

# Retiree News

VIRGINIA RETIREMENT SYSTEM   
SUMMER 2020 | VOLUME 19 | NUMBER 1

## VRS COVID-19 RESPONSE AND UPDATES



### A Message From the VRS Board of Trustees Chairman

**N**o doubt this is a difficult time for all of us as we adjust to living under restrictions associated with COVID-19 and the impact this is having on the financial markets. While we see the ups and downs in the markets, the uncertainty associated with the virus and the markets can be challenging.

What we are experiencing is unprecedented; however, from a market perspective we have experienced similar downturns in the past. Market volatility associated with the 2008/2009 Great Financial Crisis, the impact of 9/11 and the “tech bubble” in 2001-2002 all caused significant impacts to global markets. What we have learned is markets will eventually recover. VRS is a long-term investor with a long planning horizon. The portfolio is highly diversified to help mitigate significant market downturns, thus the reason we are not 100% invested in equities or the S&P, but instead have other investments such as bonds and real estate.

Further, we diversify in order to avoid all of our assets behaving the same way at the same time.

As an investor in both public and private assets, VRS will experience the impacts of market conditions, but we have positioned the fund/portfolio to weather these impacts over the long term as soundly as possible. While there will be short-term impacts to the fund due to these conditions, the payment of benefits to members will continue and will not be impacted by the market decline. Our team of investment professionals are continuously monitoring our portfolio and we are confident that our asset allocation remains appropriate to achieve the long-term expectations for the fund.

**O’Kelly E. McWilliams, III**  
Chairman

### Through Ups and Downs, Your VRS Benefit Remains

In times of stock market volatility, you may be concerned that your retirement benefits will be affected. Keep in mind that your defined benefit is based on a calculation, and investment performance does not affect the payment amount.

If you have a balance in a VRS defined contribution account, such as the Commonwealth of Virginia 457 Deferred Compensation Plan, and you want to learn more about market risk and return and how it impacts your investment portfolio, visit [varetire.org/dcp](http://varetire.org/dcp), select your plan, then select Education.



**2020 Cost-of-Living  
Increase Takes  
Effect July 1**

see details on page 3

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## Federal Relief Act Allows COVID-19 Distributions From Certain Retirement Plans

The Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law earlier this year includes provisions that will allow some VRS retirees who are significantly impacted by the pandemic to take coronavirus-related distributions from qualifying retirement accounts.

If you participated in these plans as an active VRS member, still have an account balance and meet the qualifications for a COVID-19 distribution, you may request a distribution from the following VRS defined contribution plans:

- Commonwealth of Virginia 457 Deferred Compensation Plan
- Virginia Cash Match Plan 401(a)
- Hybrid 457 Deferred Compensation Plan (Voluntary Contributions)

Please note that the Hybrid 401(a) Cash Match Plan and other optional retirement plans are not eligible for a coronavirus-related distribution.

To qualify for a Coronavirus-Related Distribution, you must:

- Be diagnosed with SARS-CoV-2 or with coronavirus disease 2019 (COVID-2019) by a test approved by the Centers for Disease Control and Prevention.

- Have a spouse or dependent be diagnosed with SARS-CoV-2 or with coronavirus disease 2019 (COVID-2019) by a test approved by the Centers for Disease Control and Prevention.
- Experience adverse financial consequences as a result of being quarantined, furloughed, laid off and/or having work hours reduced, being unable to work due to lack of childcare, closing or reducing hours of a business owned or operated by the individual (this option does not apply to your spouse or dependents)
- Meet any other factors as determined by the Treasury Secretary.

As an eligible participant, you may withdraw up to \$100,000. This maximum amount includes amounts withdrawn from all retirement plan accounts you may own. All distributions are considered taxable income; however, tax liability on coronavirus-related distributions can be spread over three tax years. In addition, the 20% federal tax withholding can be waived for partial or full distributions. Additionally, there are no early withdrawal penalties, if applicable, for a coronavirus-related distribution. It's important to check with your tax and financial advisors before you take a distribution and to carefully weigh the decision to withdraw funds from a retirement plan that may be needed in the future.

### RMD RULE TEMPORARILY SUSPENDED

A provision in the CARES Act allows retirees with defined contribution accounts to waive their required minimum distribution (RMD) for calendar year 2020. Under normal circumstances, a RMD is required at age 72 (up from age 70 ½, per the Secure Act that became effective in January 2020.) If you have questions, contact ICMA-RC at 877-327-5261 and select option 1.

To initiate a distribution, visit [www.varetire.org/dcp](http://www.varetire.org/dcp); then select your defined contribution plan to log in to Account Access or create a user ID and password. Once logged on, select Forms and locate the Coronavirus-Related Distribution Request form under the Roll/Disburse category. The form can be downloaded as a PDF or emailed to you. Upon completion, the form can be mailed or faxed to ICMA-RC. You may also request a form by contacting ICMA-RC Participant Services at 877-327-5261, option 1.

If you were employed by a school division that offered a 403(b) or similar retirement plan, you may contact your former employer to determine if coronavirus-related distributions are allowed from those plans. Additionally, coronavirus-related distributions may be available from individual retirement accounts.

### VRS Counseling Services Available by Phone

For the time being, no in-person services are available at VRS offices. Retirement counseling appointments are available by phone at 888-827-3847. To see all of the most up-to-date information about your benefits, you can also log into your myVRS account at [myVRS.varetire.org](http://myVRS.varetire.org).

Be sure to check the VRS COVID-19 Response Updates page at [varetire.org/covid19](http://varetire.org/covid19) to see the latest updates on VRS services.

### myVRS Financial Wellness: Coronavirus and Your Financial Health

Directly or indirectly, the COVID-19 outbreak has impacted the finances of many families and individuals. Coronavirus and Your Financial Health, a new guide available through the VRS website ([varetire.org/financial-wellness](http://varetire.org/financial-wellness)) features answers, tips and tools for staying financially well during this uncertain time. Recent articles and topics include:

- COVID-19 related mortgage relief options
- Financial fraud during the COVID-19 pandemic
- What to do with your stimulus check
- How to negotiate fees and deposits associated with canceled plans



## 2020 Cost-of-Living Increase Takes Effect July 1

Plan 1, Plan 2 and Hybrid Retirement Plan retirees will receive a 1.81% cost-of-living adjustment to their benefit amounts. The increase takes effect July 1 and will be included in your August 1 benefit payment.

Cost-of-living adjustments (COLAs) allow your retirement benefit to keep pace with inflation. The COLA is based on the Consumer Price Index for all Urban Consumers (CPI-U), published by the U.S. Bureau of Labor Statistics and updated each July 1. During years of no inflation or deflation, the COLA is 0%.

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

See the retiree handbook for your plan at [varetire.org/publications](http://varetire.org/publications) for eligibility details.



### Governor Appoints New Chairman and Member to Board of Trustees

Earlier this year, Gov. Ralph Northam announced two appointments to the VRS Board of Trustees. O'Kelly E. McWilliams III, a current board member, becomes the new chairman, and Chief William A. Garrett, of the Winchester Fire and Rescue Department, joins as a member.



O'Kelly E. McWilliams III



William A. Garrett

McWilliams of Oakton is a partner at the law firm Mintz. He is a graduate of Longwood University and earned his law degree at George Mason University.

Garrett has more than 30 years of fire and rescue service. He received his bachelor's degree from George Mason University and a graduate certificate from Virginia Tech.

### Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program



Are you prepared to handle the costs associated with nursing home or at-home care if you are unable to care for yourself due to an accident or illness? Most medical plans don't cover long-term care services that assist with the activities of daily living, the cost of which can quickly deplete savings or retirement income. Enrolling in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care

Insurance Program can help protect you against these costs.

VRS has contracted with Genworth Life Insurance Co. as the insurer for the program. Retiree-paid coverage provides a monthly benefit allowance for covered long-term care expenses.

You are eligible to enroll if you are age 75 or younger and you are a retiree receiving a VRS-administered benefit, a retiree of a Virginia public college or university, or you are a VRS retiree's spouse or surviving spouse. Your former employer is not required to have elected the program.

Retirees pay premiums directly to Genworth. At group rates, premiums may be more affordable. There are three benefit increase options to choose from to increase coverage over time to help protect against the rising cost of care.

For more information, call Genworth toll-free at 866-859-6060 or visit [cov.groupitc.com](http://cov.groupitc.com).

## Are You Up to Date on These Important Forms?

It's always best to get ahead of the unexpected—that's why it's important to take time out to verify your beneficiary and power of attorney designations on your VRS accounts to ensure they are up to date. Check out the **Get Organized** guide under **varetire.org/publications** for a rundown of important documents, and **varetire.org/forms** for a list of VRS forms.

### Designation of Beneficiary Forms (VRS-2 and ICMA-RC Forms)

If you have married, divorced or had other changes in your family, you may need to update your beneficiary. Use

the VRS-2 form to let VRS know who receives your benefits in the event of your death.

If you participate in a defined contribution plan, name or update your beneficiary information with ICMA-RC through Account Access. Visit **varetire.org/dcp**, select your plan, then select Account Access.

### Authorization to Discuss VRS Account Information (VRS-900)

This form allows you to designate someone who VRS can speak to regarding your benefits and account information if you are incapacitated or cannot be reached.

The individual(s) you list may only discuss your benefits and account information; they may not take actions that affect your account.

### VRS Durable Power of Attorney (VRS-901)

This form allows you to create a durable power of attorney and name an individual to make retirement system-related decisions on your behalf in the event you can no longer handle your own affairs. The authority granted by the VRS-901 is limited to matters relating to your VRS record. The named individual will not have authority over matters outside of VRS.



## 2020 LEGISLATIVE UPDATE

The General Assembly passed several pieces of legislation affecting VRS during the 2020 session. Some key changes that affect retirees are highlighted below. For a full summary of new VRS-related bills, see the Legislative Summary at **varetire.org/legislation**.

### Eligible Retirees Can Return to Work in Bus Driver Critical Shortage Positions

Eligible retirees who return to work full-time as school bus drivers in certain school divisions with an identified shortage can continue to receive a retirement benefit during employment, provided they meet certain conditions. To be considered, retirees must have a break in service of at least 12 consecutive months and cannot have retired on disability or under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit. Retirees from the State Police Officers' Retirement System, Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible to participate

in this program. If you return to work under the provisions of this legislation, you will continue to receive your retirement benefits but you will not earn additional service credit.

### Eligible Retirees Can Return to Work in School Security Officer Positions

Retired sworn law enforcement officers may be eligible to return to work full-time as a school security officer at a Virginia public school and continue to receive their retirement benefit. To be considered, retirees must have a break in service of at least 12 consecutive months and cannot have retired on disability or under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit. If

you return to work under the provisions of this legislation, you will continue to receive your retirement benefits but you will not earn additional service credit.

### Health Insurance Credit for Non-Teacher School Division Employees

Non-teacher school division employees who retired with at least 15 years of service credit and who worked for a school division that provided benefits to non-teacher employees will receive a health insurance credit of \$1.50 per year starting July 1, 2021. This does not apply to non-teacher school division employees who retired on disability before July 1, 2020, if this measure reduces the monthly credit currently payable.



## Wanda Covington: A Caregiver's Path

**W**anda Covington served 25 years in law enforcement before she retired as a detective lieutenant from the Southampton County Sheriff's Office in 2016 to care for her mother, Ethel. Despite the challenges of transitioning back into civilian life while taking on the responsibility of caring for a loved one, Covington took the challenges head on. Now, just over a year after losing her mother in early 2019, Covington has published a book on caregiving support and is pursuing a master's degree in crisis and trauma counseling.

### Was it difficult making the choice to retire in order to be a caregiver?

I loved my career; I loved every aspect of it. I was only 51 when I retired, which was the minimum age I could retire. I probably would have stayed on another 5 or 10 years at least, but I had to make a choice. Life doesn't always give us many options to choose from, and I wanted to do the right thing. I knew that my mother only had a limited number of years left, and I didn't want to miss that opportunity.

### What was the transition like moving from law enforcement to caregiving?

I'm going to be honest—it was difficult. In law enforcement, there is such a tight knit camaraderie with your coworkers, it was hard to leave that group of people who had really become like family. I had to find a new self-identity, in that my question became, "Who am I in this larger world if I'm not Detective Lieutenant Wanda Covington?" It was difficult to leave that identity behind.

### What were some challenges of caregiving and what resources were available for help?

At one point, my mother fell and that necessitated she would have to move to an assisted living facility nearby. That was a resource that was a lifesaver for us in our community. Even after she moved there I spent every day with her

because I understood that though they were caring for her physical needs, it was vital for her emotional and mental needs to keep her active and to keep her willpower strong. I would take her out when she felt well—out to lunch or out for rides in the country, or bring her home—things that would keep her mind active.

### What advice would you give others who may be caring for a loved one, or who may become caregivers in the future?

It's important to look around your community and see what resources are available. Support groups are essential to know where you can go to talk to other people who've had similar experiences. One of the most important things that helped me was to understand that I wasn't alone. There's great comfort in knowing that someone else has walked the path that you've walked.

Caregiving is so uncertain from day to day, particularly with someone with dementia or Alzheimer's. Educating yourself on those types of conditions is important. The more you understand, the easier it is to navigate through the problems. Ensure that the person you're caring for has their legal documents in order,\* as far as who can make their medical decisions. Particularly with Alzheimer's and dementia, if you don't have someone in a position legally to make decisions for them, it can be a nightmare.



Wanda Covington with her mother, Ethel.

### With your caregiving experiences, how are you moving forward now?

After my mother's passing, to channel my grief I began writing as a means of release and ultimately produced and published a manuscript about caregiving, "When Darkness Reigns: A Caregiver's Guide from Fear to Faith." It was very important to me to feel like I could contribute something, even if it could help one person. I've also started on my second master's degree, seeking a degree in crisis and trauma counseling. I want to continue serving the community once I complete this new program. I believe that I can still offer a great deal to the people in our community, which is my goal once I reenter the workforce.

**\*Note:** For information on getting VRS documents in order, see Are You Up to Date on These Important Forms on page 4 of this issue.

## Virginia Caregiving Resources

According to AARP, there are more than 43 million unpaid caregivers in the United States, with more than 1 million Virginians serving as family caregivers. If you are providing care for a loved one, or expect to in the future, here are several resources to keep on your radar for education and support.

### Virginia Caregiver Coalition

This group, which works collaboratively with the Virginia Office for Aging Services, includes family caregivers, disability and aging community agency staff, state agency employees, and university and independent researchers. Networking, training, education, project brainstorming and resource sharing opportunities are available, with meetings held every other month at locations around the commonwealth. Membership is free. Visit [vda.virginia.gov/vcc.htm](http://vda.virginia.gov/vcc.htm) for more information.

### Area Agencies on Aging

Contact your local area agency on aging to learn about the services they provide to older Virginians and their families. Services may include caregiver counseling, assistance with moving individuals between health care providers, assistance with residential accessibility modifications and more. To find your local Virginia agency, visit [vda.virginia.gov/aaamap.htm](http://vda.virginia.gov/aaamap.htm).

### Virginia Lifespan Respite Voucher Program

Although caregiving can be a labor of love, sometimes caregivers need a short break. The Virginia Lifespan Respite Voucher Program (VLRVP), administered by the Virginia Office for Aging Services, provides reimbursement vouchers (up to \$400 per family) for the cost of temporary, short-term respite care. VLRVP is focusing on individuals who are caring for a family member age 60 or older with a disability or severe medical condition (with priority given to people caring for a loved one with a form of dementia), as well as grandparents or relatives providing care for a child under 18 or an individual age 19-59 with a severe disability. However, any caregiver who lives with and cares for a family member with a documented disability or severe medical condition may apply. Due to limited funds, not all eligible applications will be approved. For program information and application forms, visit [vda.virginia.gov/vlrv.htm](http://vda.virginia.gov/vlrv.htm).

## How to 'ID' Identity Fraud and Keep Your VRS Accounts Secure

Identity thieves are out there, whether we want to think about it or not. Once identity thieves have your personal information, they can quickly drain financial accounts, make unauthorized credit card purchases, open new accounts and initiate other transactions in your name.



VRS and ICMA-RC, the plan record keeper for VRS Defined Contribution Plans, take measures every day to protect the security and privacy of your information. Here are some easy steps you can take to help protect yourself against fraud.

### Claim Your Accounts

The most important thing you can do, if you have not done so already, is claim and register your myVRS account ([myVRS.varetire.org](http://myVRS.varetire.org)) by completing the identity-verification steps and then establishing a password-protected account. If you participate in one of VRS' defined contribution plans, visit [varetire.org/dcp](http://varetire.org/dcp), select your plan and then Account Access. Follow the registration steps.

### Know When You're at Risk

Look out for some of the key warning signs of potential identity theft or other online fraud:

- You receive mail from companies with which you have not conducted business.
- You receive mail at your current address with someone else's name.
- Emails arrive that look like correspondence from a company or organization you know, but make unusual requests. VRS will never ask you to provide personal information via email, including your date of birth, Social Security number or account number.
- You don't receive your credit card bills or other financial statements.

- Debt collectors call about debts that aren't yours.
- You receive notice that your information was compromised by a data breach at a company where you do business or have an account.

### Put Identity Theft Prevention Tips into Action

Here are three important steps you can take to better secure your VRS accounts and personal information:

#### 1. Update your contact and bank account information promptly with VRS.

Whenever there is a change to your address, phone number, email or bank account information, update your VRS accounts immediately to reflect the change. This will ensure all communication reaches you. Emails from VRS come from a "varetire.org" address and include the VRS logo and contact information. Correspondence from VRS will arrive by U.S. mail on official letterhead.

#### 2. Create strong, unique passwords for your accounts.

Using separate passwords for every account makes it harder for bad actors to gain unauthorized access. Update your passwords regularly to further enhance your protection.

#### 3. Check your VRS accounts frequently.

Regularly log into myVRS and your defined contribution plan account through ICMA-RC and make sure your accounts reflect recent transactions that you initiated. Promptly review all mail, email and other communication and report any discrepancies immediately to VRS at 888-827-3847 or [retiree-info@varetire.org](mailto:retiree-info@varetire.org).

## Combined Interests Take Root in Lavender Farm

There's still lots of growing left to be done in retirement, especially if you decide to pick up lavender farming like Frank and Sharon Leech. Both educators by trade, this husband and wife team racked up nearly 70 years of service before finishing their careers with Fluvanna County Public Schools. Sharon retired in 2015 and Frank not long after in 2016, leaving the classrooms behind in favor of fertile soil and fresh air, founding Buffalo Creek Lavender LLC.

"We both have a real passion for it," Frank says. "You can see your work; you can see it progressing."

In May 2018, the couple planted 230 Grosso lavender plants on family farmland in Rockbridge County. They had their first harvest in July 2019 and have since become regular purveyors at the Charlottesville City Market.

But truth be told, the idea of lavender farming didn't emerge from years of planning. Frank knew he wanted to do something to continue his parents' legacy of farming, and Sharon had an interest in essential oils. Lavender farming happened to be what combined their interests. They started doing serious research only five months before fully committing to it.

"We stepped out in faith when we started, but we've learned so much," Sharon says. "And we've been blessed by success, on a small scale. We're not a big-time farm—yet!"

Lavender plants don't like too much water, Frank says, which can be risky with the amount of rainfall Virginia has had in recent years. During planting, they mounded the plants up high to allow excess water to drain.

Frank says his brother, who raises cattle on the same property, told him that some things are just out of their control.



Sharon and Frank Leech at their lavender farm in Rockbridge County.

"You've got to learn not to worry too much about weather and Mother Nature and things, and just do the best you can," Frank concedes.

Because they've done so well with their Grosso lavender plants, a highly aromatic variety, the couple is now experimenting with different lavender varieties for culinary use. Lavender ice cream, anyone? Somewhere down the line they also hope Buffalo Creek can expand into agritourism, with a pick-your-own lavender option.

Lavender farming has also been a surprisingly social affair, they say. Other lavender farmers around the state have shared knowledge and experience, and as members of the U.S. Lavender Growers Association, Frank and Sharon have connected with cultivators from

all around the country. Frank has even put some of his educational experience to use, teaching a lavender-growing class for the Fluvanna Garden Club.

"We've met so many other people that we never would have crossed paths with in our professional careers," Sharon reflects. "And we've met so many wonderful people at the farmer's market. It's really fun to see that what you make, people love."

Some of their current products include sachets and decorative pieces made from lavender and wood from an old barn on the farm.

Frank and Sharon are big proponents of lavender in general, not just of their own crop.

"There's so many lavender farms around Virginia," Frank says. "I encourage you to go out and visit one, especially during blooms." June is typically peak bloom season in Virginia.

Beyond the purported calming medicinal qualities of lavender, Frank says just being out in the fields offers serenity.

"Working out in the field, you're out in the middle of nowhere, with just my brother's cows around," Frank says. "It's just nice."

### Do You Have a Story to Share?

Contact VRS at [proffice@varetire.org](mailto:proffice@varetire.org) with your unique retirement experiences or advice about life in retirement.

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## VRS BY THE NUMBERS

**Distribution of Retirees and Beneficiaries** (at June 30, 2019)



JRS  
**Judges**  
**0.2%** (530)



SPORS  
**State Police Officers**  
**0.7%** (1,410)



VaLORS  
**Virginia Law Officers**  
**2.3%** (4,991)



VRS  
**Political Subdivisions**  
**26.1%** (56,094)



VRS  
**State Employees**  
**27.5%** (58,797)



VRS  
**Teachers**  
**43.2%** (92,723)



Benefits paid out  
in fiscal year 2019:  
**\$5 Billion**



**86%**  
of VRS retirees  
remain in Virginia

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