

— PACK YOUR BAGS —

How to Travel Well

Planes, trains and automobiles. If you always wanted to travel in retirement, but are wondering about the cost and hassle, don't despair. There are ways to manage these concerns and travel well. Travel discounts, guided tours, cruises, careful planning and a little research can turn any trip into a memorable experience.



Where to Go

If you yearn for far-away places but are unsure about traveling on your own, a number of organizations offer guided trips for retirees. Whether you're interested in art, music, hiking, history, whale watching or biking, there's an option for you. Online research on travel for retirees can help you find tours from Alaska to Australia at different activity levels, led by authors, historians, naturalists and archaeologists. Depending on your budget, you can choose an extended tour or a few-day getaway.

How to Save

When it comes to saving money, consider traveling out of season when tourist spots not only may be cheaper but also less crowded. Do some research on locales close to popular destinations

that may be just as attractive and fun but off the beaten path and less expensive. Ask hotels and airlines if they offer a discount for retirees, even if a discount is not advertised. For example, on Amtrak, you can save 10 percent on most fares if you are 65 and older, and most European countries offer rails discounts to seniors.

Closer to Home

You don't need to travel abroad to have an adventure. Spend a week in a Virginia State Park campsite or cabin, where you can match wits with a trout on one of the commonwealth's many scenic streams, follow

history through a battlefield, bike by the ocean or canoe down a waterway.

Virginia has plenty of beautiful scenery, varied history and enjoyable attractions. The vast state park system offers recreational choices to match most any interest. Hike across the Appomattox River on a 125-foot high former railroad

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bridge in High Bridge Trail State Park, or explore a mountain trail and relax by a waterfall in Grayson Highlands State Park. Revisit early Virginia history at Chippokes Plantation State Park, just across the James River from Jamestown. Or catch the ocean breezes in False Cape State Park.

Virginia state parks offer boating, camping and other activities, plus annual discounts to seniors 62 and older.

Travel Worry-Free

When you're booking your tickets and reserving your lodging, travel experts advise purchasing travel insurance in case of a sudden illness or injury. Travel insurance also offers protection in case your luggage is lost or damaged or your tour company goes out of business.

Before you travel, research your health insurance coverage and service options. Medicare does not always provide coverage in foreign countries, so check your supplemental insurance. Many health insurers, such as Anthem Blue Cross Blue Shield, offer an insurance program for overseas travel. If your health insurance offers that service, you may want to purchase international travel health insurance, which is available for short-and long-term travel, as well as for one-time travel or multiple trips.

Experts also advise paying special attention to your prescription medications when you travel. Take an extra supply of your medications to tide you over if there is a flight delay. Keep a list of the generic names of your medications in case you run out. A pharmacist in



another country may not be familiar with the American names of various drugs. Finally, remember to keep your medicines in your carry-on bag, not in checked luggage that could end up in Algeria when you're going to Alabama.

Protect Your Identity

Do your part to keep your myVRS and other online accounts secure when traveling:

- Never use publicly shared computers, such as in coffee shops, restaurants or airports, to access your secure accounts.
- Even when using your own device, avoid conducting financial or other sensitive business transactions in public places.
- Don't use email to share confidential information such as your Social Security number.
- Don't share your passwords and be sure to update passwords regularly.
- Create strong passwords, using a combination of uppercase and lowercase letters, special characters and numbers.

- Don't use the same password for multiple accounts.
- Store printed copies of your online account information securely.
- Don't close your browser to log out of your accounts. Instead, select the Log Out option.

Take Advantage of Your VRS Benefits

Ever think that your VRS benefits can make your travel plans easier? They can. Sign up for direct deposit so your benefit payment is automatically deposited into your financial institution account every month. There's no need to worry about a check waiting in your mailbox when you're not home.

When you're traveling, you can also log into your myVRS account from your phone or tablet to check on your benefit payment date and monitor your other VRS benefits.

So enjoy the journey, learn something new and then begin planning your next adventure.

TAX INFORMATION

If you received a monthly retirement benefit from VRS in 2018, 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 the form to complete your 2018 federal and state income tax returns. For each year you have filed taxes as a retiree since 2007, you can find a Form 1099-R under Income Tax Information in your myVRS account (myVRS.varetire.org).

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.

Check Your Tax Withholdings

Are you withholding the correct tax amount from your VRS benefit? The Tax Cuts and Jobs Act, passed in December 2017, changed the way taxes are calculated, so you may not be withholding the correct amount. Review your tax withholdings for 2019, to ensure you do not have an unexpected tax liability at tax time the following year.

VRS Fund Hits Historic High With a 7.5 Percent Return for Fiscal Year 2018



The Virginia Retirement System achieved a 7.5 percent return, net of fees, on its investment portfolio for fiscal year 2018, exceeding the 7 percent assumed rate of return. The trust fund ended the year with approximately \$78.6 billion, marking a new high point for the fund.

“The portfolio was able to exceed the assumed rate of return, based on strong performance in several market sectors, especially private assets,” Chief Investment Officer Ronald D. Schmitz said. “Longer-term performance generated by staff and its external partners continues to add value compared to passive benchmarks. Over time, this excess performance reduces the cost of providing benefits to public employees.”

During fiscal year 2018, the major asset classes performed as follows:

- Public equity program returned 9.7 percent
- Private equity program returned 15.8 percent
- Real assets program returned 9.5 percent
- Credit strategies program returned 5.2 percent
- Fixed income program returned -0.1 percent
- Strategic opportunities program returned 7.0 percent

The portfolio included approximately \$31.4 billion in public equity, \$12.4 billion in credit strategies, \$12.1 billion in fixed income, \$10.6 billion in real assets, \$7.9 billion in private equity and \$1.9 billion in the strategic opportunities portfolio, as of June 30, 2018.

Your 2019 Direct Deposit Schedule

PAYMENT FOR THE MONTH OF:	DEPOSITED ON:
JANUARY	FEBRUARY 1
FEBRUARY	MARCH 1
MARCH	APRIL 1
APRIL	MAY 1
MAY	MAY 31
JUNE	JULY 1
JULY	AUGUST 1
AUGUST	AUGUST 30
SEPTEMBER	OCTOBER 1
OCTOBER	NOVEMBER 1
NOVEMBER	NOVEMBER 29
DECEMBER	DECEMBER 31

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Denice Blake and John Blackwell: Letting No Grass Grow Under Their Feet in Tucson

Denice (Peake) Blake and John Blackwell know how to live well in retirement. Hint: It's not about having a fortune. Blake and Blackwell travel the world, live in a beautiful area and enjoy every day by making the most of their VRS and Social Security benefits, and through careful investing.

Blackwell, a high school guidance director, and Blake, a high school English teacher, retired from Fairfax County Public Schools in 1995 in their early 50s. While Blackwell's entire career was in Fairfax County, Blake spent her first six years in Portsmouth and Prince William County Schools. Now retired for more than 23 years, they are getting the most out of life.

What was the first thing you did when you retired?

Almost immediately we began researching relocation options. Having checked out cities as disparate as Savannah, Georgia, and Sydney, Australia, we happened to be visiting friends in Phoenix. Loving the desert and the mountains, we took a short jaunt down to Tucson, and after just six hours, decided, 'this may be it.' We put our whittled-down possessions in storage, packed up essentials, and headed west with no idea whether Tucson would be a fit.

We were attracted to a midtown historical neighborhood right next to the University of Arizona, where we found a 1948 brick ranch-style house in serious need of updating. It took a year, but we now have an energy-efficient structure and

water-conserving grounds that reflect the home's desert location. Being in a new environment and doing some of the work ourselves resulted in a very satisfying but challenging learning curve.

Do you have any new interests in retirement?

We've traveled to more than 40 countries, some more than once. Our mode is almost exclusively independent, self-researched and luggage-minimal. Next up, though, we're trying an experiment: a river cruise on the Nile with side trips to Jordan and Jerusalem. Now in our mid-70s, we figure it may be time to settle down and let someone else run the show; our optimism about this conventional choice is cautious at best.

Tucson is a mid-sized city with big-city amenities. Nearby public facilities for golf and tennis make keeping fit easy and the library is right at the end of our alley. There is an art theater within two blocks, a thriving downtown 12 minutes away, a bike loop encircling the city, the border an hour away, and Tucson is the first UNESCO City of Gastronomy. Many opportunities exist for volunteering.



We've been active in the arts, literacy, environment, politics and education. An organization we're very active in right now is Youth On Their Own, a non-profit that shepherds homeless youth through to high school graduation.

Have VRS resources had any effect on your retirement lifestyle?

When asked what we did for a living, we say that we are retired educators, but thankfully not from Arizona. Virginia retirees have no idea how good they have it. The defined benefit plan that we all participate in provide the stream of income that allows us to be financially aggressive with our assets. And the health insurance credit helps early retirees, especially, bridge the gap until Medicare.

Any advice for the newly retired?

There are really only two caveats: Be sure that you have enough assets to fund the retirement lifestyle you envision, and research how you're

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

Contact VRS at proffice@varetire.org.

— VRS Strengthens Email Security for All Recipients —

VRS has long followed the security best practice of encrypting all the emails it sends. When an email is encrypted in transit, it is harder for others to read. The information is effectively scrambled in transit and decoded on receipt. An increasing number of email providers use encryption. However, about 10 percent of email providers do not accept or send encrypted messages.

To comply with state standards, VRS has begun using the Zix Corporation secure message center to deliver email to those 10 percent of recipients lacking encryption service through their normal email provider.

Those recipients will receive an email with instructions on how to view the secure message. The URL for the secure VRS message portal is mymessages.varetire.org.

Recipients of VRS email messages secured by Zix complete a one-time registration process to access the secure site. Although VRS recognizes that a few recipients now have an additional step to retrieve a message from VRS, the protection of confidential communication is important and the agency wants to ensure all email stays private.



The majority of VRS retirees will not interact with Zix because your email provider automatically encrypts and translates all email for you.

Protect Your Identity: Claim All Your Online Accounts



VRS and ICMA-RC, the record keeper for VRS defined contribution plans, take many measures every day to keep your information secure. You can help by registering for your myVRS account and, if you participate, your defined contribution account through

Account Access, 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.

Minnesota Life Is Now Securian Financial

Minnesota Life, the third-party administrator of the VRS Group Life Insurance Program, has adopted the name of its parent company, Securian Financial. There will be no change to group life insurance and optional group life insurance benefits or coverage, which will continue to be underwritten by Minnesota Life. VRS will soon begin changing Minnesota Life references to Securian Financial on the VRS website and in publications.

Keep Your Health Insurance Information Up to Date

If you receive the health insurance credit, VRS will send you a health insurance credit notice reminding you to verify and update your health insurance information if necessary. Updating your information ensures you receive the proper credit amount and are not at risk for overpayments.

If your premium increases, decreases or changes in any way, complete a Request for Health Insurance Credit (VRS-45) and return it to VRS. The VRS-45 is available on the VRS website or by calling 1-888-827-3847. If your health insurance premiums are deducted from your retirement benefit, you do not need to complete a VRS-45 notifying VRS of a premium increase. If your health insurance premiums are deducted, the deduction is shown on your Benefit Payment Summary page in myVRS.

The health insurance credit is a dollar amount set by the General Assembly for each year of service and is added to your monthly retirement benefit if you are eligible. It provides a reimbursement to assist eligible retirees with the cost of health insurance premiums.

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Did You See That? Find Out What's New 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).

Update Your Beneficiary Designation

VRS keeps your beneficiary designation in your file to ensure that your benefits are paid as you wish. But, do you know if your beneficiary designation is current? If you have married, divorced or had other changes in your family, you may need to update your beneficiary. Let VRS know who receives your benefits in the event of your death.

You can name or change your beneficiary at any time for your member contributions and interest and VRS life insurance benefits by submitting the Designation of Beneficiary (VRS-2) to VRS. You may obtain a copy in the Forms section of the VRS website or by calling 1-888-827-3847.

If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, use the Designation of Beneficiary Form – Commonwealth of Virginia 457 Deferred Compensation Plan and Cash Match Plan to name or change a beneficiary to receive your plan assets. You can update your beneficiary in Account Access, print the form at www.varetire.org/DCP or call 1-VRS-DC-PLAN1 (1-877-327-5261), select option 1.



Protecting Yourself

Consider naming a power of attorney in case you are not able to handle your affairs. The VRS Durable Power of Attorney (VRS-901) allows you to name a person as your agent to take actions on your behalf in the event you no longer can handle your own affairs. The authority granted by the VRS-901 is limited to matters relating to your VRS record. Your agent will not have authority over matters outside of VRS. Your agent can:

- Name or update your beneficiary or survivor.
- Request information about your benefits.

- Take other actions, such as setting up direct deposit, submitting a change of address or filing your tax withholdings.
- Create or change rights of survivorship. This means that if you elected the Survivor Option and your survivor dies or you divorce, your agent could name a new survivor or authorize a change to the Basic Benefit Option.
- Delegate authority granted under the power of attorney. This means that your agent could appoint another person as power of attorney.

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going to spend all those hours you won't be working. 'Retirement' is a very modern phenomenon in human history. We're living longer, but we may have only so many mobile years left. So we recommend living on less than you make, investing the rest, and then get out there and do what brings meaning and joy to your life.

What is the most important part of living well in retirement?

1. For us, knowing that, as educators, we made our living doing something really beneficial.
2. Having the security of knowing that we've managed our assets in such a way that we will not outlive them.
3. Demonstrating responsibility by putting into writing what we want our final disposition to look like.
4. Giving back, whether through our teaching skills and services or via our financial assets, to those who have not been as fortunate.

Shelby Dodd Sees the World

Shelby Dodd likes to travel. Really likes to travel. She has traveled to five continents and dozens of islands and reflects on unforgettable experiences.



“Seeing the breathtaking view of the Egyptian pyramids at sunset and the grand palaces in Russia, canoeing the Amazon, walking the same streets as Paul in Ephesus and Malta, feasting on rabbit with the locals in the hills of Tuscany and relaxing on a ship’s deck observing not only bald eagles in Alaska but watching sea planes take off at rush hour are just a few of the amazing experiences I have enjoyed,” she says.

Since retiring from Newport News Public Schools, Dodd not only has become a world traveler, but done so in style. Her secret? She travels as a cruise ship lecturer, introducing the next day’s port of call three times a week during 40-minute talks.

This vivacious VRS retiree has been warmly received by audiences on more than 100 cruises in the past 15 years.

“Giving talks while we’re at sea leaves me free to tour and explore in port,”

Dodd says. “My life has been enriched by learning about the culture of the places I have visited and meeting people from many backgrounds. I am at ease negotiating with a cab driver in Istanbul or haggling over prices in Casablanca.”

Her career as a travel lecturer began when she offered to give a brief talk on psychology while on a cruise. The talk was so successful that the cruise director took her to dinner and gave her a bottle of champagne. She soon began lecturing on the history of the destinations on the cruise, using her passion for travel, her degree in history and her experience as a teacher to give added depth to travelers’ experiences.

Shelby stays busy even when not traveling. She is a psychologist with a small private practice in Newport News where she sees adults for therapy and hypnosis. She also provides consultations for

anyone interested in following her into the cruise lecturer lifestyle and keeps herself happy and healthy by socializing with friends and family, swimming and working out daily. And she cherishes time with her son Brian, his wife Allison and granddaughters Kelly and Sophie.

“As a child growing up in Buena Vista, a trip to the state capitol building in Richmond was a big deal,” she recalls. “I loved reading about the great explorers who rounded Cape Horn never dreaming that I too would one day round that Cape. I had never heard of Machu Picchu or seen pictures of the amazing Inca architecture or glaciers of South America. Now, I’ve seen all of these places.”

Dodd would happily visit them again and is a travel poster of how adventurous life can be in retirement.

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myVRS Offers Secure Account Access as VRS Phases Out Automated Voice Response Line

As more self-service features become available in myVRS, your secure online account, VRS is retiring the Virginia Informational Phone System (VIPS) line on January 31, 2019. Option 2, used to check your current member contribution account balance, will no longer be available.

myVRS offers secure access to your retiree account from your smart phone, tablet or personal computer. Log in or register at myVRS.varetire.org to view your current benefit amount, last deposit date and tax-withholding amounts. You also can view

your health insurance premiums and health insurance credit, if eligible, and the value of your life insurance, if you participate. Your myVRS account also provides the date when you will be eligible for a cost-of-living increase and the percentage amount, as it’s determined annually.

As a reminder, myVRS is available Monday - Saturday, 7 a.m. to 11:30 p.m., and on Sunday, 8:30 a.m. to 11:30 p.m. Questions? Call 888-827-3847, Monday through Friday, 8:30 a.m. to 5 p.m.

HEALTH INSURANCE

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Qualifying health plans:

- Individual health plans
- Coverage as a dependent on a spouse’s plan
- Employer-sponsored health plans, including the State Retiree Health Benefits Program
- Medicare Part B
- Dental and vision plans
- Prescription drug plans, including Medicare Part D

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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.

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 70½, VRS will pay you a retirement benefit (Basic Benefit option), as required by law. If you are not vested, you will receive a refund of your member contribution account balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.

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

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