



Frequently Asked Questions

Virginia Local Disability Program (VLDP) and Comparable Programs for Political Subdivisions and Schools

General Questions

1. Are political subdivision and school employees covered under the Hybrid Retirement Plan eligible for VRS Disability Retirement?

No. Employees in the Hybrid Retirement Plan are covered under VLDP or your employer-paid comparable program. They are not eligible for [VRS disability retirement](#).

2. What happens if an employee becomes disabled before the one-year waiting period ends?

Work-related disability is provided when an employee begins employment; non-work-related disability has a one-year waiting period. Employers may consider providing optional employee-paid disability coverage to employees in the Hybrid Retirement Plan to bridge the one-year gap in coverage for non-work-related disabilities.

3. Can I elect to offer VLDP for employees in VRS Plan 1 and Plan 2?

No. School division and political subdivision employees in Plan 1 and Plan 2 are eligible for [VRS disability retirement](#).

4. Under VLDP, we are required to provide short-term disability for Hybrid Retirement Plan-covered employees only. Why isn't this also required for Plan 1 and Plan 2 employees?

Plan 1 and Plan 2 employees are eligible for disability retirement; employees covered under the Hybrid Retirement Plan are not eligible for disability retirement. The *Code of Virginia* provides hybrid-covered employees disability coverage under VLDP or a comparable program. However, you may offer Plan 1 and Plan 2 employees disability coverage through an insurance carrier as part of your benefits package, if you wish.

5. How does our leave policy reflect a program that only applies to certain employees?

You may wish to consider modifying your leave structure to coordinate more effectively with VLDP, which provides income replacement for periods of short- and long-term disability. This decision is up to individual employers, but you may want to review the [Department of Human Resource Management's sick leave policy](#) and the [Virginia Sickness and Disability Program](#) policy for examples of potential modifications.

6. Can employees use their paid time off before going on short-term disability?

If your leave policy allows, an employee may use leave during the seven-calendar-day elimination period, and to supplement his or her short-term disability benefit for both non-work-related and work-related disabilities.

7. How does the Family Medical Leave Act (FMLA) apply to employees out on short-term disability under VLDP?

To comply with the requirements of [VLDP](#) or a comparable program, an employer cannot terminate an employee while the employee is on short-term disability. VLDP or a comparable program requires that employees on short-term disability be reported to VRS and paid the appropriate income replacement amount by the employer. Only active employees may be reported; therefore, employees on short-term disability must be active employees. An employer may reassign an employee who is on short-term disability to another position, but the employee must continue to be reported and must be paid the appropriate income replacement amount based on his or her pre-disability income.

Please note that VLDP or a comparable program is separate from FMLA and has different provisions. Although FMLA only requires 12 weeks of leave and no income replacement, state law requires employers to provide 125 days of leave and income replacement under the provisions of VLDP or a comparable program.

8. Are those employees who are covered under an optional retirement plan eligible for VLDP?

No. Employees covered under an optional retirement plan are not eligible for VLDP. They are eligible for coverage under their employer's disability plan if the employer offers one.

9. Do employers have to provide health insurance to employees out on short-(STD) or long-term disability (LTD)?

Health insurance must be provided to your employees on short-term disability in the same manner as if the employee was actively working. If you provide retiree or disability insurance coverage, LTD employees must be offered the same coverage at the group rate and the LTD employee pays the premiums. If health insurance coverage is not provided for retirees or employees on disability, LTD employees are eligible for Consolidated Omnibus Budget Reconciliation Act ([COBRA](#)) health benefits.

VLDP Program Costs

10. What is the cost of the VLDP program?

The rates effective July 1, 2018, through June 30, 2020, are:

- **Teachers:** 0.41 percent of covered Hybrid Retirement Plan payroll
- **Political Subdivisions:** 0.72 percent of covered Hybrid Retirement Plan payroll

Schools will pay the teacher rate for teachers and the political subdivision rate for nonadministrative employees. New rates will be set each biennium.

11. In addition to the rate, what other costs are associated with this program?

Under VLDP, you will continue to pay employees on short-term disability through the normal payroll process. Long-term disability employees are paid directly by Reed Group, the program's third-party administrator. Reed Group will work with you concerning the administration of short-term and long-term disability claims. VLDP-participating employers and those providing comparable plans can learn more about program costs by reading the [Overview of Employer Contributions, Costs and Income Replacement](#) for VLDP.

12. Who pays the 1 percent mandatory employer contribution to the defined contribution plan for employees who are out on long-term disability?

For employers that participate in VLDP, the mandatory 1 percent employer contribution will be paid from the VLDP trust fund when an employee is out on long-term disability and meets the Social Security definition of disabled. This cost has been incorporated into the VLDP contribution rate. Employers that do not participate in VLDP and provide a comparable plan will be responsible for providing the 1 percent employer contribution, provided the employee meets the Social Security Administration's definition of disabled.

13. Will I continue to provide workers' compensation benefits for employees out on VLDP?

Yes. VLDP covers both non-work-related and work-related disability claims. The employer will need to continue to provide workers' compensation benefits, which are offset from VLDP benefit payments.

Comparable Program Questions

14. What is a comparable program?

The employer-paid comparable program must meet or exceed the coverage set out in [Chapter 11.1 of Title 51.1](#) of the *Code of Virginia*. The Code does not require you to provide long-term care coverage even though this coverage is included in VLDP. The [VLDP Employer Manual](#) provides program details for comparison.

15. How do I know if my employer is in VLDP or in a comparable plan?

The Hybrid Retirement Plan became effective January 1, 2014. All political subdivisions and school divisions had the opportunity to opt out of VLDP and participate in a comparable plan by passing an irrevocable resolution in 2013. No action was required for employers who chose to participate in VLDP. Employers can review their own archives for past resolutions to determine if they participate in VLDP or consult myVRS Navigator.

In myVRS Navigator, go to the Benefit tab in the hybrid section of the Organization Plan Summary. If you see VLDP listed under Ancillary Benefits, then your employer participates. Employers that opted out will not see any designation in myVRS Navigator. You can also contact your VRS Employer Representative.

16. If I opt out of VLDP and provide a comparable program, can I pass the cost on to my employees?

No. In order for your program to be comparable to VLDP, it must be employer-paid.

17. It will be difficult to find an insured product that pays 100 percent income replacement for employees with five years of service on short-term disability. Do I have to provide an insured product?

No. A VLDP-comparable plan does not have to be an insured product.

Opted-Out Questions

18. If I opted out effective 2014, can I change my mind and participate in VLDP at a later date?

No. The *Code of Virginia* states that the decision to opt-out of VLDP was irrevocable.

19. If I opted out of VLDP, how will the work-related workers' compensation feature be handled?

Traditional short-term and long-term disability benefits are for non-work-related incidents. For work-related illness and injury, there will need to be some integration between you (the employer), your workers' compensation carrier and your disability carrier. Workers' compensation benefits are primary and your disability benefits would be secondary once the claim is determined to be compensable. By statute, workers' compensation payments are an offset against the disability benefit.

20. If I opted out of VLDP and now provide a comparable program, can I offer my comparable program to employees in VRS Plan 1 and Plan 2?

School division and political subdivision employees in Plan 1 and Plan 2 will continue to be eligible for [VRS disability retirement](#). However, an employer also may offer its comparable disability coverage to Plan 1 and Plan 2 employees in addition to VRS disability retirement. Because it is optional disability coverage, you can offer it as an employee-paid program for VRS Plan 1 and Plan 2 employees only.

This information is governed by Title 51.1 of the Code of Virginia. It is intended to be a general guide of employer responsibilities during short-term and long-term disability periods under VLDP. 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.