

Getting Ready to Retire

Guide for Members in the VRS Plan 1 and the VRS Plan 2



Providing information, instructions and forms to help you prepare and apply for retirement

Member Resources

Benefit Information and Planning Resources

VRS Web site at www.varetire.org:

- *myVRS*, a secure online system providing up-to-date information from your member record and tools to help you plan for retirement.
- Benefit information, forms and publications, including the *Handbook for Members*.
- Free member webinars, retirement education seminars and group counseling sessions with online registration.

One-on-one counseling:

- Talk with a counselor about your retirement options, applying for retirement and retiree benefits. Counseling is held at VRS on 1200 East Main Street in downtown Richmond on a first-come first-served basis. The hours are 8:30 a.m.- 5 p.m., Monday through Friday. See www.varetire.org for directions to VRS.

VRS Contact Information

Toll free: 1-888-VARETIR (1-888-827-3847)

E-mail: vrs@varetire.org. **Important e-mail notice:**

Do not send personal or confidential information, such as your Social Security number, by e-mail. VRS will send only non-confidential replies.

Mailing address: Virginia Retirement System, P.O. Box 2500, Richmond, VA 23218-2500

Key Contacts

American Association of Retired Persons:
1-888-OUR-AARP (1-888-687-2277); www.aarp.org

Anthem Blue Cross/Blue Shield (State Employees):
1-800-552-2682; www.anthem.com

Commonwealth of Virginia 457 Deferred Compensation Plan: 1-VRS-DC-PLAN1 (1-877-327-5261); www.varetire.org (select the Defined Contribution Plans tab)

Federal Public Safety Officers' Benefits Act:
1-888-744-6513; www.ojp.gov/BJA

Group Life Insurance Program: Minnesota Life,
1-800-441-2258

Internal Revenue Service: 1-800-829-1040; www.irs.gov

Medicare: 1-800-633-4227; www.medicare.gov

Social Security Administration: 1-800-772-1213;
www.ssa.gov

Virginia Department for the Aging: 1-800-552-3402;
www.vda.virginia.gov

Virginia Department of Human Resource Management (State Employees): 804-225-2131; www.dhrm.virginia.gov

Virginia Department of Taxation: 804-367-8031;
www.tax.virginia.gov

Virginia Line of Duty Act, Virginia Department of Accounts:
804-225-3038; www.doa.virginia.gov

Virginia Sickness and Disability Program (VSDP) (State Employees): Unum, 1-800-652-5602; www.unum.com/claimant

Virginia Sickness and Disability Program Long-Term Care Plan (State Employees): 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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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 of the *Code of Virginia*, which may be amended from time to time.

1. Your Retirement

VRS Plan 1 and VRS Plan 2

The Virginia Retirement System (VRS) administers two defined benefit plans, Plan 1 and Plan 2, through VRS, the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS) and the Judicial Retirement System (JRS).

The defined benefit plan provides a lifetime monthly benefit in retirement based on your age, total service credit and average final compensation. 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.

You are covered under the provisions of Plan 1 if your membership date is before July 1, 2010. You may be an active or deferred member. You are an active member if you are currently working in a covered position. You are a deferred member if you are not currently working in a covered position but have not withdrawn your funds and have service credit in VRS or an account balance in a Virginia optional retirement plan as of June 30, 2010. If you are a deferred member and return to covered employment, you will be rehired under Plan 1.

You are covered under the provisions of Plan 2 if your membership date is July 1, 2010 or later. If you were previously employed in a covered position and withdrew your funds, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.

What is Covered

Employment? - Covered employment is a full-time permanent, salaried position with a Virginia state agency, public college or university, local public school division or political subdivision that has elected to participate in VRS. Some part-time permanent, salaried state positions also are covered under VRS.

About this Guide - *Getting Ready to Retire* provides an overview of your VRS benefits and how to apply for retirement. For detailed information, review the current *Handbook for Members* for Plan 1 or Plan 2 or visit www.varetire.org. If you have a question about your benefits, you also can contact your human resource office or call VRS toll free at 1-888-VARETIR (1-888-827-3847).

Retirement Plan Provisions at a Glance

You qualify for retirement when you are vested (you have at least five years of service credit) and meet the age and service requirements for your plan, as shown in the following table:

PROVISIONS	VRS PLAN 1 <i>Hired Before July 1, 2010</i>	VRS PLAN 2 <i>Hired On or After July 1, 2010</i>
Average Final Compensation	Average of your 36 consecutive months of highest compensation as a covered employee.	Average of your 60 consecutive months of highest compensation as a covered employee.
Member Contributions	You or your employer on your behalf contributes 5 percent of your compensation each month to your member contribution account.	<p>If you are a state employee, you contribute 5 percent of your compensation each month to your member contribution account on a pre-tax salary reduction basis.</p> <p>If you are an employee of a school division or a political subdivision, your employer may contribute some or all of the 5 percent member contribution on your behalf. Any contributions you make are on a pre-tax salary reduction basis.</p>
Vesting and Refunds	<p>You are vested when you have at least five years of service credit.</p> <p>If you leave covered employment, you can request a refund of your member contributions and interest. If you are vested, you will receive a full refund of your member contribution account balance. If you are not vested, you will receive a refund of any contributions you have made, plus accrued interest, and any employer contributions and interest made before July 1, 2010, if applicable. You are not eligible for a refund of any employer contributions and interest made after July 1, 2010.</p> <p><i>Exception:</i> If you are involuntarily separated from employment, you are eligible for a full refund of your member contribution account balance, including any employer contributions and interest, whether or not you are vested.</p>	
Normal Retirement Age	VRS: Age 65	Normal Social Security retirement age. See Chapter 5-After You Retire for a Social Security age chart.
	SPORS, VaLORS and political subdivision hazardous duty employees: Age 60	Same as Plan 1.
	JRS: Age 65	Same as Plan 1.

Continued on next page

PROVISIONS	VRS PLAN 1 <i>Hired Before July 1, 2010</i>	VRS PLAN 2 <i>Hired On or After July 1, 2010</i>
Earliest Unreduced Retirement Eligibility	VRS: Age 65 with at least five years of service credit or age 50 with at least 30 years of service credit.	Normal Social Security retirement age with at least five years of service credit or when age and service equal 90. <i>Example:</i> Age 60 with 30 years of service credit.
	SPORS, VaLORS and political subdivision hazardous duty employees: Age 60 with at least five years of service credit or age 50 with at least 25 years of service credit.	Same as Plan 1.
	JRS: Age 65 with weighted service equal to at least five years of service credit or age 60 with weighted service equal to at least 30 years of service credit.	Same as Plan 1. <i>Note:</i> The weighting factors for JRS members in Plan 2 vary from those for JRS members in Plan 1.
Earliest Reduced Retirement Eligibility	VRS: Age 55 with at least five years of service credit or age 50 with at least 10 years of service credit.	Age 60 with at least five years of service credit.
	SPORS, VaLORS and political subdivision hazardous duty employees: Age 50 with at least five years of service credit.	Same as Plan 1.
	JRS: Age 55 with weighted service equal to at least five years of service credit.	Same as Plan 1.
Retirement Multipliers	VRS and JRS: 1.7 percent SPORS, sheriffs and regional jail superintendents: 1.85 percent VaLORS: 1.7 percent or 2.0 percent Political subdivision hazardous duty employees: 1.7 percent or 1.85 percent as elected by the employer	Same as Plan 1.
Cost-of-Living Adjustment (COLA) <i>- Effective July 1 of the second calendar year after retirement</i>	Matches first 3 percent increase in the Consumer Price Index-Urban (CPI-Urban) and half the remaining increase, up to a maximum COLA of 5 percent. During periods of no inflation or deflation, the COLA will be 0 percent.	Matches first 2 percent increase in the CPI-Urban and half the remaining increase, up to a maximum COLA of 6 percent. During periods of no inflation or deflation, the COLA will be 0 percent.

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 lifetime monthly benefit based on a formula, as shown in the table below. If you retire with a reduced benefit, VRS will apply an early reduction factor to your unreduced Basic Benefit amount.

The Basic Benefit does not provide a continuation of a benefit to a survivor upon your death. However, your beneficiary may be eligible for a lump-sum payment of any funds remaining in your member contribution account.

Calculating the Unreduced Basic Benefit

The Basic Benefit is calculated based on a percentage of your average final compensation multiplied by your total service credit at retirement. The percentage is called a retirement multiplier.

In the following example, the member is in Plan 1 and retiring at age 50 with 30 years of service credit with a 1.7 percent retirement multiplier:

FORMULA	EXAMPLE
Average Final Compensation	\$ 42,000.00
x 1.7%*	x .017
x Years of Service Credit	x 30
Annual Benefit Amount	\$ 21,420.00
÷ 12 Months	÷ 12
Monthly Benefit Amount Before Taxes and Other Deductions	\$ 1,785.00

* Your retirement multiplier may vary if you are eligible for enhanced hazardous duty coverage. Multipliers are listed on the previous page. If you have a question about your multiplier, contact your human resource office or VRS for assistance.

How Your Benefit is Paid

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

Hazardous Duty

Supplement - If you are eligible for enhanced hazardous duty coverage and retire with at least 20 years of hazardous duty service credit, you may qualify for a supplement to your retirement benefit. For more information, contact your human resource office, review the current *Handbook for Members* for Plan 1 or Plan 2 or visit www.varetire.org.

Benefit Payout Options

and the COLA - The cost-of-living adjustment (COLA) is an annual increase in your retirement benefit based on the Consumer Price Index-Urban. You begin receiving the COLA effective July 1 of the second calendar year after you retire. During periods of no inflation or deflation, the COLA will be 0 percent. The payout option you elect at retirement determines how the COLA is calculated:

- For the Basic Benefit or Advance Pension Option, the COLA is based on the monthly Basic Benefit amount.
- For the Basic Benefit with the PLOP, the Survivor Option or the Survivor Option with the PLOP, the COLA is based on the reduced monthly benefit amount.

The hazardous duty supplement is not included in the COLA calculation. For more information about the COLA, see Chapter 5-After You Retire.

Survivor Option

With this option, you elect to receive a lower monthly benefit during your lifetime so that your survivor can receive a lifetime monthly benefit upon your death. You can name anyone as your survivor. If you elect the Survivor Option, you will choose a whole percentage of your benefit, between 10 percent and 100 percent, to go to your survivor. The Internal Revenue Service (IRS) may limit the amount that can go to a non-spouse survivor. For more information, contact the IRS toll free at 1-800-829-1040 or visit www.irs.gov.

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: You can change the Survivor Option only once during your lifetime. In addition, 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. If you elect the Survivor Option and need to change your survivor after you retire, call VRS toll free at 1-888-VARETIR (1-888-827-3847) for assistance.

Partial Lump-Sum Option Payment

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. You may elect the PLOP with the Basic Benefit or Survivor Option.

Qualifying for the PLOP. Prior service credit or granted service credit counts toward eligibility for 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.

PLOP amount. You may choose a lump sum equal to one, two or 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 table:

Partial Lump-Sum Option Payment (PLOP) Amounts		
Active Service Beyond Eligibility for Unreduced Retirement	PLOP Payment	EXAMPLE <i>Annual Basic Benefit amount = \$32,000</i>
12 months	1 x annual Basic Benefit amount (one-year PLOP)	\$32,000
24 months	1 or 2 x annual Basic Benefit amount (one- or two-year PLOP)	\$32,000 or \$64,000
36 months	1, 2 or 3 x annual Basic Benefit amount (one-, two- or three-year PLOP)	\$32,000, \$64,000 or \$96,000

Beneficiary Payment and the PLOP

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

Taxes on the PLOP. If you have the PLOP paid directly to you, VRS will deduct 20 percent for federal income tax and, if you live in Virginia, 4 percent for state income tax. You can roll over the PLOP to the Virginia Cash Match Plan if you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, or to an Individual Retirement Account (IRA) or another qualified tax-deferred savings plan that accepts rollovers. For more information, read the IRS 402(f) Special Tax Notice available at www.varetire.org. You also can contact a tax advisor or the IRS toll free at 1-800-829-1040 or visit www.irs.gov.

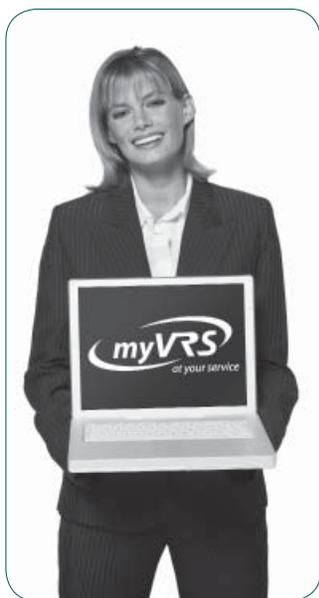
Advance Pension Option

With this option, you elect to increase your monthly benefit temporarily until an age you choose, between age 62 and the age you are entitled to full Social Security benefits. At that point, your VRS benefit is permanently reduced. You can elect this option with an unreduced retirement benefit or if you are age 55 or older (age 50 or older if you are eligible for enhanced hazardous duty coverage) and have at least five years of service credit. You cannot elect this option with other benefit payout options.

To figure your benefit amount, VRS adds a percentage of your estimated monthly Social Security benefit to your monthly VRS benefit. The percentage depends on several factors, including your age when you retire

and the age you want your benefit to permanently reduce. When the temporary increase ends, your benefit is reduced by the amount of your estimated full Social Security benefit. However, it will never be reduced by more than 50 percent of your Basic Benefit. 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 VRS benefit to reduce. The Advance Pension Option does not provide a continuation of a benefit to a survivor.

If you elect the Advance Pension Option, you will include a copy of your Personal Earnings and Benefit Estimate Statement (PEBES) from the Social Security Administration with your retirement application. For more information, see Chapter 4-Preparing and Applying for Retirement.



Use *myVRS* to Prepare for Retirement

The *myVRS* Retirement Planner allows you to estimate your finances upon retirement and develop a retirement income plan that will meet your needs and those of your family:

- Include your estimated unreduced VRS retirement benefit or enter a different retirement date. If you are in Plan 1, you can use the *myVRS* Benefit Estimator to create benefit estimates based on different payout options or retirement dates and enter one of these in your plan.
- Add other retirement income such as income from a spouse, part-time job or Social Security (if you are eligible on the date you use for your plan).
- Include income from the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, a 403(b) plan or another tax-deferred savings plan. If you participate in the 457 and Cash Match Plans, you can look up your account balance and track your savings progress.
- Build in retirement expenses, including income taxes and health insurance. You can use the assumptions provided in the planner or enter your own figures.

Through *myVRS*, you also can look up other information from your member record and download your Member Benefit Profile, your annual online benefits statement. To log in or create a secure online account, select the *myVRS* logo from www.varetire.org.

2. Enhancing Your Retirement

Deferred Compensation and Cash Match Plans

The Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans allow you to defer income taxes on your contributions until you withdraw the money from your plan. You are eligible for the 457 and Cash Match Plans if you are a state employee or an employee of a school division or a political subdivision that has elected to offer the plans. If you are a teacher or faculty member and your employer offers a 403(b) plan, you also can participate in the 403(b) plan.

If you are a political subdivision employee and not eligible for the 457 and Cash Match Plans, contact your human resource office about other tax-deferred savings opportunities your employer may offer.

Distribution options. If you participate in the 457 and Cash Match Plans and leave or retire from your position, you can:

- Keep your money in your plan or request a distribution (payment).
- Consolidate your retirement funds by contributing a refund, Partial Lump-Sum Option Payment (PLOP) or money from another qualified plan to your cash match account.
- Contribute payments for unused sick leave or annual leave, if eligible, or other compensation at retirement to your 457 Plan. As provided under the Internal Revenue Code, you cannot contribute cash severance payments to the 457 Plan.
- Roll over some or all of the balance in your 457 or cash match account to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers.

Payments from your plan are subject to federal income taxes and state income taxes if you live in a state that taxes income. The Internal Revenue Service (IRS) also may impose an additional 10 percent tax penalty if you withdraw your money from your cash match account before age 59½. Withdrawals from the 457 Plan are not subject to this penalty.

A required minimum distribution will begin if you have not arranged to receive payments from your plan by age 70½ or when you leave a position with an employer providing the plan, whichever is later.

More Information - For more information about 457 Plan enrollment, contribution limits and plan resources, call toll free 1-VRS-DC-PLAN1 (1-877-327-5261) or visit www.varetire.org (select the Defined Contribution Plans tab).

Purchasing Prior Service

You may be able to purchase time spent in previous public employment or on an eligible period of leave as service credit in your plan. Prior service credit counts toward the five years needed to become vested, eligibility for retirement and eligibility for the health insurance credit. For more information about the health insurance credit, see Chapter 5-After You Retire.

To be eligible to purchase prior service, you must be an active member. In addition, the service you purchase must not be used to qualify you for a benefit under another retirement plan, with the exception of some types of active duty military service.

Purchase Prior Service

Before You Retire - If you have eligible prior service and want this service applied to your benefit calculation, submit an Application for Purchase of Prior Service Credit (VRS-26) at least 60 days before your retirement date.

Types of Prior Service

You may purchase up to 48 months of each of the following types of prior public service or leave:

- Active duty military service
- Full-time salaried federal service
- Full-time salaried public service other than prior VRS-covered service
- Non-covered service with a VRS-participating employer
- Approved leave for the birth or adoption of a child, provided you were on leave from a VRS-covered position
- Approved educational leave, provide you were on leave from a VRS-covered position
- Non-ported service. You do not need to apply for this service. The amount of service you are eligible to purchase will be determined during the portability process.
- Sick leave. If you are eligible for a payment of unused sick leave at retirement, you may elect to have this payment converted to service credit toward your benefit calculation.

You also may purchase VRS refunded service or apply for no-cost military leave (see next page).

Prior Service Cost and Eligibility Periods

VRS Plan 1. Within three years of becoming eligible, your cost will be based on 5 percent of your compensation or average final compensation, whichever is higher. If you purchase service with a payroll deduction or salary reduction contract, your cost will be based on your compensation, even if your average final compensation is higher. See "Payment Methods" below. After three years, your cost will be based on an actuarial equivalent rate.

VRS Plan 2. Within one year of becoming eligible, your cost will be based on an approximate normal cost rate as a percentage of your compensation or average final compensation, whichever is higher. If you purchase service with a payroll deduction or salary reduction contract, your cost will be based on your compensation, even if your average final compensation is higher. See "Payment Methods" below. After one year, your cost will be based on an actuarial equivalent rate.

VRS refunded service - Plan 1 and Plan 2. If you take a refund of your member contributions and interest and then return to covered employment, you may purchase the service represented by the refund. The cost will be based on 5 percent of your compensation or average final compensation, depending on the payment method you use. If you have not purchased your refunded service within three years of becoming eligible, your cost will still be based on 5 percent, but you will be required to use a lump-sum payment.

No-cost military leave - Plan 1 and Plan 2. You may receive service credit at no cost for each occurrence of leave from a covered position for active duty military service. You can apply at any time provided you are not dishonorably discharged, return to covered employment within one year of discharge and do not take a refund of your member contributions and interest.

Payment Methods

You may purchase prior service through a lump-sum payment using a personal check, a trustee-to-trustee transfer of funds or a pre-tax rollover of funds. If you are within your eligibility period, you also may use an after-tax payroll deduction contract, a pre-tax salary reduction contract if your employer offers this option or a combination lump-sum and contract methods.

Which is My Plan? - You are in the VRS Plan 1 if your membership date is before July 1, 2010. You are in the VRS Plan 2 if your membership date is July 1, 2010 or later. See Chapter 1-Your Retirement for an overview of your plan. Additional information also is available in the *Handbook for Members* for Plan 1 and Plan 2 available at www.varetire.org.

Taking a Refund Under Plan 1 - If you are a Plan 1 member and take a refund of your member contributions and interest, you will be rehired under Plan 2 if you return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan. You will be eligible to purchase your refunded service as credit in Plan 2.

Applying for Purchase of Prior Service

Complete an Application for Purchase of Prior Service Credit (VRS-26). If you are applying for prior service with different employers, complete an application for each employer. Depending on the payroll method you choose, you also may need to submit one of the following forms:

- Authorization for After-Tax Payroll Deduction to Purchase Service Credit (VRS-26C)
- Agreement for Salary Reduction to Purchase Service Credit (VRS-26E)
- Employer Certification of Accumulated Sick Leave Eligible for Conversion to Service Credit (VRS-26F)
- Request for Trustee-to-Trustee Transfer or Rollover of Funds to Purchase Service Credit (VRS-26G)

VRS Forms - VRS forms

are available at www.varetire.org. Most forms are fillable. Select the fillable version and complete it online, then print and sign it before submitting.

Certification. The employer with which you earned the service must certify your application. Prior federal service and public service also require certification from your previous retirement system.

If you are applying for active duty military service or no-cost military leave, include a copy of your DD214 or a copy of your orders for National Guard service with your application. If you are applying for VRS refunded service, you do not have to obtain employer certification. VRS will certify your application.

Cost letter. Following receipt of a complete application, VRS will verify your eligibility to purchase the prior service you have requested and send you a cost letter to your mailing address. If your application is approved, the cost letter will explain the cost, months of service you may purchase and the payment methods available to you.

Please allow approximately four weeks for VRS to process your application and send you a cost letter. The cost letter is valid for 90 days. If you do not formally arrange to purchase your service within 90 days of the date of the letter, you will need to request a new cost letter. If your eligibility period has passed or your compensation has increased, your purchase cost may be recalculated.

3. Other Benefit Programs

VRS Group Life Insurance Program

Basic Group Life Insurance Program. If your employer participates in the VRS Group Life Insurance Program, you are covered automatically under the Basic Group Life Insurance Program upon employment. Your employer may pay your portion of the premiums. Basic group life insurance coverage includes:

- Natural death benefit equal to your compensation rounded to the next highest thousand and then doubled. *Example:* If your compensation is \$41,400, that amount would be rounded to \$42,000 and then doubled for a natural death benefit of \$84,000.
- Accidental death benefit equal to twice your natural death benefit. *Example:* If your natural death benefit is \$84,000, that amount would be doubled for an accidental death benefit of \$168,000.

Other basic group life insurance benefits include an accidental dismemberment benefit, a safety belt benefit, a repatriation benefit, a felonious assault benefit and an accelerated death benefit option.

Optional Group Life Insurance Program. If you are covered under the VRS Group Life Insurance Program, you are eligible to elect additional coverage for yourself, your spouse and your dependent children through the Optional Group Life Insurance Program. You pay the premiums through payroll deduction. Optional group life insurance provides benefits for natural and accidental death or dismemberment.

You may cover yourself for up to four times your annual compensation, not to exceed \$700,000. You can enroll your spouse for up to half the maximum amount of your coverage, not to exceed \$350,000. You can enroll each dependent child who is at least 15 days old for \$10,000, \$20,000 or \$30,000, depending on the enrollment option you select for yourself.

Additional information about your coverage:

- 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 while on leave without pay or for as long as you are on military leave, provided the premiums are paid.

More Information - For more information about the VRS Group Life Insurance Program and designating a beneficiary, review the current *Handbook for Members* for Plan 1 or Plan 2 or visit www.varetire.org.

VRS has contracted with Minnesota Life as the third-party administrator for the program. For more information regarding your coverage, contact Minnesota Life toll free at 1-800-441-2258 or write to P.O. Box 1193, Richmond, VA 23218-1193.

You also can look up your coverage in *myVRS*. To log in or create a secure online account, select the *myVRS* logo from www.varetire.org.



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. If you die while you are retired, your beneficiary should contact Minnesota Life toll free at 1-800-441-2258.

For more information, see *Losing a Loved One: Guide for Families* available at www.varetire.org.

- You may make an irrevocable assignment of your ownership rights in your basic group life insurance coverage to another person. You cannot change this assignment once it is made. The person to whom you assign your ownership rights also can change your beneficiary designation. Before making an irrevocable assignment, contact a legal advisor or Minnesota Life toll free at 1-800-441-2258.
- You may not borrow from or use your group life insurance coverage to secure a loan.
- Imputed income is the value 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.
- 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 outstanding child support obligations at your death.

Disability Programs

VRS Disability Retirement

If you cannot perform your job because of a physical or cognitive disability, such as Alzheimer's disease, that is likely to be permanent, you may be eligible to retire on disability. The disability may be non-work related or work-related. You are eligible to be considered for VRS disability retirement if you are an employee of a school division or a political subdivision or a state employee not covered under the Virginia Sickness and Disability Program (VSDP) (see next page). You are not eligible to retire on disability if you are covered under VSDP, defer retirement or take a refund of your member contributions and interest.

You can apply for disability retirement from the first day of employment or within 90 days of your last day of employment. If you are on leave without pay, you have up to 24 months to apply for disability retirement. After 24 months, you are no longer eligible to apply. If you are on active duty military leave, you can apply at any time while on military leave.

Virginia Sickness and Disability Program

If you are a state employee, you are covered automatically under the Virginia Sickness and Disability Program (VSDP) upon employment. You are not eligible to retire on disability. If you were hired before January 1, 1999 and you retained your eligibility to be considered for VRS disability retirement, you are not eligible for VSDP.

VSDP provides coverage for non-work related and work-related disabilities. Benefits include sick leave; family and personal leave; short-term and long-term disability coverage; and return-to-work, medical rehabilitation or vocational rehabilitation programs. If you are covered under VSDP, you also are covered under the VSDP Long-Term Care Plan at no cost to you (see below).

Hired on or after July 1, 2009? You must satisfy eligibility periods for non-work related disability coverage and certain income replacement levels. For more information, review the *Virginia Sickness and Disability Program Handbook for State Employees* or visit www.varetire.org.

Long-Term Care Programs

VSDP Long-Term Care Plan

If you are enrolled in the Virginia Sickness and Disability Program (VSDP), you are covered under the VSDP Long-Term Care Plan at no cost to you. VRS has contracted with the Long Term Care Group, Inc. as the third-party administrator for the plan.

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 the date you leave or retire. You will be responsible for paying 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 VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and the VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) to the Long Term Care Group, Inc. within 60 days of your last day of employment. The address is P.O. Box 64011, St. Paul, MN 55164-0011. This option is not available after 60 days. The forms are available at www.varetire.org.

Work-Related

Disability - Under the provisions of VRS disability retirement and the Virginia Sickness and Disability Program (VSDP), 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 work-related under the Virginia Workers' Compensation Act. For more information about the act, visit the Workers' Compensation Commission Web site at www.vwc.state.us. For more information about workers' compensation benefits, contact your human resource office.

Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program

The employee-paid Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program provides a monthly benefit allowance for covered long-term care expenses. VRS has contracted with the Genworth Life Insurance Company as the insurer for the program.

You are eligible to apply if you are a state employee or if you are an employee of school division or political subdivision that has elected to participate in the program. If you are eligible to apply, select family members between the ages of 18 and 79 also may apply. Family members include a spouse, adult children, parents, parents-in-law, step parents, step parents-in-law, grandparents, grandparents-in-law, step grandparents and step grandparents-in-law.

Medical underwriting (proof of good health) is not required of eligible employees who apply within 60 days of employment. Medical underwriting is required of any family members who apply. You can arrange to pay the premiums through payroll deduction or directly to Genworth Life.

If you are not enrolled when you retire, you can apply as a retiree. You also can apply if you defer retirement and are vested (have at least five years of service credit). Your employer is not required to have elected the program. You must be under age 80. For more information, visit www.genworth.com/cov.

More Information About Disability and Long-Term Care Programs

- Review your *Handbook for Members* for Plan 1 or Plan 2 for more information about VRS disability retirement, VSDP and the long-term care programs administered by VRS.

Details regarding VSDP and the long-term care programs also are available in the *Virginia Sickness and Disability Program Handbook for State Employees*.

You can find all these resources at www.varetire.org.

4. Preparing and Applying for Retirement

Retirement Readiness Resources

VRS offers a variety of free educational opportunities as well as one-on-one member counseling to help you prepare for retirement:

Member webinars allow you to spend 60 minutes or less exploring a topic in depth, such as benefit payout options or the health insurance credit, without leaving your office. View the presentation on your computer while listening to the session leader by phone.

Retirement Education Seminars are conducted by industry experts and offered at sites around the state. Members thinking about retirement or those ready to apply should plan to take the following seminars:

- Retirement Education Seminar I covers mid- and long-range financial planning, estate planning and adjusting to retirement.
- Retirement Education Seminar II focuses on short-range financial planning, long-term care insurance, Social Security and Medicare.

Group Counseling Sessions are held in conjunction with the Retirement Education Seminars. In these sessions, VRS counselors walk members through the retirement application process and cover other topics to help you get ready to retire.

Need individual counseling? Meet with a member counselor for a one-on-one session at VRS on 1200 East Main Street in downtown Richmond. Sessions are offered on a first-come first-served basis. The hours are 8:30 a.m.- 5 p.m., Monday through Friday. Directions to VRS are available at www.varetire.org.

457 Deferred Compensation Plan Regional Education Meetings are held at sites around the state for members who are eligible to participate in the 457 and Cash Match Plans. Topics include long-term planning for financial security, managing your plan accounts and distribution strategies.

How to Register - Member education schedules and online registration are available at www.varetire.org:

- Select Education & Counseling from the Member homepage for member webinars, Retirement Education Seminars and Group Counseling Sessions.
- Select the Defined Contribution Plans tab for the 457 Deferred Compensation Plan Regional Education Meetings.

Applying for Retirement

Retirement Date

The effective date of retirement is the first of the month. 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. Your last day of work will be June 30. You will receive your first benefit payment on August 1 for the month of July.

Forms and Documents

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.

Your application must include:

- Application for Service Retirement (VRS-5). Include acceptable legible evidence of your date of birth, such as a copy of your birth certificate. If you are married or separated, have your spouse complete the spousal acknowledgement 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 can 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)
- If you are a state employee, State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants. You must submit this form whether you are electing or waiving coverage. You have up to 31 days from your retirement date to elect coverage. For more information about the program, visit the Department of Human Resource Management Web site at www.dhrm.virginia.gov.
- If you are an employee of a school division or political subdivision, contact your human resource office about retirement health insurance your employer may offer. Some employers have arranged with VRS to deduct the premiums from the monthly benefit payment.

Retirement Forms - The

Application for Service Retirement (VRS-5), Request for Income Tax Withholding (VRS-15) and Authorization for Direct Deposit of Monthly Benefit (VRS-57) are included in the back of this guide.

These and other forms also are available at www.varetire.org. Most forms are fillable. Select the fillable version and complete it online, then print and sign it before submitting.

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, Personal Earnings and Benefit Estimate Statement (PEBES) from the Social Security Administration. 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. To request this statement, complete Form SSA-7004 available from www.ssa.gov. For more information, call the Social Security Administration toll free at 1-800-772-1213.
- Request for Health Insurance Credit (VRS-45) if you are eligible for the credit and VRS will not be deducting your health insurance premiums from your monthly benefit payment. If VRS will be deducting your premiums, you do not need to submit this form; VRS will apply the credit automatically. For more information about the program, see Chapter 5-After You Retire.
- VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) if you participate in VSDP and wish to continue your long-term care coverage into retirement. You will pay the premiums.

Employer Certification

Submit your application, including all required forms and 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 are submitting your application after 12 months from the date you left employment or if you are retiring after being on long-term disability under 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 payments and life insurance information. Keep your certificate and handbook for future reference.

Deferring Retirement- If

you leave covered employment and qualify for an unreduced or reduced retirement benefit, 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.

If you have deferred retirement and not applied 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 your address changes, send a new VRS-3A to VRS as soon as possible.** VRS is not required to pay benefits retroactively.

Retirement Readiness Checklist

DURING YOUR CAREER

- Create a *myVRS* member online account at www.varetire.org. Use the *myVRS* Retirement Planner to see if you are on track for saving for retirement.
 - Sign up for member webinars at www.varetire.org to learn more about your benefits and resources.
-

PREPARING FOR RETIREMENT

- Use the *myVRS* Retirement Planner to estimate your income and expenses upon retirement. Include your estimated VRS benefit, other income sources and expenses such as taxes and health insurance premiums. If you are in the VRS Plan 1, use the *myVRS* Benefit Estimator to create different benefit scenarios. You can use one of these in your plan.
 - Attend the Retirement Education Seminars and, if applicable, the 457 Deferred Compensation Plan Regional Education Meetings. If you are within five years of retirement, also attend a Group Counseling Session. Schedules and online registration are available at www.varetire.org.
 - 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, submit an Application for Purchase of Prior Service Credit (VRS-26).
 - If you are covered under the Virginia Sickness and Disability Program (VSDP), decide if you want to continue your VSDP long-term care coverage into retirement.
 - If you participate in the Optional Group Life Insurance Program, decide whether you want to continue or convert your coverage upon retirement.
 - If you are a state employee, submit the State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants with your retirement application, whether you are electing or waiving state retiree health coverage.
-

IMMEDIATELY FOLLOWING RETIREMENT

- 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 are a state employee, you must apply for the State Retiree Health Benefits Program within 31 days of your retirement date. If you participate in VSDP, you must elect to continue your coverage under the VSDP Long-Term Care Plan within 60 days of your retirement date.
- If you are enrolled in the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program, you can continue your coverage by paying the premiums directly to the carrier. If you are not enrolled, you can apply as a retiree, provided you are under age 80. Your employer is not required to have elected the program. For more information, visit www.genworth.com/cov.

5. After You Retire

Direct Deposit

VRS deposits your benefit payment directly to the 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 is deposited on the last business day of the preceding month. If your financial institution account changes, submit a new VRS-57 to VRS. Do not close your old account until your benefit payment is deposited to your new account. You can check your deposit information through *myVRS*. See "*myVRS: At Your Service When You Retire*" in this chapter.

Social Security

As a Virginia public employee, you qualify for full Social Security retirement benefits when you reach your normal retirement age under Social Security (see chart at right). 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 or visit www.ssa.gov.

Cost-of-Living Adjustment (COLA)

The cost-of-living adjustment (COLA) helps your retirement benefit keep pace with inflation. The COLA goes into effect on July 1 of the second calendar year after you retire and is effective each July 1 thereafter, when provided. *Example:* If you retire on November 1, 2012, your first COLA will be effective July 1, 2014 and appear in your August 1, 2014 benefit payment.

The COLA is based on the amount of increase or decrease in inflation. It is determined by calculating the annual average Consumer Price Index-Urban (CPI-Urban) for the two years prior to the effective date of the COLA. Under the VRS Plan 1, the COLA matches the first 3 percent increase in the CPI-Urban and half the remaining increase, up to a maximum COLA of 5 percent. Under the VRS Plan 2, the COLA matches the first 2 percent increase in the CPI-Urban and half the remaining increase, up to a maximum COLA of 6 percent. During years of no inflation or deflation, the COLA will be 0 percent.

Social Security Retirement Ages for Full Benefits

Year of Birth	Normal Retirement Age
1937 or earlier	65 years
1938	65 + 2 months
1939	65 + 4 months
1940	65 + 6 months
1941	65 + 8 months
1942	65 + 10 months
1943-54	66 years
1955	66 + 2 months
1956	66 + 4 months
1957	66 + 6 months
1958	66 + 8 months
1959	66 + 10 months
1960 or later	67 years

Taxes

Your retirement benefit will be subject to federal income taxes and state income taxes if you live in Virginia. 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) 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. 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, update your tax withholding through your *myVRS* retiree online account (see "*myVRS: At Your Service When You Retire*" in this chapter) or submit a new VRS-15.

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 VRS benefit for the previous year
- Taxable amount of your benefit and the amount that is not taxed, if any, as determined by the IRS
- Total amount of federal income taxes and, if applicable, state income taxes withheld from your benefit during the previous year
- 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.

If you are covered under the VRS Group Life Insurance Program and have imputed income from your group life insurance coverage, you also will receive a W-2 showing the amount VRS reported for the previous calendar year. Imputed income is based on the value of life insurance in excess of \$50,000, as determined by the IRS.

HELPS- 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 or long-term care insurance premiums covering themselves and their spouses and dependent children. If you are employed in a hazardous duty position, you 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.

Group Life Insurance Coverage in Retirement

Basic Group Life Insurance Program. If you are covered under the VRS Group Life Insurance Program when you leave your position, some basic group life insurance benefits will continue after you retire or if you 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, the death benefit will be based on your highest compensation as a covered employee, even if your final salary is lower.
- 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 coverage to use for any purpose. Your beneficiary or survivor will receive any amount remaining in your coverage upon your death.

The provisions that allow for double the natural death benefit for accidental death and for dismemberment end upon retirement. Your basic group life insurance coverage will begin to reduce by 25 percent on the January 1 following one calendar year of retirement. It will continue to reduce each January 1 until it reaches 25 percent of its original value.

Example: If you retire on November 1, 2012, your first 25 percent reduction will occur on January 1, 2014.

Optional Group Life Insurance Program. If you have optional group life insurance coverage, you may continue a portion of your coverage after you retire, provided you (as well as your spouse and dependent children, if enrolled) were continuously covered during the 60 months preceding your retirement date. Optional life insurance amounts begin to reduce at age 65; coverage ends at age 80.

You have the option to convert your coverage to an individual policy. 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. You must elect to continue or convert your coverage within 31 days of retirement. This option is not available after 31 days.

More Information- VRS

has contracted with Minnesota Life as the third-party administrator for the VRS Group Life Insurance Program. For more information about your coverage as a retiree, call toll free 1-800-441-2258.

Retiree Health Insurance

State employees. You are eligible to enroll yourself as well as your spouse and dependent children in the State Retiree Health Benefits Program. Submit the State Health Benefits Enrollment Form for Retirees, Survivors and VSDP/LTD Participants with your retirement application or within 31 days of your retirement date, whether you are waiving or electing coverage. The form is available at www.varetire.org.

VRS will deduct the 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 Web site at www.dhrm.virginia.gov.

School instructional and management employees and political subdivision employees. Contact your human resource office about retiree health insurance your employer may offer. Some employers have arranged with VRS to deduct the premiums from the monthly retirement benefit.

Health Insurance Credit

If you retire with at least 15 years of service credit, you may be eligible for the retiree health insurance credit. This is a tax-free benefit that assists with the portion of health insurance premiums you pay for single coverage under a qualified health plan. Eligible employees include:

- State employees
- School instructional and management employees
- General registrars and their employees, constitutional officers and their employees and local social service employees
- Political subdivision employees whose employers have elected to offer the health insurance credit. These employees may include school maintenance, janitorial and cafeteria employees and school bus drivers as elected by the school division.

The health insurance credit is a dollar amount set by the General Assembly for each year of service credit, as shown in the table on the next page. It cannot exceed the amount of your individual health insurance premiums and ends upon your death.

The credit is applied to your retirement benefit payment. If you do not receive a monthly benefit, VRS will reimburse you for the amount.

Health Insurance Credit Dollar Amounts

ELIGIBLE EMPLOYEES	Amount per Year of Service	Maximum Credit per Month
State employees	\$4.00	No cap
School instructional and management employees	\$4.00	No cap
General registrars and their employees, constitutional officers and their employees and local social service employees	\$1.50	\$45.00
General registrars and their employees, constitutional officers and their employees and local social service employees if political subdivision elects the \$1.00 enhancement	\$2.50	\$75.00
Political subdivision employees if elected by the employer	\$1.50	\$45.00

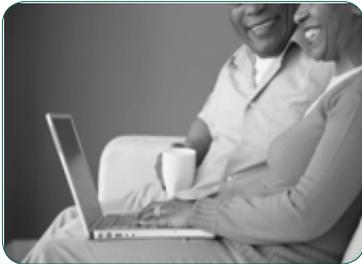
Applying for the Health Insurance Credit

If you are eligible for the health insurance credit upon retirement and VRS will be deducting your health insurance premiums from your monthly retirement benefit payment, you do not need to apply for it. The credit will be applied 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.

Long-Term Care Coverage in Retirement

If you are a state employee covered under the Virginia Sickness and Disability Program (VSDP) Long-Term Care Plan, your coverage will end when you retire. You may elect to continue your coverage, which will be retroactive to your retirement date. You will be responsible for paying the premiums. Submit the VSDP Long-Term Care Plan Authorization of Coverage Retention (VRS-170) and the VSDP Long-Term Care Plan Protection Against Unintentional Lapse (VRS-171) to the Long Term Care Group, Inc. within 60 days of your last day of employment. The address is P.O. Box 64011, St. Paul, MN 55164-0011. This option is not available after 60 days. The forms are available at www.varetire.org.

If you are not enrolled in the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program when you retire, you can apply as a retiree, provided you are under age 80. Your employer is not required to have elected the program. For more information, call toll free 1-866-859-6060 or visit www.genworth.com/cov.



myVRS: At Your Service When You Retire

When you retire, you can create a secure *myVRS* retiree online account. Your account will be 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 account information.
- View your COLA, 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.

Creating your account

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 the *myVRS* logo from www.varetire.org and then Register Now. Any time you want to log in, you will enter the username and password you set up to create your account.



Working After Retirement

After you retire, you can work for any employer that does not participate in VRS and continue to receive your retirement benefit. If you return to covered employment with a VRS-participating employer, you will become an active member and your retirement benefit will end.

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 benefit. 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 over a period you normally would work to continue receiving your retirement benefit. Public school divisions and political subdivisions are considered separate employers. However, the Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer.

If you are a teacher or faculty member returning to a non-covered teaching position, summer breaks and intersession periods do not count toward satisfying the one-calendar month break in service. This includes teachers who retire under an early retirement incentive program (ERIP).

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).

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 benefit. Also contact the Social Security Administration toll free at 1-800-772-1213 or visit www.ssa.gov for information on the effect of earnings during retirement on your eligibility for Social Security benefits.

What is Non-Covered Employment?

Non-covered employment is a position with a VRS-participating employer that does not provide eligibility for benefits. Examples include temporary, part-time hourly, substitute teaching, adjunct faculty and internship positions. Most non-covered positions are part-time wage positions. Some full-time positions may be considered non-covered if they are temporary and paid on an hourly basis.

More Information

For more information about working after retirement, including working in a K-12 critical shortage position, review the current *Handbook for Members* for Plan 1 or Plan 2 or visit www.varetire.org.

6. Application Instructions and Forms

Application for Service Retirement (VRS-5)

To avoid processing delays, print or type your information and ensure all items are completed.

MEMBER RESPONSIBILITIES: COMPLETE PARTS A THROUGH D

- Box 1-10: Enter your personal information. In Box 2, check whether this is your original application or if you are submitting a revised application.
- Box 11: Enter the date you plan to retire (the first of any month after your employment is terminated).
- Box 12: If you check yes, the purchase must be completed while you are actively employed and no later than your date of termination. Your benefit cannot be calculated until payment for the purchase is submitted to VRS.
- Box 13: If you check yes, complete the VRS-26F and include it with this application. Your benefit cannot be calculated until payment for the purchase is submitted to VRS.
- Box 14: If you check yes, complete the VSDP Conversion of Disability Credits (VRS-5A) and provide it to your employer for signature. The VRS-5A must be submitted to VRS with this application. (State employees only.)
- Boxes 15-16: You must terminate all full-time and part-time positions that are covered by VRS to receive a monthly retirement benefit. At the time of retirement, you must also terminate work in any part-time positions not covered under VRS for the employer from which you are retiring.
- Box 18: Choose one payout option. Refer to your *Handbook for Members* to determine which option will meet your retirement goal.
- Box 19: If you chose the Advance Pension Option in Box 18, enter the age at which you want your temporarily increased VRS benefit to be reduced. You must choose an age of at least 62 years, but no later than your normal retirement age as defined by the Social Security Act. You must include an estimate from the Social Security Administration reflecting the amount you would receive from them at the age you choose on your retirement application. The estimate, for VRS purposes, must be less than 12 months old, be prepared assuming you will have no future earnings after leaving your VRS-covered position, and be based on your Social Security Earnings Record. Additional information about this option will be sent when your application is processed.
- Boxes 20-21: Complete Box 20 only if you chose a payout option that includes a partial lump-sum payment. Indicate the number of months on which the amount is to be based. For a 12-month payment, you must work at least one year beyond the date you are first eligible for an unreduced retirement benefit. For a 24-month payment you must work at least two years beyond the date you are first eligible for an unreduced retirement benefit. For a 36-month payment, you must work at least three years beyond the date you are first eligible for an unreduced retirement benefit. Complete Box 21 to let VRS know if you intend to roll the PLOP payment into an Individual Retirement Account (IRA) or other qualified plan. Additional information regarding your rollover options will be sent once your application for retirement has been processed.
- Boxes 22-27: Complete these boxes only if you choose a survivor option in Part B. If you choose a survivor option, you must send a legible copy of your survivor's birth certificate with this application.

Box 28: Carefully read the certification statement. Sign and date the application. Your signature certifies that you will repay benefits in excess of those to which you are entitled. It also certifies that you understand that you cannot return to work in a part-time position working for the employer from which you retired without first incurring the required break in service.

If you are unable to complete the application and you select a payout option other than the Basic Benefit in Part B, an individual authorized to make testamentary changes on your behalf may complete your application. Authorized individuals include: a court-appointed Guardian or Committee; an Attorney-in-Fact named in a Durable Power of Attorney; or an individual specifically authorized by a court order to do so. A copy of the document providing such authorization must be presented to VRS for review before the application can be processed. If the application is not signed and dated, it is not valid and a new one must be completed. This may delay your first payment.

Box 29: If you checked Married or Separated in Box 7, your spouse must sign and date the application on or after the date you sign; otherwise, a new application must be completed. If you are unable to obtain your spouse's signature, contact VRS for additional information.

Request for Income Tax Withholding (VRS-15)

If a completed tax form is not on file, VRS withholds federal income tax based on the rate for a married individual claiming three exemptions and state income tax based on the rate for zero exemptions.

Part A: Enter your personal information.

Parts B and C: Choose one federal tax withholding option and one state tax withholding option. If you choose the second option of either type, enter the appropriate information about your marital status, the number of exemptions, and any additional amount that you want withheld.

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

This form authorizes VRS to transfer funds electronically to your financial institution.

Boxes 1-5: Enter your personal information.

Boxes 6-8: Provide information about your financial institution.

Tape a voided check onto the lower portion of the form. VRS cannot accept hand-written account information.

Additional Documentation

- Include a readable copy of your birth certificate. If your birth certificate does not include your full given name and birth date, you must provide other legal documentation. Your application cannot be processed without this document.
- Include a readable copy of your survivor's birth certificate if you chose a survivor option. If your survivor's birth certificate does not include a full given name and birth date, provide other legal documentation.
- If you intend to purchase service credit with your sick leave payment or convert disability credit to service credit, request the appropriate forms from your benefits administrator and ensure they are completed and submitted with your application.

- If you elect the Advance Pension Option, submit your estimate from the Social Security Administration for the age you choose for your benefit to decrease. This statement must be dated within 12 months of your effective date of retirement.
- Have your employer complete Part E of this application if you are currently employed in a covered position or have been within the last 12 months. If you are on VSDP long-term disability, send the application directly to VRS for certification.
- Complete and submit the Authorization for Direct Deposit of Monthly Benefit (VRS-57) and the Request for Income Tax Withholding (VRS-15). Processing of your retirement application is delayed if the VRS-57 is not completed and submitted with your application.

Employer Responsibilities

Complete Part E. (To avoid processing delays, print or type your information and ensure all items are completed.)

After completing Part E:

- Verify the application has been completed in its entirety, signed and dated as required.
- If the member answered yes to the questions in Boxes 13 or 14 in Part A, ensure the appropriate forms are completed and submitted with the application.
- Review the birth certificate (and the survivor's birth certificate if applicable) to ensure it is readable.
- Ensure the member has included an Authorization for Direct Deposit of Monthly Benefit (VRS-57) and a Request for Income Tax Withholding (VRS-15).
- If the member needs to apply for a health insurance credit, ensure the Request for Health Insurance Credit (VRS-45) is completed and submitted with this application. If the member's health insurance premium will be paid through VRS payroll deduction, do not complete a VRS-45. If the member has additional health insurance premiums to apply toward the credit, the VRS-45 must be completed and submitted with this application.
- For State Employees:
 - If an employee is retiring under the Workforce Transition Act of 1995, complete both pages of the Employer Certification of Involuntary Separation under the Workforce Transition Act (VRS-11) and submit it along with the VRS-5.
 - If an employee takes an immediate retirement and chooses to enroll in the State Retiree Health Benefits Program, ensure the Health Enrollment/Waiver form is completed and submitted within 31 days of the retirement date. (This form must be signed and returned to VRS even if the employee is waiving coverage.)
 - If an employee has disability credits remaining under the VSDP and wants to convert them to service credit, ensure the VSDP Conversion of Disability Credits (VRS-5A) is completed and submitted.
- If an employee of a locality (not including constitutional officers and sheriffs) or school board is retiring under the Transitional Benefits Program included in the Appropriation Act of 2010, complete both pages of the Employer Certification of Involuntary Separation (VRS-11B) and submit it along with the VRS-5.
- Mail the *original* Application for Service Retirement and all other required documents to VRS. A copy of the application cannot be processed.

APPLICATION FOR SERVICE RETIREMENT

VIRGINIA RETIREMENT SYSTEM
P.O. Box 2500
Richmond, Virginia 23218-2500
Toll Free 1-888-VARETIR (827-3847)
www.varetire.org

1. Social Security Number
2. Check One <input type="checkbox"/> Original Application <input type="checkbox"/> Revised Application

PART A. MEMBER INFORMATION

3. Name (First) (MI) (Last) (Jr./Sr.)			
4. Address (Street) (City) (State) (Zip+4)			
5. Are you a Virginia resident? <input type="checkbox"/> Yes <input type="checkbox"/> No		6. Are you a U.S. citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	
7. Marital Status <input type="checkbox"/> Never Married <input type="checkbox"/> Married or Separated <input type="checkbox"/> Widowed <input type="checkbox"/> Divorced – Date of Divorce _____ (mm/dd/yyyy)			
8. Home Phone Number		9. Daytime Phone Number	
10. Birth Date (mm/dd/yy)		11. Retirement Date (mm/01/yy)	
12. Do you intend to make a lump-sum purchase of service credit prior to retirement?			<input type="checkbox"/> Yes <input type="checkbox"/> No
13. Will you be purchasing service credit with your sick leave payment?			<input type="checkbox"/> Yes <input type="checkbox"/> No
14. VSDP Participants Only: Will you be converting disability credit to service credit when you retire?			<input type="checkbox"/> Yes <input type="checkbox"/> No
15. Will you be terminating all full-time employment with employers participating in VRS as of your retirement date? <i>(See instructions for more information)</i>			<input type="checkbox"/> Yes <input type="checkbox"/> No
16. Will you be terminating all part-time employment with the employer from which you are retiring as of your retirement date? <i>(See instructions for more information)</i>			<input type="checkbox"/> Yes <input type="checkbox"/> No

17. SSN

PART B. PAYOUT OPTION SELECTION

18. Retirement Payout Options (Choose One)

- Basic Benefit
- Basic Benefit with a Partial Lump-Sum Option Payment (PLOP)
- Advance Pension Option
- Survivor Option with _____ % payable to survivor
- Survivor Option with _____ % payable to survivor, and a Partial Lump-Sum Option Payment (PLOP)

19. Advance Pension Option If you chose this option above, enter the age at which you want your retirement benefit to decrease:

20. PLOP If you chose a payout option with a PLOP payment above, choose the number of months for the payment:

- 12 months
- 24 months
- 36 months

21. If you chose a PLOP payment above, do you intend to roll the funds into an IRA or other qualified plan?

- Yes
- No

PART C. SURVIVOR INFORMATION

Complete Part C **ONLY** if you chose a Survivor Option in Part B.

22. Survivor's Name (First) (MI) (Last) (Jr./Sr.)			
23. Relationship <input type="checkbox"/> Spouse <input type="checkbox"/> Other		24. Survivor's Birth Date (mm/dd/yy)	
25. Survivor's SSN	26. Is your survivor a U.S. Citizen? <input type="checkbox"/> Yes <input type="checkbox"/> No	27. Survivor's Gender <input type="checkbox"/> Male <input type="checkbox"/> Female	

PART D. CERTIFICATION

28. Member Certification

I hereby certify: 1) All information I provide in this document is true and I understand that any willful falsification of facts presented may result in prosecution as provided by law, 2) I have read and understand the service retirement information in the *Handbook for Members*, 3) I will terminate all full-time positions prior to my retirement, and 4) I will not return to work in a part-time position with my current employer following my retirement date for at least one full calendar month during which I would normally work. Additionally, I agree that, in the event that VRS pays retirement benefits in excess of those to which I am entitled, I or my estate will repay the excess to VRS. By signing this form, I hereby assign to VRS any VRS group life insurance benefits that may be payable as a result of my death to secure repayment of any such retirement benefit overpayment.

Member Signature

Date

29. Spouse Certification (Required if married or separated)

I have read and understand the retirement payout options available under VRS. I am aware of and understand the retirement payout option selected by my spouse in Part B and if my spouse chose a Survivor Option, the survivor benefits will be provided to the person named in Part C. Further, I am aware that counseling regarding the payout options is available.

Spouse's Signature

Date

Address (If different from member's address)

REQUEST FOR INCOME TAX WITHHOLDING

VIRGINIA RETIREMENT SYSTEM
P.O. Box 2500
Richmond, Virginia 23218-2500
Toll Free 1-888-VARETIR (827-3847)
Fax 804-786-9718
www.varetire.org

1. Social Security Number

2. Daytime Phone Number

Complete this form if: (1) You are a new retiree, or (2) you want to make a change to your income tax withholding. If a completed VRS-15 is not on file, VRS withholds federal income tax based on the rate for a married individual claiming three exemptions and state income tax based on the rate for zero exemptions. Refer to the back of this form to calculate exemptions.

PART A. RETIREE INFORMATION

3. Name (First) (MI) (Last) (Jr./Sr.)			
4. Address (Street)		(City)	(State) (Zip+4)
5. Type of Request <input type="checkbox"/> New Request <input type="checkbox"/> Change to current tax withholding		6. Type of Payment (Choose which payments should be affected by this change) <input type="checkbox"/> Retiree <input type="checkbox"/> Survivor <input type="checkbox"/> Third Party	
7. Residency Status <input type="checkbox"/> US Citizen/Resident Alien <input type="checkbox"/> Non-resident Alien (Marking this box certifies your status as non-resident alien and that you are not a U.S. citizen or resident alien.)			

PART B. FEDERAL INCOME TAX WITHHOLDING

Choose one option below. If you choose to have income tax withheld, provide your marital status and the number of exemptions.

Do not withhold federal income tax from my monthly benefit. I understand that I am liable for payment of federal income tax on the taxable portion of my benefit and that I may be subject to tax penalties under the estimated tax payment rules if my payment(s) of estimated tax and withholding are not adequate. (If you are a U.S. Citizen or resident alien and your monthly benefit payments are delivered outside the U.S. or its possessions, you *must* have federal income tax withheld.)

Using the marital status and the exemptions below, calculate my federal income tax withholding (if any) in accordance with the tax formula as published in IRS Publication 15.

Marital Status: Married Single Number of Exemptions: _____

If you wish an amount withheld in addition to the calculated tax, enter the additional amount to be withheld per month: \$ _____

PART C. STATE OF VIRGINIA INCOME TAX WITHHOLDING

Choose one option below. If you choose to have state income tax withheld, provide the number of exemptions of each type.

(You are not required to have Virginia state income tax withheld from your benefit if you do not reside in Virginia.)

Do not withhold state income tax from my monthly benefit. I understand that I am liable for payment of state income tax on the taxable portion of my benefit and that I may be subject to tax penalties under the estimated tax payment rules if my payment(s) of estimated tax and withholding are not adequate.

Using the exemptions below, calculate my state income tax withholding (if any) in accordance with the tax formula as published in the Virginia Income Tax publication.

Personal Exemptions: _____ Age and Blindness Exemptions: _____ Total Exemptions: _____

If you wish an amount withheld in addition to the calculated tax, enter the additional amount to be withheld per month: \$ _____

Signature _____

Date _____



Completing Part B. Federal Income Tax Withholding

For detailed information about federal income tax withholding, refer to the Internal Revenue Service (IRS) web site at www.irs.gov to review the IRS Form W-4P. The "Personal Allowances Worksheet" from the W-4P is provided below for calculating exemptions for federal income tax purposes. Review the IRS Form W-4P for additional information about other worksheets that might apply.

- A** Enter "1" for **yourself** if no one else can claim you as a dependent. **A** _____
- B** Enter "1" if: **B** _____
- a) You are single and have only one pension; or
 - b) You are married, have only one pension and your spouse has no income subject to withholding; or
 - c) Your income from a second pension or a job, or your spouse's pension or wages (or the total of all), is \$1,000 or less.
- C** Enter "1" for your **spouse**. But, you may choose to enter "0" if you are married and have either a spouse who has income subject to withholding or you have more than one source of income subject to withholding. (Entering "0" may help you avoid having too little tax withheld.) **C** _____
- D** Enter the number of **dependents** (other than your spouse or yourself) you will claim on your tax return. **D** _____
- E** Enter "1" if you will file as **head of household** on your tax return. **E** _____
- F** **Child Tax Credit** (including additional child tax credit): If your total income will be less than \$52,000 (\$77,000 if married), enter "2" for each eligible child. If your total income will be between \$52,000 and \$84,000 (\$77,000 and \$119,000 if married), enter "1" for each eligible child, plus "1" additional if you have for or more eligible children. **F** _____
- G** Add lines A through F for total Personal Exemptions. Enter this number in Part B if you choose to have federal income tax withheld. **Note:** This may be different than the number of exemptions you claim on your tax return. **G** _____

Completing Part C. State Income Tax Withholding

For detailed information about state income tax withholding, refer to the Virginia Department of Taxation web site at www.tax.virginia.gov to review the Virginia Form VA-4P. The "Personal Exemption Worksheet" from the VA-4P is provided below for calculating exemptions for state income tax purposes.

Calculate Personal Exemptions

- 1** Enter "1" for **yourself**. **1** _____
- 2** If you are married and your spouse is not claimed on his or her own certificate, enter "1". **2** _____
- 3** Enter the number of dependents you will claim on your state income tax return. (Do not include your spouse.) **3** _____
- 4** Add lines 1, 2, and 3 for total Personal Exemptions. Enter this number in Part C if you choose to have state income tax withheld. **4** _____

Calculate Exemptions for Age and Blindness

- 5** Age: **5a** _____
- a) If you will be 65 or older on January 1, enter "1".
 - b) If you claimed an exemption on line 2 above and your spouse will be 65 or older on January 1, enter "1". **5b** _____
- 6** Blindness: **6a** _____
- a) If you are legally blind, enter "1".
 - b) If you claimed an exemption on line 2 above and your spouse is legally blind, enter "1". **6b** _____
- 7** Add lines 5a through 6b for total Age and Blindness Exemptions. Enter this number in Part C if you choose to have state income tax withheld. **7** _____

AUTHORIZATION FOR DIRECT DEPOSIT OF MONTHLY BENEFIT

VIRGINIA RETIREMENT SYSTEM
 P.O. Box 2500
 Richmond, Virginia 23218-2500
 Toll Free 1-888-VARETIR (827-3847)
 Fax 804-786-9718
www.varetire.org

1. Social Security Number
2. Phone Number
3. Type of Request (Check one) <input type="checkbox"/> New Retiree (Initial Request) <input type="checkbox"/> New Survivor (Initial Request) <input type="checkbox"/> Third Party (Initial Request) <input type="checkbox"/> Change of Direct Deposit Information

If you are completing this form as Power of Attorney or as a guardian for a retiree or survivor, please attach a copy of your Power of Attorney or guardianship papers. If you are filling this out on behalf of a retiree or beneficiary in the State Retiree Health Benefits Program and the address is being updated, the address change will not be made unless the Power of Attorney specifically authorizes access to health plan information.

VRS will send you a Statement of Earnings when the first benefit payment is made into the new account. If your mailing address changes, it is very important to notify VRS so you'll receive important information that is mailed to your mailing address, including the year-end tax statement and newsletters.

I hereby authorize VRS to deposit my monthly retirement benefit payment directly to my account at the financial institution shown below. I agree to provide written notification to VRS within 30 days of any changes to this information so that my monthly benefit may be properly distributed. I also authorize VRS to make adjustments to my account to correct any credit entries made in error.

NOTE: If you receive more than one benefit from VRS, this direct deposit authorization will apply to all benefits you receive.

4. Name	(First)	(MI)	(Last)	(Jr./Sr.)
5. Address	(Street)	(City)		(State)
<input type="checkbox"/> Check box if this is a new address				
6. Name of Financial Institution			7. Branch (City and State)	
8. Type of Account (Check one)				
<input type="checkbox"/> Checking <input type="checkbox"/> Savings				
9. Signature				10. Date
11. Provide a voided check with the correct routing information and account number. To ensure the information you provide is accurate, you may wish to contact your financial institution.				
<h2 style="margin: 0;">TAPE VOIDED CHECK HERE</h2>				

This form cannot be processed unless it is signed and dated.





Want to learn more about your VRS benefits?



Meet with a member counselor at VRS on 1200 East Main Street in downtown Richmond. Sessions are held on a first-come first-served basis. The hours are 8:30 a.m.- 5 p.m., Monday through Friday. Directions to VRS are available at www.varetire.org.

Also take advantage of free member education opportunities offered on-site and online. Schedules and registration are available at www.varetire.org. Select Education & Counseling from the Member homepage. If you participate in the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, you can sign up for the 457 Deferred Compensation Regional Education Meetings. Select the Defined Contribution Plans tab from the VRS Web site.



Virginia Retirement System

1200 East Main Street • P.O. Box 2500 • Richmond, Virginia 23218-2500
www.varetire.org • 1-888-VARETIR (1-888-827-3847) • TDD: 804-344-3190