

## **W-2 Reporting - Imputed Income for Group Life Insurance Eligible ORP Retirees**

Employers who have former participants covered under an optional retirement plan who meet the age and service requirements to receive coverage under the [VRS Group Life Insurance Program](#) must provide these participants with a W-2 showing the amount of their 2016 imputed income. Imputed income is the value of life insurance in excess of \$50,000, as determined by the Internal Revenue Service. You may also refer to the [VRS Employer Manual, Chapter 5, page 23](#) for information on reporting imputed income for group life insurance eligible participants. If you are not sure of the current value of life insurance for one of your ORP retirees, please email Cassandra Coles, Beneficiary Payments Policy Administrator, at [ccoles@varetire.org](mailto:ccoles@varetire.org).

After you have identified your ORPHE retirees eligible for the tax, Fidelity and TIAA can help you determine if your terminated ORP participants have an ORP account balance or active annuity which will qualify them for group life insurance benefits.

The referenced templates are shared with you, the employer, and the providers and **should not be forwarded to VRS for the initial research**. Employers **must** determine group life insurance and imputed income tax eligibility for their participants.

**For all participants you, the employer, determine to have either a zero balance or an expired annuity, email DC Plans ORP at [orphe@varetire.org](mailto:orphe@varetire.org) with each participant's name, provider(s) and VRS Customer IDs. VRS will conduct a final compliance check with all providers and respond to you with a final GLI eligibility determination. Additionally, participants who may be dually retired under a VRS defined benefit plan and an ORP must not be taxed for the ORP portion of their retirement benefits. The VRS defined benefit plan will issue W-2 statements for dually employed participants. Please email [orphe@varetire.org](mailto:orphe@varetire.org) if any of your participants are also VRS retirees.**

**The templates should be used for terminated ORP participants only.  
Please do not include VRS retirees on the templates.**

## Instructions on Completing the Templates

1. Identify ORPHE retirees who are subject to the tax on imputed income.
2. Identify each participant's provider(s) (Fidelity and/or TIAA) while they were actively employed by your institution.
3. List all Fidelity participants on the attached Fidelity template. List the Social Security number, last name and first name.
4. List all TIAA participants on the attached TIAA template. List the Social Security number, last name and first name.
5. For participants that contributed to both Fidelity and TIAA, please list them on both provider templates.
6. Follow the instructions to fax the provider template to the contact person and fax number indicated on either form.
7. The providers will return the forms to the designated contact person indicated by your agency on the template(s). Each form will be populated by the provider with either a "Yes" or "No" to indicate current balance and/or the date of the zero balance or annuity expiration.
8. Employers **must** complete the GLI Eligible field with either "GLI Eligible", "Grandfathered GLI" or "Not Eligible" status.
9. The following rules apply for determining Group Life Insurance eligibility:
  - a. Participants **must** retain an account balance or an active annuity with any authorized Commonwealth of Virginia Optional Retirement Plan (ORP).
  - b. Dual provider participants are only required to retain a balance or an annuity with only one provider.
  - c. Participants who zeroed out their ORP account balances are not eligible unless they are grandfathered (see 9.d. below).
  - d. A grandfathered participant will retain eligibility for Group Life Insurance if his account balance or annuity expired on or before June 15, 2010.
10. For all participants that you determine to have a zero balance or an expired annuity, you may email DC Plans ORP at [orphe@varetire.org](mailto:orphe@varetire.org) with their names, provider and VRS Customer IDs. VRS will conduct a final compliance check with all providers and respond to your agency with a final GLI eligibility resolution.

**Please do not email the templates. Email is not secure.**

**For more information:**

**Visit the ORPHE website:**

Go to <http://www.orphe.varetire.org/other-benefits/>

**You may also contact:**

DC Plans ORP

Tel: (804) 771-7731

Email: [orphe@varetire.org](mailto:orphe@varetire.org)