

Retiree News

VIRGINIA RETIREMENT SYSTEM 
WINTER 2017 | VOLUME 16 | NUMBER 2

FINANCIAL LONGEVITY

Making Your Money Last

The approaching tax season is a concrete reminder of financial realities – balancing what’s coming into your household with what’s going out. Budgeting, spending wisely, saving when possible and using available resources can help extend your finances to meet the needs of a long, meaningful retirement.



Be Prepared

You had a budget when you were saving for your first house, saving for your children’s education, even saving for retirement. Why would you need one now? Even though your expenses are probably less in retirement, you still need to account for taxes, healthcare, mortgage and home maintenance. Also, you will need an emergency fund to tap into

if a storm damages your porch or the car’s transmission goes. And don’t forget charitable donations, online purchases, Wi-Fi, travel and entertainment.

According to an article published by Market Watch, “The 7 Elements of a Successful Retirement” (April 12, 2017), making and sticking to a budget helps you control your expenses and take

monetary surprises in stride: “Emergencies happen. Grandkids happen. Sadly, health concerns happen. For both positive and negative circumstances, budgets can, and will, expand and contract. Build contingencies into your budget and income plan for a successful retirement.”

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VRS BY THE NUMBERS



VRS’ two oldest retirees were born in 1908.

The record for years of service goes to a teacher, who worked for more than 61 years before retiring.



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You know the basics. Determine your income from your VRS benefit, defined contribution savings, Social Security, investment accounts and any other sources. Then record your expenses, remembering things like home maintenance, hobbies, travel, entertainment and charitable giving, which often are overlooked in household budgets.

Keep Track of Important Documents

It's easier to design a budget when you have all your paperwork lined up and available when needed. Check the list below and make sure you know where these important documents are located. Share the location with your loved ones.

Financial

- VRS benefits information
- Bank records
- Tax records
- Credit and debit cards
- Investment documents

Insurance

- Health insurance records
- Life insurance records
- Property and other insurance records

Personal

- Birth certificates
- Marriage license and divorce documents
- Safe deposit box information
- Names, addresses and contact information for financial advisors

Legal Documents

- Will
- Living will
- Titles and deeds to property
- Power of attorney forms

Saving on Taxes

Believe it or not, there are ways to save money on taxes, even in retirement, and the Internal Revenue Service (IRS) offers publications and in-person counseling to make paying your annual taxes less painful.

RESOURCES AVAILABLE FROM THE IRS WEBSITE
— www.irs.gov —

- Distributions from Individual Retirement Arrangements
- Required Minimum Distributions
- IRA FAQs
- Pension and Annuity Income
- Tax Guide to U.S. Civil Service Retirement Benefits
- Special rule for seniors when deducting medical expenses
- Special standard deduction for retirees
- Credit for the Elderly or Disabled
- Health Coverage Tax Credit
- Net investment income tax

Tax Preparation

The Volunteer Income Tax Assistance (VITA) program offers free tax advice from IRS-certified volunteers, and basic income tax return preparation with electronic filing to qualified individuals. The Tax Counseling for the Elderly (TCE) program offers free tax help, specializing in pensions and retirement-related issues.

VITA and TCE sites are generally located at community and neighborhood centers, libraries, schools and shopping malls. To locate the nearest VITA or TCE site, call 800-906-9887 or visit the IRS website and use the VITA Locator Tool.

Many Commissioner of the Revenue and local government finance offices in Virginia also offer tax assistance.

Changing Your Tax Withholding

You may want to change your tax withholding to help you manage your finances throughout the year. You can change your tax withholding at any time through your myVRS account at myVRS.varetire.org.

Select Change Tax Withholdings under Manage My Retirement. Try different withholding amounts, using the calculator featured on the page, to see the effect on your net monthly benefit. If you decide to make a change, submit it online. A notice will appear on the page telling you when your change becomes effective.

You can also change your tax withholding through the Request for Income Tax Withholding (VRS-15), available at www.varetire.org. Under Forms, select the VRS-15 and sign, date and fax (1-804-786-9718) or mail to VRS, P.O. Box 2500, Richmond, VA 23218-2500. Or call VRS at 1-888-827-3847 to request the form.

Making the Most of Your Investments

If you maintained your Commonwealth of Virginia 457 Deferred Compensation Plan, another 457(b) plan, an Individual Retirement Account (IRA) or a 403(b) in retirement, you can choose how to receive a distribution. You must take a minimum distribution by age 70½.

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TAX INFORMATION

If you received a monthly retirement benefit from VRS in 2017, expect a Form 1099-R from VRS in late January. The Form 1099-R shows your benefit payments, taxes withheld and other information for the previous calendar year. Use it to complete your 2017 federal and state income tax returns. You can find a Form 1099-R for each year you have filed taxes as a retiree under Income Tax Information in your myVRS account.



Imputed Income Impacts Tax Filing

If the value of your group life insurance coverage exceeds \$50,000, the premiums on the excess amount are considered imputed income and subject to income taxes and FICA (Social Security and Medicare) taxes.

If you have VRS Group Life Insurance coverage, VRS automatically withholds FICA taxes and sends you a Form W-2 each year showing the amount withheld and the additional taxable income.

Use the Form W-2 to file federal and, if applicable, state income taxes. As your life insurance coverage reduces, the amount of imputed income also reduces. If your coverage reduces to less than \$50,000, these taxes will no longer be withheld.

If You Are a Retired Public Safety Officer

The federal Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act allows eligible retired public safety officers to exclude a certain amount per year from retirement income used for qualified health insurance premiums or long-term care insurance premiums. Premiums covering yourself, your spouse and dependent children may be eligible for this tax exclusion. You must claim the insurance premium exclusion on your tax return. The Form 1099-R that you receive reflects total taxable income without any adjustment for this benefit. For more information, contact a tax advisor or the IRS at 1-800-829-1040, or visit www.irs.gov.

YOUR 2018 DIRECT DEPOSIT SCHEDULE

PAYMENT FOR THE MONTH OF:	DEPOSITED ON:
December	December 29, 2017
January	February 1
February	March 1
March	March 30
April	May 1
May	June 1
June	June 29
July	August 1
August	August 31
September	October 1
October	November 1
November	November 30
December	December 31

VRS Investment Returns Reach 12.1 Percent for Fiscal Year 2017

VRS achieved a 12.1 percent return, net of fees, on its investment portfolio for fiscal year 2017, exceeding both the 11.8 percent policy benchmark set by the VRS Board of Trustees and the 7 percent assumed rate of return. The trust fund ended the year with approximately \$74 billion in assets, a historic high.



Social Security Administration Announces Increase

Your Social Security check will get a boost in January, when a 2 percent Cost-of-Living Adjustment goes into effect.



Fred and Carolyn Eichelman Embrace Community Involvement

Fred and Carolyn Eichelman of Roanoke wonder if retirement is truly the right description for this stage of their lives. There are times when they believe they're doing more now than during their 40 years of teaching in public schools.

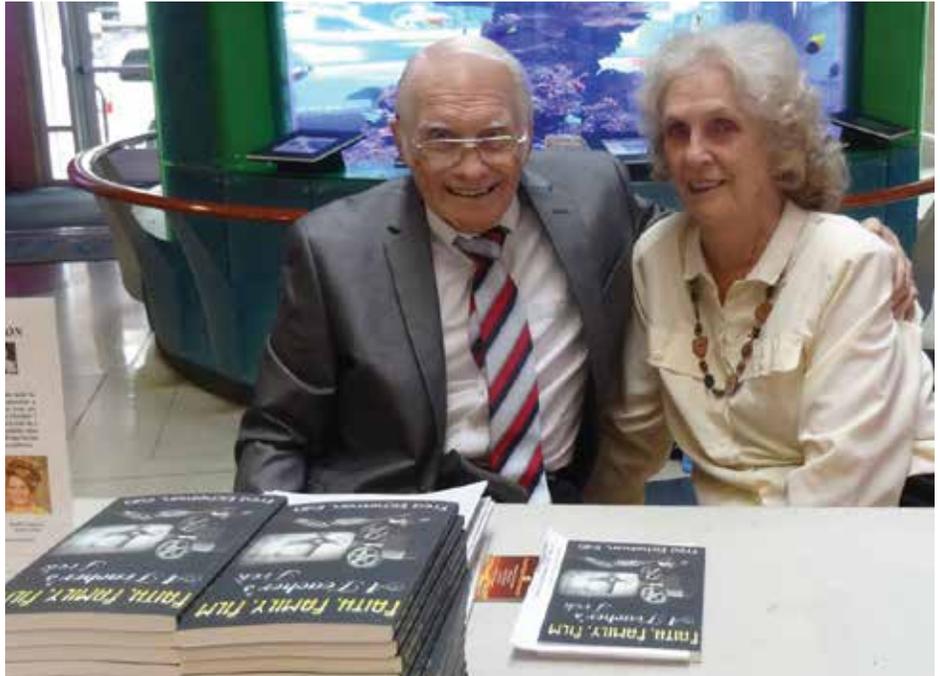
Before retirement, Fred was a high school teacher and department chair, while Carolyn taught in the primary grades and wrote curriculum programs. Now, in addition to enjoying their five grandchildren, they spend time coordinating media events, writing books and meeting film stars. All of these interests came together quickly after retirement.

Welcoming a Growing Family

Carolyn recalls that it was not long after retirement that both children married, and they now have five grandchildren.

"All of a sudden, it was like having seven children instead of two," she says.

Soon after that, the Eichelmans' activity level increased even more as Fred began organizing and leading media conventions in and around Roanoke. The couple formed Point North Outreach to support the production of family and faith films and TV programming; they also run Christian media events and publish a newsletter. Carolyn serves as co-director in various events and leads an academic scholarship program. And, they've worked together to write and publish a book, "Faith, Family, Film – A Teacher's Trek."



The Eichelmans say that keeping busy, staying involved, serving the community and being open to new experiences is the best way to enjoy retirement.

Getting the Most Out of Retirement

The couple believes that keeping busy, staying involved, serving the community and being open to new experiences is the best way to enjoy retirement. Their media company has led them to new friendships as they bring stars and filmmakers from all over the country into the Roanoke Valley. And, because of the media work and their openness to adventure, the Eichelmans have traveled from their Virginia home to California and to Europe. They particularly enjoyed time spent in the United Kingdom and Spain.

"Travel is an education itself and encourages you to grow to adjust yourselves to different environments and cultures," Fred says.

Both give VRS credit for helping them build a strong foundation during their working lives so they could make their retirement dreams come true.

How to Live Well in Retirement

The Eichelmans agree that living for something other than yourself gives retirement an added dimension, as does having good relationships and staying involved with family, friends and community.

Working together on projects that interest them both, and having a happy marriage, provides daily satisfaction.

When asked what makes a marriage happy, Fred says "Being married to your soul mate."

Carolyn agrees, but adds, "Also having a sense of humor."

Do you have a story to share or advice about life in retirement?

Contact VRS at proffice@varetire.org.



YOUR GUIDE TO

Navigating Retirement

Take a few minutes to log into the new myVRS.varetire.org, now with enhanced security, more interactive features and designed with you in mind.



WHAT YOU WILL SEE

- Date and amount of your latest benefit payment.
- Where it was deposited.
- Gross and net amounts.
- Federal and state taxes withheld.
- Amount of your health insurance premiums, if applicable.
- Amount of your health insurance credit, if applicable.



WHAT YOU CAN DO

- Update your profile (address and contact information).
- Print income verification.
- View your tax information.
- Change tax withholdings.
- View cost-of-living adjustments (COLA).
- View value of life insurance (if eligible).

TO REGISTER FOR THE NEW myVRS, USE ONE OF THE FOLLOWING:

- **myVRS ACCESS CODE:** If you retired recently, you have 90 days to access your account using the code you received by mail.
- **NET BENEFIT PAYMENT AMOUNT:** If you have received at least one monthly payment, you may enter your net payment amount.

NOTE: The first time you log into or register for the new myVRS as a retiree, you will be asked to update your address, username and password.

If you cannot access your myVRS account through one of these methods, you will be asked to answer a set of security questions to confirm your identity. The information you provide is never shared outside of this verification process.

Do You Need to Update Your Beneficiary?

Protect your loved ones and ensure that your benefits are paid the way you wish, especially if you've had a change in your family. By law, VRS must pay benefits according to the latest beneficiary designation in your record, so it's important for you to keep it updated.

You can confirm your beneficiary designation by calling Minnesota Life at 1-800-441-2258 or by writing to: Minnesota Life, P.O. Box 1193, Richmond, VA 23218-1193.

To change your beneficiary, submit the Designation of Beneficiary (VRS-2) to VRS. The form is available at www.varetire.org; select Forms from the left column of any

web page. Or, call VRS at 1-888-827-3847 to request a form. Send the completed form to: Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500 and keep a copy with your important papers.

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, you need an additional form, the Designation of Beneficiary Form - Commonwealth of Virginia 457 Deferred Compensation Plan and Cash Match Plan, to designate a beneficiary for the 457 Plan. If you have retired from the Hybrid Retirement Plan, use the Designation of Beneficiary Form -



Hybrid Defined Contribution Plans, for your defined contribution component.

Complete and send the Designation of Beneficiary form to the plan administrator, ICMA-RC, Attn: Workflow Management Team, P.O. Box 96220, Washington, DC 20090-6220.

FINANCIAL LONGEVITY: MAKING YOUR MONEY LAST continued from page 2

If you are a participant in the Commonwealth of Virginia 457 Plan, you can take:

- A total or partial lump sum
- Annuity payments
- Periodic payments
- A partial lump sum with the remainder paid as a periodic payment or annuity
- A rollover into an eligible retirement plan, such as a 401(a), 401(k), 403(b), 457(b), traditional IRA or a Federal Employees Thrift Savings Plan that accepts such rollovers

For more information, go to www.varetire.org/457 or call 1-877-327-5261. For other plans, contact your provider.

Use Your VRS Resources Financial Wellness Program



Visit the VRS website to discover a new, free resource for financial planning, saving and making your money last. The myVRS Financial Wellness Program, powered by Enrich, features articles, videos and other tools to help you manage your money, deal with estate planning and make the most of your finances. Watch a video on "How to Create a Budget and Live on It." Use calculators, educational games and budgeting tools to evaluate your current financial knowledge and improve the money skills that are most important to you.

VRS Workshops

If you like in-person learning, VRS offers the free workshop, "Living in Retirement," with information on

taxes, estate planning, health care coverage, avoiding fraud, Social Security, lifelong learning and making the most of your financial resources. Workshops are available throughout Virginia at various times during the year.

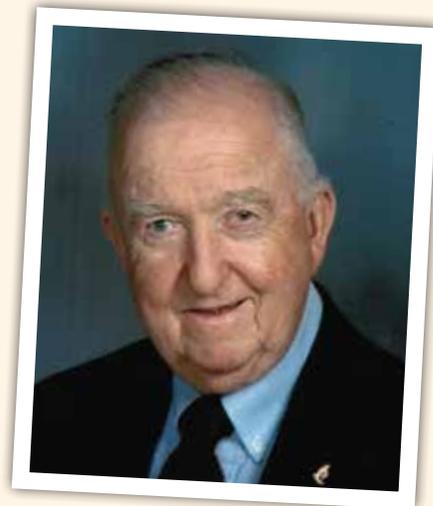
Visit www.varetire.org/livinret for the complete schedule, locations and registration form.

457 Deferred Compensation Plan Seminars and Webinars

If you have a 457 Deferred Compensation Plan and are considering a distribution, attend the Distribution Strategies seminar to learn about distribution requirements and options. See the Education tab at www.varetire.org/457 for schedules, locations and registration, or meet one-on-one with a defined contribution specialist. Call 1-VRS-DC-PLAN1 (1-877-327-5261) to set up an appointment or learn more.

Stanley Gardner

If you've traveled from North Carolina to Washington on Interstate 95, you've probably driven on roads that Stanley Gardner inspected. In his more than 32 years with the Virginia Department of Transportation, Gardner worked on most of the roads in southeast Virginia. During the 1950s and 1960s, when the interstate highway system was established, he oversaw the construction of essential parts of Interstates 64 and 95, including the Emporia Bypass and nine miles in Caroline County. He also worked on Interstate 64 in Norfolk, James City County, York County and Hampton, and on routes 60 and 17.



"I was in charge of building more of 95 and 64 than any other one person," says Gardner.

In 1952, Gardner started working for what was then the Virginia Highway Department, making 79 cents an hour. He followed the roads he inspected, moving seven times, from Bowling Green to Suffolk, back to Bowling Green, and finally settling in Williamsburg.

He started out as an inspector and moved through the ranks and in the early part of 1960, was promoted to project engineer, overseeing contractors and ensuring concrete, soil composition and steel all met specifications. It was a job that had unexpected hazards. A thunderstorm came up suddenly one day when he was supervising the placement of mileage signs. Lightning struck one of the signs, traveled under the highway and blew away a large chunk of concrete on the other side. All in a day's work.

"I'm enjoying every minute"
 ... STANLEY GARDNER

Gardner loved his years with VDOT and the progress he helped pave.

"The highway department was very good to me and I worked under many fine engineers, and I had the honor to work with many wonderful inspectors over the years," he says. He retired in 1988 and says, "I'm enjoying every minute."

The next time you hit the road for a vacation at the beach or to visit a museum in D.C., take a moment to thank Stanley Gardner for the straight road in Caroline County and the safe bridges in Suffolk.

And stay away from mileage signs during thunderstorms.

What's New? What's Different? What's in It for Me? Find Out by Liking VRS on Facebook



Take a look at what your fellow retirees are doing. Watch a video about the new myVRS. Learn tips about avoiding fraud. Share your experiences. Tell us what you're doing in retirement. Every day is different on Facebook, so visit VRS and join our Facebook community: [Facebook.com/VirginiaRetirementSystem](https://www.facebook.com/VirginiaRetirementSystem).

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WHAT DO YOU MEAN BY THAT?

VRS Terms Explained

VRS may seem to have its own language when it comes to benefits, eligibility and retirement plans. In each issue of *Retiree News*, we explain often-used terms.

Required Minimum Distribution

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, a required minimum distribution will begin if you have not arranged to receive payments from your plan by age 70½ or when you leave a position with an employer providing the plan, whichever is later.

Rollover

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

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