There are important updates to your VRS retirement benefits since the last issue of this handbook was published. Refer to this information when reading your handbook. **Changes are in bold.**

**Page 2:** Administrative changes under Benefit Information and Planning Resources.

**Virginia Line of Duty Act, Virginia Department of Accounts:** 804-786-1856; www.doa.virginia.gov

**Virginia Line of Duty Act (LODA):**

**Eligibility Determinations and Benefit Payments:**
Virginia Retirement System
Toll-free: 1-888-827-3847 (Request: LODA support)
loda@varetire.org
www.valoda.org

**Health Benefits Plans:**
Department of Human Resource Management
loda@dhrm.virginia.gov
www.dhrm.virginia.gov/healthcoverage/loda-health-benefits

**Page 2:** Change in educational material offered on the VRS website, third bullet.

Free member education about your benefits, *money matters myVRS Financial Wellness* and retirement planning as well as the Commonwealth’s 457 Deferred Compensation Plan, if your employer offers the plan.

**Page 5:** Change in educational material offered on VRS website in sidebar, “What Are Free, Convenient and Help You Plan a Successful Future?”

Whether you were just hired or are getting ready to retire, you can take advantage of free educational opportunities on everything from your benefits *and money matters* to retirement planning.
Addendum effective July 1, 2018


myVRS Financial Wellness
Discover free articles, videos, educational games and mini-courses to help you with budgeting, saving, managing credit, making smart purchases and more. Visit myVRS.varetire.org.

Page 7: Addition of security best practice.

Security Best Practice: Claim Your myVRS Account
VRS takes many measures every day to keep your information secure. You can help by registering for myVRS, completing the identity-verification steps and then establishing a password-protected account. Verifying your myVRS account helps prevent someone else from attempting to lay claim to the account fraudulently.

Page 9: Change in educational material offered on VRS website in second bullet under “Want to plan for retirement or am ready to retire?”

• Take advantage of free member education about your benefits, money matters myVRS Financial Wellness and retirement planning as well as the Commonwealth’s 457 Plan, if your employer offers the plan.

Page 10: Update to the language describing the authority and members of the Board of Trustees.

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 (ORPHE); 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.

A board of trustees administers the investment program and benefit plans of VRS. Nine members serve on the VRS Board of Trustees.

Robert L. Greene, Mitchell L. Nason, Chairman
Diana F. Cantor, Vice Chairman
The Honorable J. Brandon Bell, II
Wallace G. Harris, Ph.D.
W. Brett Hayes
William H. Leighty
O’Kelly E. McWilliams, III
Joseph W. Montgomery
Mitchell L. Nason
Troilen Gainey Seward, Ed.S.

**Page 11:** Clarification of Plan 2 definition under Eligible Employees.

You are covered under Plan 2 if your membership date is from July 1, 2010, to December 31, 2013, and you have not taken a refund. Additionally, you are covered under Plan 2 if you have a membership date prior to July 1, 2010, but you were not vested before January 1, 2013. You are covered under Optional Retirement Plan 2 if you have an ORP membership date on or after July 1, 2010, and maintain an account balance. If you are a member covered under ValORS, SPORS or VRS with enhanced hazardous duty benefits or the hazardous duty alternate option, and your membership date is on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013.

**Pages 13-15:** Clarification of retirement payout options definition.

**Benefit Payout Options**

When you apply for retirement, you choose how you want to receive your benefit. The payout options are the Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (PLOP) Basic Benefit with the Partial Lump-Sum Option (PLOP), Survivor Option with the PLOP and Advance Pension Option. 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.
Partial Lump-Sum Option Payment: The Partial Lump-Sum Option Payment (PLOP) is one of the benefit payout options available at retirement. You may elect a PLOP 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 become 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 eligibility date. This option is paid from your member contribution account and reduces your monthly benefit.

Page 17: Update to Internal Revenue Service (IRS) compensation limits in the Note under Calculating the Basic Benefit.

Note: The Internal Revenue Code limits the amount of annual compensation that may be used to calculate a retirement benefit. The current limits are $395,000 $400,000 for members whose membership date is before April 9, 1996, and $265,000 $270,000 for members whose membership date is on or after April 9, 1996. If these limits apply to you, contact your human resource office for help in calculating your benefit estimate.

Page 22: Change of address for ICMA-RC’s Richmond, Va., office, under Deferred Compensation Resources.

Registered plan representatives also are available for one-on-one counseling. Call toll-free 1-VRS-DC-PLAN1 (1-877-327-5261) or visit the local plan representative at 919 East Main Street, Richmond, VA 23219. Counseling hours are 8:30 a.m.-5 p.m., Monday through Friday.

Page 26: Clarification of purchase limits, under Limited Purchase Amounts.

Active duty military service: You may purchase up to an additional 48 months of active duty military service (in addition to the 48 months of other limited service type), provided your discharge is not under dishonorable conditions, was full-time service of at least 180 consecutive days and at the time of purchase it does not qualify you for a military pension in the U.S. Army, Navy, Air Force, Marines, Coast Guard or reserve components. Exception: If you were in the U.S. Armed Forces Reserves or the National Guard, you may purchase up to an additional 48 months of active duty military service (in addition to the 48 months of other limited service type), even if it will be used to qualify you for a military pension.

Page 28: Addition of clarifying information under Eligibility for Service From Non-VRS-Participating Employers.

- Active Duty Military Service. A copy of your DD214 or a copy of your orders for National Guard Service may be required.
Addendum effective July 1, 2018

Page 28: Addition of clarifying information under Eligibility for Service From Non-VRS-Participating Employers.

- Full-time salaried federal service or other public service. If you participated in the federal retirement system or the retirement system of another public employer, you also must obtain certification from your previous retirement system that you are no longer eligible for a retirement benefit under that employer’s plan. **All defined benefit funds must be withdrawn from the previous retirement plan.**

Page 28: Clarification as well as the addition of a category and footnote under Eligibility for Service From VRS-Participating Employers.

In the following cases, the previous VRS employer with which you earned the service will need to certify and enter your prior service eligibility in the VRS system before you can complete the purchase.

- **VRS service refunded after 1988**.
- Non-covered service with a VRS-participating employer.
- Leave for the birth, adoption or death of a child.
- Educational leave.
- Family and Medical Leave Act (FMLA) leave for your own serious health condition or that of your immediate family member, both as defined under FMLA, approved by your employer at the time of the leave.
- **Service not reported.**

*Note: If you have previous VRS service refunded before July 1, 1988, complete the Application for Purchase of Prior Service Credit form (VRS-26) and send it to VRS.

Page 28: Clarification of purchase of prior service payment under Payment Methods.

You may initiate purchase of prior service through your myVRS account ([myvrs.varetire.org](http://myvrs.varetire.org)) and select from among the following payment methods:

- **Lump-sum payment.** You can purchase prior service by paying for the service in full with a personal check, funds from another retirement plan to VRS using a trustee-to-trustee transfer or a pre-tax rollover of funds from another retirement account. **VRS members who are active participants in the Commonwealth of Virginia 457 Deferred Compensation Plan have the option of using employee contribution funds from their COV 457 plan for payment.**

Page 34: Clarification of Optional Group Life Insurance requirements.

**Proof of Good Health**

**Proof of good health (evidence of insurability) is not required if you enroll in the Optional Group Life**
Insurance Program within 31 days of your employment date. If you participate in the optional plan, you may add dependents within 31 days of a qualifying event, such as marriage or the birth or adoption of a child, without proof of good health. Coverage is guaranteed if you enroll in the Optional Group Life Insurance Program within 31 days from your employment date or a qualifying event, such as marriage or the birth or adoption of a child. Proof of good health (evidence of insurability) is required if:

- You apply after 31 days from your employment date or a qualifying event.
- You wish to add your spouse or dependent child to your coverage after 31 days from your employment date or a qualifying event.
- You wish to purchase more than $375,000 for yourself.
- You wish to increase your optional life insurance coverage for yourself or your spouse.
- Your spouse’s insurance amount is more than half your salary.

Page 34: Revision of irrevocable assignment definition.

Irrevocable assignment. You own your rights in your group life insurance coverage. **That means you can designate a beneficiary or exercise the accelerated death benefit option of your policy.** You may give 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 Minnesota Life toll-free at 1-800-441-2258 for assistance. **Depending on your circumstances, you may want to consider the Accelerated Death Benefit.**

Page 43: Clarification of death-in-service benefits.

Non-Work-Related Cause of Death
If you die while you are an active member from a non-work-related cause, your named beneficiary or your spouse, natural or legally adopted minor child or parent will be eligible for a death-in-service benefit according to whether or not you are vested (you have at least five years of creditable service) at the time of your death:

- **If you are vested and your spouse, natural or legally adopted minor child or parent is one of your named beneficiaries, or is your beneficiary based on order of precedence (see “Death-in-Service Order of Precedence” in this chapter), he or she will be eligible for a lump-sum payment of any balance in your member contribution account or a monthly benefit to the exclusion of all other primary beneficiaries.**
- **If you are vested and your spouse, natural or legally adopted minor child or parent is not one of your named beneficiaries, or is not your beneficiary based on order of precedence, that beneficiary will be eligible for a lump-sum payment only.**
- **If you are not vested, either your designated beneficiary or, if none, your beneficiary based on order of precedence will be eligible for a lump-sum payment only.**

If you die in the line of duty, you or your beneficiary or survivor may be eligible for state or federal line-of-duty benefits. For more information, contact:

- **Virginia Line of Duty Act:**
  Virginia Department of Accounts at 804-786-1856
  or www.doa.virginia.gov.
  - Eligibility Determinations and Benefit Payments:
    Virginia Retirement System
    Toll-free: 1-888-827-3847 (Request: LODA support)
    loda@varetire.org
    www.valoda.org
  - Health Benefits Plans:
    Department of Human Resource Management
    loda@dhrm.virginia.gov
    www.dhrm.virginia.gov/healthcoverage/loda-health-benefits

- **Federal Public Safety Officers’ Benefits Act:**
  Bureau of Justice Assistance
  Toll-free: 1-888-744-6513
  www.psob.gov

Page 50: Change in educational material offered on VRS website. Replacement of Money Matters sidebar.

Whether you just started work or are ready to retire, you can take advantage of free educational opportunities to learn more about everything from your benefits and money matters to how to apply for retirement. You can select from a variety of educational mediums according to what’s most convenient for you. These include live presentations, seminars, webinars, e-courses and regional meetings.

Visit www.varetire.org for more information. Courses include:

- Retirement planning sessions geared to new and current members, members within five or more years of retirement and those ready to retire
- “Money Matters for Virginians” financial education courses
- Courses on topics such as the hazardous duty supplement, purchase of prior service and retirement payout options.

Money Matters for Virginia. Learn more about everything from banking and home finance to investment basics. Visit www.varetire.org for more information.
myVRS Financial Wellness
Discover free articles, videos, educational games and mini-courses to help you with budgeting, saving, managing credit, making smart purchases and more. Visit myVRS.varetire.org.

**Page 51:** Clarification of language describing retirement benefit.

Retirement Date
Retirement is effective on the first of the month. **Your monthly benefit will begin following** To be eligible for a **retirement benefit, you must take** a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work.

**Page 54; 60 - sidebar:** Change in process, under Retirement Readiness Checklist – Right After You Retire.

Create a myVRS retiree online account. VRS will send you a one-time authentication code in the mail shortly after you retire, which you will use to set up your secure online account. Your myVRS account moves with you from active member to retiree. If you registered for myVRS while working, you may continue to use your myVRS member account username and password in retirement. Otherwise, you may set up an account after you retire.

**Page 56:** Change in process for myVRS account, update of information in sidebar.

Update Your Tax Withholdings Online

**After you retire, you can set up a myVRS retiree online account, providing secure online access to your retirement information.** If you registered for myVRS while working, you may continue to use your myVRS member account username and password in retirement. Otherwise, you may set up an account after you retire. Through myVRS, you can submit changes to your tax withholdings online.

**Page 57:** Update of COLA effective date language, under Cost-of-Living Adjustments (COLAs).

**Exceptions to COLA Effective Dates**
If you are eligible for a COLA under any of the following circumstances, your COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) **from your retirement date from the date the monthly benefit begins:**
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- You were within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- You retire on disability.
- You retire directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- 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. The 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.

Pages 61-62: Clarification of life insurance coverage reduction, under Life Insurance Coverage in Retirement.

Your coverage begins to reduce on January 1 following one calendar year of retirement after your employment ends. The reduction rate is 25 percent each January 1 until it reaches 25 percent of the total life insurance benefit value at retirement. If you have at least 30 years of creditable service, your coverage cannot reduce below $8,000 and $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.

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<td>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.</td>
<td>You retire on July 1, 2018. 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.</td>
</tr>
<tr>
<td>On January 1 following one calendar year after your employment ends (January through December), your life insurance coverage reduces 25 percent.</td>
<td>On January 1, 2020, your life insurance coverage reduces to $75,000.</td>
</tr>
<tr>
<td>On January 1 following two calendar years after your employment ends (January through December), your life insurance coverage reduces another 25 percent.</td>
<td>On January 1, 2021, your life insurance coverage reduces to $50,000.</td>
</tr>
<tr>
<td>On January 1 following three calendar years after your employment ends (January through December), your life insurance coverage reduces a final 25 percent and remains at that value for the rest of your retirement.</td>
<td>Your final reduction will be on January 1, 2022, and your coverage will remain at $25,000* for the rest of your retirement.</td>
</tr>
</tbody>
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*The final amount of insurance will vary according to your creditable compensation when leaving employment.
Page 62: Clarification of cover reduction, under 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 into retirement upon leaving employment. You as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date. Accidental death and dismemberment coverage ends upon retirement. Optional life insurance amounts will reduce by 25 percent based on your age, beginning with your normal retirement date under your plan; coverage ends at age 80. The maximum amount of optional group life insurance coverage in retirement is $275,000. You must elect to continue your coverage within 31 days of the last day of the month in which you leave your position or your retirement date. This option is not available after 31 days.

Page 63: A clarification for applying for the State Retiree Health Benefits Program.

State Retiree Health Benefits Program
You are eligible to enroll in the State Retiree Health Benefits Program upon retirement. You can elect coverage when you apply for retirement or within 31 days of your last day of employment or retirement date by submitting the State Health Benefits Program Form for Retirees, Survivors and LTD Participants (T-20879). The form is available at www.varetire.org. Note that if you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date.

Page 66: Clarification to the rules for returning to work.

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, summer breaks and intersession periods do not count toward satisfying this break in service. This requirement includes teachers who retire under an early retirement incentive program. If you do not take the break in service, your retirement is void and any benefit payments received will have to be repaid.

Page 67: Update to return-to-work policy for disability retirement.

K-12 Critical Shortage Positions
You may be eligible to teach or serve as a principal or assistant principal in a critical shortage position in a Virginia public school. You do not have to retire as a teacher or school administrator as long as you become licensed by the Virginia Board of Education for the position you will hold. Positions are full time and temporary
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(non-covered) for the current school year; 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 K-12 critical shortage position, you must:

• Work in a designated critical shortage position.
• Hold a Virginia Board of Education license for the position.
• Have a break in service of at least 12 consecutive months between your retirement date and the date you wish to work in a critical shortage position. This break means not working in any full-time, part-time or temporary 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) or with any incentive program that enabled you to retire with a reduced or unreduced benefit.
• Not be on VRS disability retirement.
• Not have a pre-arranged commitment, either verbal or written, with the school division before your retirement date.

Page 70: Addition to clarify Basic Benefit definition.

The Basic Benefit is calculated based on a formula using your average final compensation, a retirement multiplier and your total service credit at retirement. If you work at least one year beyond your eligibility for an unreduced retirement, you can elect the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP). You can elect the Basic Benefit or another payout option when you apply for retirement.

Page 71: Clarifications to benefit payout option definition.

When you apply for service retirement, you elect how you want to receive your benefit. You choose from four one of the benefit payout options, depending on your eligibility: Basic Benefit, Survivor Option, Basic Benefit with the Partial Lump-Sum Option Payment (PLOP), Survivor Option with the PLOP or Advance Pension Option. The option you elect is irrevocable. That means you cannot change it once you retire, with the exception of the Survivor Option under some conditions.

Page 71: Clarification to bona fide break in service definition.

A bona fide break in service is a break of at least one full calendar month from your last day of employment 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.
Page 73: Clarification to Partial Lump-Sum Option Payment (PLOP) definition.

The Partial Lump-Sum Option Payment (PLOP) is one of the benefit payout options available at retirement. 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 become 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 eligibility date. This option is paid from your member contribution account and reduces your monthly benefit.

Page 74: Clarification to Plan 2 definition.

You are covered under Plan 2 if your membership date is from July 1, 2010, to December 31, 2013, and you have not taken a refund. Additionally, you are covered under Plan 2 if you have a membership date prior to July 1, 2010, but you were not vested before January 1, 2013. You are covered under Optional Retirement Plan 2 if you have an ORP membership date on or after July 1, 2010. If you are covered under VaLORS or SPORS, with enhanced hazardous duty benefits or the hazardous duty alternate option and were hired on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013. If you are a member covered under VaLORS, SPORS or VRS with enhanced hazardous duty benefits or the hazardous duty alternate option, and your membership date is on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013.

Page 75: Addition to clarify Survivor Option definition.

The Survivor Option is one of the benefit payout options available at retirement. Under the Survivor Option, you elect to continue a monthly benefit to a survivor upon your death. If you work at least one year beyond your eligibility for an unreduced retirement, you can elect the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP). This option reduces your monthly benefit. You can name any living person as your survivor; you also can name more than one survivor.
Providing information about your... retirement benefits resources
You are in Plan 2 if your membership date is on or after July 1, 2010, or before July 1, 2010, and you were not vested (you had less than five years of service credit) as of January 1, 2013.

**CONTACT VRS**

Website: www.varetire.org

Toll-Free Telephone Number: 1-888-VARETIR (1-888-827-3847)

TDD: 804-289-5919

Email: vrs@varetire.org. **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:
1111 East Main Street, Richmond, VA 23219

VRS Administrative Offices:
1200 East Main Street, Richmond, VA 23219

Mailing Address: P.O. Box 2500, Richmond, VA 23218-2500

**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*. 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.
VRS Website at www.varetire.org
• myVRS, a secure online system providing retirement planning and information from your member record
• Benefit information, forms and publications, including the Handbook for Members
• Free member education about your benefits, money matters, retirement planning and the Commonwealth’s 457 Deferred Compensation Plan

VRS Retirement Counseling
• Talk with a counselor about your retirement options, applying for retirement and retiree benefits. Walk-in counseling is available on a first-come first-served basis. Limited scheduled appointments also are available; call VRS toll-free at 1-888-VARETIR (1-888-827-3847) for more information. Counseling hours are 8:30 a.m.–4 p.m., Monday through Friday. Go to www.varetire.org for directions and parking information

Key Contacts
• American Association of Retired Persons: 1-888-OUR-AARP (1-888-687-2277); www.aarp.org
• Anthem Blue Cross/Blue Shield: 1-800-552-2682; www.anthem.com/cova
• Commonwealth of Virginia 457 Deferred Compensation Plan: 1-VRS-DC-PLAN1 (1-877-327-5261); www.varetire.org (select the Defined Contribution Plans tab)
• Group Life Insurance Program: Minnesota Life, 1-800-441-2258
• Internal Revenue Service: 1-800-829-1040; www.irs.gov
• Medicare: 1-800-MEDICARE (1-800-633-4227); www.medicare.gov
• Social Security Administration: 1-800-772-1213; www.socialsecurity.gov
• Virginia Division for the Aging: 1-800-552-3402; www.vda.virginia.gov
• Virginia Department of Human Resource Management; www.dhm.virginia.gov
• Virginia Department of Taxation: 804-367-8031; www.tax.virginia.gov
• Virginia Line of Duty Act, Virginia Department of Accounts: 804-786-1856; www.doa.virginia.gov
• Virginia Sickness and Disability Program (VSDP): Reed Group, 1-877-928-7021; www.reedgroup.com/vsdp-claims
• VSDP Long-Term Care Plan: Long Term Care Group, Inc., 1-800-761-4057
• Virginia Workers’ Compensation Commission: 1-877-664-2566; www.vwc.state.va.us
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Preparing for Your Future

As a member of the Virginia Law Officers’ Retirement System (VaLORS), you have a tremendous opportunity to lay the foundation for your future retirement needs. Your partners are your employer and the Virginia Retirement System (VRS).

In practical terms, preparing for retirement is about having enough income to live comfortably after you retire. Most financial planning experts recommend 80 percent of your current earnings as a retirement income target. The components are:

- Your monthly VaLORS retirement benefit;
- Social Security; and
- Savings you put aside for your future. That means not only saving for retirement but also staying on track toward your retirement income target by increasing the amount you save over your active career.

As a member of VaLORS, you also have other benefit coverage to protect you and your loved ones, including:

- Life insurance
- Disability coverage
- Long-term care benefits
- Benefit for your beneficiary or survivor if you die while you are an active member

The Virginia Law Officers’ Retirement System *Handbook for Members* explains how these benefits support you while you are working and after you retire. It also describes the member resources available to help you get started on planning ahead.
You and Your Partners

You

You are enrolled automatically in the Commonwealth of Virginia 457 Deferred Compensation Plan upon employment. That means you start saving for the future from your first day on the job. You also contribute 5 percent of your compensation each month toward your future monthly retirement benefit.

While you are an active member, take time to learn more about your benefits by referring to your member handbook, looking up information on the VRS website at www.varetire.org and taking advantage of member education opportunities (see right column).

Your Employer

• One of the most important roles your employer plays is participating in Social Security and contributing to Social Security on your behalf. In addition, without this participation, your employer would not be eligible to participate in VaLORS.

• Your employer funds your retirement benefit by making a separate contribution to VRS. VRS invests these contributions to provide benefits for future retirees.

• Your employer matches a portion of your 457 Plan contributions through the Virginia Cash Match Plan.

• Your employer pays toward other coverage that protects you and your loved ones while you are employed and after you retire.

VRS

• VRS administers and pays your monthly benefit after you retire. VRS also assists your loved ones in obtaining benefits for which they may be eligible upon your death.

• VRS manages the investment of contributions. This is critically important: two-thirds of the average VRS retirement benefit is funded by investment earnings. The VRS fund can be used only on behalf of our members, retirees and beneficiaries.

• VRS is committed to continuous innovation. The secure myVRS online system is one of the latest innovations to assist you in planning ahead (see next page).

What Are Free, Convenient and Help You Plan a Successful Future?

Whether you were just hired or are getting ready to retire, you can take advantage of free educational opportunities on everything from your benefits and money matters to retirement planning. Topics are offered through a variety of online and on-site educational mediums. Schedules and online registration are available at www.varetire.org; select Education & Counseling from the Members homepage.

Also sign up for the Deferred Compensation Plan Regional Education Meetings to learn more about planning for your financial future, managing your plan and distribution strategies.

For more information, select the Defined Contribution Plans tab from www.varetire.org and then Commonwealth of Virginia Deferred Compensation Plan (457).
myVRS: Helping You Plan for Tomorrow, Today

As a member of VRS, you have access to myVRS, one of your most important retirement planning resources. This secure, online system helps you prepare for your future. It provides up-to-date benefit information based on your VRS member record.

Key Features

Retirement Planner and Benefit Estimator
Through the Retirement Planner, you can create VRS retirement benefit estimates based on different retirement dates or payout options, to see which will best meet your needs and those of your family when you retire. You can then select a benefit scenario to enter in the Retirement Planner, along with other sources of income and expenses, including income taxes, health insurance and living expenses. The result will help you project your income and expenses in retirement.

In addition, you can view your life insurance balance, purchase of prior service history and employment history and can update your contact information. Upon leaving employment, you can apply for a refund online and track its progress through your myVRS account.

If you participate in a deferred compensation plan, you also can view your account balance to see whether you need to increase your contributions to stay on target toward your future retirement income.

Member Benefit Profile
Through myVRS, you can view your Member Benefit Profile (MBP). This is your annual online benefits statement based on information your employer reports to VRS through June 30 of each year. The MBP shows your earliest retirement eligibility dates, estimated benefit amounts and member contribution account balance, among other information from your member record.

If you are eligible to participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, your MBP also shows a total retirement income estimate combining your unreduced benefit estimate, a Social Security estimate and an estimated annuity from your deferred compensation plan, if applicable. You can measure this estimate against a retirement income target of 80 percent of your creditable compensation.

Print a copy of your MBP to share with your family. If you have a financial advisor, he or she will find your MBP to be a helpful planning document.
Creating Your myVRS Member Online Account

To set up your account, select myVRS from www.varetire.org and then Members-Register, and follow the simple step-by-step instructions.

Each time you log into your myVRS member account, you come to your account home page. From the right column, you can select links to other information in your member record and to your MBP. From the top tabs, you can navigate to your History, the Benefit Estimator and the Retirement Planner.

Security and Privacy
VRS is committed to protecting the security and privacy of your information. Before you are allowed access to your information, your identity is authenticated through the online account creation process. You set up your own username and password, which you use each time you log into myVRS.

Randomly generated questions presented during registration come from a third-party identity verification service and are used only for the initial verification process. VRS does not retain the information or share it with anyone.

Assistance With myVRS
Select Help from the top of any screen for general information.

You will have two attempts to register before a lockout occurs. Once registered, you can use the Forgot Password feature if you get locked out. For additional assistance, call VRS toll-free at 1-888-VARETIR (827-3847) and select option 3 for myVRS online assistance, 8:30 a.m.–5 p.m., Monday through Friday, or contact myvrsonlineassistance@varetire.org.

Important email notice: Do not send confidential or personal information, such as your Social Security number, by email even when you are logged into your account. VRS will send only non-confidential replies.

Ready to Retire?
myVRS is a valuable resource as you start to plan for retirement. You can view your earliest retirement eligibility dates, estimated benefit amounts and Member Benefit Profile (MBP), among other information. You also can create different benefit scenarios and estimate your income and expenses upon retirement. For more information, see Chapter 11-Getting Ready to Retire.
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Through myVRS, you can view information from your member record, track your savings progress, create benefit estimates and plan for retirement. To create a secure online account, select myVRS from the VRS website at www.varetire.org. | Chapter 1-Welcome to VaLORS |
| **Want public service from previous employment to count toward my retirement?** | | 
If you have eligible service from a previous public position, active duty military service, an eligible period of leave or VRS refunded service, you may be able to purchase this service as credit in your plan. | Chapter 4-Enhancing Your Benefit |
| **Change my marital status; have or adopt a child?** | | 
If your personal or family situation changes, review your beneficiary designation as soon as possible. VRS is required by law to pay benefits according to the latest beneficiary designation in your member record. If you need to confirm your current designation, request this information by writing to Minnesota Life, the insurer for the Group Life Insurance Program, at P.O. Box 1193, Richmond, VA 23218-1193. Neither Minnesota Life nor VRS can provide this information over the phone. 
To update your beneficiary, complete the Designation of Beneficiary (VRS-2). To update your beneficiary for the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, complete the Beneficiary Designation 457(b)/401(a) Plan form. Both forms are available at www.varetire.org/beneficiary. 
Also, consider whether you need to increase your life insurance. You are eligible to elect additional coverage for yourself as well as a spouse or dependent children through the Optional Group Life Insurance Program. You pay the premiums through payroll deduction. | Chapter 3-Saving for Retirement | 
Chapter 5-Group Life Insurance Program | Chapter 12-Insurance in Retirement |
| **Become disabled?** | | 
You have income protection through the Virginia Sickness and Disability Program (VSDP) if you can’t work because of a non-work-related or work-related illness or injury; there are eligibility periods for some coverage. As a participant in VSDP, you also are covered under the VSDP Long-Term Care Plan at no cost to you. | Chapter 6-Virginia Sickness and Disability Program (VSDP) | 
Chapter 7-Long-Term Care Programs |
| **Leave my job?** | | 
If you leave your position, you can request a refund of your member contributions and interest. You will receive a full or partial refund based on whether or not you are vested (you have at least five years of service credit) or involuntarily separated from employment for causes other than job performance or misconduct. Taking a refund cancels your membership and eligibility for any future benefits. 
You have the option of leaving your account balance with VRS. You will be considered a deferred member. If you are vested, you may be eligible for a future retirement benefit if you meet the age and service requirements for your plan. Look up your member contribution account balance and other benefit information in myVRS before deciding the option that will best meet your needs. 
If you leave employment, you may be eligible to continue other coverage, such as life insurance or long-term care insurance. If you are involuntarily separated from employment, you will qualify for severance benefits. For more information, visit www.varetire.org/severance. | Chapter 9-Leaving Employment | 
Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments |
Want to plan for retirement or am ready to retire?
It’s never too soon to plan for retirement:

- From time to time, check your 457 Plan account balance or other supplemental retirement plan if offered by your employer to see if you can increase your contributions within allowable plan limits.
- Take advantage of free member education opportunities about your benefits, money matters, retirement planning and the Commonwealth’s 457 Plan.
- Be sure to register for myVRS, which gives you secure online access to your benefit information and retirement planning.

Need to arrange my affairs?
If you no longer can take actions on your own behalf, an agent named under a power of attorney can act on your behalf. To name an individual as your agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901). The form is available at www.varetire.org.

If you die while you are an active member, your beneficiary may be eligible for a death-in-service benefit, funds from your 457 Deferred Compensation Plan or life insurance benefits. At retirement, you can elect the Survivor Option if you wish to continue a monthly benefit to a survivor upon your death. Your life insurance coverage includes an accelerated death benefit option if you are diagnosed with a terminal condition and have fewer than 12 months to live. In the event of your death, Losing a Loved One: Guide for Families will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at www.varetire.org.

Want to know more about my benefits as a retiree?
Health insurance, the health insurance credit, life insurance—as a retiree, you may be eligible for these benefits in addition to your monthly retirement benefit. Also, learn more about direct deposit, the cost-of-living adjustment (COLA), taxes and payment options for your deferred compensation plan account.

Want to work after I retire?
Under some circumstances, you can work after retirement with no interruption in your monthly benefit. If you return to VRS-covered employment, your benefits will stop and you will become an active member. Any cost-of-living adjustments (COLAs) you received while retired will not continue when you retire again. You may become eligible for an annual COLA effective July 1 of the second calendar year after your subsequent retirement.

Have a question about my benefits? This Handbook for Members describes your benefits as a member covered under the VaLORS Plan 2. If you have additional questions, contact your human resource office or call VRS toll-free at 1-888-VARETIR (1-888-827-3847).
About VRS

**Plan:** The Virginia Law Officers’ Retirement System (VaLORS) is administered by the Virginia Retirement System (VRS) based on the plan year July 1 to June 30. VRS is a defined benefit plan qualified under Section 401(a) of the Internal Revenue Code. VRS is governed by the provisions of Title 51.1 of the Code of Virginia. 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. Benefit plans include defined benefit plans through VRS, VaLORS, the State Police Officers’ Retirement System (SPORS) and the Judicial Retirement System (JRS); defined contribution plans, including the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans; VRS Group Life Insurance Program; Virginia Sickness and Disability Program (VSDP) and VSDP Long-Term Care Plan for state employees; Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program; disability retirement for members not covered under VSDP; and the Retiree Health Insurance Credit Program.

A board of trustees administers the investment program and benefit plans of VRS. 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 following individuals currently serve on the Board of Trustees:

- Robert L. Greene, Chairman
- Diana F. Cantor, Vice Chairman
- The Honorable J. Brandon Bell, II
- Wallace G. “Bo” Harris, Ph.D.
- W. Brett Hayes
- William H. Leighty
- Joseph W. Montgomery
- Mitchell L. Nason
- Troilen Gainey Seward, Ed.S.

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.

**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 www.varetire.org.
Eligible Employees

You are covered under Plan 2 if your membership date is from July 1, 2010, to December 31, 2013, and you have not taken a refund. Additionally, you are covered under Plan 2 if you have a membership date prior to July 1, 2010, but you were not vested before January 1, 2013. You are covered under Optional Retirement Plan 2 if you have an ORP membership date after July 1, 2010. If you are a member of VaLORS or SPORS, or an employee of a political subdivision that covers you with enhanced hazardous duty benefits or the hazardous duty alternate option under VRS and were hired on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013.

Eligible employees include:

- Capitol police officers
- Campus police officers
- Conservation police officers of the Department of Game and Inland Fisheries
- ABC special agents
- Marine resources officers
- State correctional officers
- State juvenile correctional officers
- State parole officers
- Commercial vehicle enforcement officers employed by the Virginia Department of State Police
About Your Plan

The VaLORS Plan 2 is a defined benefit plan. This plan provides a monthly benefit during retirement based on your age, total service credit and average final compensation. Average final compensation is the average of your 60 consecutive months of highest creditable compensation as a covered employee. Creditable compensation is your annual salary, not including overtime pay, payment of a temporary nature or payments for extra duties.

Your benefit is funded through member and employer contributions to VRS, which are invested over your career. VRS holds these funds in a trust protected by the Constitution of Virginia. This trust may be used only to pay benefits for VRS members, retirees and beneficiaries.

Member Contributions

You contribute 5 percent of your compensation each month to your member contribution account on a pre-tax salary reduction basis. Your contributions are tax-deferred until you receive them as part of your retirement benefit or as a refund. Your account accrues 4 percent interest, which is compounded annually on the balance as of the previous June 30.

If you leave your position before retirement, you can request a refund of your member contributions and interest. If you are vested (you have at least five years of service credit) or involuntarily separated from employment for causes other than job performance or misconduct, you will receive a full refund of your member contribution account balance. If you are not vested, you will receive a refund of the balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.
Taking a refund cancels your membership and eligibility for any future VaLORS benefits. You have the option of leaving your account balance with VRS. You will be considered a deferred member. For more information, see Chapter 9-Leaving Employment.

The *Code of Virginia* prohibits members from borrowing from their member contribution accounts.

**Employer Contribution**

Your employer makes a separate contribution to VRS based on the payroll of all covered employees. The VRS actuary determines the rate your employer pays. This rate is based on several factors, including the number of employees eligible for benefits, number of retired employees, employee salaries, ages and mortality rates. Members are not eligible for a refund of the separate employer contribution.

**Qualifying for Retirement**

Vesting. Vesting is the minimum length of service needed to qualify for a retirement benefit. You become vested when you have at least five years (60 months) of service credit. Once you are vested, you are eligible for a retirement benefit if you meet the age and service requirements for your plan.

Unreduced retirement. Normal retirement age under VaLORS is age 60. You become eligible for an unreduced benefit at age 60 with at least five years of service credit or at age 50 with at least 25 years of service credit.

Reduced retirement. You may retire with a reduced benefit as early as age 50 with at least five years of service credit. To determine your reduced benefit, VRS applies an early retirement reduction factor to the benefit you would receive if you retired with an unreduced benefit.

**Benefit Payout Options**

When you apply for retirement, you choose how you want to receive your benefit. The payout options are the Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (PLOP) and Advance Pension Option. **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**

The Basic Benefit is a monthly benefit based on a formula. See “Your Core Benefit” in this chapter for a calculation example. If you retire with a reduced benefit, VRS will first determine the amount of your Basic Benefit and then apply an early retirement reduction factor. The Basic Benefit does not provide a continuation of a benefit to a survivor. However, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death.

**Benefit Payout Options and the COLA**

The cost-of-living adjustment (COLA) is an annual increase in your retirement benefit. The COLA calculation is based on the payout option you elect at retirement:

- For the Basic Benefit or Advance Pension Option, the calculation is based on the Basic Benefit amount.
- For the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP), Survivor Option or Survivor Option with the PLOP, the calculation is based on the reduced benefit amount.

During years of no inflation or deflation, the COLA will be 0 percent. For more information about the COLA, see Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.

**Survivor Option**

With this option, you elect to receive a lower monthly benefit during your retirement so that your survivor can receive a monthly benefit after your death. If you elect this option, you will choose a whole percentage of your benefit, between 10 percent and 100 percent, to go to your survivor. Your benefit amount will be based on this percentage, your age and the age of your survivor at your retirement date.

You can name any living person as your survivor; you also can name more than one survivor. The Internal Revenue Service (IRS) may limit the amount of your benefit that can go to a non-spouse survivor. For additional information, including a chart on maximum survivor option percentages, contact the IRS toll-free at 1-800-829-1040 or visit www.irs.gov.

**Changing the Survivor Option**: You can 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; or
• 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: If you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, your benefit must be paid as directed by the ADRO. For more information about attachments to retirement benefits, see Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.

Partial Lump-Sum Option Payment (PLOP)

If you work at least one year beyond the date you first become eligible for an unreduced retirement benefit, you may elect to receive a one-time Partial Lump-Sum Option Payment (PLOP). This option reduces your monthly benefit amount.

PLOP amounts. You may elect up to three times the amount of your annual Basic Benefit. The amount depends on how long you work beyond the date you first become eligible for an unreduced retirement benefit, as shown in the following chart:

<table>
<thead>
<tr>
<th>Active Service Beyond Unreduced Retirement Eligibility</th>
<th>PLOP Amount</th>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>12 months</td>
<td>1 x annual Basic Benefit amount (one-year PLOP)</td>
<td>$32,000</td>
</tr>
<tr>
<td>24 months</td>
<td>1 or 2 x annual Basic Benefit amount (one- or two-year PLOP)</td>
<td>$32,000 or $64,000</td>
</tr>
<tr>
<td>36 months or more</td>
<td>1, 2 or 3 x annual Basic Benefit amount (one-, two- or three-year PLOP)</td>
<td>$32,000, $64,000 or $96,000</td>
</tr>
</tbody>
</table>

Continued on page 18
Your Core Benefit

Your plan provides a monthly benefit when you retire. Your core benefit is called the Basic Benefit. It is calculated using a percentage of your average final compensation multiplied by your service credit at retirement. The percentage is called a retirement multiplier. Under the VaLORS Plan 2, the retirement multiplier for service retirement is 2.0 percent.

Average final compensation is the average of your 60 consecutive months of highest creditable compensation as a covered employee, as shown in the following example:

**Average Final Compensation Example**

<table>
<thead>
<tr>
<th>60 consecutive months of highest creditable compensation</th>
<th>$210,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Divided by five years (60 months)</td>
<td>÷ 5</td>
</tr>
<tr>
<td>Average final compensation</td>
<td>$42,000</td>
</tr>
</tbody>
</table>

What is service? Service is the period of time you are working in a covered position. You accrue credit for service at the rate of one month of service credit for each month you are on the job.

What is service credit? Service credit is credit for service earned as a VRS defined benefit member. Members earn service credit for each month they are reported in a covered position. Service credit also may include credit for prior service a member may have purchased or additional service credit granted by an employer. Service credit is one of the factors used to calculate the VRS retirement benefit and determine eligibility for retiree benefits.

Moving to Another Covered Position?

If you move to a position covered under the Virginia Retirement System (VRS), the State Police Officers’ Retirement System (SPORS) or the Judicial Retirement System (JRS), or to a political subdivision position eligible for enhanced hazardous duty coverage, you will come under the plan provisions of the new position for retirement and other benefits. In addition, if you take a refund of your member account and then return to a non-hazardous duty position with no service credit in VRS, you will be rehired under the Hybrid Retirement Plan.

Learn how your hazardous duty benefits may change if you move to another position. Visit www.varetire.org/db-plan2. For more information, refer to the current member handbooks available at www.varetire.org. You also can call VRS toll-free at 1-888-VARETIR (1-888-827-3847) for assistance.
Calculating the Basic Benefit

Here is an example of how the unreduced Basic Benefit is calculated:

**Basic Benefit Calculation for an Unreduced Benefit**

For a member retiring at age 50 with 25 years of service credit

<table>
<thead>
<tr>
<th>FORMULA</th>
<th>EXAMPLE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average final compensation</td>
<td>$ 42,000.00</td>
</tr>
<tr>
<td>x 2.0%</td>
<td>x .0200</td>
</tr>
<tr>
<td>x Years of service credit</td>
<td>x 25</td>
</tr>
<tr>
<td>Annual benefit amount</td>
<td>$ 21,000.00</td>
</tr>
<tr>
<td>÷ 12 months</td>
<td>÷ 12</td>
</tr>
<tr>
<td>Monthly benefit amount before taxes and other deductions</td>
<td>$ 1,750.00</td>
</tr>
</tbody>
</table>

**Benefit Variations**

If you retire with a reduced benefit, the Survivor Option, a Partial Lump-Sum Option Payment (PLOP) or the Advance Pension Option, a reduction factor for reduced retirement or the option you elect will be applied to your unreduced Basic Benefit amount.

*Note:* The Internal Revenue Code limits the amount of annual compensation that may be used to calculate a retirement benefit. The current limits are $395,000 for members whose membership date is before April 9, 1996, and $265,000 for members whose membership date is on or after April 9, 1996. If these limits apply to you, contact your human resource office for help in calculating your benefit estimate.

How Your Benefit Is Paid

When you retire, your benefit is paid first from your member contributions and interest. After these funds have been paid out, your benefit is paid from the separate contribution your employer makes to VRS and investment earnings.

Look Up Your Member Information Online

Through myVRS, you can see your current member contribution account balance, service credit and other information from your member record. To log in or create a secure online account, select myVRS from www.varetire.org.
Qualifying for the PLOP. Prior service credit or granted service credit counts toward eligibility for unreduced retirement. However, to qualify for a PLOP, you must be working as an active member beyond the date you become eligible for an unreduced retirement benefit. Prior service credit or granted service credit cannot substitute for this active service.

Taxes on the PLOP. If you have the PLOP paid directly to you, VRS will deduct 20 percent for federal income taxes and, if you live in Virginia, 4 percent for state income taxes. The IRS also may impose an additional 10 percent tax penalty for early withdrawal of member contributions if you receive the PLOP before age 59½; there are exceptions to this rule. You can roll over the PLOP to the Virginia Cash Match Plan, an Individual Retirement Account (IRA) or another qualified tax-deferred savings plan. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org/irs402f; or contact a tax advisor or the IRS toll-free at 1-800-829-1040 or www.irs.gov.

Advance Pension Option

With this option, you elect to increase your monthly benefit temporarily. The temporary increase will begin when you retire and continue until an age you choose, between age 62 and the age you become entitled to a full Social Security benefit. At that point, your benefit will be permanently reduced. You can elect this option with an unreduced or reduced retirement benefit. For a Social Security age chart, see Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.

To figure your benefit amount, VRS will add a percentage of your estimated monthly Social Security benefit to your monthly VaLORS benefit. The percentage is based on several factors, including your age when you retire and the

Beneficiary Payment

Under the PLOP

If you elect the PLOP with the Basic Benefit, your beneficiary will be eligible for a lump-sum payment of your member contribution account balance upon your death. However, because the PLOP is paid from your member contribution account, there may be no funds remaining in your account or the balance may be less than if you elected the Basic Benefit without the PLOP.

PLOP Example

Effective March 1, 2018, Debbie will be eligible for an unreduced retirement benefit. She would like to retire with a PLOP. If she works until March 1, 2019, she will qualify for a one-year PLOP. If she works until March 1, 2020, she can elect a one- or two-year PLOP. If she works until March 1, 2021, or later, she can elect a one-, two- or three-year PLOP.
age you want your benefit to permanently reduce. When the temporary increase ends, your benefit will be reduced by the estimated Social Security benefit used to determine your temporary increase. However, it will never be reduced by more than 50 percent of your Basic Benefit amount.

Important note: This option does not affect the amount of your Social Security benefit. You also may draw your Social Security when you are eligible for it, regardless of the age you choose for your benefit to reduce. The Advance Pension Option does not provide a continuation of a benefit to a survivor. You cannot elect the Advance Pension Option with other benefit payout options.

Estimating and Electing the Advance Pension Option

You will need a Social Security benefit estimate adjusted for purposes of estimating or electing this option. The estimate must be less than 12 months old, assume you will have no future earnings after leaving your position and be based on your Social Security earnings record. For detailed instructions, go to www.varetire.org/apo.
Deferred Compensation Plan

When you become a salaried state employee, you are enrolled automatically in the Commonwealth of Virginia 457 Deferred Compensation Plan. This plan allows you to save for retirement. You may choose a Roth contribution option if you participate in the Commonwealth’s 457 Plan. Roth contributions are made on an after-tax basis to your 457 Plan.

A pre-tax salary reduction of $20 per pay period and an employer cash match of $10 per pay period through the Virginia Cash Match Plan begin within 90 days of employment. You can enroll before then to get started on your savings now once you receive a personal identification number (PIN) in the mail to set up your online account. As a participant in the 457 Plan, you are eligible for an employer cash match equal to 50 percent of your contributions, not to exceed $20 per pay period.

Allowable Contribution Amounts

Regular contribution limit. Each year, you may contribute up to 100 percent of your includible compensation to the Commonwealth’s 457 Plan, not to exceed the limit set by the Internal Revenue Service (IRS), which is updated from time to time. Includible compensation is the compensation you receive from your employer, less any amount you may be using to purchase VRS service credit on a tax-deferred basis. Contributions to your pre-tax account are not subject to federal or Virginia income taxes but are subject to employment taxes such as FICA.

Standard Catch-Up. During each of the three calendar years before your normal retirement age, you may contribute up to twice the regular IRS contribution limit or the amount of your Standard Catch-Up credit, whichever is less. The Standard...
Catch-Up credit is the amount you did not contribute, or did not contribute to the maximum allowed, in previous years in which you were eligible. Use the Standard Catch-Up worksheet available at www.varetire.org to determine the amount of your credit, or call toll-free 1-VRS-DC-PLAN1 (1-877-327-5261) for assistance.

**Age 50+ Catch-Up.** If you are age 50 or older, you may contribute an additional amount over the regular IRS contribution limit to the 457 Plan. You cannot use the Age 50+ Catch-Up and the Standard Catch-Up in the same calendar year.

**Military leave make-up.** If you leave your position for military service, you will not be able to contribute to the 457 Plan, unless you continue to receive compensation from your employer from which contributions can be made. If you return to employment with an employer that offers the plan, you may contribute the amount of deferrals you were unable to make during your period of military leave. You will receive the employer cash match on these make-up contributions.

**Consolidating Your Retirement Funds**

You can use your Virginia Cash Match Plan account to consolidate your retirement funds, such as rolling over money from an Individual Retirement Account (IRA) or another qualified plan to your account. If you leave employment or retire, you can roll over your 457 Plan balance to your cash match account or contribute some or all of a Partial Lump-Sum Option Payment (PLOP), if you elect this option at retirement (see “Benefit Payout Options” in Chapter 2-Your Retirement Plan). You also can use your 457 Plan account to consolidate payments you may be eligible to receive when you leave employment or retire, such as a payment of unused annual leave. As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Plan.

You defer paying federal and state income taxes on your contributions until you withdraw the money from your plan, with the exception of Roth contributions, which are made on an after-tax basis to your 457 Plan and may be withdrawn tax free provided certain criteria are met. The IRS also may impose an additional 10 percent tax penalty on Cash Match Plan distributions received before age 59½; there are exceptions to this rule. There is no penalty for early withdrawals from the 457 Plan. When you reach age 70½, you can withdraw your money from your plan at any time, regardless of your employment status. For more information, see Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.
Deferred Compensation Plan Resources

Publications and education are available to help you get the most out of your 457 Plan. Publications include the Focus Newsletter, Plan Features and Highlights and Investment Guide. The Deferred Compensation Plan Regional Education Meetings cover topics, such as long-term planning for your financial future, managing your plan and distribution strategies. Meetings are held at sites around the state. You can find these resources at www.varetire.org (select the Defined Contribution Plans tab).

Registered plan representatives also are available for one-on-one counseling. Call toll-free 1-VRS-DC-PLAN1 (1-877-327-5261) or visit the local plan representative at 919 East Main Street, Richmond, VA 23219. Counseling hours are 8:30 a.m.–5 p.m., Monday through Friday.

Designating a Beneficiary for the 457 Plan

Complete the Beneficiary Designation 457(b)/401(a) Plan form* online at www.varetire.org/members/naming-a-beneficiary/index.asp to name a beneficiary to receive your plan account balance upon your death (select the Defined Contribution Plans tab). If there is no valid beneficiary designation on file or your named beneficiary is deceased at the time of your death, VRS is required by law to pay benefits according to an order of precedence. For more information about order of precedence, see “Designating a Beneficiary” in Chapter 5-Group Life Insurance Program.

*You cannot use the Designation of Beneficiary (VRS-2) to name a beneficiary for the 457 Plan. The VRS-2 is only for naming a beneficiary for your VRS member contributions and life insurance benefits. See Chapter 5 for more information.
Enhancing Your Benefit

Purchase of Prior Service • Types and Purchase Amounts of Prior Service • Cost Windows • Applying to Purchase Prior Service • Payment Methods

Purchase of Prior Service

You may be eligible to purchase prior service from previous public employment, active duty military service, an eligible period of leave or VRS refunded service as service credit in your plan. Purchasing prior service counts toward vesting and eligibility for retirement and the health insurance credit.

To purchase prior service, you must be an active VRS member. You are not eligible to purchase prior service if you are employed in a non-covered position, on a leave of absence without pay, a deferred member or a retiree.

Note: If you leave VRS-covered employment and take a refund of your member contributions and interest, membership in VRS is canceled and you are no longer eligible for VRS benefits. If you return to VRS-covered employment, you will be rehired under the applicable plan. You may purchase the prior refunded service upon reemployment.

Prior Service Eligible for the Hazardous Duty Supplement

If you are eligible for enhanced hazardous duty coverage and have at least 20 years of hazardous duty service credit at retirement, you may qualify for a supplement to your monthly retirement benefit until you reach normal Social Security age (or age 65 for members of the Virginia Law Officers’ Retirement System). Prior service credit for refunded VRS hazardous duty service or for an eligible period of leave while covered under VRS in a hazardous duty position may count toward eligibility for the hazardous duty supplement, provided you purchase or are granted this service. Other types of prior service you may purchase, such as active duty military service or hazardous duty service with a non-VRS participating employer, do not count toward the supplement.
Types and Purchase Amounts of Prior Service

Unlimited Purchase Amounts

Purchases of VRS-refunded service, no-cost military leave, ported service, sick leave or disability credit conversion at retirement and workers’ compensation are unlimited.

- **Refunded service:** If you leave VRS-covered employment and take a refund of your member contributions and interest, your membership and eligibility for any future benefits will be canceled. If you return to covered employment, you will be rehired under the applicable retirement plan for that position. You may purchase the refunded service as service credit in your current plan. The purchase cost is based on the refund amount, plus interest compounded annually from the date of the refund to the date you buy back the service. The interest rate is 7 percent, which is the assumed rate of return of the VRS fund. You may purchase all of your refunded service or a portion at any time while an active VRS member.

- **No-cost military leave:** You can receive prior service credit at no cost for each occurrence of leave from a VRS-covered position for active duty military service. You can apply for no-cost military leave at any time, provided your discharge is not under dishonorable conditions and you return to covered employment within one year of discharge.

- **Ported service:** If you move to a VRS-covered position from a non-covered position with an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the former employer’s plan in exchange for VRS service credit.
  - You must make the request within 18 months of beginning VRS-covered employment.
  - You must have been in a salaried, permanent full-time position and vested with the former employer.

- **Sick leave conversion at retirement:** If you are eligible for a payment of unused sick leave at retirement, you may elect to have this payment converted to service credit that will count toward your benefit calculation.
  - Your employer will deduct the appropriate tax withholding from the payment and then send the funds to VRS for this purchase.
  - VRS will calculate the service credit amount represented by the remainder of the payment based on an actuarial equivalent rate. If you wish to apply the full sick leave payment amount toward the conversion, you may make a lump-sum payment to cover the difference between the full payment amount and the amount withheld for taxes.
• **Disability credit conversion at retirement:** If you are eligible for a payment of unused disability credits under the Virginia Sickness and Disability Program (VSDP) at retirement, you may elect to convert the disability credit to service credit toward your benefit calculation. You will receive one month of service for each 173 hours of disability credits you have to convert.

• **Workers’ compensation:** If you go on workers’ compensation and member contributions are not withheld from your workers’ compensation payment or any compensation you receive from your employer, you may be eligible to purchase service credit for this period. For leave without pay, the maximum amount eligible for purchase is 24 months per occurrence.

**Limited Purchase Amounts**

You may purchase up to a combined total of 48 months of the following types of prior service. With the exception of some types of active duty military service, the service must not be used to qualify you for a benefit under another retirement plan.

• **Educational leave:** Approved leave from a VRS-covered position.

• **Family and Medical Leave Act (FMLA) leave:** Leave—up to 12 workweeks in a 12-month period—for your own serious health condition or that of your immediate family member (spouse, child or parent), both as defined under FMLA and approved by your employer at the time of the leave. The FMLA defines “serious health condition” as an illness, injury, impairment or physical or mental condition that involves a) inpatient care in a hospital, hospice or residential medical care facility, or b) continuing treatment by a health care provider.

• **Federal service (salaried, full-time):** Service in a civilian position with the federal government.

• **Leave for the birth, adoption or death of a child:** Approved leave—up to 12 months maximum per occurrence—from a VRS-covered position. If your spouse is also an active VRS member and was also granted leave for birth, adoption or death of a child, he or she also may purchase this leave.

• **Non-covered service with a VRS-participating employer:** Service in a temporary, part-time or other non-covered position for an employer that participates in VRS. Total hours must be confirmed by the employer where you previously worked.

• **Non-ported service:** If you move to a VRS-covered position from an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the employer’s plan in exchange for VRS service credit, if certain conditions are met. If not all service transfers, you may be eligible to purchase the remainder as non-ported service.
• Public service (salaried, full-time) other than VRS: Service with a Virginia public employer that does not participate in VRS, or with a public employer or a school system of another state or U.S. territory.

If you are eligible, you may purchase additional months above the limited purchase amounts if you have active duty military service or are a vested school superintendent.

• Active duty military service: You may purchase up to an additional 48 months of active duty military service, provided your discharge is not under dishonorable conditions, was full-time service of at least 180 consecutive days and at the time of purchase it does not qualify you for a military pension in the U.S. Army, Navy, Air Force, Marines, Coast Guard or reserve components. Exception: If you were in the U.S. Armed Forces Reserves or the National Guard, you may purchase up to an additional 48 months of active duty military service, even if it will be used to qualify you for a military pension.

• Additional public service for school superintendents: If you are a vested school superintendent, you may purchase an additional 10 years of public service with a Virginia public employer that does not participate in VRS, or with a public employer or a school system of another state or U.S. territory. You have one year from the date you become vested to purchase additional service at the 10 percent rate. After the one-year period, the cost will be actuarial.

Cost Windows

You are eligible to purchase your prior service at any point while an active VRS member. However, you have a two-year window of time to purchase most types of service at approximate normal cost before the cost changes to an actuarial equivalent cost. If prior service eligibility was added to your member record before January 1, 2017, the cost to purchase will be based on the cost window in effect at the time the service was added.

Note: The two-year window does not apply to refunded service, which can be purchased at any time during active membership. Also, see above for additional service purchased by school superintendents.

Within the Two-Year Window

Your two-year cost window to purchase most types of service at approximate normal cost begins upon employment in a VRS-covered position or following an eligible period of leave.

Note: See variations for refunded service, ported service and public service purchased by school superintendents.
If you do not purchase your prior service within the two-year window and leave your job or take a leave of absence without pay, your window temporarily closes until you return to active VRS-covered employment.

Example: You work two years in federal service. You then get a new job with the Commonwealth of Virginia, where you work for one year but do not purchase your previous federal service during that time. You subsequently leave your state job and take a private industry job. A few years later, you switch jobs again, returning to VRS-covered employment. At that point, you would have one year remaining in your original cost window to purchase your federal service at approximate normal cost.

After the Two-Year Window
If you do not purchase the service within your two-year window, your cost shifts to an actuarial equivalent cost.

Prior Service Cost Estimates
Register for or log into your myVRS account (myVRS.varetire.org) for access to a variety of resources to help you in making a purchase decision. You can explore purchase options and evaluate the impact of purchasing service on your future retirement benefit as well as the time it will take to recover your purchase cost in retirement.

Applying to Purchase Prior Service
Register for or log into your myVRS account (myVRS.varetire.org) to review prior service in your record that is eligible for purchase. Your employer’s human resource office also can offer assistance. Using myVRS, you can:

- Select the type and amount of prior service to purchase.
- Choose the order in which you wish to purchase service.
- Calculate the cost to purchase service.
- See the impact of purchasing service on your future retirement benefit.
- Evaluate the time it will take to recover the purchase cost in retirement.

Your online myVRS account includes counseling tips to guide you through each step of the purchase process. Once you commit to the purchase online, you may make a lump-sum payment directly to VRS. Or, you can set up a purchase payment agreement by printing your cost estimate page and working with your employer. VRS must receive your lump-sum payment or employer-approved agreement within 90 days of your confirmation, or you must reapply. Please note that, generally, the cost to purchase service increases over time.

Changing Jobs While Purchasing Service?
If you have a purchase agreement in place and move from one state employer to another without a break in service, VRS will continue the agreement automatically. Purchase agreements will end if you move among other employer types or have a break in service.

Should You Move Out of State
If in the future, you leave VRS-covered service and move to another state and need certification of your prior service with VRS, call 1-888-827-3847 or email vrs@varetire.org for assistance.
Eligibility for Service From Non-VRS-Participating Employers

In the following cases, the previous employer with which you earned the service will need to certify your prior service before you can complete the purchase:

- **Military leave (no cost).** A copy of your DD214 or a copy of your orders for National Guard service may be required.

- **Full-time salaried federal service or other public service.** If you participated in the federal retirement system or the retirement system of another public employer, you also must obtain certification from your previous retirement system that you are no longer eligible for a retirement benefit under that employer’s plan.

Eligibility for Service From VRS-Participating Employers

In the following cases, the previous VRS employer with which you earned the service will need to enter your prior service eligibility in the VRS system before you can complete the purchase:

- **Non-covered service with a VRS-participating employer.**

- **Leave for the birth, adoption or death of a child.**

- **Educational leave.**

- **Family and Medical Leave Act (FMLA) leave for your own serious health condition or that of your immediate family member, both as defined under FMLA, approved by your employer at the time of the leave.**

Payment Methods

You may initiate purchase of prior service through your myVRS account (myvrs.varetire.org) and select from among the following payment methods:

- **Lump-sum payment.** You can purchase prior service by paying for the service in full with a personal check, funds from another retirement plan to VRS using a trustee-to-trustee transfer or a pre-tax rollover of funds from another retirement account.

- **Purchase Payment Agreements**
  - **After-tax payroll-deduction agreement.** You may purchase prior service through an after-tax payroll-deduction agreement during any period of active employment. The agreement may be made for a minimum of six months (unless there are fewer than six months of prior service eligible for purchase) to a maximum of 12 months in duration. Payments will be deducted from your paycheck.
o Pre-tax salary-reduction agreement. You may purchase prior service through a pre-tax salary-reduction agreement, if your employer offers this option. The agreement may be made for a minimum of six months (unless there are fewer than six months of prior service eligible for purchase) or a maximum of 12 months in duration. Payments will be deducted from your paycheck.

When you complete your agreement, you can enter into another agreement or make a lump-sum purchase of your remaining service. If your two-year approximate normal cost window has ended and you wish to purchase the balance, either through an agreement or lump-sum payment, your cost will be the actuarial equivalent cost.

- Combination lump-sum payment and purchase payment agreement. You may purchase a portion of your prior service in a lump sum and the remainder with a purchase payment agreement, as described above.

Purchase Agreement Requirements

- An agreement may include multiple types of prior service, provided that all types have the same cost basis (e.g., all are at approximate normal cost or all are at actuarial equivalent cost).

- Purchase agreements may be made for a minimum of six months (unless there are fewer than six months to purchase) or a maximum of 12 months.

- You may purchase a minimum of one month of service per month of an agreement, up to a maximum of four months of service per month of an agreement.

- You can make only one purchase agreement at a time.

- The duration of an agreement may not extend beyond the two-year approximate normal cost window. However, you may enter into another agreement to purchase any remaining service at actuarial equivalent cost.

- Purchase payment agreements are executed through your employer.

- Each agreement to purchase service is calculated on a stand-alone basis, meaning that the agreement cannot be renewed, and the terms and cost in effect at the end of an agreement will not carry forward to the next agreement.
You are covered under the Basic Group Life Insurance Program upon employment. Your employer pays the premiums. Your coverage includes the following benefits:

**Natural death benefit.** The natural death benefit is equal to your compensation rounded to the next highest thousand and then doubled. *Example:* If your compensation is $41,400, that amount will be rounded to $42,000 and then doubled for a natural death benefit of $84,000.

**Accidental death benefit.** The accidental death benefit is double the natural death benefit. *Example:* If your natural death benefit is $84,000, that amount will be doubled for an accidental death benefit of $168,000.

**Accidental dismemberment benefit.** For the accidental loss of one limb or the sight of one eye, the dismemberment benefit is equal to your compensation rounded to the next highest thousand. For the accidental loss of two or more limbs, total loss of eyesight or the loss of one limb and the sight of one eye, the benefit is equal to your compensation rounded to the next highest thousand and then doubled.

**Safety belt benefit.** If you are killed or dismembered in an accident while driving or riding in a private passenger vehicle, your life insurance will pay an amount equal to 10 percent of your accidental death or dismemberment benefit or $50,000, whichever is less. You must have been using a safety restraint. No benefit is payable if you or another person was driving without a license, under the influence of alcohol or drugs or otherwise impaired.

**Repatriation benefit.** If you die in an accident 75 miles or more from your home, your life insurance will pay for the cost of transportation to return your remains, up to $5,000.
Felony assault benefit. Your basic group life insurance coverage provides additional benefits if you die or are dismembered as a result of a felony assault while performing your job duties. The incident must have occurred at your employer’s normal place of business or while you were on work-related travel. The assailant must have used force with intent to cause harm and be charged with a misdemeanor or felony. No benefit is payable if the assailant is an immediate family member. Felony assault benefits include:

- $50,000 or 25 percent of your accidental death or dismemberment benefit, whichever is less
- Virginia Education Savings Trust account for each dependent child if you die as a result of the assault. The amount is approximately equal to tuition and mandatory fees to attend a public college or university in Virginia. Your child may attend any accredited college or university in the United States that participates in federal student financial aid programs.

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.

Designating a Beneficiary

You can designate or change your beneficiary for life insurance benefits as well as member contributions and interest while you are an active or deferred member or after you retire. Submit a Designation of Beneficiary (VRS-2) to VRS. The form is available at www.varetire.org. Be sure to keep a copy for your records. You will not receive a copy or confirmation of receipt.

Who Can Be a Beneficiary?

You can name any living person or an entity, such as an eligible trust or charity, as your beneficiary.

Beneficiary Designation for the Deferred Compensation Plan

The Designation of Beneficiary (VRS-2) applies only to beneficiary payments of life insurance benefits and member contributions and interest. For information on designating a beneficiary for the Commonwealth’s 457 Plan, see Chapter 3-Saving for Retirement.
Primary and Contingent Beneficiaries

- You can name more than one primary beneficiary to share in life insurance benefits and any funds remaining in your 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.

Changing Your Beneficiary

VRS is required by law to pay benefits according to the latest beneficiary designation in your VRS record. Review your beneficiary designation after a personal milestone, such as a change in marital status, the birth or adoption of a child or as you near retirement. To change your beneficiary, submit a new Designation of Beneficiary (VRS-2) to VRS as soon as possible. If you cannot remember your designation, submit a new VRS-2 or write to Minnesota Life, P.O. Box 1193, Richmond, VA 23218-1193. Neither Minnesota Life nor VRS can provide your designation over the phone.

If There Is No Beneficiary Designation

If there is no valid beneficiary designation on file, or your 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 your spouse
- If no spouse, to your natural or legally adopted children or descendents of your deceased natural or legally adopted children
- If none of the above, to your parents equally or to the surviving parent
- If none of the above, to the duly appointed executor or administrator of your estate
- If none of the above, to your next of kin under the laws of the state where you resided at the time of your death

Note: The Designation of Beneficiary (VRS-2) allows you to elect the order of precedence instead of designating a beneficiary.
Optional Group Life Insurance Program

You may purchase additional coverage for yourself through the Optional Group Life Insurance Program. If you elect this coverage, you also may cover a spouse or dependent children. Optional group life insurance provides benefits for natural and accidental death or dismemberment. You pay the premiums through payroll deduction.

Coverage Options

**Yourself.** You can select one of the four coverage options shown below to cover yourself, up to a maximum of $750,000.

**Your spouse.** You can cover your spouse for up to half the maximum amount of the coverage you select for yourself, not to exceed $375,000. Coverage for your spouse ends when your coverage ends or if you and your spouse divorce. If both you and your spouse are eligible to participate in the Optional Group Life Insurance Program, neither of you can buy additional coverage for the other.

**Your dependent children.** You can cover each dependent child who is at least 15 days old for $10,000, $20,000 or $30,000, depending on the coverage option you select for yourself. Coverage for dependent children ends when your coverage ends or your child marries, becomes self-supporting, reaches age 21 or reaches age 25 as a dependent attending college full time. Coverage continues for dependent unmarried children who are disabled.

### Optional Group Life Insurance Coverage Options

<table>
<thead>
<tr>
<th>Option</th>
<th>Your Insurance Amount</th>
<th>Spouse Insurance Amount</th>
<th>Insurance Amount per Dependent Child</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1 x your compensation</td>
<td>½ x your compensation</td>
<td>$10,000</td>
</tr>
<tr>
<td>2</td>
<td>2 x your compensation</td>
<td>1 x your compensation</td>
<td>$10,000</td>
</tr>
<tr>
<td>3</td>
<td>3 x your compensation</td>
<td>1½ x your compensation</td>
<td>$20,000</td>
</tr>
<tr>
<td>4</td>
<td>4 x your compensation</td>
<td>2 x your compensation</td>
<td>$30,000</td>
</tr>
</tbody>
</table>

More Information

VRS has contracted with Minnesota Life as the insurer for the Group Life Insurance Program. For more information about your coverage, call Minnesota Life toll-free at 1-800-441-2258.
Proof of Good Health

Coverage is guaranteed if you enroll in the Optional Group Life Insurance Program within 31 days of your employment date or a qualifying event, such as marriage or the birth or adoption of a child. Proof of good health (evidence of insurability) is required if:

- You apply after 31 days from your employment date or a qualifying event.
- You wish to add your spouse or dependent child to your coverage after 31 days from your employment date.
- You wish to purchase more than $375,000 for yourself.
- You wish to increase your optional life insurance coverage for yourself or your spouse.
- Your spouse’s insurance amount is more than half your salary.

In the Event of Your Death

If you die while you are an active member, your beneficiary should contact your employer. The employer will assist in coordinating any benefits that may be due. For more information, see Losing a Loved One: Guide for Families available at www.varetire.org.

Group Life Insurance Coverage After You Retire

See Chapter 12-Insurance in Retirement.

Additional Information About Your Life Insurance

Coverage while on leave without pay. If you go on leave without pay or go on military leave, your basic group life insurance coverage will continue for up to 24 months or for as long as you are on military leave, provided the premiums are paid. If you have optional life insurance, your coverage will continue as long as you pay the premiums and remain covered under the basic group life program.

Irrevocable assignment. You own your rights in your group life insurance coverage. That means you can designate a beneficiary or exercise the accelerated death benefit option of your policy. You may give 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 Minnesota Life toll-free at 1-800-441-2258 for assistance.

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

Imputed income taxes. Imputed income is 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 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 coverage exceeds $50,000.

Child support liens. The Department of Social Services may file child support liens against proceeds payable under the Group Life Insurance Program. VRS is required to pay life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations at your death.
Virginia Sickness and Disability Program (VSDP)

Income Protection for Non-Work-Related and Work-Related Disabilities • Sick, Family and Personal Leave • Short-Term Disability Coverage • Long-Term Disability Coverage • Coordination With Other Benefits • How to File a Claim

Income Protection for Non-Work-Related and Work-Related Disabilities

As a member of the Virginia Law Officers’ Retirement System (VaLORS), you are enrolled automatically in the Virginia Sickness and Disability Program (VSDP) upon employment. VSDP provides income protection if you can’t work because of a non-work-related or work-related illness, injury or other condition, such as surgery, pregnancy, complications from pregnancy or a catastrophic or major chronic condition.

VSDP focuses on assisting you with your recovery and helping you make a safe return to your full duties, if you are able. Benefits include:

- Sick leave
- Family and personal leave
- Income replacement if you can’t work
- Return-to-work, medical rehabilitation and vocational rehabilitation programs
- Long-term care coverage

You are eligible for sick leave, family and personal leave, work-related disability coverage and coverage under the VSDP Long-Term Care Plan from the first day of employment. Eligibility periods for non-work-related disability coverage and certain income replacement levels vary; see “Short-Term Disability Coverage” in this chapter. For more information about long-term care coverage, see Chapter 7-Long-Term Care Programs.

More Information

VRS has contracted with Reed Group as the third-party administrator for the Virginia Sickness and Disability Program (VSDP). If you have questions about your coverage, call Reed Group toll-free at 1-877-928-7021; or visit www.reedgroup.com/vsdp-claims. Also refer to the Virginia Sickness and Disability Program Handbook for State Employees available at www.varetire.org.
Sick, Family and Personal Leave

**Sick Leave**

On January 10 of each year, you receive sick leave to use throughout the year for personal illness, injury, pregnancy or visits with licensed treating healthcare professionals. Your total months of career state service and full-time or part-time status determine how much sick leave you receive, as shown in the following table:

### Annual Sick Leave Amounts for Eligible Salaried State Employees

**Effective January 10 Each Year**

<table>
<thead>
<tr>
<th>Months of Career State Service</th>
<th>If you are full time, you receive...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 60</td>
<td>64 hours</td>
</tr>
<tr>
<td>60-119</td>
<td>72 hours</td>
</tr>
<tr>
<td>120 or more</td>
<td>80 hours</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Months of Career State Service</th>
<th>If you are part time, you receive...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 120</td>
<td>32 hours</td>
</tr>
<tr>
<td>120 or more</td>
<td>40 hours</td>
</tr>
</tbody>
</table>

If you need to be absent from work for an illness of an immediate family member, you may use up to 33 percent of your sick leave as provided under Department of Human Resource Management (DHRM) policy on the Family and Medical Leave Act (FMLA). Immediate family members include a spouse, parents, children or stepchildren under age 18, or children or stepchildren over age 18 who cannot take care of themselves.

**What Is Career State Service?**

Career state service includes full-time and part-time salaried state service and absences for military leave, layoffs, temporary workforce reductions or periods of reduced hours or job restrictions while on short-term or long-term disability.

**Do You Have a Power of Attorney?**

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 VRS-901 is for VRS matters only. For more information, visit www.varetire.org.

**About Leave Allotments**

You receive one allotment each of sick leave and family and personal leave to use throughout the calendar year. You cannot carry over unused sick, family or personal leave from year to year or be paid for unused sick, family or personal leave when you retire. For more information about leave allotments when you are hired, refer to the Virginia Sickness and Disability Program Handbook for State Employees available at www.varetire.org.
Family and Personal Leave

On January 10 of each year, you receive family and personal leave in addition to sick leave. You may use this leave for any family or personal reason, including illness or injury. Your total months of career state service determine how much family and personal leave you receive, as shown in the table on the next page:

**Annual Family and Personal Leave Amounts for Eligible Salaried State Employees**

*Effective January 10 Each Year*

<table>
<thead>
<tr>
<th>Months of Career State Service</th>
<th>If you are full time or part time, you receive…</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fewer than 120</td>
<td>32 hours</td>
</tr>
<tr>
<td>120 or more</td>
<td>40 hours</td>
</tr>
</tbody>
</table>

Short-Term Disability Coverage

VSDP short-term disability coverage provides income replacement for up to 125 workdays. If you are still disabled after 125 workdays, your claim will be reviewed for long-term disability (see “Long-Term Disability Coverage” in this chapter). The 125-workday period is based on a Monday-Friday workweek and includes paid holidays. You are eligible for short-term disability coverage during periods of total or partial disability.

**What Is a Disability?**

Under VSDP, a disability is a condition that prevents you from working or performing the full duties of your job for a short or extended period of time. The disability may be non-work-related or work-related. A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers’ Compensation Act.

Waiting Period

The short-term disability benefit begins after seven calendar days from the first day of your disability. You may file a claim before then. During the waiting period, you may use sick leave or other eligible leave to cover your absence from work with the approval of your supervisor. If you have been working a reduced schedule or have a catastrophic or major chronic condition, the waiting period may be waived.

**Non-Work-Related Disability Coverage During Your First Year of Employment**

If you would like to purchase an individual policy for non-work-related disability coverage during your first year of employment, see the Fringe Benefits Management Company at [www.fbmc-benefits.com/VaProviderNetwork/index.asp](http://www.fbmc-benefits.com/VaProviderNetwork/index.asp) for a list of companies approved to handle payment deductions for state employees. The Commonwealth does not endorse any of these companies.
If Your Condition Is Catastrophic

If you are on short-term or long-term disability receiving 60 percent of your pre-disability income, your income replacement will increase to 80 percent if your condition is determined to be catastrophic. If your condition improves and is no longer considered catastrophic, your income replacement will return to 60 percent.

A catastrophic condition means you are unable to perform at least two of the following six activities of daily living without substantial assistance:

1. Bathing
2. Transferring, such as getting in and out of bed
3. Dressing
4. Toileting (using the bathroom)
5. Continence
6. Eating (ability to feed oneself)

For more information, call Reed Group toll-free, 1-877-928-7021; or visit www.reedgroup.com/vsdp-claims.

Eligibility Periods and Income Replacement Levels

You become eligible for non-work-related disability coverage after one year of continuous employment. You are eligible for work-related disability coverage from the first day of employment.

If you go on non-work-related short-term disability after one year or on short-term work-related disability, you will receive 60 percent of your pre-disability income. After five years of continuous employment, you will become eligible for income replacement beginning at 100 percent of your pre-disability income, which reduces to 80 percent and then 60 percent as shown in the following tables:

### Days of Income Replacement: Non-Work-Related Short-Term Disability

<table>
<thead>
<tr>
<th>Months of Career State Service</th>
<th>Workdays at 100% Income Replacement</th>
<th>Workdays at 80% Income Replacement</th>
<th>Workdays at 60% Income Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-12</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>13-59</td>
<td>0</td>
<td>0</td>
<td>125</td>
</tr>
<tr>
<td>60-119</td>
<td>25</td>
<td>25</td>
<td>75</td>
</tr>
<tr>
<td>120-179</td>
<td>25</td>
<td>50</td>
<td>50</td>
</tr>
<tr>
<td>180 or more</td>
<td>25</td>
<td>75</td>
<td>25</td>
</tr>
</tbody>
</table>

### Days of Income Replacement: Work-Related Short-Term Disability*

<table>
<thead>
<tr>
<th>Months of Career State Service</th>
<th>Workdays at 100% Income Replacement</th>
<th>Workdays at 80% Income Replacement</th>
<th>Workdays at 60% Income Replacement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Less than 60</td>
<td>0</td>
<td>0</td>
<td>125</td>
</tr>
<tr>
<td>60-119</td>
<td>85</td>
<td>25</td>
<td>15</td>
</tr>
<tr>
<td>120 or more</td>
<td>85</td>
<td>40</td>
<td>0</td>
</tr>
</tbody>
</table>

* If you go on work-related short-term disability receiving only workers' compensation and retirement contributions are not withheld from your workers' compensation payment, you may be eligible to purchase service credit for the time you are on disability. For more information, contact your human resource office. For more information about purchasing prior service, see Chapter 4-Enhancing Your Benefit.
Long-Term Disability Coverage

Long-term disability coverage provides income replacement if you become disabled and cannot work for an extended period. The long-term disability benefit begins after you have been on short-term disability for 125 workdays, as determined by Reed Group. Income replacement for long-term disability is equal to 60 percent of your pre-disability income, including any salary increases you receive while on short-term disability. If your condition becomes catastrophic, your income replacement will increase to 80 percent (see previous page).

You are eligible for long-term disability coverage if you cannot work at all or can work at least 20 hours a week but cannot perform your full duties. To be eligible to work a reduced schedule while on long-term disability, you must have been working a reduced schedule during your short-term disability period.

Coordination With Other Benefits

Workers’ compensation. If you suffer a work-related illness or injury and your condition is determined to be compensable under the Virginia Workers’ Compensation Act, your VSDP work-related disability benefit will be adjusted by any workers’ compensation benefits you receive.

Family and Medical Leave Act. You are eligible to take authorized unpaid leave under the federal Family and Medical Leave Act (FMLA) for certain personal or family situations. This leave will be coordinated with your sick leave, family and personal leave and VSDP disability coverage. For more information, contact your human resource office.

Social Security disability benefits. If you are on long-term disability, you may be required to apply for Social Security Disability Insurance (SSDI) benefits. The VSDP third-party administrator, Reed Group, will assist you with the application process as well as the appeal process if your application is denied.

Health insurance credit. If you are on long-term disability, you are eligible for a health insurance credit of $120 per month or $4 per year of service credit per month at the time you become disabled, not to exceed the amount of your individual health insurance premiums. The health insurance credit is a tax-free benefit that assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents. For more information about the health insurance credit, see Chapter 12-Insurance in Retirement.

Additional Line-of-Duty Benefits

If you are disabled or die in the line of duty, you or your beneficiary or survivor may be eligible for state or federal line-of-duty benefits. For more information, contact:

Deferred compensation plan. Your contributions to the Commonwealth’s 457 Plan and the cash match will continue while you are on short-term disability or on long-term disability-working, unless you are receiving only a workers’ compensation benefit. If you are on long-term disability (not working), your contributions and the cash match will stop.

How to File a Claim

Call Reed Group toll-free at 1-877-928-7021 to begin the claim process. You do not have to wait until the end of the seven-calendar day waiting period. Reed Group also will advise you about whether this waiting period can be waived. A family member or friend may call on your behalf. Have the following information ready:

- Job title and agency
- Date of birth
- Current mailing address
- Brief description of your disability
- Last day you were or will be able to work
- Name, address, phone number and fax number of your doctor or other licensed treating healthcare professional

Note: You are responsible for contacting Reed Group as soon as possible to submit your claim. You are not eligible to receive benefits more than 14 days before the date you contact Reed Group.

Do You Have a Power of Attorney?

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 VRS-901 is for VRS matters only. For more information, visit www.varetire.org.
As a member of the Virginia Law Officers’ Retirement System (VaLORS), you are covered under the VSDP Long-Term Care Plan at no cost to you.

**VSDP Long-Term Care Plan**

The VSDP Long-Term Care Plan assists with the cost of:
- Care in a nursing home or hospice facility
- Assisted living facility care
- Community-based care
- Home healthcare services
- Informal care-giving
- Alternative or transitional care

You may be eligible for benefits if a licensed healthcare professional certifies that:
- You are unable to perform at least two of six activities of daily living; or
- You have a severe cognitive impairment requiring substantial supervision.

The maximum daily benefit amount is $96 with a lifetime maximum of $70,080. More information about covered services is available at [www.varetire.org](http://www.varetire.org).

**How to file a claim.** VRS has contracted with the Long Term Care Group, Inc. as the third-party administrator for the VSDP Long-Term Care Plan. Call the Long Term Care Group, Inc. toll-free at 1-800-761-4057 within 60 days of certification by a licensed healthcare professional that you qualify for benefits. A family member or friend may call on your behalf.

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Include Long-Term Care in Financial and Retirement Planning

Many of us don’t think about long-term care as part of financial or retirement planning. But, most health insurance plans don’t cover long-term care services. And, anyone at any age may need these services, the cost of which can quickly deplete savings or retirement income. The long-term care programs administered by VRS can help you plan for the expense of long-term care services should you need them.
If you leave or retire from your position, your VSDP long-term care coverage will end. You can elect to continue your coverage, which will be retroactive to your last day of employment; you will pay the premiums. You will qualify for the same benefits as active participants and must meet the same eligibility requirements when submitting a claim for covered services.

To continue your coverage, submit the Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and the Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) within 60 days of your last day of employment to the Long Term Care Group, Inc. at P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available at www.varetire.org. This option is not available after 60 days.

**Six Activities of Daily Living**

1. Bathing
2. Transferring, such as getting in and out of bed
3. Dressing
4. Toileting (using the bathroom)
5. Continence
6. Eating (ability to feed oneself)
What Is a Death-in-Service Benefit?

A death-in-service benefit is a payment of any member contributions and interest in your member contribution account to your named beneficiary or your spouse, natural or legally adopted minor child or parent in the event of your death as an active member (while you are in service). The benefit may be a lump-sum payment, a monthly benefit or both. This payment is in addition to life insurance benefits.

Non-Work-Related Cause of Death

If you die while you are an active member from a non-work-related cause, your named beneficiary or your spouse, natural or legally adopted minor child or parent will be eligible for a death-in-service benefit according to whether or not you are vested (you have at least five years of service credit) at the time of your death:

- If you are vested and your spouse, natural or legally adopted minor child or parent is one of your named beneficiaries, or is your beneficiary based on order of precedence (see “Death-in-Service Order of Precedence” in this chapter), he or she will be eligible for a lump-sum payment of any balance in your member contribution account or a monthly benefit to the exclusion of all other primary beneficiaries.

- If you are not vested, either your designated beneficiary or, if none, your beneficiary based on order of precedence will be eligible for a lump-sum payment only.

Non-Work-Related Monthly Benefit Calculation

The non-work-related monthly benefit is calculated based on your average final compensation, your total service credit, your age and the age of your eligible named beneficiary at the time of your death. Your age and your beneficiary’s age are calculated as follows:
• If you die before age 50, you are presumed to be age 50 for purposes of calculating the benefit. If your beneficiary is younger than you, the age difference is subtracted from age 50 to arrive at his or her adjusted age. If your beneficiary is older than you, the age difference is added to age 50 to arrive at his or her adjusted age.

• If you die at age 50 or older, your age and the actual age of your beneficiary are used to calculate the benefit.

Work-Related Cause of Death

A work-related cause of death is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers’ Compensation Act. If you die while you are an active member from a work-related cause, your named beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account. In addition, your spouse, natural or legally adopted minor child or parent will be eligible for a monthly benefit according to an order of precedence (see next page). If this individual also is your named beneficiary, he or she will receive both benefits.

Work-Related Monthly Benefit Calculation

• If your spouse, natural or legally adopted minor child or parent is eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 33⅓ percent of your average final compensation at the time of your death. If he or she is not eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 50 percent of your average final compensation at the time of your death.

• If your spouse, natural or legally adopted minor child or parent is eligible for a workers’ compensation survivor benefit, the VRS work-related benefit will supplement the workers’ compensation benefit. The VRS benefit also may be exempt from income taxes.

Additional Line-of-Duty Benefits

If you are disabled or die in the line of duty, you or your beneficiary or survivor may be eligible for state or federal line-of-duty benefits. For more information, contact:

• Virginia Line of Duty Act: Virginia Department of Accounts at 804-786-1856 or www.doa.virginia.gov

• Federal Public Safety Officers’ Benefits Act: Bureau of Justice Assistance toll-free at 1-888-744-6513 or www.psob.gov
## Death-in-Service Order of Precedence

The death-in-service benefit may be a lump-sum payment of any balance remaining in your member contribution account, a monthly benefit or both. As required by law, VRS will pay a death-in-service benefit according to the following order of precedence if you die from a non-work-related cause and there is no valid beneficiary designation on file or your named beneficiary is deceased. If you die from a work-related cause, your spouse, natural or legally adopted minor child or parent will be eligible for a monthly benefit as well as a lump-sum payment of your member contribution account balance if he or she also is your named beneficiary.

### First, to your spouse

If your spouse is eligible for a monthly benefit, the benefit will continue if your spouse remarries. It will end when your spouse dies.

### If no spouse, to your natural or legally adopted minor child or children

If you have more than one natural or legally adopted minor child, each child will receive an equal share of the death-in-service benefit. If they are eligible for a monthly benefit, the youngest child’s age will be used to calculate the benefit. As each child reaches age 18, his or her share of the benefit will be redistributed equally among the remaining minor children. The benefit will end when the last child reaches age 18.

### If none of the above, to your parent or parents

If both parents are living, each parent will receive an equal share of the death-in-service benefit. If they are eligible for a monthly benefit, the youngest parent’s age will be used to calculate the benefit. When one parent dies, the other parent will receive the deceased parent’s share. The benefit will end when the surviving parent dies.

### If none of the above

Any funds remaining in your member contribution account will be paid in a lump sum accordingly:
- To your natural or legally adopted adult child or children
- If none, to the descendants of your deceased natural or legally adopted adult child or children
- If none, to the duly appointed executor or administrator of your estate
- If none, to your next of kin under the laws of the state where you resided at the time of your death

## More Information

In the event of your death, *Losing a Loved One: Guide for Families* will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at [www.varetire.org](http://www.varetire.org).

In addition:
- For more information about Social Security survivor benefits, contact the Social Security Administration toll-free at 1-800-772-1213 or visit [www.socialsecurity.gov](http://www.socialsecurity.gov).
- For more information about income taxes, contact the Internal Revenue Service (IRS) toll-free at 1-800-829-1040 or visit [www.irs.gov](http://www.irs.gov).
Options if You Leave Your Job

If you leave covered employment and do not retire, you can take a refund of your member contributions and interest or leave your member contribution account balance with VRS and become a deferred member.

Taking a Refund

If you request a refund and are vested (you have at least five years of service credit) or involuntarily separated from employment for causes other than job performance or misconduct, you will be eligible for a full refund of your member contribution account balance. If you are not vested, you will be eligible for a refund of the balance, excluding any member contributions made by your employer to your account after July 1, 2010, and the interest on these contributions.

Requesting a refund. Log into your myVRS account and submit an online request for a refund.

Refunds cannot be processed until at least a full calendar month after you have left all employment with a VRS-participating employer, including non-covered employment, and are no longer being reported to VRS by your employer. Periods of leave with or without pay do not count toward satisfying this break from employment. Example: If you leave your job effective June 12 and request a refund, the earliest VRS can process your refund is August.

Taxes on refunds. If you have your refund paid directly to you, VRS will withhold federal taxes of 20 percent and, if you live in Virginia, state taxes of 4 percent. Any after-tax member contributions in your refund will not be taxed again. If you have your refund paid directly to you before age 59½, the Internal Revenue Service (IRS) may impose an additional 10 percent tax penalty for early withdrawal of member contributions; there are exceptions to this rule.
You can defer taxes by rolling over your refund to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org; or contact a tax advisor or the IRS toll-free at 1-800-829-1040 or www.irs.gov.

Becoming a Deferred Member

If you leave your member contributions with VRS, you will become a deferred member. If you are vested, you may be eligible for a future retirement benefit if you meet the age and service requirements for your plan. For information on qualifying for retirement, see Chapter 2-Your Retirement Plan. If you return to covered employment, member contributions and the service credit you earn upon reemployment will be added to your member record.

As a deferred member, you will remain eligible to request a refund of your member contributions and interest. You will receive a full or partial refund, as described on the previous page.

Deferring retirement. If you have reached retirement eligibility when you leave covered employment, you can defer receiving a retirement benefit until a later date. If you decide to defer retirement, submit an Application for Service Retirement (VRS-5) to VRS at least 60 days, but not more than four months (120 days), before the date you wish to retire. For more information about applying for retirement, see Chapter 10-Getting Ready to Retire.

VRS communication. As a deferred member, you will have access to myVRS where you can view information from your member record and plan for retirement online. To log in or create a secure online account, select myVRS from www.varetire.org.

Impact on Benefit Coverage

Group Life Insurance

Basic group life Insurance coverage. If you leave covered employment before you are eligible to retire or if you take a refund of your member contributions and interest, your basic group life insurance coverage will end within 31 days of the end of the month in which the last premium is paid. If you die before the end of this period, your beneficiary will receive your natural death benefit. You can convert your coverage to an individual policy if you leave employment before you reach retirement eligibility. If you have reached retirement eligibility but defer retirement and do not take a refund of your member contributions and interest, some basic life insurance benefits will continue after you leave your position.
Optional group life insurance coverage. If you have optional group life insurance coverage and leave covered employment, you may convert your coverage to an individual policy. If you do not convert your coverage and you die within 31 days of the end of the month in which the last premium is paid, your beneficiary will receive your optional life insurance natural death benefit.

Converting your group life insurance coverage. If you wish to convert your coverage, you must do so within 31 days of your last day of employment; you will pay the premiums. Proof of good health will not be required. This option is not available after 31 days. Submit a Conversion of Group Life Insurance Enrollment (VRS-35E) to Minnesota Life at P.O. Box 1193, Richmond, VA 23218-1193. The form is available at www.varetire.org. For more information, call toll-free 1-800-441-2258.

Health Insurance

Your health insurance coverage will end on the last day of the month in which you leave covered employment. You may elect to extend your health insurance for up to 18 months from this date or convert your coverage to an individual policy; you will pay the premiums. For more information, visit the Department of Human Resource Management website at www.dhrm.virginia.gov, or call Anthem Blue Cross/Blue Shield toll-free at 1-800-552-2682.

Virginia Sickness and Disability Program (VSDP)

If you leave your position, your eligibility for VSDP will end with your last day of employment.

Long-Term Care Coverage

VSDP Long-Term Care Plan. If you leave or retire as a VSDP-covered employee, your VSDP long-term care coverage will end. You can elect to continue your coverage, which will be retroactive to your last day of employment; you will pay the premiums. Submit the Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and the Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) within 60 days of your last day of employment to the Long Term Care Group, Inc. at P.O. Box 64011, St. Paul, MN 55164-0011. The forms are available at www.varetire.org. This option is not available after 60 days.

See Chapter 7-Long-Term Care Programs for an overview.
Annual Leave
If you leave employment, you may be eligible for a payment of unused annual leave. You are not eligible for a payment of unused sick leave. Contact your human resource office for more information.

Deferred Compensation Plan Options
If you leave your position, your contributions will stop. However, you can continue to manage your 457 Plan account or request a distribution. If you are eligible for a payment of unused annual leave, you can contribute this payment to your account. As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Plan. For more information about the plan, see Chapter 3-Saving for Retirement and Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.

Severance Benefits
As a member of VaLORS, you may be eligible for severance benefits under the Workforce Transition Act (WTA) if you are involuntarily separated from employment. Involuntary separation is a layoff because of a budget reduction, agency reorganization, workforce downsizing or another cause not related to job performance or misconduct. If you voluntarily resign from your position, you are not eligible for severance benefits.

Your employer will notify you if you are involuntarily separated from employment and coordinate your WTA benefits. For more information, visit the Department of Human Resource Management website at www.dhrm.virginia.gov and the VRS website at www.varetire.org/severance.
Getting Ready to Retire

Retirement Readiness Resources • Applying for Retirement • Deferring Retirement • Retirement Readiness Checklist

Retirement Readiness Resources

Member Education

Whether you just started work or are ready to retire, you can take advantage of free educational opportunities to learn more about everything from your benefits and money matters to how to apply for retirement. You can select from a variety of educational mediums according to what’s most convenient for you. These include live presentations, seminars, webinars, e-courses and regional meetings. Visit www.varetire.org for more information. Courses include:

- Retirement planning sessions geared to new and current members, members within five or more years of retirement and those ready to retire
- “Money Matters for Virginians” financial education courses
- Courses on topics such as the hazardous duty supplement, purchase of prior service and retirement payout options.

Need Individual Counseling?

Meet with a counselor at the VRS Retirement Counseling Center at 1111 East Main Street, Richmond, VA 23219. Sessions are offered on a first-come first-served basis between 8:30 a.m. and 4 p.m., Monday through Friday. Limited scheduled appointments are available. Go to www.varetire.org for directions to the center and the parking deck; the first hour of parking is free.

Deferred Compensation Plan Regional Education Meetings

Be sure to sign up for the deferred compensation plan meetings. The meetings are held at sites around the state and cover topics such as long-term planning for your financial future, managing your plan and distribution strategies.
Applying for Retirement

Retirement Date

Retirement is effective on the first of the month. Your monthly benefit will begin following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work.

To begin receiving your benefit payments in a timely manner, submit your application and all required documents to your employer at least 60 days, but not more than four months (120 days), before you want to retire. Example: If you wish to retire on July 1, submit your application by May 1. You will receive your first benefit payment on August 1 for the month of July.

Use myVRS to Prepare for Retirement

How much would your estimated VRS benefit be based on different payout options? What would your retirement income look like if you included other income sources? How would that compare to your expenses? The following online tools allow you to estimate benefit scenarios and finances upon retirement and develop a retirement income plan that will help meet your needs and those of your family:

- Use the Benefit Estimator to create estimates of your VRS retirement benefit based on different benefit payout options or retirement dates.
- Use the Retirement Planner to estimate your income and expenses upon retirement:
  - Include your estimated unreduced retirement benefit or an estimate you create in the Benefit Estimator. You also can enter a different retirement date.
  - Include estimated income from a spouse, part-time job, Social Security if you are eligible on the date you use for your plan, or other sources of retirement income.
  - Build in retirement expenses, including income taxes and health insurance. You can use the assumptions in the planner or enter your own figures.
- If you participate in the Commonwealth’s 457 Plan, include an estimated annuity from your plan. Also, check your savings progress; you may be eligible for catch-up contributions. For more information, see Chapter 3-Saving for Retirement. If you have another supplemental savings account, you can include this income in your plan.

To register or log into your secure online account, select myVRS from www.varetire.org.

Forms and Instructions

The Getting Ready to Retire Guide provides forms and instructions to assist you with the application process. The guide is available at www.varetire.org. Forms also are available on the website. Retirement forms are fillable. Select the form, complete it online and then print and sign it before submitting.
Forms and Documents

**Forms are available at www.varetire.org. Read the directions on all forms carefully and provide all signatures and required documents. An incomplete or incorrect application will delay the processing of your retirement.** If you need assistance applying for retirement, your human resource office, a family member or an individual authorized to act on your behalf, such as an agent named under a power of attorney or a legal guardian, may be able to assist you. For more information, call VRS toll-free at 1-888-VARETIR (1-888-827-3847).

Your application must include:

- **Application for Service Retirement (VRS-5).** Include acceptable evidence of your date of birth, such as a legible copy of your birth certificate. If you are married or separated, have your spouse complete the spouse certification section. Your spouse must sign on or after the date you sign the application.

- **Designation of Beneficiary (VRS-2)** to ensure your beneficiary designation is up to date. If you elect the Survivor Option, you must submit a VRS-2 to designate a beneficiary for life insurance benefits; you may name your survivor or another individual as your beneficiary.

- **Request for Income Tax Withholding (VRS-15)**

- **Authorization for Direct Deposit of Monthly Benefit (VRS-57)**

- **State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879).** You must submit this form with your application or within 31 days of your retirement date, whether you are electing or waiving coverage. The form is available at www.varetire.org. Note that if you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date. For more information, visit the Department of Human Resource Management website at www.dhrm.virginia.gov. See also Chapter 12-Insurance in Retirement.

Other forms and documents you may need:

- If you are electing the Survivor Option, acceptable legible evidence of your survivor’s date of birth.

- If you are electing the Advance Pension Option, a Social Security benefit estimate. The estimate must be less than 12 months old, assume you will have no future earnings after leaving your position and be based on your Social Security earnings record. For detailed instructions, go to www.varetire.org/apo.

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**Employer Certification**
Submit your completed application and all required documents to your human resource office. Your employer will review your application, complete the employer certification section and submit your application to VRS. If you apply for retirement after 12 months from leaving employment or if you are retiring after being on long-term disability through the Virginia Sickness and Disability Program (VSDP), submit your application to VRS.

**Retirement Certificate**
Once your application has been processed, you will receive a retirement certificate and the **Retiree Handbook**. The retirement certificate outlines your benefit payment and other information about your retiree benefits. Keep your certificate and handbook for future reference.
• Request for Health Insurance Credit (VRS-45) if you are eligible for the credit and VRS will not be deducting retiree health insurance premiums from your monthly benefit payment. If VRS will be deducting premiums, you do not need to submit this form; VRS will apply the credit automatically to your benefit payment. For more information about the program, see Chapter 12-Insurance in Retirement.

• Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) if you wish to continue your long-term care coverage into retirement. You will pay the premiums. For more information about the program, see Chapter 7-Long-Term Care Programs.

Deferring Retirement

If you leave covered employment and are eligible for retirement, you can defer receiving your retirement benefit until a later date. Submit a Name and Address Declaration for Deferred Members (VRS-3A) before you leave your position. Some basic benefits under the VRS Group Life Insurance Program will continue after you leave your position, provided you do not take a refund of your member contributions and interest. For more information, see Chapter 12-Insurance in Retirement.

When you apply for retirement, your benefit will be calculated based on your service credit and average final compensation at the time you left your position. Submit the VRS-5 and other required forms and documents to VRS within 60 days, but not more than four months (120 days), before your retirement date.

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. VRS is not required to pay benefits retroactively; if your address changes, notify VRS as soon as possible by submitting a Name and Address Declaration for Deferred Members (VRS-3A).

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.
Retirement Readiness Checklist

DURING YOUR CAREER

- Create a myVRS member online account through the VRS website at www.varetire.org. Use the myVRS Retirement Planner to see if you are on track for saving for retirement.
- Review your annual Member Benefit Profile (MBP) through myVRS.
- Sign up for free member education courses to learn more about your benefits and resources.

PREPARING FOR RETIREMENT

- Use the myVRS Benefit Estimator and myVRS Retirement Planner to estimate your income and expenses in retirement.
- Sign up for member education courses and the Deferred Compensation Plan Regional Education Meetings.
- Let your human resource office know your retirement plans at least six months before the date you wish to retire.

60-120 DAYS BEFORE YOUR RETIREMENT DATE

- Apply for retirement.
- If you have eligible prior service and want this service applied to your benefit calculation, see Chapter 4-Enhancing Your Benefit.
- Decide whether you want to continue your coverage under the VSDP Long-Term Care Plan.
- If you participate in the Optional Group Life Insurance Program, decide whether you want to continue or convert your coverage upon retirement.
- Submit the State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879) with your retirement application, whether you are electing or waiving coverage.

RIGHT AFTER YOU RETIRE

- Create a myVRS retiree online account. VRS will send you a one-time authentication code in the mail shortly after you retire, which you will use to set up your secure online account.
- If you wish to enroll in the State Retiree Health Benefits Program, you must apply within 31 days of your retirement date.
- If you wish to continue your VSDP long-term care coverage into retirement, you must apply within 60 days of your retirement date.
Receiving Retirement and Deferred Compensation Plan Payments

Direct Deposit • Taxes • Cost-of-Living Adjustments (COLAs) •
Social Security • If You Divorce • Deferred Compensation
Plan Options • myVRS

Direct Deposit

After you retire, your monthly benefit will be deposited to the financial institution account you designate on the Authorization for Direct Deposit of Monthly Benefit (VRS-57). Benefit payments are deposited on the first of the month for the preceding month’s benefit. If the first falls on a weekend or holiday, the payment will be deposited on the last business day of the preceding month. If the net amount of your benefit changes, you will receive an earnings statement from VRS reflecting the new amount.

Taxes

Your retirement benefit will be subject to federal income taxes and, if you live in Virginia, state income taxes. Any after-tax member contributions in your benefit payment will not be taxed again.

If you do not file a Request for Income Tax Withholding (VRS-15) (available at www.varetire.org) when you retire, VRS will withhold federal taxes as if you were married with three allowances and state taxes, if applicable, as if you had zero allowances. If you do not want VRS to withhold taxes from your benefit, notify VRS using the VRS-15. Note that you may be responsible for paying estimated taxes or face tax penalties if your estimated tax payments are insufficient. For more information, contact a tax advisor or the Internal Revenue Service (IRS) toll-free at 1-800-829-1040 or www.irs.gov.

VRS does not deduct income taxes for other states. If you retire in Virginia and then move out of state, you can update your tax withholding through myVRS or by submitting a new VRS-15.

If Your Account Information Changes

If you change your financial institution, submit a VRS-57 with the new account information. Do not close your old account until your direct deposit begins in your new account. You can verify your new deposit information through myVRS (see myVRS in this chapter).
1099-R Form

After you retire, you will receive a 1099-R form from VRS each January for the previous calendar year's benefit payments and tax withholdings. You will file this form with your federal and state income tax returns. The 1099-R shows:

- Total amount of your benefit for the previous year
- Taxable amount of your benefit
- Total amount of federal income taxes and, if applicable, state income taxes withheld from your benefit during the previous year
- Amount of your benefit that is not taxed, if any, as determined by the IRS
- Whether your benefit is a retirement benefit, disability benefit or survivor benefit
- Total health insurance premiums for the previous year, less any health insurance credit reimbursements you receive. The health insurance credit is a non-taxable benefit and will not be included in your 1099-R. For more information about the health insurance credit, see Chapter 12-Insurance in Retirement.

Imputed income. The cost of VRS group life insurance over $50,000 on the premiums paid by VRS is called imputed income. The Internal Revenue Service (IRS) considers this amount as income to you and subject to income taxes and FICA (Social Security and Medicare) taxes. If your coverage exceeds $50,000 when you retire, VRS will automatically withhold FICA taxes and send you a W-2 form each year showing the amount of FICA taxes withheld and the additional taxable income. As your life insurance coverage reduces, the amount of imputed income also will reduce. If your coverage reduces to less than $50,000, these taxes will no longer be withheld. For more information about the life insurance coverage reduction, see Chapter 12-Insurance in Retirement.

If You Retire as a 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 as well as a spouse or dependent children may be eligible for this exclusion. You must claim the premiums on your tax return. The 1099-R reflects total taxable income without any adjustment for this benefit. For more information, contact a tax advisor or the IRS toll-free at 1-800-829-1040 or www.irs.gov.
Cost-of-Living Adjustments (COLAs)

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. The COLA is calculated using the first 2 percent increase in the CPI-U and half of any additional increase (up to 2 percent), for a maximum COLA of 3 percent. During years of no inflation or deflation, the COLA is 0 percent.

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. Example: If you retire on November 1, 2018, your first COLA will be effective July 1, 2020, and appear in your August 1, 2020, benefit payment.

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. Example: If your unreduced retirement eligibility date is October 1, 2022, but you retire on November 1, 2018, and have fewer than 20 years of service credit when you retire, your first COLA will be effective July 1, 2024, and appear in your August 1, 2024, benefit payment.

For the current COLA, visit www.varetire.org (select the Retirees homepage).

Exceptions to COLA Effective Dates

If you are eligible for a COLA under any of the following circumstances, your COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from your retirement date:

- You were within five years of qualifying for an unreduced retirement benefit as of January 1, 2013.
- You retire on disability.
- You retire directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP).
- 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. The 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 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.

**Social Security**

You will be eligible for a full Social Security retirement benefit when you reach your normal Social Security retirement age (see chart). You may qualify for a reduced benefit as early as age 62. For more information, call the Social Security Administration toll-free at 1-800-772-1213, visit [www.socialsecurity.gov](http://www.socialsecurity.gov) or contact your local Social Security Administration office.

**If You Divorce**

**Approved Domestic Relations Order (ADRO)**

In the event of a divorce, your retirement benefit 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 if he or she is awarded part of your benefit by the court. VRS implements the court decision when it receives a certified copy of an Approved Domestic Relations Order (ADRO). The court, not VRS, decides whether to divide your retirement benefit and how it is to be divided, provided the order is in compliance with the provisions of the *Code of Virginia*. Your attorney should provide VRS a draft ADRO before filing it with the court to ensure the language conforms to VRS’ requirements. ADRO guidelines are available at [www.varetire.org/adro](http://www.varetire.org/adro).

**Other attachments.** The *Code of Virginia* allows other attachments to your VRS benefit. Examples include IRS tax levies, debt to an employer, child support or other marital rights as stated in an ADRO or divorce decree.

**Release of information.** VRS will not release information about your benefit to anyone other than yourself without your written authorization, unless your information is subpoenaed.

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**What is the Consumer Price Index for all Urban Consumers (CPI-U)?**

The U.S. Bureau of Labor Statistics defines the CPI-U 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.
Deferred Compensation Plan Options

If you retire or leave employment, you have the following options for your Commonwealth of Virginia 457 Deferred Compensation Plan:

Keep your money in your plan. Your pre-tax account continues to be tax-deferred. Your Roth after-tax account can also remain in the plan. You continue to manage your investments. You cannot contribute to the Commonwealth’s 457 Plan unless you return to salaried or wage employment with an employer that offers the plan. 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 70½, or 2) the calendar year in which you terminate employment from the employer sponsoring your plan.

Request a distribution (payment) from your plan. You may request a distribution in a lump sum, as a periodic payment or as a combination of these methods. You will be required to pay federal and state income taxes on distributions from your pre-tax account from the Commonwealth’s 457 and Cash Match Plans. The IRS also may impose an additional 10 percent tax penalty on Cash Match Plan distributions received before age 59½; there are exceptions to this rule. There is no penalty for early withdrawals from the 457 Plan.

If you request a distribution (payment) from your plan, distributions are effective following a bona fide break in service of at least one full calendar month from your last day of employment. 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.

Requests that you receive from your Roth contributions and any earnings on those may be withdrawn tax free if you meet the following requirements:

- Separated from covered employment with a bona fide break in service.
- At least five years have passed since January 1 of the year you made your first Roth contribution.
- At least age 59½, permanently disabled or the assets are being paid to your beneficiaries following your death.

More Information
Call toll-free 1-VRS-DC-PLAN1 (1-877-327-5261) or visit www.varetire.org (select the Defined Contribution Plans tab). For more information about enrolling in the plan, contributions and plan resources, see Chapter 3-Saving for Retirement.

Note: You can request separate distributions from your pre-tax account and your Roth after-tax account. For additional distribution information, visit www.varetire.org/457.

Roll over money from your 457 Plan or cash match account. You may roll over some or all of the balance in your 457 or Cash Match Plan to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers. Check with the plan sponsor to determine if the plan accepts rollovers and whether any fees or penalties apply.
Contribute annual leave or other payments to your 457 Plan. If you are eligible to be paid for unused annual leave or to receive other compensation when you leave your position, you can defer taxes on this payment by contributing it to the 457 Plan. To elect this option, submit the 457 One-Time Deferral Form to your employer while you are still employed or no later than the month before you would otherwise receive the payment. The form is available at www.varetire.org (select the Defined Contribution Plans tab). As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Plan.

Use your cash match plan to consolidate your retirement funds. You may roll over money from an IRA or another qualified plan to your cash match account. If you return to covered employment, you may still take distributions from the rollover account in your 457 Plan. If you elect the Partial Lump-Sum Option Payment (PLOP) at retirement, you can contribute some or all of your PLOP to your cash match account. For more information about benefit payout options, see Chapter 2-Your Retirement Plan.

Creating Your myVRS Retiree Online Account Is Easy
When you retire, you will receive a one-time authentication code from VRS in the mail. You will use this code to create your online account. Select myVRS from www.varetire.org and then Retirees-Register. Any time you want to log in, you will enter the username and password you set up to create your account.

myVRS
After you retire, you can create a secure myVRS online account. Your retiree account is based on information you provide when you apply for retirement and information your employer reports to VRS.

What You Can Do in myVRS
• View your monthly retirement benefit payment amount and benefit payment history.
• See when your benefit payment is deposited and confirm your financial institution account information.
• View your cost-of-living adjustments (COLAs), retiree life insurance coverage amount, health insurance premium deductions and health insurance credit, if applicable.
• View your income tax withholdings and manage your withholdings online.
• Review the information used to calculate your retirement benefit, including the benefit payout option you elected at retirement.
• Update your personal profile.
• Print income verification information and tax documents for income tax filing purposes.
Insurance in Retirement
Group Life Insurance • State Retiree Health Benefits Program • Health Insurance Credit • Long-Term Care Coverage

Group Life Insurance

Basic Group Life Insurance Coverage

Some basic benefits under the VRS Group Life Insurance Program will continue into retirement or if you are eligible to retire but defer retirement. Your coverage will end if you have not met the age and service requirements for retirement or you take a refund of your member contributions and interest.

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 creditable compensation as a covered employee, even if your salary at retirement is lower. The benefit is payable if you die of natural or accidental causes.

• 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.

Life Insurance Coverage in Retirement. Your coverage begins to reduce on January 1 following one calendar year of retirement. The reduction rate is 25 percent each January 1 until it reaches 25 percent of the total life insurance benefit value at retirement.

If you have at least 30 years of creditable service, your coverage cannot reduce below $8,000. This minimum will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation.

More Information

VRS has contracted with Minnesota Life as the insurer for the Group Life Insurance Program. For more information, call toll-free 1-800-441-2258.

What Is Creditable Compensation?

Creditable compensation is your annual salary, not including overtime pay, payment of a temporary nature or payments for extra duties.
### When

<table>
<thead>
<tr>
<th>Your Life Insurance Benefit</th>
<th>EXAMPLE</th>
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<tbody>
<tr>
<td>You retire</td>
<td>You retire on March 1, 2018. Your creditable compensation at retirement is $49,780; for your life insurance coverage, that amount is rounded to $50,000 then doubled to equal $100,000 at retirement</td>
</tr>
<tr>
<td>On January 1 after you complete one calendar year of retirement (January through December)</td>
<td>Your life insurance coverage reduces 25 percent</td>
</tr>
<tr>
<td>On January 1 after you complete two calendar years (January through December) of retirement</td>
<td>Your next 25 percent reduction will be on January 1, 2021, with remaining coverage of $50,000</td>
</tr>
<tr>
<td>On January 1 after you complete three calendar years (January through December) of retirement</td>
<td>Your final reduction will be on January 1, 2022, and your coverage will remain at $25,000 for the rest of your retirement</td>
</tr>
</tbody>
</table>

### Optional Group Life Insurance Coverage

If you are enrolled in the Optional Group Life Insurance Program, you may continue a portion of your coverage into retirement. You as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date. Accidental death and dismemberment coverage ends upon retirement. Optional life insurance amounts will reduce by 25 percent based on your age, beginning with your normal retirement age under your plan; coverage ends at age 80. The maximum amount of optional group life insurance coverage in retirement is $275,000. You must elect to continue your coverage within 31 days of your retirement date. This option is not available after 31 days.

You as well as your spouse and dependent children, if enrolled, can convert your coverage to an individual policy. You will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-35E) to Minnesota Life within 31 days of the last day of the month in which you leave your position. The form is available at www.varetire.org. This option is not available after 31 days.

### In the Event of Your Death After You Retire

Your beneficiary or survivor should call Minnesota Life toll-free at 1-800-441-2258. Minnesota Life can initiate all benefit claims and will provide information to VRS for processing any benefits due. For more information, see Losing a Loved One: Guide for Families available at www.varetire.org.

### Additional Information About Your Life Insurance

For information about irrevocable assignment, imputed income taxes and child support liens, see Chapter 5-Group Life Insurance Program.
You are eligible to enroll in the State Retiree Health Benefits Program upon retirement. You can elect coverage when you apply for retirement or within 31 days of your last day of employment by submitting the State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879). The form is available at www.varetire.org. Note that if you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date.

If you elect this coverage, VRS will deduct the health insurance premiums from your monthly benefit payment. If your benefit is not sufficient to cover the deduction, the health insurance carrier will bill you directly for the premiums. For more information about the program, visit the Department of Human Resource Management website at www.dhrm.virginia.gov.

**Enrollment options for your survivors.** If you enroll in the State Retiree Health Benefits Program, you also can enroll your survivors (a spouse or dependent children). If you elect 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 (T-20879) within 60 days of your death. This option is not available after 60 days.

**Cancelling 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 (T-20879) or by sending a written request to VRS. Cancelling 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.
**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 and medical care (Part B), for which you pay a monthly premium. You also may elect coverage under the prescription drug plan (Part D). You should apply for Medicare at least three months before your 65th birthday.

*If you retire as a state employee* and elect the State Retiree Health Benefits Program, you will be eligible for Advantage 65, the state’s Medicare supplement plan, when you qualify for Medicare. The Advantage 65 plan includes Medicare Part D prescription drug coverage; there also is a Medical Only plan that excludes prescription drug coverage.

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**Health Insurance Credit**

If you retire with at least 15 years of service credit, you may be eligible for the health insurance credit. This is a tax-free benefit that assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents. As set by the General Assembly, eligible VaLORS members receive $4 per year of service credit per month, 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.

**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

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

- Coverage for specific diseases or procedures to treat a specific illness, such as cancer insurance
- Hospital or other indemnity policies
- Limited benefit plans, which offer coverage for only particular health care conditions or diseases and do not replace traditional health insurance
• Plans covering home health care
• Long-term care insurance
• Long-term disability insurance
• Life insurance
• Network discount programs or policies, such as pharmacy discount programs
• Policies that include non-healthcare coverage, such as an auto club membership that includes a prescription discount program

Applying for the Health Insurance Credit

If you are eligible for the health insurance credit upon retirement and VRS will be deducting your health insurance premiums, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. For any premiums VRS will not be deducting, submit a Request for Health Insurance Credit (VRS-45) to VRS. The form is available at www.varetire.org.

Annual Health Insurance Credit Notice

If you are eligible for the health insurance credit, you will receive an annual Health Insurance Credit Notice from VRS reminding you to verify and update your health insurance information, if necessary. This will ensure you are receiving the proper credit amount in a timely manner and are not at risk for overpayments. For any premiums VRS will not be deducting, you will report a change or cancellation by submitting a Request for Health Insurance Credit (VRS-45) to VRS. If you are on long-term disability through the Virginia Sickness and Disability Program (VSDP), you will submit the form to Reed Group, the VSDP third-party administrator, at P.O. Box 6248, Broomfield, CO 80021.

Long-Term Care Coverage

Your coverage under the Virginia Sickness and Disability Program (VSDP) Long-Term Care Plan will end when you retire. You can elect to continue your coverage, which will be retroactive to your last day of employment; you will pay the premiums. To continue your coverage, submit the Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and the Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) within 60 days of your last day of employment to the Long Term Care Group, Inc. The forms are available at www.varetire.org. This option is not available after 60 days.

See Chapter 7-Long-Term Care Programs for an overview.
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 retirement benefits 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.

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 that no such pre-arrangement has been made on the Application for Service Retirement (VRS-5).

**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 also must have a bona fide break in service as described above.
K-12 Critical Shortage Positions

You may be eligible to teach or serve as a principal or assistant principal in a critical shortage position in a Virginia public school. You do not have to retire as a teacher or school administrator as long as you become licensed by the Virginia Board of Education for the position you will hold. Positions are full time and temporary (non-covered); if you qualify, you will continue to receive your retirement benefits.

To be considered for a K-12 critical shortage position, you must:

• Work in a designated critical shortage position;
• Hold a Virginia Board of Education license for the position;
• Have a break in service of at least 12 consecutive months between your retirement date and the date you wish to work in a critical shortage position. This break in service means not working in any full-time, part-time or temporary position with any VRS-participating employer; and
• Not take a refund of your member contributions and interest or defer retirement.

For more information on critical shortage designations and how to apply, visit the Department of Education website at www.doe.virginia.gov or contact the school system where you would like to work.

Returning to Covered Employment

If you return to covered employment, your retirement benefits will stop and you will become an active member.

Group Life Insurance Coverage

If you return to an employer that participates in the VRS Group Life Insurance Program, you will resume your active member coverage. Your coverage will be based on the compensation you earn upon reemployment or your highest creditable compensation as a covered employee if you have 20 or more years of service credit.

If you return to an employer that does not participate in the VRS Group Life Insurance Program, your coverage will continue at the level to which it had reduced before reemployment. For more information about the program, see Chapter 5-Group Life Insurance Program and Chapter 12-Insurance in Retirement.
Disability Coverage

If you return to covered employment with the Commonwealth of Virginia, you will be enrolled automatically in the Virginia Sickness and Disability Program (VSDP). You will be required to fulfill eligibility periods for non-work-related disability and certain income replacement levels. If you return to a faculty position and elect the VRS defined benefit plan, you will have the option to enroll in VSDP or the institution’s disability program, if offered. For more information, refer to the Virginia Sickness and Disability Program Handbook for State Employees available at www.varetire.org. See also Chapter 6-Virginia Sickness and Disability Program (VSDP).

If you return to covered employment with a school division or a political subdivision, you will be eligible to be considered for VRS disability retirement if you have a medical condition that prevents you from performing your job and is likely to be permanent. For more information, refer to the VRS Disability Retirement Handbook for Members available at www.varetire.org.

Commonwealth of Virginia 457 Deferred Compensation Plan

If you return to salaried or wage employment with an employer that offers the Commonwealth’s 457 Plan, you will be able to resume your contributions or enroll in the plan and may be eligible for an employer cash match through the Virginia Cash Match Plan. If you return to salaried state employment and are not participating in the plan, you will be enrolled automatically and will receive the employer cash match. If you return to employment and are receiving plan distributions, you can continue or suspend your distributions; you cannot start distributions unless you are age 70½ or older and eligible for an in-service distribution. For more information about the plan, see Chapter 3-Saving for Retirement and Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.

Before You Accept Employment

If you want to work after you retire, call VRS toll-free at 1-888-VARETIR (1-888-827-3847) to determine the impact on your retirement benefits. Also, contact the Social Security Administration toll-free at 1-800-772-1213 or visit www.socialsecurity.gov for information on the effect of earnings during retirement on your eligibility for Social Security benefits.
Retiring Again

When you retire again, you must submit a new Application for Service Retirement (VRS-5) (available at www.varetire.org) and retire under the same benefit payout option you elected for your previous retirement. Your monthly benefit will be recalculated based on the additional service credit you earn and any changes in your average final compensation. If you retire under the Partial Lump-Sum Option Payment (PLOP), you will not receive another PLOP; your subsequent benefit also will be adjusted for the previous PLOP. If you retire under the Advance Pension Option, your subsequent benefit will be adjusted for the temporary increase in your previous benefit.

Any cost-of-living adjustments (COLAs) you were receiving during your previous retirement will not resume when you retire again. The COLA will be calculated as if you were retiring for the first time. For more information on the COLA, see Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.
**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).

**Active Service**
Active service is the number of years you work in a covered position. You earn one month of service credit for each month you are employed ("in service").

**Actuarial Equivalent Cost**
Actuarial equivalent cost represents the amount of money needed in today’s dollars to pay for the total value of the increase in your future retirement benefit or earlier retirement eligibility date resulting from purchasing prior service. If you purchase prior service after your two-year approximate normal cost window, your cost will be based on this rate.

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

**Approved Domestic Relations Order (ADRO)**
An Approved Domestic Relations Order (ADRO) is a court order related to marital property rights and other attachments to your benefit, such as child support, at the time of divorce. If you divorce, your VRS benefit may be regarded as marital property in a property settlement.

**Approximate Normal Cost**
Approximate normal cost is the average cost of one year of VRS service credit. The cost is based on a percentage of your creditable compensation or average final compensation at the time of purchase, whichever is higher.

**Average Final Compensation**
Average final compensation 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.

**Basic Benefit**
The Basic Benefit is calculated based on a formula using your average final compensation, a retirement multiplier and your total service credit at retirement. You can elect the Basic Benefit or another payout option when you apply for retirement.
<table>
<thead>
<tr>
<th>Beneficiary</th>
<th>Your beneficiary is eligible for a payment of any funds remaining in your member contribution account and life insurance benefits upon your death. You may designate a beneficiary or beneficiaries on the Designation of Beneficiary (VRS-2).</th>
</tr>
</thead>
<tbody>
<tr>
<td>Benefit Payout Option</td>
<td>When you apply for service retirement, you elect how you want to receive your benefit. You choose from four benefit payout options, depending on your eligibility: Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (PLOP) or Advance Pension Option. <strong>The option you elect is irrevocable.</strong> That means you cannot change it once you retire, with the exception of the Survivor Option under some conditions.</td>
</tr>
<tr>
<td>Bona Fide Break in Service</td>
<td>A bona fide break in service is a break of at least one full calendar month from your last day of employment. 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.</td>
</tr>
<tr>
<td>Child Support Liens</td>
<td>The Department of Social Services may file child support liens against proceeds payable under the VRS Group Life Insurance Program. VRS is required to pay life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations at your death.</td>
</tr>
<tr>
<td>Consumer Price Index for all Urban Consumers</td>
<td>The cost-of-living adjustment (COLA) is based on 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.</td>
</tr>
<tr>
<td>Cost-of-Living Adjustment (COLA)</td>
<td>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 will be 0 percent. For more information about the COLA, see Chapter 11-Receiving Retirement and Deferred Compensation Plan Payments.</td>
</tr>
<tr>
<td>Covered Employment</td>
<td>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.</td>
</tr>
<tr>
<td>Creditable Compensation</td>
<td>Creditable compensation is your annual salary, not including overtime pay, payment of a temporary nature or payments for extra duties.</td>
</tr>
<tr>
<td>Death-in-Service Benefit</td>
<td>If you die while you are an active member (“in service”), your beneficiary may be eligible for a death-in-service benefit in addition to life insurance benefits.</td>
</tr>
<tr>
<td><strong>Deferred Member</strong></td>
<td>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 or are maintaining an account balance in an optional retirement plan authorized or administered by VRS.</td>
</tr>
<tr>
<td>--------------------</td>
<td>-------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td><strong>Defined Benefit Plan</strong></td>
<td>The retirement plan under VaLORS is a defined benefit plan. This plan provides a monthly benefit during retirement based on age, total service credit and average final compensation.</td>
</tr>
<tr>
<td><strong>Defined Contribution Plan</strong></td>
<td>The benefit under a defined contribution plan is based on contributions and net investment gains on these contributions. The defined contribution plans administered or authorized by VRS include the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, optional retirement plans for selected employees and a supplemental plan for certain school employees.</td>
</tr>
<tr>
<td><strong>Direct Deposit</strong></td>
<td>When you apply for retirement, you must include the Authorization for Direct Deposit of Monthly Benefit (VRS-57), to designate the financial institution account where VRS will deposit your monthly retirement benefit payment. You also will use the VRS-57 to notify VRS if your account changes.</td>
</tr>
<tr>
<td><strong>Employer Contribution</strong></td>
<td>Your employer makes a separate contribution to VRS toward funding current and future benefits for all covered employees. Members are not eligible for a refund of the separate employer contribution.</td>
</tr>
<tr>
<td><strong>Form 1099-R</strong></td>
<td>After you retire, you will receive a 1099-R form from VRS each January for the previous year’s benefit payments and tax withholdings. You will file this form with your income tax returns.</td>
</tr>
<tr>
<td><strong>Full-Time Employment</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Imputed Income</strong></td>
<td>Imputed income is 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 and reflected in your W-2 you receive from your employer. After you retire, VRS deducts FICA taxes and reports taxable or imputed income for as long as your group life insurance exceeds $50,000.</td>
</tr>
<tr>
<td><strong>Irrevocable Assignment</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Line-of-Duty Benefits</strong></td>
<td>If you are disabled or die in the line of duty, you or your survivor may be eligible for state or federal line-of-duty benefits. For information about the Virginia Line of Duty Act, call the Department of Accounts at 804-786-1856 or visit <a href="http://www.doa.virginia.gov">www.doa.virginia.gov</a>. For information about the Federal Public Safety Officers’ Benefits Act, call toll-free 1-888-744-6513 or visit <a href="http://www.psob.gov">www.psob.gov</a>.</td>
</tr>
<tr>
<td><strong>Mandatory Retirement Distribution</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Member Benefit Profile (MBP)</strong></td>
<td>The Member Benefit Profile is your annual online benefits statement. It is based on information your employer reports to VRS through June 30 of each year. You can view your MBP through your myVRS member online account.</td>
</tr>
<tr>
<td><strong>Member Contributions</strong></td>
<td>You contribute 5 percent of your compensation each month to your member contribution account on a pre-tax salary reduction basis. The <em>Code of Virginia</em> prohibits members from borrowing from their member contribution accounts.</td>
</tr>
<tr>
<td><strong>Membership Date</strong></td>
<td>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.</td>
</tr>
<tr>
<td><strong>Non-Covered Employment</strong></td>
<td>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 percent 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 percent 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.</td>
</tr>
<tr>
<td><strong>Normal Retirement Age</strong></td>
<td>Normal retirement age under VaLORS is age 60.</td>
</tr>
<tr>
<td><strong>Order of Precedence</strong></td>
<td>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. You designate a beneficiary on the Designation of Beneficiary (VRS-2). You can elect the order of precedence on the VRS-2 instead of naming a beneficiary.</td>
</tr>
<tr>
<td><strong>Part-Time Employment</strong></td>
<td>Part-time employment is typically 80 percent 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.</td>
</tr>
<tr>
<td><strong>Partial Lump-Sum Option Payment (PLOP)</strong></td>
<td>The Partial Lump-Sum Option Payment (PLOP) is one of the benefit payout options available at retirement. You may elect a PLOP if you work at least one year beyond the date you first become 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 eligibility date. This option is paid from your member contribution account and reduces your monthly benefit.</td>
</tr>
<tr>
<td>Plan 1</td>
<td>You are covered under Plan 1 if your membership date is prior to July 1, 2010, and you were vested before January 1, 2013, and have not taken a refund. You are covered under Optional Retirement Plan 1 if you have an ORP membership date before July 1, 2010. If you have a pre-July 1, 2010, ORP account balance and moved to a defined benefit plan, you must have any combination of VRS creditable service and/or ORP participation that totals five years as of January 1, 2013, to be considered a Plan 1 member.</td>
</tr>
<tr>
<td>Plan 2</td>
<td>You are covered under Plan 2 if your membership date is from July 1, 2010, to December 31, 2013, and you have not taken a refund. Additionally, you are covered under Plan 2 if you have a membership date prior to July 1, 2010, but you were not vested before January 1, 2013. You are covered under Optional Retirement Plan 2 if you have an ORP membership date after July 1, 2010. If you are covered under VaLORS or SPORS, with enhanced hazardous duty benefits or the hazardous duty alternate option and were hired on or after July 1, 2010, you are in Plan 2, even if your membership date is after December 31, 2013.</td>
</tr>
<tr>
<td>Plan Provisions</td>
<td>Plan provisions are the requirements that govern the plans or programs under which you are covered based on your current position of employment.</td>
</tr>
<tr>
<td>Portability</td>
<td>Portability means transferring the value of your retirement assets from a previous employer with which VRS has a portability agreement to a VRS-participating employer, through the purchase of VRS service credit, in order to consolidate your retirement benefits. Currently, VRS has portability agreements with the following public employers: City of Charlottesville, City of Danville, City of Newport News, City of Norfolk, City of Richmond, City of Roanoke and County of Fairfax.</td>
</tr>
<tr>
<td>Power of Attorney</td>
<td>Under a power of attorney, you can name an individual as your agent to take actions on your behalf if you no longer can take care of your own affairs. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901).</td>
</tr>
<tr>
<td>Prior Service Credit</td>
<td>Eligible prior service includes federal and other public service, active duty military service, certain types of leave and VRS refunded service. If you have prior service, you may be eligible to purchase this service as credit in your plan. Prior service credit counts toward vesting, eligibility for retirement and eligibility for the health insurance credit.</td>
</tr>
<tr>
<td>Refund</td>
<td>A refund is a lump-sum payment of your member contribution account balance. If you leave covered employment, you can request a refund. You will receive a full or partial refund based on whether or not you are vested or involuntarily separated from employment for causes other than job performance or misconduct. Taking a refund cancels your membership and eligibility for any future benefits.</td>
</tr>
<tr>
<td><strong>Required Minimum Distribution</strong></td>
<td>A required minimum distribution from your Commonwealth of Virginia 457 Deferred Compensation Plan 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.</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td><strong>Retiree</strong></td>
<td>You are a retiree if you are no longer employed in a covered position and are receiving a monthly retirement benefit from VRS.</td>
</tr>
<tr>
<td><strong>Retirement Benefit-Reduced</strong></td>
<td>Under VaLORS, you are eligible for a reduced benefit beginning at age 50 with at least five years of service credit.</td>
</tr>
<tr>
<td><strong>Retirement Benefit-Unreduced</strong></td>
<td>Under VaLORS, you are eligible for an unreduced benefit beginning at age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.</td>
</tr>
<tr>
<td><strong>Retirement Date</strong></td>
<td>The effective date of retirement is the first of the month.</td>
</tr>
<tr>
<td><strong>Retirement Multiplier</strong></td>
<td>The retirement benefit under the VaLORS Plan 2 is based on a multiplier of 2.0 percent.</td>
</tr>
<tr>
<td><strong>Rollover</strong></td>
<td>A rollover is a contribution of a pre-tax lump-sum payment, such as a refund or a Partial Lump-Sum Option Payment (PLOP), 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.</td>
</tr>
<tr>
<td><strong>Service Credit</strong></td>
<td>Service credit is credit for service earned as a VRS defined benefit member. Members earn service credit for each month they are reported in a covered position. Service credit also may include credit for prior service a member may have purchased or additional service credit granted by an employer. Service credit is one of the factors used to calculate the VRS retirement benefit and determine eligibility for retiree benefits.</td>
</tr>
<tr>
<td><strong>Service Retirement</strong></td>
<td>Service retirement is another term for regular retirement.</td>
</tr>
<tr>
<td><strong>Survivor Option</strong></td>
<td>The Survivor Option is one of the benefit payout options available at retirement. Under the Survivor Option, you elect to continue a monthly benefit to a survivor upon your death. This option reduces your monthly benefit. You can name any living person as your survivor; you also can name more than one survivor.</td>
</tr>
<tr>
<td><strong>Vesting</strong></td>
<td>You become vested when you have at least five years (60 months) of service credit. Vesting is the minimum length of service needed to qualify for a retirement benefit, if you meet the age and service requirements for your plan, or to receive any contributions made by your employer to your member contribution account after July 1, 2010, should you leave covered employment and request a refund.</td>
</tr>
</tbody>
</table>
Want to learn more about your VRS benefits? – Meet with a counselor at the VRS Retirement Counseling Center at 1111 East Main Street, Richmond, VA 23219. Sessions are held on a first-come, first-served basis with limited scheduled appointments available. The hours are 8:30 a.m.–4 p.m., Monday through Friday. Go to www.varetire.org for directions to the center and the parking deck; the first hour of parking is free.

Also, take advantage of free member education opportunities. Schedules and registration are available on the VRS website; select Education & Counseling from the Members homepage. For Deferred Compensation Plan Regional Education Meetings, select the Defined Contribution Plans tab.