurance benefits. The amount of coverage will be based on your creditable compensation upon reemployment or, if you have 20 or more years of service credit, your highest creditable compensation as a covered employee.
- If you have retiree coverage and return to an employer that does not participate in the VRS Group Life Insurance Program, you will continue your retiree coverage at the level to which it had reduced before reemployment.

Optional Group Life Insurance

- If you return to an employer that participates in the group life insurance program, you can apply for the Optional Group Life Insurance Program for yourself as well as a spouse or dependent children upon reemployment. You will pay the premiums.
- If you elected optional life insurance with your previous position and continued your coverage into retirement, this coverage will not continue if you return to covered employment with an employer that participates in the VRS Group Life Insurance Program. You must reapply to have optional life coverage again as an active member. However, if you converted your previous coverage to an individual policy, you may continue your policy as well as reapply for coverage as an active member if you wish.

DISABILITY COVERAGE

If you return to covered employment, you will be enrolled automatically in the Virginia Sickness and Disability Program (VSDP), or the Virginia Local Disability Program (VLDP) or a comparable program provided by your employer. You will be required to satisfy eligibility periods for non-work-related disability coverage and certain income replacement levels. For program details, state employees should refer to the *VSDP Handbook for State Employees*, and eligible political subdivision employees should refer to the *VLDP Handbook*. Both are available at varetire.org/publications.

DEFINED CONTRIBUTION PLAN DISTRIBUTIONS

If you return to covered employment, you will be able to resume contributions or enroll in, if applicable, the defined contribution plans. Hybrid Retirement Plan members who return to covered employment will need to elect voluntary contributions to the defined contribution component of their retirement plan. If you return to covered employment and are receiving plan distributions, your distributions will stop. You cannot receive distributions while working in a covered position unless you are age 70½ or older and eligible for an in-service distribution.

RETIRED FACULTY RETURNING TO COVERED EMPLOYMENT

If you are retired under VRS Plan 1, Plan 2 or the Hybrid Retirement Plan and return to a permanent, salaried full-time or part-time faculty position, you may continue in the defined benefit plan under which you retired, or you may elect the Optional Retirement Plan for Higher Education (ORPHE). You are not required to have a break in service to be eligible for this election.

If you return to a non-faculty position covered under VRS or to the State Police Officers' Retirement System (SPORS) or the Virginia Law Officers' Retirement System (VaLORS), you will come under the provisions of that plan for retirement and other benefits.

RETIRING AGAIN

If you are working in a covered position after having previously retired under VRS, your next retirement benefit will be recalculated to include the additional service credit earned in your current position as well as any changes in your average final compensation.

WORKFORCE TRANSITION ACT AND RETURN TO WORK

If you retired under a severance benefits program and return to work in a VRS-covered position, your severance benefit will stop. When you retire again, you will lose any additional retirement credits that were used to calculate your previous benefit. This may affect whether or not your next benefit is less than your current benefit amount.

APPLYING FOR SUBSEQUENT RETIREMENT

You must submit a new retirement application and elect the same benefit payout option you elected previously. If you elected the Partial Lump-Sum Option Payment (PLOP) for your previous retirement, you will not receive another PLOP; your subsequent benefit also will be adjusted for the payment of your first PLOP. If you elected the Advance Pension Option, your subsequent benefit calculation will be adjusted for the temporary increase in your previous benefit.

COST-OF-LIVING ADJUSTMENT (COLA)

Any cost-of-living adjustments (COLAs) you were receiving with your previous retirement benefit will not resume when you retire again. When you become eligible for a COLA, it will be calculated as if you are retiring for the first time. The same waiting period as when you retired for the first time will also apply.

8

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) or are covered under an optional retirement plan administered by VRS. Covered employment is a full-time, salaried position. Some part-time permanent, salaried positions also are covered under 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").

Activities of Daily Living

Members may need long-term care if they cannot perform at least two of the following activities of daily living: bathing; transferring, such as getting in and out of bed; dressing; toileting (using the bathroom); continence; or eating (ability to feed oneself).

Advance Pension Option

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

Approved Domestic Relations Order (ADRO)

An Approved Domestic Relations Order (ADRO) is a court order related to marital property rights as a result of a divorce. If you divorce, your VRS benefits or defined contribution account(s) may be regarded as marital property in a property settlement.

Average Final Compensation

For Plan 1, average final compensation is the average of your 36 consecutive months of highest creditable compensation as a covered employee. For Plan 2 and the Hybrid Retirement Plan, it 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 under the defined benefit component.

Basic Benefit

Your Basic Benefit was calculated based on a formula using your average final compensation, a retirement multiplier and your total service credit at retirement. You could elect the Basic Benefit or another payout option when you applied for retirement.

Beneficiary Designation

Your beneficiary is eligible for a payment of any funds remaining in your defined benefit member contribution account and any life insurance benefits you may have upon your death. You also set beneficiary designations for any defined contribution accounts in which you participate. Beneficiary designations for each account are separate; you can designate the same or different beneficiaries for each account.

Benefit Payout Options

When you applied for service retirement, you elected how you wanted to receive your defined benefit. There were 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 elected 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 retirement date or your last day of employment over a period you normally would work.

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.

Creditable Compensation

Creditable compensation is your annual 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.

**Consumer Price Index
for All Urban Consumers
(CPI-U)**

The cost-of-living adjustment (COLA) is based on the annual monthly average of 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

You receive cost-of-living adjustments (COLAs) to your retirement benefit to assist with rising costs. The COLA is based on the annual monthly average of the Consumer Price Index for all Urban Consumers (CPI-U), published by the U.S. Bureau of Labor Statistics, and is updated each July 1. During years of no inflation or deflation, the COLA will be 0%.

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.

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.

Defined Benefit Component (Hybrid Retirement Plan)

The defined benefit component of the Hybrid Retirement Plan provides a retirement benefit based on your age, total service credit and average final compensation at retirement. VRS manages the investments and related risk for member and employer contributions under this component.

Defined Contribution Component (Hybrid Retirement Plan)

The defined contribution component of the Hybrid Retirement Plan provides a retirement benefit based on member and employer contributions and net investment gains on contributions. You manage the investments and related risk for this component.

Defined Contribution Plans

The defined contribution plans administered or authorized by VRS include the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans; the Hybrid 457 Deferred Compensation Plan and Hybrid 401(a) Cash Match Plan; the Optional Retirement Plan for Political Appointees, Optional Retirement Plan for School Superintendents and Optional Retirement Plan for Higher Education; and the Virginia Supplemental Retirement Plan for certain school employees. The benefit under a defined contribution plan is based on contributions and net investment gains on contributions.

Distribution

A distribution is a lump-sum payment, a periodic payment or an annuity. Upon leaving employment, you can elect one of these payment methods for your defined contribution plan account balances. The employer contributions and net investment earnings on employer contributions to the Hybrid Retirement Plan are subject to a vesting schedule.

Direct Deposit

When you applied for retirement, you designated the financial institution account where VRS deposits your monthly defined benefit payment. If you change financial institutions, log in to myVRS to update your direct deposit information or submit a new VRS-57 form.

Form 1099-R	You receive a 1099-R from VRS each January for the previous year's defined benefit payments and tax withholding. If you take distributions from a defined contribution account, you will also receive a 1099-R from Voya Financial. You file this form(s) 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.
Imputed Income	Imputed income is based on 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 benefit exceeds \$50,000.
Irrevocable Assignment	Irrevocable assignment means assigning your ownership rights in your life insurance coverage to another person or entity, such as an eligible trust or charity. You cannot change this assignment once it is made.
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 73, 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 defined benefit 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.
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 varies depending on your plan. Refer to the <i>Handbook for Members</i> for your plan to confirm your plan's normal retirement age.

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.

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 defined benefit member contribution account and reduces your monthly defined benefit.

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.

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).

Required Minimum Distribution

A required minimum distribution will begin if you have not arranged to receive payments from your plan by age 73 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 Date

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

Retirement Multiplier

A retirement multiplier is a factor that determines how much of your average final compensation will be used to calculate your defined benefit payment. Visit varetire.org for more information about retirement multipliers for different VRS plans.

Rollover

A rollover is a transfer from one qualified plan to another qualified plan that allows you to consolidate your retirement assets.

Service Retirement

Service retirement is another term for regular retirement.

Survivor Option

The Survivor Option is one of the defined benefit payout options available at retirement. With this option, you elect to continue a monthly benefit to a survivor or survivors upon your death. This option reduces the monthly defined benefit. If you elected this option, you can change your survivor or revert to the Basic Benefit under some circumstances.

Vesting – Defined Benefit

You become vested for a defined benefit when you have at least five years (60 months) of service credit. Vesting is the minimum length of service needed to qualify for a defined benefit, if you meet the age and service requirements for your plan. If you leave employment, you can request a refund of your defined benefit member contributions and interest; you must be vested to receive any member contributions made by your employer after July 1, 2010, and the interest on these contributions, unless you are involuntarily separated for causes other than job performance or misconduct.

**Vesting – Defined
Contribution Plans**

You become fully vested in the employer contributions and net investment earnings on employer contributions in the Hybrid 401(a) Cash Match Plan when you have four years of service credit; Vesting in the Hybrid 457 Deferred Compensation Plan is immediate. Upon retiring or leaving employment, you can withdraw 100% of your hybrid 457 plan account balance.

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* and other applicable law. 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.

Visit varetire.org/about for a current listing of VRS executive staff and the individual members who serve on the Board of Trustees.

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? Schedule a one-on-one appointment at varetire.org/education. Counseling hours are 8:30 a.m. – 4 p.m. Monday through Friday. The following options are available:

- Virtual appointments.
- In-person appointments.
- Walk-in counseling on a first-come, first-served basis. Appointments strongly encouraged.

Directions and parking information are available at varetire.org/contact.



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