



# Virginia Retirement System Disability Retirement

HANDBOOK FOR ELIGIBLE VRS MEMBERS  
IN PLAN 1 AND PLAN 2, AND MEMBERS OF  
THE JUDICIAL RETIREMENT SYSTEM



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**HELPING YOU PLAN  
FOR TOMORROW,  
TODAY**



## DISABILITY RETIREMENT

### HANDBOOK FOR ELIGIBLE MEMBERS

If you can't work because of a disability that is likely to be permanent, you may be eligible to retire on disability under the Virginia Retirement System (VRS). You are eligible for disability retirement if you are a:

- Member of the Judicial Retirement System.
- State employee in Plan 1 hired before January 1, 1999, who did not elect the Virginia Sickness and Disability Program during one of two open enrollment periods offered in 1999 and 2002.
- Political subdivision and school division employee in Plan 1 or Plan 2.

The disability may be non-work-related or work-related. VRS administers disability retirement benefits in conjunction with a medical board comprised of practicing board-certified physicians and other health care professionals.

### CONTACT VRS

[varetire.org](http://varetire.org)  
[member-info@varetire.org](mailto:member-info@varetire.org)  
Toll-free: 888-827-3847  
TDD: 804-289-5919

**Important email notice:** Do not send personal or confidential information, such as your Social Security number, by email. VRS will send only non-confidential replies.

**VRS Retirement Counseling Center**  
1111 East Main Street, Richmond VA 23219

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

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

### VRS MISSION

VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

**Note:** The information contained in this handbook is governed by Title 51.1 of the *Code of Virginia* and other applicable law. This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority granted by the *Code of Virginia*, which may be amended from time to time.

## BENEFIT INFORMATION AND PLANNING RESOURCES

### WEBSITES

- [varetire.org](http://varetire.org) – Benefit information, forms and publications, including the Handbook for Members.
- [myVRS.varetire.org](http://myVRS.varetire.org) – Your secure online member account with retirement planning and financial wellness tools.

### VRS RETIREMENT COUNSELING

Talk with a counselor about your retirement options, applying for retirement and retiree benefits. Walk-in counseling is available on a first-come, first-served basis. Limited scheduled appointments also are available. Call VRS toll-free at 888-827-3847 for more information. Counseling hours are 8:30 a.m. – 4 p.m., Tuesday and Wednesday. Go to [varetire.org](http://varetire.org) for directions and parking information. You can also schedule a virtual one-on-one counseling appointment at [varetire.org/education](http://varetire.org/education).

### ADDITIONAL CONTACTS

- Commonwealth of Virginia 457 Deferred Compensation Plan: 877-327-5261 (VRS-DC-PLAN1); [varetire.org/457](http://varetire.org/457)
- Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program: Genworth Life, 866-859-6060; [genworth.com/cov](http://genworth.com/cov)
- Federal Public Safety Officers' Benefits Act: 888-744-6513; [psob.gov](http://psob.gov)
- Group Life Insurance Program: Securian Financial; 800-441-2258
- Internal Revenue Service: 800-829-1040; [irs.gov](http://irs.gov)
- Medicare: 800-MEDICARE (800-633-4227); [medicare.gov](http://medicare.gov)
- Social Security Administration: 800-772-1213; [ssa.gov](http://ssa.gov)
- Virginia Department of Human Resource Management (State Employees); [dhrm.virginia.gov](http://dhrm.virginia.gov)
- Virginia Department of Taxation: 804-367-8031; [tax.virginia.gov](http://tax.virginia.gov)
- Virginia Line of Duty Act (LODA)
  - Eligibility Determinations and Benefit Payments: Virginia Retirement System  
Toll-free: 888-827-3847 (Request LODA support)  
[loda@varetire.org](mailto:loda@varetire.org); [valoda.org](http://valoda.org)
  - Health Benefits Plans: Department of Human Resource Management  
[loda@dhrm.varetire.org](mailto:loda@dhrm.varetire.org); [dhrm.virginia.gov](http://dhrm.virginia.gov)
- Virginia Workers' Compensation Commission: 877-664-2566; [workcomp.virginia.gov](http://workcomp.virginia.gov)

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# 1

## Introduction to VRS Disability Retirement

If You Become Disabled  
Medical Review  
Eligible for Service Retirement?

Do You Have a VRS Power of Attorney?  
myVRS: Helping You Plan  
for Tomorrow, Today  
Quick Reference

## IF YOU BECOME DISABLED

Becoming disabled can have a major emotional and financial impact on you and your loved ones. Under the Virginia Retirement System (VRS), you may be able to retire on disability if you cannot work because of a non-work-related or work-related condition that is likely to be permanent. Disability retirement provides a monthly benefit to you while you are disabled. You can also elect to continue a lifetime monthly benefit to a survivor upon your death.

There are no minimum requirements for age or service under VRS disability retirement. You can apply from the first day of covered employment or within 90 days from your last day of employment. If you are on leave without pay, you have up to 24 consecutive months on leave without pay 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, even if it exceeds 24 months.

If your application for disability retirement is approved, your benefit will be determined in part by any Social Security disability benefits you are eligible to receive. If your disability is work-related, your benefit will be offset by any workers' compensation benefits you are awarded. A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act.

The VRS Disability Retirement Handbook for Members explains the provisions for disability retirement, how to apply and post-retirement benefits.

### ELIGIBLE EMPLOYEES

You are eligible to be considered for disability retirement if you are working in a VRS-covered position and you are a:

- Member of the Judicial Retirement System.
- State employee in Plan 1 hired before January 1, 1999, who did not elect the Virginia Sickness and Disability Program during one of two open enrollment periods offered in 1999 and 2002.
- Political subdivision and school division employee in Plan 1 or Plan 2.

Eligible members can apply for disability retirement. For more information about your plan, review the current Handbook for Members for Plan 1, Plan 2 or the Judicial Retirement System available at [varetire.org](http://varetire.org).

You are not eligible to retire on disability if you:

- Are a member of the Hybrid Retirement Plan, with the exception of the JRS Hybrid Retirement Plan.
- Are covered under the Virginia Sickness and Disability Program (VSDP).

- Are covered under the Virginia Local Disability Program (VLDP) or a comparable program provided by your employer.
- Defer retirement and more than 90 days have passed since your separation date.
- Leave employment and take a refund of your member contributions and interest.
- Participate in an optional retirement plan administered or authorized by VRS.
- Have a disability that is not likely to be permanent.
- Are employed by a college or university and opted out of VSDP to participate in your employer-sponsored disability plan.

## WHAT IS COVERED EMPLOYMENT?

Covered employment is a full-time permanent salaried position with an employer that participates in VRS. Some part-time permanent, salaried state positions are also covered under VRS.

## TYPES OF DISABILITIES

Under the provisions for VRS disability retirement, a disability may be:

- The result of a physical illness or injury or a cognitive condition. A cognitive disability is a loss of or deterioration in intellectual capacity.
- Non-work-related or work-related. A work-related disability is the result of an occupational illness or injury that occurs on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act. A non-work-related disability is the result of an illness or injury that is not compensable under the Virginia Workers' Compensation Act.
- A chronic condition, such as diabetes or mental illness, that worsens to the point that you no longer can perform your job duties.

Any condition that existed before you were employed in a covered position must substantially worsen for you to be considered for disability retirement.

## OTHER VRS DISABILITY RETIREMENT BENEFITS

In addition to the monthly benefit, the plan provides:

- A continuation of some benefits under the VRS Group Life Insurance Program if you were covered before retiring on disability.
- State retiree health insurance benefits if you are a state employee. If you are an employee of a school division or a political subdivision, contact your human resource office about retiree health insurance your employer may offer.
- The health insurance credit, a tax-free benefit that assists with the portion of health insurance premiums you pay for individual coverage, excluding any portion of the premiums covering a spouse or dependents.

For more information about these benefits, see Chapter 5-Insurance in Retirement.

## Applying for Disability Retirement

Application instructions and required forms are available at [varetire.org](http://varetire.org). For more information, see Chapter 3-Applying for Disability Retirement.

## LINE-OF-DUTY BENEFITS

If you have a work-related disabling condition that is likely to be permanent, you may be eligible for state or federal line-of-duty benefits. If you die in the line of duty, your beneficiary or survivor may be eligible for certain line-of-duty benefits. For more information, contact:

- Virginia Line of Duty Act (LODA):
  - Eligibility Determinations and Benefit Payments: Virginia Retirement System  
888-827-3847 (Request: LODA support); [loda@varetire.org](mailto:loda@varetire.org); [valoda.org](http://valoda.org)
  - Health Benefits Plans: Department of Human Resource Management  
[loda@dhrm.virginia.gov](mailto:loda@dhrm.virginia.gov); [dhrm.virginia.gov/healthcoverage/loda-health-benefits](http://dhrm.virginia.gov/healthcoverage/loda-health-benefits)
- Federal Public Safety Officers' Benefits Act: Bureau of Justice Assistance  
888-744-6513; [psob.gov](http://psob.gov)

## MEDICAL REVIEW

As provided in the *Code of Virginia*, VRS has retained an independent medical board to review the medical and job information submitted with applications for disability retirement and to recommend to VRS whether to approve or deny an application. The VRS Medical Board is comprised of board-certified physicians and other health care professionals. Before making its recommendation to VRS regarding your application, the medical board considers the following questions:

**Is your condition likely to be permanent?** VRS disability retirement is a retirement benefit. To qualify for this benefit, your condition must be likely to be permanent and prevent you from performing your job duties.

**Are you receiving medical care for your condition?** You must be under the care of a health care professional to be considered for disability retirement. If it has been more than six months since you last saw a health care professional, your application could be denied. A phone or telehealth consultation counts as a visit and will be recorded in your medical file.

**Are you complying with your treatment program?** If you do not follow a prescribed treatment program, your application could be denied for non-compliance.

**Has VRS received your medical information?** You are responsible for ensuring VRS receives all relevant medical information from each health care professional you list on your application. You or your treating health care professional can submit the required medical information. You will be responsible for any costs associated with collecting this information from your health care professional.

**Is the medical information objective and thorough?** Results of an examination, test results or X-rays are examples of objective medical evidence.

**Does your medical diagnosis relate directly to your ability to do your job?** Having a disability does not automatically qualify you for disability retirement. Your condition must likely be permanent, be supported by medical evidence and prevent you from performing your job duties. Your employer



must submit your job description and other job information, which should explain fully all of your required duties at the time of your disability, particularly any physical requirements, such as walking, lifting or carrying.

The medical board may require an independent examination by a specialist. You will be notified in this event. If you refuse the examination, your disability retirement application may be denied.

## SPEND TIME ON YOUR APPLICATION

If you qualify for disability retirement, you don't want to be turned down because of an incomplete application. Take time to ensure your application includes all required medical and job information so that if you do qualify, you can begin receiving benefits in a timely manner. For more information, see Chapter 3-Applying for Disability Retirement.

## ELIGIBLE FOR SERVICE RETIREMENT?

If you apply for disability retirement and also qualify for service retirement, it may be to your advantage to apply for both. For non-work-related disability retirement, you can begin receiving a service retirement benefit while your disability retirement application is pending and throughout the appeals process if your disability retirement application is denied. For work-related disability, VRS cannot process your service retirement application while your disability retirement application is pending; however, your service retirement date and benefit payout option will be honored if your disability retirement application is denied. For more information, see Chapter 3-Applying for Disability Retirement.

**Note:** If you apply for service retirement, you can choose to receive any of the four benefit payout options available. However, if you choose the Advance Pension Option or the Partial Lump Sum Option, VRS will pay a basic benefit to you while your disability retirement application is pending.

**Qualify for the hazardous duty supplement?** If you have at least 20 years of eligible hazardous duty service credit, you may qualify for the hazardous duty supplement as part of your service retirement benefit. You are not eligible to receive a hazardous duty supplement if you retire on disability. If you qualify for the supplement, compare your estimated disability retirement benefit with your service retirement benefit, including the supplement, before applying for disability retirement to determine which type of retirement is best for you. Your human resource office can assist you. You can also create retirement benefit estimates through myVRS.

**Note:** If you are eligible for the hazardous duty supplement and are receiving a service retirement benefit while your disability retirement application is pending, you are not eligible to receive the supplement. If your disability retirement application is denied, the supplement will be paid retroactively from your service retirement date.

## Is Disability Retirement the Best Option?

Even if your disability is likely to be permanent, you do not have to retire on disability. If you are eligible for service retirement, you may find this to be the better option for your retirement needs. For more information, see Chapter 3-Applying for Disability Retirement. For information on benefit estimates, see "myVRS: Helping You Plan for Tomorrow, Today" in this chapter.

## DO YOU HAVE A VRS POWER OF ATTORNEY?

The VRS Durable Power of Attorney (VRS-901) allows you to name a person as your agent to talk with VRS and take VRS-related actions on your behalf and in accordance with your wishes in the event you no longer can handle your own affairs. If you become incapacitated, your agent can:

- Sign and file your application for disability retirement.
- Name or update your beneficiary or survivor, if you grant this specific authority.
- Request information about your benefits.
- Take other actions, such as setting up a direct deposit, submitting a change of address or filing your tax withholding.

The authority granted by the VRS-901 is limited to matters relating to your VRS record. The agent you designate on the VRS-901 will not have authority over other matters. VRS will also honor a valid power of attorney that is not a VRS-901, to the extent of the authority granted in the document.

**Already have a VRS power of attorney?** The Virginia Uniform Power of Attorney Act allows you to specify the VRS matters your agent can handle. You can also name more than one agent to act on your behalf if the primary agent is unable to do so. If you have submitted a VRS Durable Power of Attorney (VRS-901), review it from time to time to see if you need to update your VRS power of attorney or name a new agent.

**Authorization to Discuss VRS Account Information (VRS-900).** The VRS-900 allows you to name one or more individuals to speak to a VRS representative about your VRS benefits and account information. It does not allow individuals to take actions on your behalf. The agent you name on the VRS-901 may speak with VRS about your information and you do not need to file a VRS-900.

Forms and more information are available at [varetire.org](http://varetire.org).



As a member of VRS, you have access to myVRS, one of your most important retirement planning resources. This secure, online system helps you prepare for your future and provides real-time benefit information based on your VRS member record. Once you retire, myVRS remains available to help you monitor your benefits and keep other information current like beneficiary designations, direct deposit and the health insurance credit, if you're eligible. Register at [myVRS.varetire.org](http://myVRS.varetire.org).

### KEY FEATURES

#### **Benefit Estimator and Retirement Planner**

If you are eligible for disability retirement, you may use the myVRS Benefit Estimator to select a disability or a service retirement estimate, which will allow you to compare benefits. Through the Benefit Estimator, you can create VRS retirement benefit estimates based on different retirement dates

or payout options to see which will best meet your needs and those of your family when you retire.

You can then select a benefit scenario to enter in the goal-based Retirement Planner, along with other sources of income and expenses, including income taxes, health insurance and living expenses. The result will help you project your income and expenses in retirement. The myVRS Retirement Planner provides service retirement data only.

In addition, you can view your life insurance benefit, purchase of prior service history and employment history, and update your contact information. If you participate in a VRS deferred compensation plan, you can also view your account balance.

**Note:** The plans and estimates you create through the myVRS Retirement Planner and myVRS Benefit Estimator are for your planning purposes only. They are based on your current member record, the information you enter and the policies in effect at the time you create them. The results may not reflect your actual retirement benefit amount or income and expenses in retirement. Create a new benefit estimate periodically or if your circumstances change.

### **Beneficiary Management**

When logged in to your myVRS account, you can name or update beneficiaries for your defined benefit member contributions and VRS Group Life and Optional Life Insurance, if you are eligible. Beneficiary designations for VRS defined contribution plans are updated separately using Account Access at [varetire.org/dcp-login](https://varetire.org/dcp-login).

### **myVRS Financial Wellness**

Tap into personalized financial wellness features and tools. myVRS Financial Wellness will help you grow your confidence in financial decision-making through a variety of resources, including articles, videos, educational games, calculators and budgeting tools. No matter where you are in your career, you can increase your knowledge on topics like:

- Debt and credit management.
- Spending habits.
- Credit cards.
- Student loan repayment.
- Career-development strategies.
- Saving and investing.
- Planning for the future.
- Health insurance and long-term care costs and coverage.

Take charge of your financial health by selecting myVRS Financial Wellness when you log in to myVRS.

### **Security Best Practice: Claim Your myVRS Account**

VRS takes many measures every day to keep your information secure. You can help by registering for myVRS, completing the identity-verification steps and then establishing a password-protected account. Verifying your myVRS account helps prevent someone else from attempting to lay claim to the account fraudulently. If you already have a myVRS account, log-in regularly and keep your password up to date.

## QUICK REFERENCE

### **Want to apply for disability retirement?**

The Application for Disability Retirement (VRS-6) and other required disability retirement forms are provided at [varetire.org/forms](http://varetire.org/forms).

See: [Chapter 3-Applying for Disability Retirement](#)

### **Need assistance with completing the disability retirement application?**

If you need help applying for disability retirement, your human resource office, a family member or someone authorized to act on your behalf, such as an agent named under a power of attorney, the VRS Durable Power of Attorney (VRS-901) or a legal guardian, may be able to assist you. For more information, call VRS toll-free at 888-827-3847.

See: [Chapter 1-Introduction to VRS Disability Retirement](#)  
[Chapter 3-Applying for Disability Retirement](#)

### **Have a pre-existing condition?**

If you are applying for disability for a condition you had before becoming employed in a VRS-covered position, your condition must significantly worsen for you to be considered for disability retirement.

See: [Chapter 1-Introduction to VRS Disability Retirement](#)

### **Suffer a work-related illness or injury?**

If you wish to be considered for work-related disability retirement under VRS, your condition must be considered compensable under the Virginia Workers' Compensation Act, and you must submit the approval documentation to VRS with your application.

See: [Chapter 2-Calculating the Disability Retirement Benefit](#)  
[Chapter 3-Applying for Disability Retirement](#)

### **Need treatment or surgery before your prognosis is known?**

There must be a prognosis before your application for disability retirement can be reviewed. If your condition prevents you from performing your job duties after treatment or surgery, you can apply for disability retirement.

See: [Chapter 1-Introduction to VRS Disability Retirement](#)

### **Eligible for the hazardous duty supplement?**

You are not eligible to receive a hazardous duty supplement if you retire on disability. If you have at least 20 years of eligible hazardous duty service credit, you may qualify for the hazardous duty supplement as part of your service retirement benefit. If you qualify for the supplement, compare your estimated disability retirement benefit with your service retirement benefit, including the supplement, before applying for disability retirement to determine which type of retirement is best for you.

Your human resource office can assist you. You can also create retirement benefit estimates through myVRS.

See: [Chapter 1-Introduction to VRS Disability Retirement](#)  
[Chapter 3-Applying for Disability Retirement](#)

### **Reached the end of your leave while your disability retirement application is still pending?**

Group life insurance and other benefits will continue for 31 days from the last day of your leave period. If your disability retirement application is approved, you will be eligible for the monthly benefit and other disability retirement benefits.

See: [Chapter 4-Receiving Disability Retirement and Deferred Compensation Plan Payments](#)  
[Chapter 5-Insurance in Retirement](#)

### **Denied for disability retirement?**

VRS will mail you a certified letter informing you of the decision regarding your disability retirement application. The denial letter will include the recommendation report from the medical board and an attachment explaining the appeal process.

See: [Chapter 3-Applying for Disability Retirement](#)

### **Have you recovered and are now able to return to work?**

If you return to covered employment with a VRS-participating employer, your VRS disability retirement benefits will end and you will become an active member. If you return to employment with any employer that requires the same or similar duties you performed before retiring on disability, your VRS disability retirement benefits will end.

See: [Chapter 4-Receiving Disability Retirement and Deferred Compensation Plan Payments](#)

### **Changed your marital status? Had a baby or adopted a child?**

If your personal or family situation changes, review your beneficiary designation as soon as possible.

VRS is required by law to pay benefits according to the latest beneficiary designation in your member record. If you participate in the VRS Group Life Insurance Program and you need to update your current designation, log in to myVRS. Or, you can request your current designation information from Securian Financial, the insurer for the Group Life Insurance Program, by calling 800-441-2258. Neither Securian Financial nor VRS can provide this information over the phone. It will be mailed to you.

To update your beneficiary, register or log in to your myVRS account. A separate designation is required if you participate in a defined contribution plan. Update the beneficiary for your plan in Account Access at [varetire.org/dcp-login](http://varetire.org/dcp-login).



If you are covered under the VRS Group Life Insurance Program, you are eligible to elect additional coverage for yourself as well as a spouse or dependent children through the Optional Group Life Insurance Program. Once enrolled, you can increase, decrease or cancel coverage online with Securian Financial when you access your coverage information through myVRS. You pay the premiums through payroll deduction.

See: [Chapter 5-Insurance in Retirement](#)

### **Organizing your affairs for the future?**

You have an opportunity to name a trusted person to act on your behalf in the event you need assistance with your retirement accounts. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901). The form is available at [varetire.org/forms](http://varetire.org/forms). VRS also offers a *Get Organized* guide, which helps you create a secure inventory of personal assets, expenses and records to review with those you trust. Find it online at [varetire.org/publications](http://varetire.org/publications).

If you die while you are an active member, your beneficiary may be eligible for a death-in-service benefit, funds from your tax-deferred savings plan if applicable or any life insurance benefits you may have. At retirement, you can elect the Survivor Option if you wish to continue a monthly benefit to a survivor upon your death. If you have VRS basic group life insurance, your coverage includes an accelerated death benefit option if you are diagnosed with a terminal condition and have fewer than 12 months to live. In the event of your death, *Losing a Loved One: Guide for Families* will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at [varetire.org/publications](http://varetire.org/publications).

See: [Chapter 1-Introduction to VRS Disability Retirement](#)

[Chapter 3-Applying for Disability Retirement](#)

[Chapter 5-Insurance in Retirement](#)

### **Have a question about your benefits?**

This handbook describes the provisions of VRS disability retirement for members of the Judicial Retirement System and eligible members covered under Plan 1 and Plan 2. If you have additional questions about disability retirement, contact your human resource office or call VRS toll-free at 888-827-3847. For more information about your plan, visit [varetire.org](http://varetire.org) or [varetire.org/hybrid](http://varetire.org/hybrid).

# 2

## Calculating the Disability Retirement Benefit

- Non-Work-Related Disability Retirement Benefit
- Work-Related Disability Retirement Benefit
- Adjustment for Social Security Disability Benefits
- Benefit Payout Options

### NON-WORK-RELATED DISABILITY RETIREMENT BENEFIT

If you are vested (you have at least five years of service credit) and have a non-work-related disability, the amount of the disability retirement benefit will be the VRS formula amount or the guaranteed benefit, as described below, whichever is higher. If you are not vested, you will be eligible for the minimum guaranteed benefit only.

#### VRS FORMULA AMOUNT

- If you are under age 60, the benefit will be equal to a percentage of your average final compensation (see chart below) multiplied by (a) twice the amount of your total service credit or (b) your actual service credit plus the number of years remaining between your age at disability retirement and age 60, whichever is less.
- If you are age 60 or older, the benefit will be equal to a percentage of your average final compensation (see chart below) multiplied by your total service credit.

#### Percentage of your average final compensation by plan:

VRS Plan 1	VRS Plan 2	Judicial Retirement Plan
1.7%	1.65%	1.70% if appointed or elected to an original term before January 1, 2013 1.65% if appointed or elected to an original term on or after January 1, 2013

#### MINIMUM GUARANTEED BENEFIT

- If you qualify for Social Security disability benefits, the minimum guaranteed benefit will be equal to 33 $\frac{1}{3}$ % of your average final compensation. You will receive the minimum guaranteed benefit or the full VRS formula amount, whichever is higher.
- If you do not qualify for Social Security disability benefits, the minimum guaranteed benefit will be equal to 50% of your average final compensation. You will receive the minimum guaranteed benefit or the full VRS formula amount, whichever is higher.

For more information, see "Adjustment for Social Security Disability Benefits" in this chapter.

## WHAT IS AVERAGE FINAL COMPENSATION?

Average final compensation is one of the factors used to calculate the disability retirement benefit under the VRS formula amount as well as the service retirement benefit.

- **If you are in Plan 1**, your average final compensation is the average of your 36 consecutive months of highest creditable compensation as a covered employee.
- **If you are in Plan 2 or the JRS Hybrid Retirement Plan**, your average final compensation is the average of your 60 consecutive months of highest creditable compensation as a covered employee.

For more information about the provisions of your plan, review the current Handbook for Members for your plan at [varetire.org](http://varetire.org) or [varetire.org/hybrid](http://varetire.org/hybrid) or contact your human resource office. See also "Service Retirement at a Glance" in Chapter 3-Applying for Disability Retirement.

## WORK-RELATED DISABILITY RETIREMENT BENEFIT

If you suffer an occupational illness or injury on the job and the cause is determined to be compensable under the Virginia Workers' Compensation Act, you may be eligible to retire on work-related disability. VRS does not determine whether your disability is work-related; you must file a claim under the Act. If you apply for work-related disability retirement, you must include a copy of the letter from the Virginia Workers' Compensation Commission approving your claim or a copy of a workers' compensation award letter as well as an accident report, if applicable.

### WORK-RELATED DISABILITY BENEFIT CALCULATION

If you retire on work-related disability, you will receive a refund of your member contribution account balance in addition to a monthly benefit. The monthly benefit is calculated first based on your eligibility for Social Security disability benefits (see "Adjustment for Social Security Disability Benefits"):

- If you qualify for Social Security disability benefits, the work-related guaranteed benefit will be equal to 50% of your average final compensation. You will receive the guaranteed benefit or the full VRS formula amount described in "Non-Work-Related Disability Retirement Benefit," whichever is higher.
- If you do not qualify for Social Security disability benefits, the guaranteed benefit will be equal to 66⅔% of your average final compensation. You will receive the guaranteed benefit or the full VRS formula amount, whichever is higher.

The benefit amount is then offset by any workers' compensation benefits you receive:

- If your workers' compensation benefit is equal to or greater than your VRS disability retirement benefit, you will not receive the VRS benefit unless your workers' compensation benefit is reduced or ends.
- If your workers' compensation benefit is less than your VRS disability retirement benefit, VRS will pay the difference between the two benefits to bring you to your VRS benefit amount.



- If you receive a lump-sum workers' compensation settlement, VRS will determine the monthly value of the settlement and then offset your VRS benefit accordingly. Any offset for a settlement begins on the first of the month following the date that the signed settlement order is entered by the Workers' Compensation Commission. When the settlement is received, it is calculated to determine the date VRS can begin paying the monthly benefit. Any fees such as legal and medical will be deducted from the settlement. If there is a remaining balance after the fees are deducted, you may not receive a disability retirement benefit from VRS for a number of months. VRS will offset the VRS monthly benefit for the remaining months until the settlement end date. If there is no remaining balance after fees have been deducted, VRS will begin paying the full monthly VRS benefit.

**Important note if you retire on work-related disability:** If you do not comply with the provisions of the Virginia Workers' Compensation Act and your workers' compensation benefits end, your VRS disability retirement benefit will continue to be offset by the workers' compensation amount. If you are notified of a change or an end to your workers' compensation benefits, fax or mail a copy of the notification letter to VRS as soon as possible.

## APPLYING FOR WORKERS' COMPENSATION

Your human resource office will assist you with your workers' compensation claim. For more information, visit the Virginia Workers' Compensation Commission website at [workcomp.virginia.gov](http://workcomp.virginia.gov).

Workers' compensation benefits for state employees are administered by the Department of Human Resource Management (DHRM). For more information, contact your human resource office or visit [dhrm.virginia.gov](http://dhrm.virginia.gov). Workers' compensation benefits for employees of school divisions and political subdivisions are administered by your employer. For more information, contact your human resource office.

## SERVICE CREDIT FOR WORKERS' COMPENSATION

If you are on leave without pay receiving only workers' compensation, and retirement contributions are not being withheld from your workers' compensation payment, you may be eligible to purchase up to 24 months of service credit for this period of time. You must purchase this service before you retire on disability. For more information, contact your human resource office. See [varetire.org](http://varetire.org) for more information about purchasing prior service.

## TAXES AND THE WORK-RELATED DISABILITY RETIREMENT BENEFIT

Refunds of pretax member contributions and interest are subject to income taxes. The Internal Revenue Service (IRS) may also impose an additional 10% tax penalty for early withdrawal of member contributions received before age 59½; there are exceptions to this rule. To defer taxes, the refund can be rolled over to an Individual Retirement Account (IRA) or another qualified plan that accepts rollovers. For more information, read the IRS 402(f) Special Tax Notice available at [varetire.org/irs402f](http://varetire.org/irs402f).

If you retire on non-work-related disability, your benefit is subject to federal and state income taxes.

If you retire on work-related disability with the guaranteed benefit, your benefit will not be subject to federal or state income taxes. The work-related disability benefit based on the VRS formula amount is subject to income taxes for any benefit amount over the guaranteed benefit. For more information, contact a tax advisor or the Internal Revenue Service (IRS) toll-free at 800-829-1040 or [irs.gov](http://irs.gov). See also Chapter 4-Receiving Disability Retirement and Deferred Compensation Plan Payments.

## ADJUSTMENT FOR SOCIAL SECURITY DISABILITY BENEFITS

The amount of the VRS disability retirement benefit is determined by whether you have been awarded or denied Social Security disability benefits. When you retire on VRS disability, you must apply for Social Security disability benefits, even if you qualify for an early Social Security retirement benefit.

### WORK-RELATED DISABILITY

- If you are approved for Social Security disability benefits, you will receive 50% of your average final compensation or the full VRS formula amount, whichever is higher. The formula amount is a taxable benefit. If this amount is higher, you have the option to select it or not. This benefit calculation is effective as of your Social Security disability entitlement date and may be paid retroactively based on your retirement date.
- If you are denied Social Security disability benefits, VRS will pay 66 $\frac{2}{3}$ % of your average final compensation upon receipt of a copy of your denial letter and a signed reimbursement agreement that indicates your option to appeal.

### NON-WORK-RELATED DISABILITY

- If you are approved for Social Security disability benefits, you will receive 33 $\frac{1}{3}$ % of your average final compensation or the full VRS formula amount, whichever is higher. This benefit calculation is effective as of your Social Security disability entitlement date and may be paid retroactively based on your retirement date.
- If you are denied Social Security disability benefits, VRS will pay 50% of your average final compensation upon receipt of a copy of your denial letter and a signed reimbursement agreement that indicates your option to appeal.

### COORDINATING YOUR APPLICATIONS FOR SOCIAL SECURITY DISABILITY BENEFITS AND VRS DISABILITY RETIREMENT

Be sure to include a copy of the Receipt of Application, decision letter or online application confirmation you receive from the Social Security Administration with your VRS disability retirement application. If you do not provide this information and your VRS disability retirement application is approved, VRS will be required to pay 33 $\frac{1}{3}$ % of your average final compensation or the full VRS formula amount as described in this chapter, whichever is less.

**Note:** If you apply for Social Security disability benefits before you leave your position, your application may be denied depending on your income, and you will need to reapply after your retirement date.

## BENEFIT PAYOUT OPTIONS

When applying for disability retirement, you choose the benefit payout option you want to receive. The payout options are the Basic Benefit and Survivor Option. **The payout option you elect is irrevocable.** That means you cannot change it after you retire, with the exception of the Survivor Option under some conditions.

**Note:** The Partial Lump-Sum Option Payment (PLOP) and the Advance Pension Option are not available to members who retire on disability.

### BASIC BENEFIT

The Basic Benefit is based on your average final compensation at retirement and whether you are retiring on non-work-related or work-related disability. The benefit amount is determined in part by any Social Security disability benefits or workers' compensation benefits you are eligible to receive, as described in this chapter. 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.

### 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 after your death. If you elect this option, you will choose a whole percentage of your benefit, between 10% and 100%, to go to your survivor. Your benefit amount will be based on this percentage, your age and the age of your survivor at your disability retirement date.

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

**Changing the Survivor Option.** You can name a new survivor or revert to the Basic Benefit if:

- Your survivor dies.
- Your survivor is your spouse and you divorce with fewer than 20 years of marriage.
- Your survivor is your spouse, you divorce after 20 or more years of marriage and your spouse dies, remarries or consents in writing to a change in benefit.
- You provide VRS written consent from your survivor giving up claim to a benefit along with proof of your survivor's good health.

**Note:** If you are divorced and VRS has an Approved Domestic Relations Order (ADRO) on file, your benefit must be paid as directed by the ADRO. For more information about attachments to retirement benefits, see Chapter 4—Receiving Disability Retirement and Deferred Compensation Plan Payments.

## Felony Conviction

If you are convicted of a felony and your employer determines that your conviction is related to your job duties, the employer must direct that all employer contributions and VRS-related benefits be forfeited. All member contributions will be refunded to you. Contact your human resource office for more information.

# 3

## Applying for Disability Retirement

Before You Apply

What Your Application Must Include

If Your Disability Retirement Application Is Denied

If You Are Eligible for Service Retirement

### BEFORE YOU APPLY

**When to apply.** You can apply for disability retirement from the first day of covered employment or within 90 days of your last day of employment. If you are on leave without pay, you have up to 24 consecutive months on leave without pay 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, even if it exceeds 24 months.

**Effective date of disability retirement.** The effective date of disability retirement is the first of the month. To begin receiving your benefit, you must have a bona fide break in service from all covered and non-covered employment of at least one full calendar month from this date. Your benefit will begin on the first of the month following your effective date of disability retirement. **Example:** If you retire on disability effective July 1, you will receive your first benefit payment on August 1 for the month of July.

**Note:** If your disability retirement application is still in process at the time you would have received your first retirement benefit payment, you will be paid retroactively if your application is approved.

**Spend time on your application.** Review the information in this chapter and on the disability retirement forms carefully, and ensure you have completed and attached all required information. Insufficient or missing information will delay the processing of your application and may even lead to your application being denied. For more information, see Medical Review in Chapter 1-Introduction to VRS Disability Retirement.

#### Do you need assistance with your application?

If you need help applying for disability retirement, your human resource office, a family member or someone authorized to act on your behalf, such as an agent named under a power of attorney or a legal guardian, may assist you. For more information, call VRS at 888-827-3847.

### WHAT YOUR APPLICATION MUST INCLUDE

The application and other related forms are available at [varetire.org/forms](http://varetire.org/forms). All forms are fillable, allowing you to select the form, complete it online and save a copy to your computer. You will then print a copy and sign it before faxing or mailing to VRS.

### VRS Power of Attorney

You can name someone to take actions on your behalf regarding VRS matters by submitting the VRS Power of Attorney (VRS-901). The form is available at [varetire.org](http://varetire.org). For more information, see Do You Have a Power of Attorney? in Chapter 1-Introduction to VRS Disability Retirement.

**Application for Disability Retirement (VRS-6).** On the VRS-6, you provide basic information, including the benefit payout option you wish to elect. You complete Parts A through D. If you are married or separated, your spouse must complete the spouse certification section and sign on or after the date you sign the application. In addition, be sure to sign the Informed Consent and Authorization form.

**Explanation of Disability (VRS-6A).** The VRS-6A allows you to provide additional information in support of your application and is required by the VRS Medical Board. The information on this form and supporting documentation include:

- Job duties and other outside activities you no longer can perform because of your disability.
- Whether you have been hospitalized or treated at a clinic for your condition.
- Contact information for all health care professionals you are seeing for your disability.

**Physician's Report (VRS-6B).** Each health care professional you list on the VRS-6A must complete the VRS-6B and attach all relevant objective medical evidence. Some medical records cannot be older than six months. It is your health care professional's responsibility to fully document and supply objective medical evidence related to your condition so that the VRS Medical Board has a clear understanding of how your condition affects your performance of your job duties. Results of an examination, test results or X-rays are examples of objective medical evidence. If VRS does not receive this information in a timely manner, your application could be delayed. If your health care professional does not provide the required medical information, you can request a copy of your medical records and submit the information to VRS. You will be responsible for any costs associated with collecting this information from your health care professional.

**Request for Income Tax Withholding (VRS-15).** Submit this form if you are applying for non-work-related disability retirement. If you are applying for work-related disability retirement, you will be asked to submit this form if you will be receiving the VRS formula amount. This form is not required if you will be receiving the work-related guaranteed benefit; as with workers' compensation benefits, this benefit is tax-exempt.

**Authorization for Direct Deposit of Monthly Benefit (VRS-57).** The VRS-57 authorizes VRS to deposit your monthly benefit electronically to the financial institution you designate on the form. Tape a voided check to this form before including it with your application.

**Other important steps:**

- Remember to review and update your beneficiaries. Register or log in to your myVRS account to name your beneficiaries. Or, you can request the Designation of Beneficiary (VRS-2) by calling VRS.
- Request for Estimate of Disability Retirement Benefits (VRS-6C) (optional). You or your employer can create a disability retirement estimate through myVRS instead of submitting this form.
- If you are a state employee, you are eligible to enroll in the State Retiree Health Benefits Program upon retirement. After VRS processes your disability retirement application, you will receive an email from the Department of Human Resource Management's Cardinal HCM system. The email will direct you to establish your account as a retiree in Cardinal and select your health insurance coverage within 31 days of your retirement date, or waive coverage. You can sign up at [my.cardinal.virginia.gov](https://my.cardinal.virginia.gov) starting 45 days before your retirement date; however, your election will not appear in your myVRS account until your retirement date, or next business day.

**Note:** If you defer retirement, you will not be eligible to enroll in the program; if you waive coverage, you will not be able to enroll at a later date unless you continue coverage through your spouse's plan. For more information, visit the Department of Human Resource Management website at [dhrm.virginia.gov](http://dhrm.virginia.gov). See also Chapter 5-Insurance in Retirement.

- If you are an employee of a school division or a political subdivision, contact your human resource office about retiree health insurance your employer may offer.
- If you are eligible for the health insurance credit upon retirement and VRS will be deducting your health insurance premiums, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. For any premiums VRS will not be deducting, or to report premium changes, you may log in to your myVRS account to manage your health insurance credit or you may submit a Request for Health Insurance Credit (VRS-45). Keeping your information current ensures you receive the proper credit amount and are not at risk of receiving an overpayment, which would require you to reimburse VRS. For more information, see Chapter 5-Insurance in Retirement.

## SUBMITTING YOUR APPLICATION

The application and all required documents can be mailed or faxed to VRS. If someone is acting on your behalf, a valid power of attorney or VRS Durable Power of Attorney (VRS-901) should be submitted with your application, especially if it is a life threatening condition, such as a terminal illness.

**Employer Information for Disability Application (VRS-6D).** Your employer must submit this form to VRS providing additional job information regarding your required duties at the time of your disability. Your employer must explain any physical requirements, such as walking, lifting, carrying or other job requirements that you cannot perform because of your disability. If your duties have been modified in any way, your employer must include this information as well.

Your employer will certify your disability retirement application online.

Based on the medical board's recommendation and VRS' decision, you will receive a letter from VRS at your mailing address approving or denying your disability retirement application. If your application is denied, you can appeal the decision, and the letter will explain the appeal process.

## DISABILITY REEXAMINATION

If requested by VRS, you will be required to provide updated medical information until your normal retirement age under your plan if you retire on disability (see "Service Retirement at a Glance" in this chapter). If you refuse to provide updated information, your benefits will stop until you comply. If you refuse to comply for six months following a request for reexamination or if VRS determines you are no longer disabled, your benefits will end.

## IF YOUR DISABILITY RETIREMENT APPLICATION IS DENIED

If your application is denied, you can appeal the decision within 90 days. The letter VRS sends to you denying the claim will explain the appeal process. Generally, an appeal will involve the following steps:

1. You can request another review of your application and submit any requested or additional medical information. This information will be sent back to the medical board.

**2.** If your application is denied again, you will have 30 days to file an appeal. Your case will be referred to an independent fact finder. An independent fact finder is an attorney in private practice with experience in reviewing disability cases. This individual does not represent you or VRS.

The independent fact finder will arrange an informal proceeding at a date agreeable to you at a location in your area. The purpose of the proceeding is to consider all current and any additional medical evidence you wish to provide. If you wish, you can hire your own attorney to represent you and to assist in gathering additional evidence in support of your application. A court reporter will be present to record the proceeding. Your employer is allowed to attend; if you have an attorney, he or she will be invited. You can also invite family members, co-workers, your health care professional or other witnesses to provide statements on your behalf. Once the proceeding ends, you cannot provide any additional medical evidence unless you and the independent fact finder agree to a deadline extension.

**3.** Any medical evidence you provide at the proceeding will be sent to the medical board. The medical board will review the additional information and recommend to VRS that your application be approved or denied. The medical board may request additional medical evidence or require you to undergo a functional capacity evaluation or an independent medical exam before submitting its recommendation to VRS. Immediately following the medical board's review, the independent fact finder will consider all evidence in support of your application and submit his or her recommendation to VRS.

**4.** Based on the recommendation of the independent fact finder and the medical board, VRS will make a final case decision to approve or deny your application. If it is denied, you can appeal the final case decision to the appropriate circuit court. The letter you receive from VRS on the final case decision will explain the steps involved in this process.

## IF YOU ARE ELIGIBLE FOR SERVICE RETIREMENT

If you are eligible for service retirement when you apply for disability retirement, it may be to your advantage to apply for both:

- If you apply for non-work-related disability retirement, VRS can also process your service retirement application. If your disability retirement application is denied, you can begin receiving a service retirement benefit, and it will continue even if you decide to appeal the denial.
- If you apply for work-related disability retirement, VRS cannot process your service retirement application while your disability retirement application is pending. However, if your disability retirement application is denied and all appeals are exhausted, the service retirement application will be processed and the retirement date and benefit payout option you elect on your service retirement application will be honored.

**Applying for service retirement.** Complete the Application for Service Retirement (VRS-5), you can choose to receive any of the four benefit payout options available. However, if you choose the Advance Pension Option or the Partial Lump Sum Option, VRS will pay a basic benefit to you while your disability retirement application is pending.

## SERVICE RETIREMENT PROVISIONS

See Service Retirement at a Glance on the next page for an overview of the retirement provisions under your plan. For additional details about Plan 1, Plan 2 and JRS, visit [varetire.org](http://varetire.org). For more information about applying for service retirement, see the *Getting Ready to Retire Guide for Plan 1 and Plan 2*, also available on the VRS website at [varetire.org](http://varetire.org).

## IS DISABILITY RETIREMENT YOUR BEST OPTION?

Even if you have a disability that is likely to be permanent, you do not have to retire on disability. If you qualify for service retirement, you may find this option would better meet your retirement needs, particularly if you qualify for the hazardous duty supplement, which is not payable to members who retire on disability.

Before submitting a disability retirement application, compare your estimated disability retirement benefit with your estimated service retirement benefit. Your human resource office can assist you with benefit estimates. You can also create benefit estimates through myVRS. To log in or create a secure online account, visit [myVRS.varetire.org](http://myVRS.varetire.org).

	VRS PLAN 1	VRS PLAN 2
<b>PROVISIONS</b>	Your membership date is before July 1, 2010, and you were vested (you had at least five years of service credit) as of January 1, 2013. Judges must have been appointed to an original term before January 1, 2014.	Your membership date is before July 1, 2010, and you were not vested (you had fewer than five years of service credit) as of January 1, 2013, or your membership date is between July 1, 2010, and December 31, 2013. Judges must have been elected to an original term before January 1, 2014.
<b>NORMAL RETIREMENT AGE</b>	VRS: Age 65	VRS: Normal Social Security retirement age
	SPORS, VaLORS and political subdivision hazardous duty employees: Age 60	
<b>EARLIEST UNREDUCED RETIREMENT ELIGIBILITY</b>	VRS: Age 65 with at least five years of service credit or age 50 with at least 30 years of service credit	VRS: Normal Social Security retirement age with at least five years of service credit or when age and service equal 90 <b>Example:</b> 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	
	JRS Plan 1, Plan 2 and Hybrid Retirement Plan: Age 65 with at least five years of service credit or age 60 with at least 30 years of service credit	



	<b>VRS PLAN 1</b>	<b>VRS PLAN 2</b>
<b>EARLIEST REDUCED RETIREMENT ELIGIBILITY</b>	VRS: Age 55 with at least five years of service credit or age 50 with at least 10 years of service credit	VRS: Age 60 with at least five years of service credit
<b>RETIREMENT MULTIPLIER</b>	SPORS, VaLORS and political subdivision hazardous duty employees: Age 50 with at least five years of service credit	
	VRS: 1.7%	VRS: 1.65% on service credit earned, purchased or granted on or after January 1, 2013, and 1.7% on service earned, purchased or granted before January 1, 2013
	SPORS, sheriffs and regional jail superintendents: 1.85%	
	VaLORS: 1.7% or 2.0%	VaLORS: 2.0%
	Political subdivision hazardous duty employees: 1.7% or 1.85%, depending on employer's selection  JRS Plan 1, Plan 2 and Hybrid Retirement Plan: <ul style="list-style-type: none"> <li>• If appointed prior to January 1, 2013: 1.7%</li> <li>• If appointed between January 1, 2013 and December 31, 2013: 1.7% on non-JRS service earned purchased or granted before the date of appointment and 1.65% on JRS service earned, purchased or granted on or after the date of appointment to the original term</li> <li>• If appointed on or after January 1, 2014: 1% on JRS service earned, purchased or granted on or after the date appointed. The multiplier for all service earned, purchased or granted before the date of appointment is retained.</li> </ul>	

# 4

## Receiving Disability Retirement and Deferred Compensation Plan Payments

Direct Deposit  
Cost-of-Living Adjustment (COLA)  
Social Security  
Taxes

If You Divorce  
myVRS  
Deferred Compensation Plan Options  
Working After Disability Retirement

### DIRECT DEPOSIT

Your disability retirement benefit will be deposited to the financial institution account you designate on your retirement application. 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. January is an exception. For tax purposes, VRS must issue the January payment on the first business day of the new year.

If the net amount of your benefit changes, you will receive a statement from VRS reflecting the new amount. If you change your financial institution, log in to your myVRS account to manage direct deposit online or submit an Authorization for Direct Deposit of Monthly Benefit (VRS-57) with the new account information. Do not close your old account until your direct deposit begins in your new account. You can verify your new deposit information through myVRS.

### COST-OF-LIVING ADJUSTMENT (COLA)

You receive cost-of-living adjustments (COLAs) to your retirement benefit to assist with rising costs. If you retire on disability, your COLA will go into effect on July 1 following one full calendar year (January 1 to December 31) from your retirement date.

The COLA is based on the annual monthly average of the Consumer Price Index for all Urban Consumers (CPI-U), published by the U.S. Bureau of Labor Statistics, and is updated each July 1.

The Bureau of Labor Statistics defines the CPI-U as a measure of the average change over time in the price paid by urban consumers for goods and services, such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.

**Under Plan 1:** The COLA is calculated using the first 3% increase in the CPI-U and half of any additional increase (up to 4%), for a maximum COLA of 5%. During years of no inflation or deflation, the COLA is 0%.

**Under Plan 2 and the JRS Hybrid Retirement Plan:** The COLA is calculated using the first 2% increase in the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. During years of no inflation or deflation, the COLA is 0%.

For the current COLA rate, visit [varetire.org](http://varetire.org).

## SOCIAL SECURITY

When you apply for disability retirement, you must apply for Social Security Disability benefits if you have not reached full retirement age (see chart). For more information, see Chapter 2-Calculating the Disability Retirement Benefit. For more information about Social Security, call the Social Security Administration toll-free at 800-772-1213, visit [ssa.gov](https://ssa.gov) or contact your local Social Security Administration office.

### Social Security Retirement Ages for Full Benefits

Year of Birth	Normal Retirement Age
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

When you retire, your retirement benefit payments will be subject to federal income taxes and, if you live in Virginia, state income taxes. Any after-tax member contributions in your benefit payment will not be taxed again. If you do not file a Request for Income Tax Withholding (VRS-15) 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. If you retire on work-related disability with the guaranteed benefit, your benefit will not be subject to income taxes. For more information, see "Taxes and the Work-Related Disability Retirement Benefit" in Chapter 2.

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 myVRS or submit a new VRS-15.

### 1099-R FORM

If you retire on non-work-related disability or on work-related disability with the VRS formula amount, 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.

- Total amount of federal income taxes and, if applicable, state income taxes withheld from your benefit during the previous year.
- Amount of your benefit that is not taxed, if any, as determined by the IRS.
- Total health insurance premiums for the previous year, less any health insurance credit reimbursements you receive. The health insurance credit is a non-taxable benefit and will not be included in your 1099-R. For more information about the health insurance credit, see Chapter 5-Insurance in Retirement.

If you retire on work-related disability with the guaranteed benefit, you will not receive a 1099-R because this benefit is tax-exempt. You will receive a letter from VRS annually providing information about your gross benefit payments, health insurance deductions and the health insurance credit, if applicable.

**Imputed income.** Imputed income is based on the cost of life insurance in excess of \$50,000, as determined by the 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 benefit exceeds \$50,000.

## IF YOU RETIRE AS A PUBLIC SAFETY OFFICER

The federal Healthcare Enhancement for Local Public Safety (HELPS) Retirees Act allows eligible retired public safety officers to exclude a certain amount per year from retirement income used for qualified health insurance premiums or long-term care insurance premiums. Premiums covering yourself as well as your spouse and dependent children may be eligible for this exclusion. You must claim the premiums on your tax return. The 1099-R reflects total taxable income without any adjustment for this benefit.

For more information, contact a tax advisor or the IRS toll-free at 800-829-1040 or [irs.gov](https://www.irs.gov).

## IF YOU DIVORCE

### APPROVED DOMESTIC RELATIONS ORDER (ADRO)

In the event of a divorce, all or a portion of your disability retirement benefit or defined contribution account(s) may be regarded as marital property in a property settlement. The *Code of Virginia* authorizes VRS to make a direct payment to a former spouse if he or she is awarded part of your benefit by the court. You must elect a retirement benefit option that is consistent with your ADRO on file with VRS. The court, not VRS, decides whether to divide your retirement benefit or defined contribution account(s) and how your benefits are to be divided, provided the order is in compliance with the provisions of the *Code of Virginia*. Provide your attorney with VRS' required preapproved ADRO forms for the defined benefit plans and defined contribution plans. The forms are available at [varetire.org/forms](https://varetire.org/forms).

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

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



Your myVRS account moves with you from active member to retiree. If you registered for myVRS while working, you may continue to use your myVRS member account username and password in retirement. Otherwise, you may set up an account after you retire. Visit [myVRS.varetire.org](https://myVRS.varetire.org).

### What Retirees Can Do in myVRS

- View your income tax withholdings and manage your withholdings online.
- View your monthly disability retirement benefit payment amount and benefit payment history.
- See when your benefit payment is deposited and confirm your financial institution account information.
- View your cost-of-living adjustment (COLA), retiree life insurance coverage amount, health insurance premium deductions and health insurance credit, if applicable.
- 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.

### SECURITY AND PRIVACY IN myVRS

VRS is committed to protecting the security and privacy of your information. You set up your own username and password, which you use each time you log in to myVRS. No one but you has access to your myVRS account; never give anyone your username and password.

VRS does not sell your information to anyone. Information is shared only with third-party administrators authorized to help coordinate benefits and services for VRS members, retirees and beneficiaries.

#### Tips to Protect Your Identity

- Do not close your browser to log out of myVRS. Always select Logout from the top right corner of the page.
- Never send personal or confidential information through email, even when you are logged in to your online account. VRS will send only non-confidential replies.
- Avoid using the same password for myVRS that you use to access other secure systems, such as your online bank account.
- Change your password regularly.
- Never use publicly shared computers to access secure systems.

### Questions?

Within myVRS you'll find the answers to frequently asked questions at the top of each page under Help.

Can't recall your account username or password? Click on the Forgot Username feature on the myVRS login page. In many cases, you can regain access to your account. If you get locked out of your account, call VRS toll-free at 888-827-3847. For additional questions, call VRS or email [myVRSonlineassistance@varetire.org](mailto:myVRSonlineassistance@varetire.org).

## DEFERRED COMPENSATION PLAN OPTIONS

If you participated in the Commonwealth of Virginia 457 Deferred Compensation Plan and the Virginia Cash Match Plan at retirement, the options for your account balance are:

- Leave your money in your account and continue to manage your investments. Your pretax account continues to be tax-deferred. If you have a Roth after-tax account, it can also remain in the plan. You continue to manage your investments. You cannot contribute to the Commonwealth of Virginia 457 Plan unless you return to salaried or wage employment with an employer that offers the plan.
- Use your 457 or cash match plan to consolidate your retirement funds from other qualified employer plans or Individual Retirement Accounts (IRAs).
- Request a payment (distribution) from your plan. A variety of distribution options are available.
- Roll over money from your 457 Plan or cash match account to another qualified employer plan or IRA.
- Purchase an annuity. Your plan offers an annuity product through MetLife.

There are advantages to keeping your money in the plan:

- The VRS defined contribution plans offer low administrative fees and investment options that are competitively priced compared to other investment options.
- If you leave tax-deferred funds in the plan, they remain tax-deferred and you continue to benefit from compound interest.
- You can continue to manage your investments.
- You can roll other accounts, such as traditional IRAs, into your 457 plan or cash match plan account.
- Defined contribution plans retirement specialists offer no-cost counseling to help you transition to retirement and beyond.

## DISTRIBUTIONS

A distribution is a payment from your defined contribution account. Distributions may begin following a bona fide break in service from your last day of employment. A bona fide break in service is a break of at least one full calendar month from your last day of employment that occurs during a period you normally would work. Leave with or without pay, summer breaks, intersession periods, educational leave and sabbaticals do not count toward satisfying this break in service.

You are required to take your first minimum distributions by April 1 of the calendar year following the later of: 1) the calendar year in which you reach age 73, or 2) the calendar year in which you terminate employment from the employer sponsoring your plan.

**Requesting a Distribution.** Log in to Account Access at [varetire.org/dcp-login](https://varetire.org/dcp-login) and select your Commonwealth of Virginia 457 Deferred Compensation Plan account to request a distribution. Separate requests are required for the Virginia Cash Match Plan, as well as any other defined contribution plans in which you participate.

For more information or to request a distribution by phone, contact MissionSquare Retirement at 877-327-5261, select option 1 and ask for a Participant Services Representative.

## WORKING AFTER DISABILITY RETIREMENT

If you take a position with any employer, including a VRS-participating employer, that requires the same or similar duties as those you performed before retiring on disability, your disability retirement benefits will end.

If you return to VRS-covered employment, your disability retirement benefits will end and you will become an active member. You will receive service credit for the period you were on disability retirement.

**Retiring Again.** You will be required to retire under service retirement when you retire again. If you wish to retire on disability, you must reapply by submitting all required disability retirement forms and documents. Your application will be evaluated under the medical review process based on the duties of your new position.

### NON-COVERED EMPLOYMENT

In some cases, you can work in a non-covered position with a VRS-participating employer and continue to receive your disability retirement benefits. The position cannot require the same or similar duties as those you performed before you retired on disability. You will need to notify VRS and submit a job description for review.

If you accept a non-covered position 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 benefits. Retirement is effective on the first of the month. The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers. If you do not take the break in service, your retirement is void and any benefit payments received will have to be repaid.

Your employer can make no verbal or written offer of reemployment before you retire. You must certify that no such pre-arrangement has been made on the Application for Disability Retirement (VRS-6). More information about working after retirement is available at [varetire.org/rtw](http://varetire.org/rtw).

### BEFORE ACCEPTING EMPLOYMENT

If you are considering employment after you retire on disability, contact VRS toll-free at 888-827-3847 to determine whether the position would disqualify you from continuing to receive your disability retirement benefits. Also, contact the Social Security Administration toll-free at 800-772-1213 or visit [ssa.gov](http://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 part-time position with a VRS-participating employer. Non-covered positions do not provide eligibility for benefits. Part-time positions typically require 80% or less of the hours of comparable full-time permanent positions. Some full-time positions may be considered non-covered if they are temporary and require 80% or less of the hours per year that would be considered full-time and permanent for that position.

# 5

## Insurance in Retirement

Group Life Insurance  
Retiree Health Insurance  
Health Insurance Credit  
Commonwealth of Virginia Voluntary Group  
Long Term Care Insurance Program

## GROUP LIFE INSURANCE

### BASIC GROUP LIFE INSURANCE COVERAGE

If you are covered under the VRS Group Life Insurance Program, some basic group life insurance benefits will continue after you retire on disability. Benefits include:

- Death benefit equal to your creditable compensation at retirement, rounded to the next highest thousand and then doubled. If you retire with 20 or more years of service credit, the death benefit will be based on your highest creditable compensation as a covered employee, even if your creditable compensation at retirement 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 proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.

The provisions for active members that allow for double the natural death benefit for accidental death and dismemberment end upon retirement.

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

If you retired from SPORS or VaLORS, or if you retired from a hazardous duty position in a political subdivision, your coverage will begin to reduce at age 65 if you are in Plan 1 or Social Security retirement age if you are in Plan 2. If you have at least 30 years of service credit, your coverage cannot reduce below an \$8,000 minimum established in 2015. This minimum will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation.

### More Information

For more information about group life insurance coverage while you are an active member, review the *Handbook for Members* for your plan available at [varetire.org/publications](http://varetire.org/publications).

VRS has contracted with Securian Financial as the third-party administrator for the VRS Group Life Insurance Program. For more information about your coverage as an active member or a retiree, call Securian Financial toll-free at 800-441-2258.



## THE VALUE OF YOUR LIFE INSURANCE

Reduction Timeline	Example
When you retire or defer retirement, your life insurance benefit is equal to your creditable compensation, rounded to the next highest thousand and then doubled.	You retire on July 1, 2024. Your creditable compensation at retirement is \$49,780; for your life insurance coverage, that amount is rounded to \$50,000, then doubled to equal \$100,000.
On January 1 following one calendar year from your normal retirement age (January through December), your life insurance coverage reduces 25%.	On January 1, 2026, your life insurance coverage reduces to \$75,000.
On January 1 following two calendar years from your normal retirement age (January through December), your life insurance coverage reduces another 25%.	On January 1, 2027, your life insurance coverage reduces to \$50,000.
On January 1 following three calendar years from your normal retirement age (January through December), your life insurance coverage reduces a final 25% and remains at that value for the rest of your retirement.	Your final reduction will be on January 1, 2028, and your coverage will remain at \$25,000* for the rest of your retirement.

\* The final amount of insurance will vary according to your creditable compensation when leaving employment.

## DESIGNATING A BENEFICIARY

You can designate or change your beneficiary for life insurance benefits as well as member contributions and interest while you are an active member or after you retire on disability. Register or log in to your myVRS account to name or update beneficiaries. You will not receive a copy or confirmation of receipt.

### Who Can Be a Beneficiary?

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

### Primary and Contingent Beneficiaries

- You can name more than one primary beneficiary to share in life insurance benefits and any funds remaining in your member contribution account upon your death, or a different primary beneficiary for each benefit.
- You can name a contingent beneficiary or beneficiaries. If your primary beneficiary or beneficiaries are deceased at the time of your death, your contingent beneficiary or beneficiaries will receive benefit payments according to your designation.

## Changing Your Beneficiary

VRS is required by law to pay benefits according to the latest beneficiary designation in your member record. Review your beneficiary designation after a personal milestone, such as a change in marital status, the birth or adoption of a child or as you near retirement. Register or log in to your myVRS account to name or update beneficiaries. If not available in myVRS, you can request your current designation information from Securian Financial by calling 800-441-2258. Neither Securian nor VRS can provide this information over the phone. It will be mailed to you.

## Beneficiary Designation for the Deferred Compensation Plan

Your beneficiary designations in myVRS only apply to beneficiary payments of your member contributions and interest and life insurance benefits. If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, designate your beneficiaries in Account Access at [varetire.org/dcp-login](http://varetire.org/dcp-login).

## If There Is No Beneficiary Designation

If there is no valid beneficiary designation on file, or your primary beneficiary or beneficiaries are deceased at the time of your death and there is no contingent beneficiary or beneficiaries, VRS will pay benefits according to the following order of precedence, as required by law:

### ORDER OF PRECEDENCE

- First, to the spouse of the member.
- Second, if no surviving spouse, to the children of the member and descendants of deceased children, per stirpes.
- Third, if none of the above, to the parents of the member.
- Fourth, if none of the above, to the duly appointed executor or administrator of the estate of the member.
- Fifth, if none of the above, to other next of kin of the member entitled under the laws of the domicile of the member at the time of his death.

**Note:** Your myVRS account allows you to elect the order of precedence instead of designating a beneficiary.

## OPTIONAL GROUP LIFE INSURANCE

If you are enrolled in the Optional Group Life Insurance Program and meet the qualifications for retirement, you may continue a portion of your coverage upon leaving employment. You as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your disability retirement. The accidental death benefit and dismemberment coverage end upon retirement. The value of your VRS optional life insurance reduces by 25% beginning with your normal retirement age under your plan, with additional reductions occurring at ages 70 and 75. All coverage ends at age 80. The maximum amount of optional group life insurance in retirement is \$300,000. You must elect to continue your coverage within 31 days of the last day of the month in which you leave your position by submitting the Retiree Optional Life Continuation (VRS-39R) to Securian Financial. This option is not available after 31 days.

You as well as your spouse and dependent children, if enrolled, can convert your coverage to an individual policy. You will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-35) to Securian Financial within 31 days of the last day of the month in which you leave your position. This option is not available after 31 days. Forms are available at [varetire.org/forms](https://varetire.org/forms).

## ADDITIONAL INFORMATION ABOUT YOUR COVERAGE

**Irrevocable assignment.** You own your rights in your group life insurance coverage. You may transfer these ownership rights to another living person or entity. However, this is **an irrevocable assignment**, meaning you cannot change it once it is made. Before making an irrevocable assignment, contact a legal advisor or Securian Financial toll-free at 800-441-2258 for assistance. Depending on your circumstances, you may want to consider the accelerated death benefit. Under this benefit, 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.

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

**Imputed income taxes.** Imputed income is based on the cost of life insurance in excess of \$50,000, as determined by the Internal Revenue Service (IRS). When you retire, VRS will deduct FICA taxes and report taxable or imputed income for as long as your group life insurance benefit exceeds \$50,000. For more information about income taxes and imputed income, see Chapter 4- Receiving Disability Retirement and Deferred Compensation Plan Payments.

**Child support liens.** The Department of Social Services may file child support liens against monthly retirement benefits or proceeds payable under the Group Life Insurance Program. VRS is required to pay a portion of your monthly retirement benefit or, at your death, life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations.

## In the Event of Your Death After You Retire

Your beneficiary or survivor should call Securian Financial toll-free at 800-441-2258 as soon as possible. Securian Financial can initiate all VRS benefit claims, including life insurance claims, and will provide information to VRS for processing any benefits due. For more information, see *Losing a Loved One: Guide for Families* available at [varetire.org](https://varetire.org).

## RETIREE HEALTH INSURANCE

### STATE EMPLOYEES

If you retire on disability, you can enroll in the State Retiree Health Benefits Program administered by the Department of Human Resource Management (DHRM). You may also enroll your spouse and/or dependent children. After VRS processes your retirement application, you will receive an email from DHRM's Cardinal HCM system. The email will direct you to establish your account as a retiree in Cardinal and select your health insurance coverage within 31 days of your retirement date or waive coverage. You can sign up at [my.cardinal.virginia.gov](https://my.cardinal.virginia.gov) starting 45 days before your retirement date; however, your election will not appear in your myVRS account until your retirement date, or next business day. Note that if you defer retirement, you will not be eligible to enroll in the program; if you

waive coverage, you will not be able to enroll at a later date unless you continue coverage through your spouse's plan.

If you elect this coverage, VRS will deduct the health insurance premiums from your monthly benefit payment. If your benefit is not sufficient to cover the deduction, the health insurance carrier will bill you directly for the premiums. For more information about the program, visit the DHRM website at [dhrm.virginia.gov](http://dhrm.virginia.gov).

**Enrollment options for your survivors.** If you enroll in the State Retiree Health Benefits Program, you can also enroll your spouse and/or dependent children. If you elect the Survivor Option at retirement and your spouse and/or dependent children are not enrolled, they may enroll upon your death. If you elect another benefit payout option and your spouse and/or dependent children are enrolled at the time of your death, they may elect to continue their coverage.

Your survivors must submit a State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (A10601) within 60 days of your death. This option is not available after 60 days.

**Canceling coverage.** You can cancel your coverage at any time after you retire by logging in to [my.cardinal.virginia.gov](http://my.cardinal.virginia.gov) or sending a written request to VRS. Canceling your coverage also cancels coverage for your spouse and/or dependent children, if enrolled. Once you cancel coverage, you are not eligible to re-enroll in the program. However, you can be covered as a dependent of an active state employee or a state retiree who enrolls you in the program, or if you return to work and retire again as a state employee. In the latter case, you will have 31 days from your subsequent retirement date to elect coverage.

## MEDICARE BENEFITS

Medicare is a federal government-sponsored health insurance program. You become eligible for Medicare when you reach age 65. Medicare includes coverage for hospital care (Part A) at no cost to you and medical care (Part B), for which you pay a monthly premium. You may also elect coverage under the prescription drug plan (Part D). You should apply for Medicare at least three months before your 65th birthday.

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

## RETIRING FROM A SCHOOL DIVISION OR A POLITICAL SUBDIVISION

If you are an employee of a school division or a political subdivision, your employer may offer retiree health insurance coverage. Contact your human resource office for more information.

## HEALTH INSURANCE CREDIT

If you retire on disability, you may be eligible for the health insurance credit. This is a tax-free benefit that assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents. The health insurance credit is a dollar amount set by the General Assembly for each year of service credit, as shown below, not to exceed the individual premium amount. The health insurance credit is applied to your retirement benefit payment. If you do not receive a monthly benefit, VRS will reimburse you for the amount. The credit ends upon your death.

## HEALTH INSURANCE CREDIT DOLLAR AMOUNTS

Eligible Employees	Disability Retiree Amount (per month)	Maximum Credit (per month)
State employees	\$120 or \$4 per year of service, whichever is greater	No maximum
Teachers	\$4 x the smaller of (a) twice the amount of service credit or (b) the amount of service that would have been earned had the member remained an active employee until age 60	No maximum
General registrars and their employees; constitutional officers and their employees; local social service employees	\$45	\$45
General registrars and their employees; constitutional officers and their employees; local social service employees if political subdivision elects \$1 enhancement	\$75	\$75
Non-teacher school division employees	\$1.50 x the smaller of (a) twice the amount of service credit or (b) the amount of service that would have been earned had the member remained an active employee until age 60	No maximum
Non-teacher school division employees, if the school division has elected the \$1 enhancement	\$2.50 x the smaller of (a) twice the amount of service credit or (b) the amount of service that would have been earned had the member remained an active employee until age 60	No maximum
Other political subdivision employees as elected by the employer	\$45	\$45

## QUALIFYING HEALTH PLANS

- Individual health plans.
- Coverage as a dependent on a spouse's plan.
- Employer-sponsored health plans, including the State Retiree Health Benefits Program.
- Medicare Part B.
- Dental and vision plans.
- Prescription drug plans, including Medicare Part D.
- Long-term care insurance contracts.
- Long-term disability insurance.
- Hospital or accident indemnity policies.
- Supplemental policies for cancer or other specific illnesses.
- Medical discount programs.

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

- Health care sharing ministries or cooperatives.
- Direct primary care arrangements such as concierge medicine.
- Life insurance.

## APPLYING FOR THE HEALTH INSURANCE CREDIT

If you are eligible for the health insurance credit and VRS will be deducting your health insurance premiums from your disability retirement benefit, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. If VRS is not deducting your health insurance premium or you have eligible health insurance coverage in addition to your employer-sponsored coverage, register or log in to your myVRS account to manage your health insurance credit online, or complete and send the Request for Health Insurance Credit (VRS-45) to VRS. The form is available at [varetire.org/forms](https://varetire.org/forms).

## KEEP VRS UPDATED ON PREMIUM CHANGES

Keeping your information current ensures you receive the proper credit amount and are not at risk for receiving an overpayment, which would require you to reimburse VRS. For any premiums VRS will not be deducting, report a change or cancellation by logging in to myVRS or submitting a new Request for Health Insurance Credit (VRS-45) to VRS.

## COMMONWEALTH OF VIRGINIA VOLUNTARY GROUP LONG TERM CARE INSURANCE PROGRAM

If you are enrolled in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program when you retire, you can continue your coverage through Genworth Life Insurance Co., the insurer. You will pay the premiums directly to Genworth. If you are not enrolled, you can apply as a retiree, provided you are age 75 or under. Your employer is not required to have elected the program. Medical underwriting (proof of good health) will be required. For more information, contact Genworth toll-free at 866-859-6060 or visit [genworth.com/cov](https://genworth.com/cov).

# 6

## Frequently Used Terms

### **Active Member**

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You are an active member if you are working in a covered position with an employer that participates in the Virginia Retirement System (VRS) or are covered under an optional retirement plan administered by VRS. Covered employment is a full-time, salaried position. Some part-time permanent, salaried positions also are covered under VRS.

### **Active Service**

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

### **Approved Domestic Relations Order**

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An Approved Domestic Relations Order (ADRO) is a court order related to marital property rights as a result of a divorce. If you divorce, all or a portion of your VRS benefits or defined contribution account(s) may be regarded as marital property in a property settlement.

### **Average Final Compensation**

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Under Plan 1, average final compensation is the average of your 36 consecutive months of highest creditable compensation as a covered employee. Under Plan 2 and the JRS Hybrid Retirement Plan, average final compensation is the average of your 60 consecutive months of highest creditable compensation as a covered employee. Average final compensation is one of the factors used to calculate your retirement benefit.

### **Basic Benefit**

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The Basic Benefit is calculated based on your average final compensation at retirement and whether you retire on non-work-related or work-related disability. You can elect the Basic Benefit or the Survivor Option if you apply for disability retirement.

### **Beneficiary**

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Your named beneficiary is eligible for a payment of any funds remaining in your member contribution account and any life insurance benefits you may have upon your death. Register or log in to your myVRS account to name or update beneficiaries.

### **Benefit Payout Option**

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When you apply for disability retirement, you elect how you want to receive your benefit. The options under disability retirement are the Basic Benefit and the Survivor Option. The option you elect is irrevocable. That means you cannot change it once you retire, with the exception of the Survivor Option under some conditions.

**Bona Fide Break In Service**

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A bona fide break in service is a break of at least one full calendar month from your last day of employment or retirement date. This break must occur over a period you normally would work. Periods of leave with or without pay do not count toward satisfying this break in service.

**Child Support Liens**

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The Department of Social Services may file child support liens against monthly retirement benefits or proceeds payable under the Group Life Insurance Program. VRS is required to pay a portion of your monthly retirement benefit or, at your death, life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations.

**Chronic Condition**

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A chronic condition exists over a prolonged period of time and is not expected to improve. If you have a chronic condition that worsens to the point that you no longer can perform your job duties, you may be eligible for VRS disability retirement.

**Cognitive Disability**

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A cognitive disability is a loss or deterioration in intellectual capacity.

**Consumer Price Index for All Urban Consumers**

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The cost-of-living adjustment (COLA) is based on the annual monthly average of the Consumer Price Index for all Urban Consumers (CPI-U) published by the U.S. Bureau of Labor Statistics. The Bureau of Labor Statistics defines the CPI-U as a measure of the average change over time in the prices paid by urban consumers for goods and services, such as food, housing, apparel, transportation, medical care, recreation, education, communication and other goods and services.

**Cost-of-Living Adjustment (COLA)**

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You receive cost-of-living adjustments (COLAs) to your retirement benefit to assist with rising costs. The COLA is based on the annual monthly average of the Consumer Price Index for all Urban Consumers (CPI-U), published by the U.S. Bureau of Labor Statistics, and is updated each July 1. During years of no inflation or deflation, the COLA will be 0%.

**Covered Employment**

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Covered employment is a full-time permanent, salaried position with an employer that participates in VRS. Some part-time permanent, salaried state positions are also covered under VRS.



### **Creditable Compensation**

Creditable compensation is your current annual base salary excluding overtime; extraordinary pay; bonus pay; housing and moving expenses; mobile device and internet costs; vehicle allowances; termination pay for leave; non-permanent shift differentials; payments of a temporary nature including but not limited to acting pay (if not permanently confirmed for the position); or payments for extra duties, such as pay for teachers who serve as coaches. Your election to defer salary to a deferred compensation plan, such as a 403(b), a 457(b) or a 125 plan, may only be included in creditable compensation if you voluntarily elect the deferral, the deferral is not conditional or performance based, and the deferral would otherwise be included in your gross income. Other exclusions apply.

### **Death-in-Service Benefit**

If you die while you are an active member ("in service"), your beneficiary may be eligible for a death-in-service benefit in addition to any life insurance benefits you may have.

### **Deferred Member**

You are considered a deferred member if you have left covered employment but have not withdrawn your funds and have service credit in VRS or are maintaining an account balance in a Virginia optional retirement plan. You are not eligible to retire on disability if you defer retirement.

### **Employer Contribution**

Your employer makes a separate contribution to VRS toward funding current and future benefits for its covered employees. Members are not eligible for a refund of the separate employer contribution.

### **Form 1099-R**

If you retire on non-work-related disability or work-related disability under the VRS formula amount, you will receive a 1099-R from VRS each January for the previous year's benefit payments and tax withholding. You will file this form with your income tax returns. You will not receive a 1099-R if you retire on work-related disability with the guaranteed benefit; this benefit is tax-exempt.

### **Full-Time Employment**

Full-time employment is typically 40 hours a week. Thirty-two hours a week is considered the minimum number for full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.

### **Imputed Income**

Imputed income is based on the cost of life insurance in excess of \$50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes and reflected in the W-2 you receive from your employer. If you retire on disability, VRS will deduct FICA taxes and report taxable or imputed income for as long as your group life insurance benefit exceeds \$50,000.

**Irrevocable Assignment**

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Irrevocable assignment means assigning your ownership rights in your life insurance coverage to another person or entity, such as an eligible trust or charity. You cannot change this assignment once it is made.

**JRS Hybrid Retirement Plan**

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You are covered under JRS Hybrid Retirement Plan if you were appointed or elected to an original term on or after January 1, 2014, regardless if vested in VRS Plan 1 or VRS Plan 2.

**Member Contributions**

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You contribute 5% of your compensation each month to your member contribution account on a pretax basis. The *Code of Virginia* does not allow VRS members to borrow or withdraw funds from their member contribution accounts.

**Membership Date**

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Membership is based on the date you are first reported to VRS in a covered position. If you have previous VRS service but took a refund, your membership is the date you return to covered employment.

**Non-Covered Employment**

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Non-covered employment is a part-time position with a VRS participating employer. Non-covered positions do not provide eligibility for benefits. Part-time positions typically require 80% or less of the hours of comparable full-time permanent positions. Some full-time positions may be considered non-covered if they are temporary and require 80% or less of the hours per year that would be considered full-time and permanent for that position. Note that some part-time permanent salaried state positions are covered under VRS.

**Order of Precedence**

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If there is no valid beneficiary designation on file or your beneficiary is deceased at the time of your death, VRS is required by law to pay benefits according to an order of precedence. You designate a beneficiary through your myVRS account. You can elect the order of precedence in myVRS instead of naming a beneficiary.

**Part-Time Employment**

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Part-time employment is typically less than 80% of full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.

**Plan 1**

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You are covered under Plan 1 if your membership date is prior to July 1, 2010, and you were vested before January 1, 2013, and have not taken a refund. You are covered under Optional Retirement Plan 1 if you have an ORP membership date before July 1, 2010. If you have a pre-July 1, 2010, ORP account balance and moved to a defined benefit plan, you must have any combination of VRS service credit and/or ORP participation that totals five years as of January 1, 2013, to be considered a Plan 1 member.

## **Plan 2**

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

## **Plan Provisions**

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Plan provisions are the requirements that govern the plans or programs under which you are covered based on your current position and years of service.

## **Power of Attorney**

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Under a power of attorney, you can name someone as your agent to take actions on your behalf and in accordance with your wishes if you no longer can take care of your own affairs. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901).

## **Prior Service Credit**

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Eligible prior service includes public service, active duty military service, certain types of leave and VRS refunded service. If you have prior service, you may be eligible to purchase this service as credit in your plan. Prior service credit counts toward vesting, eligibility for retirement and eligibility for the health insurance credit, if offered by your employer.

## **Refund**

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A refund is a lump-sum payment of your defined benefit member contribution account balance. If you leave covered employment, you can request a refund. You will receive a full or partial refund based on whether or not you are vested or involuntarily separated from employment for causes other than job performance or misconduct. Taking a refund cancels your membership and eligibility for any future benefits. If you take a refund and then return to covered employment, you will be rehired under the current applicable plan.

## **Required Minimum Distribution**

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If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, a required minimum distribution will begin if you have not arranged to receive payments from your account by April 1 following the calendar year in which you turn age 73, or when you leave a position with an employer providing the plan, whichever is later.

## **Retiree**

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You are a retiree if you are no longer employed in a covered position and are receiving a monthly service or disability retirement benefit from VRS.

## **Retirement Date**

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The effective date of retirement is the first of the month.

**Retirement Multiplier**

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The retirement benefit for members who retire on disability under the VRS formula amount is based on a multiplier of 1.7% for Plan 1 members and a multiplier of 1.65% for Plan 2 members.

**Rollover**

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A rollover is a contribution of a pretax lump-sum payment, such as a refund, to an Individual Retirement Account (IRA) or another qualified plan. A rollover allows you to defer income taxes until you receive a payment from your plan.

**Service Credit**

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

**Survivor Option**

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The Survivor Option is one of the available retirement benefit payout options when you apply for disability retirement. Under the Survivor Option, you elect to continue a lifetime monthly benefit to a survivor upon your death. This option reduces your monthly benefit. You can name any living person as your survivor; you can also name more than one survivor.

**Vesting**

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You become vested in VRS when you have at least five years (60 months) of service credit. Vesting is the minimum length of service needed to qualify for a service retirement benefit, if you meet the age and service requirements for your plan, or to receive any contributions made by your employer to your member contribution account after July 1, 2010, should you leave covered employment and request a refund. You are not required to be vested to be considered for disability retirement.

## ABOUT VRS

**Plan:** The Virginia Retirement System (VRS) is administered based on the plan year July 1 to June 30. VRS is governed by the provisions of Title 51.1 of the *Code of Virginia* and other applicable law. Changes to the law can be made only by an act of the General Assembly.

**Administration:** VRS is an independent state agency. As provided under the *Constitution of Virginia*, VRS funds are separate from other state funds and can be used only to administer and pay benefits for members, retirees and beneficiaries. The Board of Trustees administers and is trustee of the funds of the Virginia Retirement System Trust, including Plan 1, Plan 2, the defined benefit component of the Hybrid Retirement Plan, and Plan 1 and Plan 2 hazardous duty benefits for political subdivision employees; the State Police Officers' Retirement System Trust, including Plan 1 and Plan 2; the Virginia Law Officers' Retirement System Trust, including Plan 1 and Plan 2; the Judicial Retirement System Trust, including Plan 1 and Plan 2, and the defined benefit component of the Hybrid Retirement Plan for judges; the Virginia Sickness and Disability Program (VSDP) Trust for state employees, including VSDP long-term care; the Virginia Local Disability Program (VLDP) Trust for eligible school division and political subdivision employees, including VLDP long-term care; a disability retirement option for certain members not covered under VSDP or VLDP; the Hybrid 457 Deferred Compensation Plan; the Hybrid 401(a) Cash Match Plan; the Optional Retirement Plan for Political Appointees, the Optional Retirement Plan for School Superintendents, the Optional Retirement Plan for Employees of Higher Education; the Commonwealth of Virginia 457 Deferred Compensation Plan; the Virginia Cash Match Plan; the Virginia Supplemental Retirement Plan; the Group Life Insurance Program; the Retiree Health Insurance Credit Program; and the Line of Duty Death and Health Benefits Trust Fund.

In addition, the Board administers or has substantial oversight responsibilities for the Benefit Restoration Plan, the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program, and the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund Program, as well as benefit eligibility determinations under the Line of Duty Act in Title 9.1 of the *Code of Virginia*.

Nine members serve on the VRS Board of Trustees. Their appointment is shared between the executive and legislative branches of state government. The Governor appoints five members, including the chairman. The Joint Rules Committee of the Virginia General Assembly appoints four members. The General Assembly confirms all appointments. Of the nine Board members, four must be investment experts; one must be experienced in employee benefit plans; one must be a local government employee; one must be an employee of a Virginia public institution of higher education; one must be a state employee; and one must be a public school teacher. The public employee members may be active or retired.

The Board appoints the director of the Virginia Retirement System, who serves as chief administrative officer, as well as the chief investment officer and the internal audit director.

Visit [varetire.org/about](https://varetire.org/about) for a current listing of VRS executive staff and the individual members who serve on the Board of Trustees.

**Employees Eligible for Membership:** Membership in VRS is automatic with employment in a covered position. Covered employment is a full-time permanent, salaried position with a VRS-participating employer. Some part-time permanent, salaried state positions are also covered under VRS. Participating employers include state agencies, public colleges and universities, local public school divisions and political subdivisions that have elected to participate in VRS.

**VRS' Relationship With Employers:** VRS administers benefits on behalf of employers that participate in VRS. Employers are not agents of VRS nor do they act at the direction of VRS. A list of participating employers is available at [varetire.org](https://varetire.org).

## WANT TO LEARN MORE ABOUT YOUR VRS BENEFITS?

Meet with a counselor at the VRS Retirement Counseling Center at 1111 East Main Street, Richmond, VA 23219. Sessions are held on a first-come, first-served basis with limited scheduled appointments available. The hours are 8:30 a.m.–4 p.m., Tuesday and Wednesday. Go to [varetire.org](https://varetire.org) for directions to the center and the parking deck; the first hour of parking is free. You can also schedule a virtual one-on-one counseling appointment at [varetire.org/education](https://varetire.org/education).

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





Virginia Retirement System  
1200 East Main Street • P.O. Box 2500  
Richmond, VA 23218-2500

[varetire.org](http://varetire.org)

888-827-3847

TDD: 804-289-5919

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