



# Getting Ready to Retire

GUIDE FOR MEMBERS IN  
VRS PLAN 1, PLAN 2 AND  
THE HYBRID RETIREMENT PLAN



# Getting Ready to Retire

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AND THE HYBRID RETIREMENT PLAN\*

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**HELPING YOU PLAN  
FOR TOMORROW,  
TODAY**

*\* This guide does not apply to members of the  
Judicial Retirement System. See the Judicial Retirement  
System member handbook, and also contact VRS  
or your employer for additional assistance.*



## GETTING READY TO RETIRE

### CONTACT VRS

#### PLAN 1 & PLAN 2

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

[member-info@varetire.org](mailto:member-info@varetire.org)

Toll-free: 888-827-3847

TDD: 804-289-5919

#### HYBRID RETIREMENT PLAN

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

[vrshybridsupport@varetire.org](mailto:vrshybridsupport@varetire.org)

Toll-free: 855-291-2285

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

### CONTACT MISSIONSQUARE RETIREMENT

Record keeper for the VRS defined contribution plans (DCP) and the defined contribution component of the Hybrid Retirement Plan

#### Log in to Account Access to send a secure message:

[varetire.org/dcp-login](http://varetire.org/dcp-login)

Toll-free: 877-327-5261

#### DCP – Virginia Service Center

951 E. Byrd Street, Suite 530

Richmond, VA 23219

#### Mailing Address

777 N. Capitol Street NE, Suite 600

Washington, DC 20002

### VRS MISSION

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

**Note:** The information contained in this document is governed by Title 51.1 of the *Code of Virginia* 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.

## ADDITIONAL CONTACTS

- Anthem Blue Cross/Blue Shield (state employees): 800-552-2682; [anthem.com/cova](https://www.anthem.com/cova)
- Commonwealth of Virginia 457 Deferred Compensation Plan: 877-327-5261 (VRS-DC-PLAN1); [varetire.org/457](https://www.varetire.org/457)
- Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program: Genworth Life, 866-859-6060; [genworth.com/cov](https://www.genworth.com/cov)
- Federal Public Safety Officers' Benefits Act: 888-744-6513; [psob.gov](https://www.psob.gov)
- Group Life Insurance Program: Securian Financial, 800-441-2258
- Internal Revenue Service: 800-829-1040; [irs.gov](https://www.irs.gov)
- Medicare: 800-MEDICARE (800-633-4227); [medicare.gov](https://www.medicare.gov)
- Social Security Administration: 800-772-1213; [ssa.gov](https://www.ssa.gov)
- Virginia Department of Human Resource Management (state employees): [dhrm.virginia.gov](https://www.dhrm.virginia.gov)
- Virginia Department of Taxation: 804-367-8031; [tax.virginia.gov](https://www.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](https://www.valoda.org)
  - Health Benefits Plans: Department of Human Resource Management  
[loda@dhrm.varetire.org](mailto:loda@dhrm.varetire.org)  
[dhrm.virginia.gov/healthcoverage/loda-health-benefits](https://www.dhrm.virginia.gov/healthcoverage/loda-health-benefits)
- Virginia Local Disability Program (VLDP) for School Division and Political Subdivision Employees, if provided by your employer: Reed Group, 877-928-7021; [reedgroup.com/vldp-claims](https://www.reedgroup.com/vldp-claims); VLDP Long-Term Care Plan: illumifin Corp., 800-761-4057
- Virginia Sickness and Disability Program (VSDP) for state employees: Reed Group, 877-928-7021; [reedgroup.com/vsdp-claims](https://www.reedgroup.com/vsdp-claims); VSDP Long-Term Care Plan: illumifin Corp., 800-761-4057
- Virginia Workers' Compensation Commission: 877-664-2566; [workcomp.virginia.gov](https://www.workcomp.virginia.gov)

# TABLE OF CONTENTS

## 1. ABOUT YOUR RETIREMENT

Getting Ready to Retire	5
Verifying Your Retirement Plan	5
Retirement Eligibility	6
Deferring Retirement	8
Benefit Payout Options	8
Purchase of Prior Service	12

## 2. PLANNING RESOURCES

myVRS	14
Defined Contribution Account Access	16
Member Education and Retirement Counseling	16
Certified Financial Planning Services	17

## 3. APPLYING FOR RETIREMENT

Completing Your Application	18
Other Important Steps	19
Your Defined Contribution Plans at Retirement	20

## 4. BENEFITS IN RETIREMENT

Time-Sensitive Benefit Options	22
Group Life Insurance	22
Health Insurance in Retirement	24
Health Insurance Credit	25
Long-Term Care Coverage	26
Hazardous Duty Supplement	26

## 5. AFTER RETIREMENT

myVRS for Retirees	27
Cost-of-Living Adjustments	27
Social Security	28
Taxes	29
If You Divorce	30
Working After Retirement	30
Retiree Handbook	32

## 6. ABOUT VRS

34

# 1

## About Your Retirement

Getting Ready to Retire  
Verifying Your Retirement Plan  
Retirement Eligibility

Deferring Retirement  
Benefit Payout Options  
Purchase of Prior Service

## GETTING READY TO RETIRE

Applying for retirement is an exciting step. It's the culmination of years of service and signals your readiness for life beyond your career. As you think about your future and prepare yourself for retirement, use this guide to verify your eligibility, explore your benefit payout options and learn about all of your additional benefits in retirement. Visiting myVRS ([myVRS.varetire.org](https://myVRS.varetire.org)) is an essential part of the retirement process, with planning and retirement management resources available to all VRS members and an online retirement application process available for most members.

## VERIFYING YOUR RETIREMENT PLAN

Before you apply for retirement, take a moment to confirm your VRS retirement plan.

**Plan 1.** 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.

**Plan 2.** 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.

If you are a member covered under the Virginia Law Officers' Retirement System, the State Police Officers' Retirement System or VRS with enhanced hazardous duty benefits or the hazardous duty alternate option, you are in Plan 2 if your membership date is on or after July 1, 2010.

Members in Plan 1 and Plan 2 are in a defined benefit plan and receive a lifetime monthly benefit in retirement based on age, total service credit and average final compensation. Your benefit is funded through member and employer contributions to VRS, which are invested over your career. VRS holds these funds in a trust protected by the *Constitution of Virginia*. This trust may be used only to pay benefits for VRS members, retirees and beneficiaries.

**Hybrid Retirement Plan.** You are covered under the VRS Hybrid Retirement Plan if your membership date is on or after January 1, 2014, and you are:

- A full-time permanent, salaried state employee.
- A full-time permanent, salaried teacher or administrative employee of a Virginia public school division.
- A full-time permanent, salaried employee of a VRS-participating political subdivision (city, county, town, authority, commission), excluding those eligible for hazardous duty benefits.
- A local law enforcement officer, firefighter or emergency medical technician whose employer does not provide enhanced hazardous duty benefits or the hazardous duty alternate option.
- An employee who elected the Hybrid Retirement Plan instead of an optional retirement plan (ORP) authorized or administered by VRS.

## COMPONENTS OF THE HYBRID RETIREMENT PLAN

**Defined benefit component:** Providing the foundation of your future retirement benefit. VRS manages the investments and related risk for this component.

**Defined contribution component:** Providing you tax-deferred savings to build on your benefit under the defined benefit component. Contributions consist of mandatory and voluntary contributions made by you and your employer. You manage the investments and related risk for this component.

Hybrid plan members receive a lifetime monthly benefit for the defined benefit component of your plan. Your defined contribution component benefit depends on your contributions and your employer's contributions to your account and their investment performance.

For detailed information about your plan, refer to the *Handbook for Members* for your plan available at [varetire.org/publications](http://varetire.org/publications).

## 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 also are covered under VRS.

## RETIREMENT ELIGIBILITY

### VESTING

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

If you are in the Hybrid Retirement Plan, you become vested immediately in all the contributions you make to the defined contribution component. Upon retirement or leaving covered employment, you are eligible to withdraw a percentage of employer contributions:

- After two years of service, you are 50% vested and may withdraw 50% of employer contributions.
- After three years of service, you are 75% vested and may withdraw 75% of employer contributions.
- After four or more years of service, you are 100% vested and may withdraw 100% of employer contributions.

## UNREDUCED AND REDUCED RETIREMENT

	<b>Reduced Retirement Eligibility</b>	<b>Unreduced Retirement Eligibility</b>
<b>VRS Plan 1</b>	Age 55 with at least five years (60 months) of service credit or age 50 with at least 10 years of service credit.	Age 65 with at least five years (60 months) of service credit or at age 50 with at least 30 years of service credit.
<b>VRS Plan 2</b>	Age 60 with at least five years (60 months) of service credit.	Normal Social Security retirement age with at least five years (60 months) of service credit or when your age and service equal 90. <b>Example:</b> Age 60 with 30 years of service credit.
<b>SPORS, VaLORS and eligible political subdivision hazardous duty employees</b>	Age 50 with at least five years (60 months) of service credit.	Age 60 with at least five years (60 months) of service credit or at age 50 with at least 25 years of service credit.
<b>Hybrid Retirement Plan (Defined Benefit Component)</b>	Age 60 with at least five years (60 months) of service credit.	Normal Social Security retirement age with at least five years (60 months) of service credit or when your age and service equal 90. <b>Example:</b> Age 60 with 30 years of service credit.

## 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.



## DEFERRING RETIREMENT

If you leave covered employment and are eligible for retirement, you can defer receiving your monthly retirement benefit from the defined benefit plan until a later date. When you apply for retirement, your benefit will be calculated based on your service credit and average final compensation at the time you left your position.

If you are in the Hybrid Retirement Plan, see Chapter 3 for distribution information related to the defined contribution component of your plan. Before leaving employment, make sure your address is current in myVRS, and be sure to keep it up to date in retirement.

**Note:** If you are a state employee and you defer retirement, you will not be eligible to enroll in the State Retiree Health Benefits 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.

## BENEFIT PAYOUT OPTIONS

When you apply for retirement, you choose how you want to receive your benefit. The defined benefit payout options are the Basic Benefit, Survivor Option, Basic Benefit with the Partial Lump-Sum Option (PLOP), Survivor Option with the PLOP and Advance Pension Option. **The option you elect is irrevocable.** That means you cannot change it after you retire, with the exception of the Survivor Option under some conditions.

Additionally, if you are a Hybrid Retirement Plan member, you also choose your distribution option for the defined contribution component of your plan (see Chapter 3 – Applying for Retirement).

### BASIC BENEFIT

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

### CALCULATING THE UNREDUCED BASIC BENEFIT

The Basic Benefit is calculated based on a percentage of your average final compensation multiplied by your total service credit at retirement. This percentage is called a retirement multiplier. Your multiplier varies based on the plan you retire under, as well as when you earned your service.

## RETIREMENT MULTIPLIERS

Plan 1	Plan 2	Hybrid
VRS: 1.7%	VRS: 1.65% on service earned, purchased or granted on or after January 1, 2013, and 1.7% on service earned, purchased or granted before January 1, 2013.	1.0% on any service earned, purchased or granted while a hybrid plan member. If you opted into the Hybrid Retirement Plan from VRS Plan 1 or VRS Plan 2, the applicable multipliers for those plans will be used to calculate your retirement benefit for service earned, purchased or granted while a member of those plans.
SPORS, sheriffs and regional jail superintendents: 1.85%		
VaLORS: 1.7% or 2.0%		
Political subdivision hazardous duty employees with enhanced benefits: 1.7% or 1.85%, depending on the employer's multiplier choice under the enhanced benefit election.		

**Example:** The member is retiring under VRS Plan 1 at age 50 with 30 years of service credit and a retirement multiplier of 1.7%:

Formula	Example
Average final compensation	\$ 42,000.00
x 1.7%	x .017
x Years of service credit	x 30
Annual benefit amount	\$ 21,420.00
÷ 12 months	÷ 12
Monthly benefit amount before taxes and other deductions	\$ 1,785.00

**Note:** Average final compensation is the average of your 36 consecutive months (Plan 1) or 60 consecutive months (Plan 2 and Hybrid Retirement Plan) of highest creditable compensation as a covered employee.

## SURVIVOR OPTION

With this option, you elect to receive a lower monthly benefit during your retirement so that your survivor can receive a monthly benefit after your death. If you elect this option, you will choose a whole percentage of your benefit, between 10% 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 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 a written consent from your survivor giving up claim to a benefit along with proof of your survivor's good health.

You can change the Survivor Option only once. If you elect the Survivor Option and need to change your survivor after you retire, call VRS toll-free at 888-827-3847 for assistance.

**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 5 – After Retirement.

## BASIC BENEFIT WITH PLOP OR SURVIVOR OPTION WITH PLOP

You may elect a Partial Lump-Sum Option Payment (PLOP) with the Basic Benefit or Survivor Option if you work at least one year beyond the date you first become eligible for an unreduced retirement benefit. You can choose an amount equal to one, two or three times your annual Basic Benefit amount, depending on how long you work beyond your unreduced retirement eligibility date. This amount is paid from your member contribution account and reduces your monthly benefit.

**PLOP amounts.** The amount depends on how long you work beyond the date you first become eligible for an unreduced retirement benefit, as shown in the following chart:

### PARTIAL LUMP-SUM OPTION PAYMENT (PLOP) AMOUNTS

Active Service Beyond Unreduced Retirement	PLOP Eligibility	Example Based on an Annual Basic Benefit of \$32,000
12 months	1 x annual Basic Benefit amount (one-year PLOP)	\$32,000
24 months	1 or 2 x annual Basic Benefit amount (one- or two-year PLOP)	\$32,000 or \$64,000
36 months or more	1, 2 or 3 x annual Basic Benefit amount (one-, two- or three-year PLOP)	\$32,000, \$64,000 or \$96,000

**Qualifying for the PLOP.** Prior service credit or granted service credit counts toward eligibility for unreduced retirement. However, to qualify for a PLOP, you must be working as an active member beyond the date you become eligible for an unreduced retirement benefit. Prior service credit or granted service credit cannot substitute for this active service.

**Taxes on the PLOP.** If you have the PLOP paid directly to you, VRS will deduct 20% for federal income taxes and, if you live in Virginia, 4% for state income taxes. The IRS may also impose an additional 10% tax penalty for early withdrawal of member contributions if you receive the PLOP before age 59½; there are exceptions to this rule. You can roll over the PLOP to the Commonwealth of Virginia 457 Deferred Compensation Plan or the Virginia Cash Match Plan if applicable, an Individual Retirement Account (IRA) or another qualified tax-deferred savings plan that accepts rollovers. Hybrid Retirement Plan members also have the option to roll over the PLOP to the Hybrid 457 Deferred Compensation Plan. An established account with a balance is required for PLOP payments to the Commonwealth of Virginia 457 Plan, the Virginia Cash Match Plan and Hybrid 457 Plan. For more information, read the IRS 402(f) Special Tax Notice available at [varetire.org/irs402f](http://varetire.org/irs402f); or contact a tax advisor or the IRS toll-free at 800-829-1040 or visit [irs.gov](http://irs.gov).

**Beneficiary Payment Under the PLOP.** The PLOP with the Basic Benefit does not provide a continuation of a benefit to a survivor. However, your beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account upon your death. Because the PLOP is paid from your member contribution account, there may be no funds remaining in your account or the balance may be less than if you elected the Basic Benefit without the PLOP.

## ADVANCE PENSION OPTION

With this option, you elect to increase your monthly benefit temporarily. The temporary increase will begin when you retire and continue until an age you choose, between age 62 and the age you become entitled to a normal Social Security benefit. At that point, your benefit will be permanently reduced. You can elect this option with an unreduced or reduced retirement benefit.

If you are retiring with a reduced benefit, you can elect this option if:

- You are a state employee, school division employee or political subdivision employee, are age 55 or older and in Plan 1, or age 60 or older if in Plan 2 or the Hybrid Retirement Plan.
- You are a member of the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS), or in a political subdivision position covered by enhanced hazardous duty benefits and are age 50 or older.

To calculate your benefit amount, VRS will add a percentage of your estimated monthly Social Security benefit to your monthly VRS benefit. The percentage is based on several factors, including your age when you retire and the age you want your benefit to permanently reduce. When the temporary increase ends, your benefit will be reduced by the estimated monthly Social Security benefit used to determine your temporary increase. However, it will never be reduced by more than 50% of your Basic Benefit amount.

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

**Estimating and Electing the Advance Pension Option.** You will need a Social Security benefit estimate adjusted for purposes of estimating or electing this option. The estimate must be less than 12 months old, assume you will have no future earnings and be based on your Social Security earnings record. For detailed instructions, go to [varetire.org/apo](http://varetire.org/apo).

## Benefit Payout Options and the COLA

You receive cost-of-living adjustments (COLAs) to your retirement benefit to assist with rising costs. The COLA calculation is based on the payout option you elect at retirement, excluding the hazardous duty supplement:

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

During years of no inflation or deflation, the COLA will be 0%. For more information about the COLA, see Chapter 5 – After Retirement.

## Use myVRS to Calculate the Best Option for You

Through myVRS, you can create defined benefit estimates based on different payout options to see which option will best meet your needs and those of your family in retirement. Your retirement benefit amount is based on factors such as service credit, age, average final compensation and your selected benefit payout option. Create a new benefit estimate periodically or if your circumstances change. You can also see your current member contribution account balance; your defined contribution balance, if applicable; service credit; and other information from your member record. To register or log in to your secure online account, visit [myVRS.varetire.org](https://myVRS.varetire.org).

## PURCHASE OF PRIOR SERVICE

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

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

### PRIOR SERVICE ELIGIBLE FOR THE HAZARDOUS DUTY SUPPLEMENT

If you have at least 20 years of hazardous duty service credit at retirement, you may qualify for a supplement to your monthly retirement benefit until you reach normal Social Security age (or age 65 for VaLORS Plan 1 members). Prior service credit for refunded VRS hazardous duty service or for an eligible period of leave while covered under VRS in a hazardous duty position may count toward eligibility for the hazardous duty supplement, provided you purchase or are granted this service. Other types of prior service you may purchase, such as active duty military service or hazardous duty service with a non-VRS-participating employer, do not count toward the supplement.

## TYPES AND PURCHASE AMOUNTS OF PRIOR SERVICE

To view types of service available for purchase, visit [varetire.org/pps](https://varetire.org/pps) or reference the *Handbook for Members* for your retirement plan at [varetire.org/publications](https://varetire.org/publications).

## PURCHASE OF PRIOR SERVICE PAYMENT METHODS

If you are within six months of retiring and you have eligible service to purchase, your purchase options include:

- Making a lump-sum payment.
- Moving funds from another retirement plan to VRS using a trustee-to-trustee transfer.
- Rolling over pretax funds from another retirement account.

VRS members who are active participants in the Commonwealth of Virginia 457 Deferred Compensation Plan have the option of using employee contribution funds from their 457 Plan for payment.

Generally speaking, Hybrid Retirement Plan members cannot use funds from the defined contribution component of the plan to purchase service in the defined benefit component. The only exception to this is funds that have been rolled into the Hybrid 457 Deferred Compensation Plan from an outside qualified plan.

If you are more than six months from retiring, refer to the *Handbook for Members* for your plan or visit [varetire.org/pps](https://varetire.org/pps) to explore additional purchase options.

Log in to your myVRS account at [myVRS.varetire.org](https://myVRS.varetire.org) for access to a variety of resources to help you make a purchase decision. You can evaluate the impact of purchasing service on your future retirement benefit as well as the time it will take to recover your purchase cost in retirement.



# 2

## Planning Resources

myVRS

Defined Contribution Plans Account Access

Member Education and Retirement Counseling

Certified Financial Planning Services



As a VRS member, 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. Additionally, most VRS members can complete their retirement application online through myVRS. 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.

### **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.

### **USE myVRS TO PREPARE FOR RETIREMENT**

From the homepage, you will see a projection of your earliest retirement eligibility dates and estimated benefit amounts. You can also view your member contribution account balance. If you participate in the Hybrid Retirement Plan or a VRS deferred compensation plan, you can also view your defined contribution account balance(s) to see whether you are on target for your future retirement income goals.

Under the My History tab, you can view your employment and compensation history. In addition, you can see your life insurance value, if applicable, and your purchase of prior service information as well as other VRS benefits. You'll also find a link to your annual online benefits statements known as your Member Benefit Profile (MBP). The MBP is based on information your employer reports to VRS through June 30 of each year. Each yearly statement shows a total retirement income estimate combining your unreduced benefit estimate, a Social Security estimate and an estimated annuity from your deferred compensation plan, if applicable. You can measure this estimate against a retirement income target of 80% of your creditable compensation. Your annual MBP is printable and a helpful planning document.

### **BENEFIT ESTIMATOR AND RETIREMENT PLANNER**

As you prepare for retirement, take advantage of the myVRS Benefit Estimator and Retirement Planner. 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. If you are a Hybrid Retirement Plan member, keep in mind that the Benefit Estimator includes the defined benefit component of your plan and a general annuity calculation as an estimate of the defined contribution component of your plan.

Under the Retirement Planning tab, you can learn more about preparing for retirement and select a benefit scenario to enter in the goal-based Retirement Planner, along with other sources of income and expenses. Other worksheets and links are available to assist you with planning for taxes, health insurance and living expenses. The result will help you project your income and expenses in retirement.

**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.



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. Available to you right now and continuing after you retire, you can increase your knowledge of topics like:

- Debt and credit management.
- Spending habits.
- Credit cards.
- Saving and investing.
- 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.

## 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](http://varetire.org/dcp-login).

## YOUR myVRS ACCOUNT MOVES WITH YOU TO RETIREMENT

If you register for myVRS while working, you keep the same account when you retire. When you log in to your account after applying for retirement, a banner at the top of the page will confirm that VRS has received your retirement application. You will continue to see your member information until you receive your first benefit payment. Once VRS has issued your first benefit payment, the information in your myVRS account will switch from active member information to retiree information.

## ASSISTANCE WITH myVRS

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

For additional assistance, call VRS toll-free at 888-827-3847 and select option 3 for myVRS online assistance, 8:30 a.m. – 5 p.m., Monday through Friday, or contact [myvrsonlineassistance@varetire.org](mailto:myvrsonlineassistance@varetire.org).

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



## DEFINED CONTRIBUTION PLANS ACCOUNT ACCESS

If you are a member in the Hybrid Retirement Plan or participate in another VRS defined contribution plan, such as the Commonwealth of Virginia 457 Deferred Compensation Plan and Virginia Cash Match Plan, use MissionSquare Retirement's Account Access at [varetire.org/dcp-login](https://varetire.org/dcp-login) to manage your defined contribution accounts, view summary information, use calculators and see the details for each account. You can also designate or update beneficiary information, create fund comparisons and access educational information about your defined contribution plans.

## MEMBER EDUCATION AND RETIREMENT COUNSELING

VRS has a variety of educational resources available in various formats to meet your needs. Visit the Education and Counseling page at [varetire.org/education](https://varetire.org/education) to see all seminar, webinar and counseling offerings.

### RETIREMENT PLANNING WEBINAR COURSES

Courses are offered through webinars, e-learning and on-site sessions. Topics include reviewing your VRS benefits, planning for retirement, using myVRS and applying for retirement. As you near retirement, sign up for the following courses:

- **Your Next Steps (Plans 1 and 2):** This walkthrough of the retirement application process includes a timeline of action items, an overview of what you need to have handy for your application, post-retirement considerations (such as taxes and COLA) and your VRS resources after retirement.
- **Benefit Payout Options (Plans 1 and 2):** Not sure which payout option to select? Learn the basics of retirement eligibility, how a benefit is calculated and how to pick the best payout option for you.
- **Health Insurance Credit (All Plans):** Learn more about the health insurance credit, including who is eligible, how the credit is calculated and how to apply for it.
- **Eye on the Prize: Almost There (All Plans):** For late-career members, exciting times are ahead as retirement approaches. This webinar covers how much retirement will cost, Social Security planning and your ready-to-retire checklist.
- **Reaching for the Horizon – Life in Retirement (All Plans):** Ensure that you have financial resources for the things you need—and want—to do during retirement. Join this seminar for a discussion on how to turn retirement assets into retirement security, estate planning for everyone and health care in retirement.

To find more information, schedules and to register online, visit [varetire.org/education](https://varetire.org/education).

### ONE-ON-ONE MEMBER COUNSELING

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

## EDUCATION MEETINGS AND ONE-ON-ONE COUNSELING FOR DCP PARTICIPANTS

Defined Contribution Plan Regional Education Meetings cover topics such as long-term planning for your financial future, managing your plan and distribution strategies. Meetings are held at sites around the state. Find these plan resources at [varetire.org/dcp](https://varetire.org/dcp), select your plan and then the Education tab.

**DCP Retirement Plan Specialists.** Registered plan representatives are available for one-on-one counseling. Call toll-free 877-327-5261 (VRS-DC-PLAN1) or visit the local plan representative at 951 E. Byrd Street, Suite 530, Richmond, VA 23219. Counseling hours are 8:30 a.m. – 5 p.m., Monday through Friday. Sign up for online one-on-one consultations at [varetire.org/dcp](https://varetire.org/dcp), select your plan and then the Education tab.

## HYBRID PLAN LEARNING CHANNEL

With its selection of quick-watch videos, the Hybrid Plan Learning Channel is a great place to explore more about preparing to retire under the Hybrid Retirement Plan. The full suite of videos is available at [varetire.org/hybrid](https://varetire.org/hybrid); see Education.



Hybrid Plan Learning Channel videos to consider as you approach retirement:

- **Retiring Minds Want to Know** explores the financial and mental impacts of retirement.
- **Retirement Ready** helps you determine when you will be eligible to receive retirement benefits from the two components of your plan.
- **Your Retirement, Your Choice** dives into the different ways you can receive your funds at retirement.

## CERTIFIED FINANCIAL PLANNING SERVICES

VRS members have access to Certified Financial Planning services provided through MissionSquare Retirement, the record keeper for VRS defined contribution plans. Participation in a VRS DCP is not required to take advantage of these services.

CFP professionals offer guidance and support to help you feel confident about your financial security and find a path forward for:

- Reducing debt.
- Budgeting.
- Protecting your loved ones.
- Optimizing Social Security benefits.
- Planning your estate.

Visit [varetire.org/make-a-plan](https://varetire.org/make-a-plan) to sign up for no-cost webinars and one-on-one 30-minute consultations with CFP professionals. Spouses and loved ones are welcome to be a part of the conversation.

Goal-specific financial plans as well as comprehensive financial plans are available at a low cost for members without defined contribution accounts, or whose DCP accounts are below a balance threshold. See [varetire.org/make-a-plan](https://varetire.org/make-a-plan) for more information.

# 3

## Applying for Retirement

Completing Your Application

Other Important Steps

Your Defined Contribution Plans at Retirement

Retirement is effective on the first of the month. Your monthly benefit will begin following a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. Leave with or without pay, summer breaks, intersession periods, educational leave and sabbaticals do not count toward satisfying this break in service.

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

## COMPLETING YOUR APPLICATION

### APPLYING ONLINE

Log in to your myVRS account at [myVRS.varetire.org](https://myVRS.varetire.org). VRS members (with some exceptions) can retire online. Exceptions include but are not limited to those retiring with:

- Hazardous duty service.
- Judicial service.
- Long-term disability in their record or retiring on disability.
- Approved Domestic Relations Orders (ADRO) on file.
- Ongoing purchase of prior service agreements.

Members eligible to retire using the online system will see the Apply Now button when they select Apply for Retirement in the Manage My Benefits drop-down menu. If you do not see the button, you will see a message that VRS cannot accept your online application at this time, and you can submit a paper application directly to VRS.

**Note for Hybrid Retirement Plan Members:** Your retirement application, once approved, begins the process for you to receive your monthly payment from the defined benefit component of your plan. To access funds from the defined contribution component of your plan, see Your Defined Contribution Plans at Retirement in this chapter.

### IF NOT APPLYING ONLINE

If you are not able to apply online, you will submit an Application for Service Retirement (VRS-5). Read the directions on all forms carefully and provide all signatures and required documents. An incomplete or incorrect application will delay the processing of your retirement. Watch step-by-step instructions on how to complete your application at [varetire.org](https://varetire.org). All forms are available at [varetire.org/forms](https://varetire.org/forms).

If you are married or separated, have your spouse complete the spousal acknowledgment section of the VRS-5. Your spouse must sign on or after the date you sign the application.

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. Beneficiary designations for VRS defined contribution plans are updated separately using Account Access at [varetire.org/dcp-login](https://varetire.org/dcp-login).

## OTHER IMPORTANT STEPS

- If you are a state employee, you are eligible to enroll in the State Retiree Health Benefits Program upon retirement. After VRS processes your 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](https://dhrm.virginia.gov).

- 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. Some employers have arranged with VRS to deduct the premiums from the monthly benefit payment.
- If you are electing the Advance Pension Option, you will need a Social Security benefit estimate. The estimate must be less than 12 months old, assume you will have no future earnings after leaving your position and be based on your Social Security earnings record. To complete an estimate of your VRS retirement benefit under the Advance Pension Option, log in to your myVRS account and select Benefit Estimator.
- 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.
- If you are enrolled in the Virginia Sickness and Disability Program (VSDP) for state employees or the Virginia Local Disability Program (VLDP), submit the Authorization of Coverage Retention for the Long Term Care Plan (VRS-170) and Protection Against Unintentional Lapse of Long Term Care (VRS-171) if you wish to continue your long-term care coverage into retirement. You will pay the premiums. VRS members also have access to the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program. See details in Chapter 4.

All forms are available at [varetire.org/forms](https://varetire.org/forms).

If you need assistance applying for 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 be able to assist you. For more information, call VRS toll-free at 888-827-3847.

Once your application is approved, you will receive a letter confirming your selections and your benefit payment amount. When VRS makes your first payment, you will receive a letter that provides important details about your retirement payment as well as other benefits. Keep this letter for future reference. For more information after you retire, refer to your *Retiree Handbook* at [varetire.org/publications](https://varetire.org/publications) or [varetire.org/hybrid](https://varetire.org/hybrid); see Publications.

## YOUR DEFINED CONTRIBUTION PLANS AT RETIREMENT

If you are a member of the Hybrid Retirement Plan or you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan and the Virginia Cash Match Plan, the options for your account balance(s) at retirement are:

- Leave your money in your account(s) and continue to manage your investments. You cannot contribute to the Commonwealth of Virginia 457 Plan or hybrid plan accounts unless you return to salaried or wage employment with an employer that offers the plan.
- Use your Commonwealth of Virginia 457 Plan, Virginia Cash Match Plan, or Hybrid 457 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 VRS defined contribution account(s) 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 Commonwealth of Virginia 457 Plan, Virginia Cash Match Plan or Hybrid 457 Plan account.
- Defined contribution plans retirement specialists offer no-cost counseling to help you transition to retirement and beyond.

### **Keep your beneficiary designation for defined contribution plans current.**

Log in to Account Access at [varetire.org/dcp-login](https://varetire.org/dcp-login) to check your beneficiary or to make changes to your beneficiary designations.

## **DISTRIBUTIONS**

A distribution is a payment from your defined contribution accounts. 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.

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 account(s) to request a distribution. Separate distribution requests are required for each defined contribution plan 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.

## **Retirement Readiness Checklist**

Use the Retirement Readiness Checklist to help plan your steps as you get ready for retirement. Start in the months before your planned retirement date and cross off your steps as you get closer to the finish line. You can find the Retirement Readiness Checklist at [varetire.org](https://varetire.org).

# 4

## Benefits in Retirement

Time-Sensitive Benefit Options  
Group Life Insurance  
Health Insurance in Retirement

Health Insurance Credit  
Long-Term Care Coverage  
Hazardous Duty Supplement

## TIME-SENSITIVE BENEFIT OPTIONS

Some features associated with your VRS retirement benefits have deadlines to sign up or participate. If you're interested in the following options, be sure to complete them within the specified time limits. All forms are available at [varetire.org/forms](http://varetire.org/forms).

### WITHIN 31 DAYS OF RETIREMENT

**Elect to continue or convert your Optional Group Life Insurance Coverage.** 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. You, as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date to be eligible for continuing coverage.

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.

**Enroll in the State Retiree Health Benefits Program.** If eligible, you can elect coverage when you apply for retirement or within 31 days of your retirement date by signing up at [my.cardinal.virginia.gov](http://my.cardinal.virginia.gov). Your health insurance election will not appear in your myVRS account until your retirement date, or next business day.

### WITHIN 60 DAYS OF RETIREMENT

**Apply to continue VSDP or VLDP Long-Term Care Coverage.** You can elect to continue your disability coverage, which will be retroactive to your last day of employment. You will pay the premiums. To continue your coverage, submit the Authorization of Coverage Retention for the Long Term Care Plan (VSDP or VLDP) (VRS-170) and Protection Against Unintentional Lapse of Long Term Care (VSDP or VLDP) (VRS-171) to illumifin Corp. within 60 days of your last day of employment.

## GROUP LIFE INSURANCE

### BASIC GROUP LIFE INSURANCE PROGRAM

If you are covered under the VRS Group Life Insurance Program as an active member, some basic group life insurance benefits will continue into retirement. Your 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 compensation as a covered employee, even if your creditable compensation at retirement is lower.

- Accelerated death benefit. If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw part or all of your Basic Group Life Insurance coverage for any purpose. Any amount remaining in your plan is paid to your beneficiary.

The provision that allows for double the natural death benefit for accidental death and dismemberment ends upon retirement.

**Life Insurance Coverage in Retirement.** Your coverage begins to reduce on January 1 following one calendar year after your employment ends. The reduction rate is 25% each January 1 until it reaches 25% of the total life insurance benefit value at retirement. 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. You may end employment and defer retirement until a later date; however, the group life insurance will begin reducing based on the last month of employment.

When...	Then...	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 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 after your employment ends (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 after your employment ends (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 after your employment ends (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



## OPTIONAL GROUP LIFE INSURANCE COVERAGE

If you are enrolled in the Optional Group Life Insurance Program and meet the qualifications for retirement, you may continue a portion of your coverage upon leaving employment. 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. The amount of optional coverage eligible for continuation as a retiree may not be more than the level of coverage you had as an active employee. You may choose Option 1 for yourself (your creditable compensation at retirement) or Option 2 (twice your creditable compensation at retirement), not to exceed \$300,000. You, as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date.

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.

You as well as your spouse and dependent children, if enrolled, can convert 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. The form is available at [varetire.org/forms](https://varetire.org/forms). This option is not available after 31 days.

If you need to reduce or cancel coverage in retirement, log in to your myVRS account to securely link to Securian Financial.

## HEALTH INSURANCE IN RETIREMENT

### RETIREE HEALTH INSURANCE (STATE EMPLOYEES)

If you retire as a state employee, you are eligible to enroll in the State Retiree Health Benefits Program administered by the Department of Human Resource Management (DHRM) upon retirement. 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](https://dhrm.virginia.gov).

### ADVANTAGE 65

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

## COVERAGE FOR SCHOOL DIVISION AND POLITICAL SUBDIVISION EMPLOYEES

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

## MEDICARE COVERAGE

When you reach age 65, you will become eligible for Medicare. Medicare is a federal government sponsored health insurance program. 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.

## HEALTH INSURANCE CREDIT

If you retire with at least 15 years of service credit, you may be eligible for this tax-free benefit. The health insurance credit assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents. Eligible employees include:

- State employees.
- Teachers and school administrators.
- General registrars and their employees, constitutional officers and their employees and local social service employees.
- Non-teacher school division employees.
- Employees of political subdivisions that have elected to offer the health insurance credit.

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.

## QUALIFYING HEALTH PLANS

- Individual health plans.
- Coverage as a dependent on a spouse's plan.
- Employer-sponsored health plans.
- 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 VRS is deducting your health insurance premium from your benefit, you do not need to apply for the health insurance credit. 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) form to VRS. The form is available at [varetire.org/forms](https://varetire.org/forms). The credit will be added to your monthly retirement benefit. If you do not receive a monthly benefit, you will receive a check from VRS for the reimbursable amount.

## LONG-TERM CARE COVERAGE

**VSDP OR VLDP LONG-TERM CARE PLAN**

Active employees enrolled in the Virginia Sickness and Disability Program (VSDP) or the Virginia Local Disability Program (VLDP) are covered under the VSDP or VLDP Long-Term Care Plan. At retirement, your long-term care coverage ends. However, you can elect to continue your coverage, which will be retroactive to your last day of employment. You will pay the premiums. To continue your coverage, submit the Authorization of Coverage Retention for the Long Term Care Plan (VRS-170) and Protection Against Unintentional Lapse of Long Term Care (VRS-171) to illumifin Corp. within 60 days of your last day of employment. The forms are available at [varetire.org/forms](https://varetire.org/forms). This option is not available after 60 days.

**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).

## HAZARDOUS DUTY SUPPLEMENT

If you retire with at least 20 years of eligible hazardous duty service credit and meet other requirements, you will receive a supplement to your retirement benefit. The hazardous duty supplement is a dollar amount added to your monthly benefit. It begins when you retire and ends when you reach your normal retirement age under Social Security, or until age 65 for eligible VaLORS Plan 1 members. Not all positions are eligible for the supplement. The current supplement amount is available at [varetire.org/retirees](https://varetire.org/retirees) (select Receiving Your Benefit).

Questions about your eligibility? See the *VRS Handbook for Members* for your plan.

# 5

## After Retirement

myVRS for Retirees  
Cost-of-Living Adjustments  
Social Security  
Taxes

If You Divorce  
Working After Retirement  
Retiree Handbook

## myVRS FOR RETIREES

After retiring, myVRS remains your headquarters for viewing your VRS account information and managing your retirement benefits. Log in or register your myVRS account at [myVRS.varetire.org](https://myVRS.varetire.org) to use the following features.

**Beneficiary management.** Update your beneficiaries for your VRS defined benefit member account and group life insurance benefits. Retirees participating in a defined contribution plan will continue to update DCP beneficiaries through Account Access at [varetire.org/dcp-login](https://varetire.org/dcp-login).

**Accessing survivor benefits.** Retirees who receive survivor benefits based on another VRS member's account will automatically be able to view their survivor benefits using their personal myVRS account.

**Direct deposit management.** Set up direct deposit or notify VRS when you change financial institutions or bank accounts and need to redirect your monthly benefit payment.

**Health insurance credit management.** Claim your health insurance credit online. You can also easily report future changes in insurance premiums.

**myVRS Financial Wellness.** When it comes to money management and improving your overall financial health, it's never too late to sharpen your skills and gain new knowledge. Discover interactive courses, personalized action plans and content recommendations based on your interests.

**Income verification and taxes.** Log in to your account to print income verification statements, view your tax information and change your tax withholdings.

**Optional group life insurance.** Manage your coverage in retirement by selecting Life Insurance under the My History tab.

**Update My Profile.** If you move or change your email address, keep your contact information current in myVRS so that you receive your annual tax form, *Retiree News* and other important communication throughout the year.

## COST-OF-LIVING ADJUSTMENTS

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), which is published each December 31 by the U.S. Bureau of Labor Statistics. VRS reviews the COLA annually and implements any increases the following July 1 at the start of the fiscal year. During years of no inflation or deflation, the COLA will be 0%.

**Plan 1.** The COLA is calculated using the first 3% increase in the monthly average of the CPI-U and half of any additional increase (up to 4%), for a maximum COLA of 5%.

**Plan 2 and Hybrid Retirement Plan.** The COLA is calculated using the first 2% increase in the monthly average of the CPI-U and half of any additional increase (up to 2%), for a maximum COLA of 3%. If you are a hybrid plan member, the COLA applies to the defined benefit component of your plan.

**If you retire with an unreduced benefit or with a reduced benefit with at least 20 years of service credit,** the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from your retirement date.

**If you retire with a reduced benefit with fewer than 20 years of service credit,** the COLA will go into effect on July 1 after one full calendar year (January 1 to December 31) from the date you would have become eligible for an unreduced benefit.

For the current COLA, visit [varetire.org/retirees](https://varetire.org/retirees).

## EXCEPTIONS TO COLA EFFECTIVE DATES

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

- You retire on disability.
- You retire directly from short-term or long-term disability under the Virginia Sickness and Disability Program (VSDP) or the Virginia Local Disability Program (VLDP).
- You are involuntarily separated from employment for causes other than job performance or misconduct and are eligible to retire under the Workforce Transition Act or the Transitional Benefits Program.
- You die in service and your survivor or beneficiary is eligible for a monthly death-in-service benefit.

If you retire under the Basic Benefit or Advance Pension Option, the COLA calculation will be based on your Basic Benefit amount. If you retire under the Basic Benefit with the Partial Lump-Sum Option Payment (PLOP), Survivor Option or Survivor Option with the PLOP, the COLA calculation will be based on your reduced benefit amount.

## SOCIAL SECURITY

You will be eligible for a full Social Security retirement benefit when you reach your normal Social Security retirement age. You may qualify for a Social Security retirement benefit as early as age 62. For more information, call the Social Security Administration toll-free at 800-772-1213, visit [ssa.gov/myaccount](https://ssa.gov/myaccount) to register and view your online Social Security account or contact your local Social Security Administration office.

## TAXES

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

If you do not want VRS to withhold taxes from your benefit, indicate that choice on your retirement application. You may be responsible for paying estimated taxes or face tax penalties if your estimated tax payments are insufficient. For more information, contact a tax advisor or the Internal Revenue Service (IRS) toll-free at 800-829-1040 or [irs.gov](https://www.irs.gov).

VRS does not deduct income taxes for other states. If you retire in Virginia and then move out of state, you can update your tax withholding through your myVRS account or submit a Request for Income Tax Withholding (VRS-15).

### 1099-R FORM

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

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

**Imputed income** is based on the cost of group life insurance in excess of \$50,000 that VRS pays on behalf of the member. The Internal Revenue Service (IRS) considers this amount as income to you and subject to income taxes and FICA (Social Security and Medicare) taxes. If you are covered under the program when you retire and your benefit exceeds \$50,000, VRS will automatically withhold FICA taxes and send you a W-2 form each year showing the amount of FICA taxes withheld and the additional taxable income. As your life insurance benefit reduces, the amount of imputed income will also reduce. If your benefit reduces to less than \$50,000, these taxes will no longer be withheld.

## IF YOU DIVORCE

### APPROVED DOMESTIC RELATIONS ORDER (ADRO)

In the event of a divorce, all or a portion of your 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 pre-approved ADRO forms for the defined benefit plan and the 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.

**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.

## WORKING AFTER RETIREMENT

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

### NON-COVERED EMPLOYMENT

In some cases, you can work in a non-covered position with a VRS-participating employer and continue to receive your retirement benefits. If you return to non-covered employment with the employer from which you retired, you must have a bona fide break in service of at least one full calendar month from your retirement date. This break must occur over a period you normally would work. Periods of leave with or without pay do not count toward satisfying this break in service. If you do not take the break in service, your retirement is void and any benefit payments received will have to be repaid.

The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers. Your employer can make no verbal or written offer of reemployment before you retire. You and your employer must certify that no such prearrangement has been made on your retirement application.

**Interim Appointments.** In some cases, retirees can work in an interim position for up to six months without interruption in retirement benefits. Examples include working in a vacant position while the employer recruits for a full-time permanent employee or while the incumbent is on leave. If you are considering an interim appointment, your employer must discuss the appointment with VRS before hiring you in the position. If you return to the employer from which you retired, you must also have a bona fide break in service as described above.

## CRITICAL SHORTAGE POSITIONS

### K-12 Critical Shortage Positions

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

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

- Be retired from a VRS-covered position. Members of the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible.
- Be hired by a Virginia public school division in a designated teacher critical shortage position.
- Hold a Virginia Board of Education license for the position.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a critical shortage position. This break in service means not working in any full-time, part-time or volunteer position, including coaching and substitute teaching, with any VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

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

### Specialized Student Support Positions

You may be eligible to return to work full time in a specialized student support position at a Virginia public school. Positions are full-time and temporary (non-covered) for the current school year. If you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

#### To be considered for a specialized student support position, you must:

- Be retired from an eligible VRS-covered position. Members of the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible.
- Be hired in a designated specialized student support critical shortage position for a Virginia public school division. Retirees in these positions are employed by the school board and include school social workers, school psychologists, school nurses, licensed behavior analysts, licensed assistant behavior analysts, and other licensed health and behavioral positions, such as speech-language pathologists, as determined by the Virginia Department of Education.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a specialized student support critical shortage position. This break in service means not working in any full-time, part-time or volunteer position with a VRS-participating employer, or working for a contractor with any VRS-participating employer.



- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

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

### **Bus Driver Critical Shortage Positions**

You may be eligible to return to work full time as a bus driver in a critical shortage position at a Virginia public school. Positions are full-time and temporary (non-covered) for the current school year. If you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

#### **To be considered for a bus driver critical shortage position, you must:**

- Be retired from an eligible VRS-covered position. Members of the Judicial Retirement System are not eligible.
- Be hired in a designated bus driver critical shortage position for a Virginia public school division.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a bus driver critical shortage position. This break in service means not working in any full-time, part-time or volunteer position with a VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

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

## RETIREE SCHOOL SECURITY OFFICER POSITIONS

Retired sworn law-enforcement officers may be eligible to return to work full time as a retiree school security officer at a Virginia public school. Positions are full-time; and if you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

**To be considered for a retiree school security officer position and continue to receive your retirement benefit, you must:**

- Be retired from a sworn law-enforcement officer position covered under VRS.
- Be hired by a Virginia public school division in a retiree school security officer position.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a retiree school security officer position. This break in service means not working in any full-time, part-time or volunteer position with a VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

For more information, contact the school division where you would like to work.

## BEFORE YOU ACCEPT EMPLOYMENT

If you want to work after you retire, call VRS toll-free at 888-827-3847 to determine the impact on your retirement benefits. Also contact the Social Security Administration toll-free at 800-772-1213 or visit [ssa.gov](https://ssa.gov) for information on the effect of earnings during retirement on your eligibility for Social Security benefits.

To view a presentation on how returning to work could affect your benefits, visit [varetire.org/retirees](https://varetire.org/retirees) and select Working After Retirement.

## RETIREE HANDBOOK

For more information after you retire, refer to your *Retiree Handbook* at [varetire.org/publications](https://varetire.org/publications) or [varetire.org/hybrid](https://varetire.org/hybrid); see Publications.

## 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 also are covered under VRS. Participating employers include state agencies, public colleges and universities, local public school divisions and political subdivisions that have elected to participate in VRS.

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



Virginia  
Retirement  
System®

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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