

At-Will Transition Briefing Fall 2013

MAKING THE TRANSITION

October 10 or 16, 2013

1:00 – 5:00

Overview, Questions/Answers, and Retirement Breakout Sessions

Agenda

- | | | |
|-------|--|--|
| I. | Introduction | The Honorable Lisa Hicks-Thomas
Secretary of Administration |
| II. | Transition Overview &
Executive Leave Plan | The Honorable Martin Kent
Chief of Staff |
| III. | Statement of Economic Interests
Employment After Separation | The Honorable Janet Kelly
Secretary of the Commonwealth |
| IV. | At-Will Benefits Overview | Sara Wilson, Director
Department of Human Resource Mgmt. |
| V. | Administrative Information | Dennis Johnson, Director
Division of Selected Agency Support Svces. |
| VI. | Workforce Transition Act | Department of Human Resource Mgmt. |
| VII. | Health Benefits | Department of Human Resource Mgmt. |
| VIII. | Unemployment Insurance | Virginia Employment Commission |
| IX. | Deferred Compensation Program | ING |
| X. | Retirement Overview | Virginia Retirement System |
| XI. | Additional Questions & Answers | All Agencies |
| XII. | Retirement Break-out Sessions | Discussion of Various Plans
ORPPA or VRS/SPORS/VaLORS |

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Executive Leave Policy

The Executive Leave policy is established and interpreted by each administration. The current related policy is applicable through January 13, 2014.

Thirty days of all purpose leave are awarded to At-Will appointees participating in the Executive Leave plan on an annual basis.

Documented unused leave time up to a maximum of 15 days (or 120 hours) will generally be paid out when an appointee voluntarily or involuntarily separates.

There will be no payout for unused leave time after December 31, 2013.

At-Will appointees participating in the VRS retirement system have also been granted family personal and sick leave which expires on January 9, 2014. There is no payout of unused family personal or sick leave.

At-will appointees participating in the annual or traditional sick leave accrual systems who separate will be paid out for unused annual or traditional sick leave balances based upon maximums noted in applicable policies.

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Executive Leave Policy

Appendix A - Revised April 30, 2010



*Commonwealth of Virginia
Office of the Governor*

EXECUTIVE LEAVE POLICY

This policy is intended to establish uniformity and guidance regarding all purpose leave for Gubernatorial Appointees (“At-wills”).

I. EMPLOYEES TO WHOM POLICY APPLIES

The following policy applies to all “At-will” employees who do not participate in the accrual leave system. “At-will” employees are defined as follows:

Employees of the Governor’s and Cabinet Offices
 Agency Head
 Chief Deputy (Agency)
 Confidential Assistant
 Policy Assistant

II. LEAVE POLICY

All “At-will” employees shall receive 30 days of all purpose leave on January 12, of each calendar year, to be used by January 13, of the following year. The days shall be non-accruing, and will be prorated for “at-wills” hired after March 31, of a particular calendar year. The 30 days of all purpose leave shall be prorated as follows:

Hire Date	Days
Jan 1 - March 31	30
April 1 - June 30	23
July 1 - Sept 31	16
Oct 1 - Nov 30	6
Dec 1 - Dec 31	0

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“At-will” employees enrolled in the Virginia Retirement System (VRS) program and the Virginia Sickness and Disability (VSDP) program shall also receive family/personal and sick leave hours pursuant to § 51.1-1100 of the Code of Virginia.

In part, the VSDP provides additional leave hours to eligible “At-will” employee as follows:

Months of Service	Type of Leave	Hours
Fewer than 120	Family/Personal	32
120 or more	Family/Personal	40
Fewer than 60	Sick	64
60 to 119	Sick	72
120 or more	Sick	80

III. CERTIFICATION OF USE

It is imperative that each “At-will” employee obtain, in advance, proper approval from their supervisor before using any leave. In addition, “At-will” employees must maintain accurate records regarding the number of days used within the allotted time period. All “At-will” employees must certify, in writing, that their established leave limit was not exceeded during the allotted time period. The employees should maintain a leave calendar to attach to the certification letter. The certification letter must be maintained by the agency’s Human Resource Office, and should be available for review by the Auditor Public Accounts.

IV. LEAVE TRANSFER

If an “At-will” employee transfers to a different “At-will” position, in a different agency, and has a leave balance, the balance shall transfer to the new agency. A letter certifying that the balance is accurate should be included with official transfer documents.

If an “At-will” employee transfers to a classified position, and has a leave balance, the balance can not transfer. (See section VI – Leave Payout)

Generally, employees transferring from classified positions to “At-will” positions will not be allowed to transfer leave balances. This particular scenario can create unique circumstances, and may dictate requests for exceptions.

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V. LEAVE CARRYOVER

“At-will” employees participating in the executive leave program will not be allowed to carryover leave that is not used during the allotted time period.

VI. LEAVE PAYOUT

“At-will” employees participating in the executive leave program, who separate from state government service, voluntarily or involuntarily, shall be paid for their documented unused leave balance up to a maximum of 15 days (120 hours). “At-will” employees will not be compensated for unused leave after December 31, 2013.

“At-will” employees participating in the executive leave program, who transfer to classified positions, shall be paid for their unused leave balance up to a maximum of 15 days (120 hours).

“At-will” employees participating in the executive leave program, who are terminated for performance or misconduct reasons could forfeit their payout for unused leave.

“At-will” employees participating in the accrual leave system shall be paid for their unused leave balances in accordance with established governing policy.

VII. Medical Leave

Continuation of salary during medical leave beyond the appointee’s available balance is subject to the approval of the Chief of Staff and verification of the appointee’s condition by the treating physician(s). “At-will” employees enrolled in the Optional Retirement Program (ORP) and participants in the Executive Leave Program are NOT eligible to participate in the Virginia Sickness & Disability Program (VSDP), and thus do not have long-term or short-term disability benefits.

VIII. Term

This policy shall be in effect beginning January 18, 2010 and ending on January 13, 2014, unless otherwise amended or rescinded.

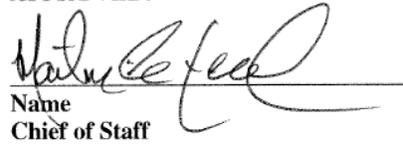
IX. POLICY EXCEPTIONS

Requests for exceptions to this policy must be directed to the Chief of Staff. Only the Chief of Staff can approve exceptions to this policy.

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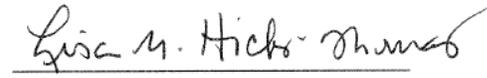
APPROVED:


Name
Chief of Staff

4-30-10
Date


Name
Counselor and Senior Advisor

4-30-10
Date


Name
Secretary of Administration

4-30-10
Date

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Statement of Economic Interests

Information related to the State and Local Government Conflict of Interests Act is available on the Secretary of the Commonwealth's website.

[Conflict of Interests](#)

When are the statements due?

Annual Conflict of Interest Notification Schedule and Deadline

- On **November 30**, the Office of the Secretary of the Commonwealth will send out the official memorandum directing agency coordinators to proceed in notifying their employees of their obligation to disclose their financial interests for the current calendar year. On this date, the online Conflict of Interest Disclosure System will be activated.
- The deadline to submit your Statement of Economic Interests form for the 2013 calendar year is **January 15**.

Where can I find the forms?

Refer to the Secretary of the Commonwealth's website for the forms and access to the Conflict of Interest Disclosure System User Guide for Individuals.

[Statement of Economic Interests Form](#)

[Conflict Of Interest Disclosure System User Guide For Individuals](#)

May I submit the forms electronically?

Yes, you may submit the form electronically by establishing/using your account in the Conflict of Interest Disclosure System or you may submit your forms manually. See your agency coordinator.

Frequently Asked Forms Questions:

When filling out the Statement of Economic Interests form, who do I consider my "immediate family"?

Immediate family means spouse, children who are still living at home and are dependents, or any other person living in your home who is dependent upon you and who received from you more than one-half of his or her financial support.

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When completing Schedule B of the Statement of Economic Interests form, what do I consider my "personal liabilities"?

Personal liabilities means money owed to a bank or one creditor for over \$10,000. This debt includes such things as student loans, and credit cards. This does not include such things that can be taken away for non-payment, such as a car loan, a mortgage on your home. For example, your house or car can be repossessed if you do not pay, however, if you have student loans, your education cannot be taken away from you, and you are personally liable to pay on these loans.

When completing Schedule E of the Statement of Economic Interests form, what do I consider a "gift"?

All gifts over \$50 must be reported. A gift is considered any gratuity, hospitality, entertainment (including meals, transportation, lodging) that was given to you by a business, government or individual other than a relative or close personal friend and for which you neither paid for nor provided services in exchange.

When completing Schedule G of the Statement of Economic Interests form, who do I consider a "close financial associate"?

A close financial associate includes any partner in a business, co-owner of a business or piece of land, or member of your immediate family. This does not include an individual who is receiving retirement benefits from a business or who may be representing a state governmental agency.

What is the penalty for failure to file a Statement of Economic Interests form or wrongly filing the form?

Any person who does not file or who knowingly files the Statement of Economic Interests form inaccurately will be charged with a Class 1 Misdemeanor which is punishable by no more than 12 months in jail and a fine of no more than \$2,500. A local official who knowingly files the form inaccurately will be charged with a Class 3 misdemeanor which is punishable by a fine of no more than \$500. Any person who knowingly files the form inaccurately may also be dismissed from office or employment.

For further information please contact your Agency Coordinator. If you do not know who your Agency Coordinator is, please contact your Human Resources Office.

Additional Assistance:

[Margaret D. Sacks](#)

Conflict of Interest Director
1111 East Broad Street, 4th Floor
Richmond, Virginia 23219
(804) 692-0102

or use our [Inquiry Form](http://www.commonwealth.virginia.gov/SecInfo/InquiryForm.cfm) at <http://www.commonwealth.virginia.gov/SecInfo/InquiryForm.cfm>

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Employment After Separation

The following provisions in the Code of Virginia pertain to employment after separation for certain officers and employees of state government. These provisions impact employees who wish to become lobbyists or who have been involved in procurement functions in their state positions.

§ 2.2-3104. Prohibited conduct for certain officers and employees of state government.

In addition to the prohibitions contained in § 2.2-3103, no state officer or employee shall, during the one year after the termination of his public employment or service, represent a client or act in a representative capacity on behalf of any person or group, for compensation, on any matter before the agency of which he was an officer or employee. For the purposes of this section, "state officer or employee" shall mean (i) the Governor, Lieutenant Governor, Attorney General, and officers appointed by the Governor, whether confirmation by the General Assembly or by either house thereof is required or not, who are regularly employed on a full-time salaried basis; those officers and employees of executive branch agencies who report directly to the agency head; and those at the level immediately below those who report directly to the agency head and are at a pay band 6 or higher and (ii) the officers and professional employees of the legislative branch designated by the joint rules committee of the General Assembly. For the purposes of this section, the General Assembly and the legislative branch agencies shall be deemed one agency. The prohibitions of this section shall apply only to persons engaged in activities that would require registration as a lobbyist under § 2.2-422. Any person subject to the provisions of this section may apply to the Attorney General, as provided in § 2.2-3126, for an advisory opinion as to the application of the restriction imposed by this section on any post-public employment position or opportunity.

§ 2.2-4370. Disclosure of subsequent employment.

No public employee or former public employee having official responsibility for procurement transactions shall accept employment with any bidder, offeror or contractor with whom the employee or former employee dealt in an official capacity concerning procurement transactions for a period of one year from the cessation of employment by the public body unless the employee or former employee provides written notification to the public body, or a public official if designated by the public body, or both, prior to commencement of employment by that bidder, offeror or contractor.

(1982, c. 647, § 11-76; 2001, c. 844.)

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Things to Consider

Departure Logistics

What do I do with my state issued equipment, charge cards, vehicle, etc.?

Severance and Leave

Am I entitled to a severance package?

Will I be paid for my unused leave balances?

Health Benefits

When does my health care coverage end?

Does the State provide extended health care coverage?

How much will it cost to have extended health care coverage?

What happens to my Flexible Reimbursement Account?

Unemployment Compensation

Am I entitled to unemployment compensation? How do I apply?

Retirement

What happens to my retirement account?

How long does cash match continue?

What happens with my deferred compensation account?

What are my investment/roll-over options?

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Chart of Benefits for Members of VRS, SPORS, or VALORS

Benefit Type	Effect Of Severance Benefit On Other Benefits
Group Life Insurance	<ul style="list-style-type: none"> • Employer continues insurance premium for 12 months for employees receiving severance payments. • Employees on LTD-Working or on LTD that transitioned from STD continue to be covered by group life insurance if they receive severance payments.
Healthcare	<ul style="list-style-type: none"> • Employer paid premium continues for 12 months for full-time employees receiving severance payments. • Full-time employees who are on LTD-Working or who transitioned from STD to LTD and are receiving severance benefits continue to be covered by the active group health insurance with employer-paid premiums.
Holidays	<ul style="list-style-type: none"> • Severance Benefits are paid based on weekly salary whether or not holidays occur.
Optional Life Insurance	<ul style="list-style-type: none"> • Employees may convert to an individual policy upon separation. • Employees choosing enhanced retirement may continue a portion of optional life insurance coverage. Contact Virginia Retirement System (VRS) for details.
Retirement Service Credit	<ul style="list-style-type: none"> • Employees receiving VSDP benefits <u>and</u> severance payments will receive retirement service credit while receiving VSDP benefits. Retirement contributions continue during STD. • Pre-tax purchase of prior service ends when severance benefits begin. • Eligible employees may apply the severance benefit to obtain an enhanced retirement
Service Credit for Leave and/or VSDP	<ul style="list-style-type: none"> • Time counts towards service for annual, sick, and family and personal leave. • Contact VRS for details regarding retirement credit.
Unemployment Compensation	<ul style="list-style-type: none"> • Employees may receive unemployment compensation (UC), but severance payments are reduced by the amount of any UC payments. • Amount deducted from severance payments for UC shall be paid in a lump sum at the end of severance payments. • Contact the Virginia Employment Commission (VEC) for details.
VSDP Short-term Disability and LTD-Working	<ul style="list-style-type: none"> • Severance payments offset VSDP benefits. • If an employee is still disabled at the end of severance, VSDP benefits continue. • Employees who move from STD or LTD-Working to LTD continue to receive severance benefits. • Agencies must report severance payments of employees receiving VSDP benefits. • Time counts toward 180-day waiting period for LTD. • Employees in LTD-Working immediately move into LTD.
VSDP Long-term Disability	<ul style="list-style-type: none"> • Employees on LTD when separation occurs are not eligible.
Workers' Compensation	<ul style="list-style-type: none"> • Eligible employees receive severance and WC payments. • Agency supplement for employees not covered by VSDP stops while employee receives severance benefits. • VSDP benefits for eligible employees are offset by severance payments.
457 Deferred Compensation Plan	<ul style="list-style-type: none"> • Severance benefit may not be contributed to the plan. • Distribution available once you terminate employment.

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Chart of Benefits for Members of ORPPA

Benefit Type	Effect Of Severance Benefit On Other Benefits
Group Life Insurance	Employer continues insurance premium for 12 months for employees receiving severance payments.
Healthcare	Employer paid premium continues for 12 months for full-time employees receiving
Holidays	Severance Benefits are paid based on weekly salary whether or not holidays occur.
Optional Life Insurance	Employees may convert to an individual policy upon separation.
Unemployment Compensation	Employees <i>may</i> receive unemployment compensation (UC), but severance payments are reduced by the amount of any UC payments. Amount deducted from severance payments for UC shall be paid in a lump sum at the end of severance payments. Contact the Virginia Employment Commission (VEC) to determine eligibility.
Workers' Compensation	Eligible employees receive severance and WC payments.

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General Housekeeping

State Issued Property – The Commonwealth of Virginia routinely issues property to authorized personnel. All state issued property must be returned in acceptable working condition prior to separation. It is the responsibility of the individual to whom the property was issued to ensure that the property is returned. Some common types of state issued property are reflected below.

- Cellular telephones (telephone numbers are portable)
- Personal Digital Assistants
- Satellite Desktop Computers/Printers
- Agency Assigned Vehicles
- Identification Badges
- External/Internal Electronic Access Cards
- Office Keys

Travel Charge Cards - Travel charge cards are issued to most employees who travel more than twice a year. The cards are issued in the employee's names, not the Commonwealth of Virginia. Employees are encouraged to pay the entire account balances prior to separation. Notes of interest are listed below.

- Delinquent and unpaid balances will affect an employee's personal credit history
- Cards should be cancelled approximately one month prior to separation
- Ask your travel charge card administrator for confirmation of the cancellation

Small Purchase Charge Cards - Small purchase charge cards are issued in the names of employees to be used for agency purchases of less than \$5,000. Although the cards are in the names of employee's, the agencies are responsible for the card. If you have a small purchase charge card issued in your name, it should be cancelled prior to separation.

- Cards should be cancelled approximately one month prior to separation.

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Permanent/Temporary Travel Advance - Permanent or temporary travel advances are strongly discouraged. However, if you have been issued or authorized either type, it is your responsibility to close the advance out properly. Notes of interest are below.

- If you have been issued an advance, close it out by completing a travel voucher to properly account for and accurately record expenses prior to separation.
- If you have authorized a travel advance for an employee, have that employee complete a travel reimbursement voucher to close out the advance. If necessary, the advance can be reissued by a new authority.

Contact Information - Upon separating from State Government, make certain that your human resource and payroll departments have accurate contact information for you.

Personnel Clearance Form - This form is designed to function as a checklist for employees separating from State Government. Individual agencies may have different forms used for this purpose. Check with your Human Resource Office.

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Telecommunications

Cellular Phone Asset # _____ CN _____ Received by: _____

Pager Asset # _____ PN _____ Received by: _____

Remote Telephone/Line # _____ Termination Date: _____

Commonwealth of Virginia Calling Card
Received: _____ Termination Date: _____

Electronic Access

Building Access Card Number _____ Received by: _____

Internal Access Card Number _____ Received by: _____

Parking Access Card Number _____ Received by: _____

Office

Door Keys Received by: _____

Desk /Cabinet Keys Received by: _____

Credit Cards

Travel Charge Card# _____ Cancellation Date: _____
(Support Services Action)

Small Purchase Charge Card# _____ Cancellation Date: _____
(Support Services Action)

Universal Air Travel Card# _____ Cancellation Date: _____
(Support Services Action)

Contact Information

Mailing Address: _____

Administrative

Retirement/Deferred Compensation Form Submission Date: _____

Health Benefits Form Submission Date: _____

Employee Signature _____

Date: _____

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Support Services Actions

Cellular Phone Cancellation Date: _____ Cancelled By: _____

Pager Cancellation Date: _____ Cancelled By: _____

Cellular Phone Recycle Date: _____ Agency Assigned to: _____

Pager Recycle Date: _____ Agency Assigned to: _____

Confirmations

Receipt of Items listed above: _____ Date: _____
Procurement Officer

Director Date: _____

Transfer of Items/Approval: _____ Date: _____
Procurement Officer

Director Date: _____

MAKING THE TRANSITIONWTA Severance Benefits
Frequently Asked Questions

What are transitional severance benefits?

Severance benefits, or transitional severance benefits, are benefits provided to eligible employees designed to lessen the impact of involuntary separation by providing some cash payments and continuing key benefits for a period of time. Severance benefits include:

- Transitional severance payments **and**
- Continuation of the state's contribution toward health and life insurance premiums for up to 12 months, **or**
- Enhanced retirement benefits (ONLY for full-time employees who are at least 50 years of age and are vested in VRS, SPORS, or VaLORS).

Who is eligible to receive transitional severance benefits conferred under Title 2.2, Chapter 32 of the Code of Virginia, the Workforce Transition Act of 1995?

- Any employee whose position is exempt from the Virginia Personnel Act pursuant to subdivision 3 or 20 of section 2.2-2905.

Note: Employees in Subdivisions 3 and 20 are officers appointed by the Governor whether General Assembly confirmation is required or not, and Chief Deputies or Confidential Assistants for Policy or Administration in agencies, respectively.

If the employee accepts another job with the state, do the severance benefits end?

Yes. If an employee is hired by the original agency or another state agency, even as an hourly employee, independent contractor, or consultant while receiving severance payments, severance payments cease. State contributions to health and life insurance continue for up to a year unless the employee is re-employed into a salaried state position that provides health and life insurance.

If an employee who used the enhanced retirement benefit returns to a position covered by VRS, SPORS, or VaLORS, he or she is no longer retired, and all retirement benefits stop. If this employee works for some time and again retires, the enhanced retirement benefit will not be applied to another retirement.

Do an employee's severance benefits stop if he or she accepts a job in the private sector?

No.

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How are transitional benefits determined?

- The duration of the severance payments are based upon the employee's years of continuous service. Partial years of service are rounded up to the next highest year. For example, if an employee has 9 years and 5 months of continuous service at the time of layoff, it will be considered 10 years of service for the severance payment calculation.
- The maximum severance payment to which an employee may be entitled is 36 weeks of salary:

<u>Years of Service</u>	<u>Amount of Severance Benefit</u>
2 years or less	4 weeks' salary
3 – 9 years	4 weeks' salary plus an additional week for every year over 2
10 – 14 years	12 weeks' salary plus 2 additional weeks for every year over 9
15 years or more	2 weeks' salary per year not to exceed 36 weeks of salary

Will severance payments be equal to the employee's semi-monthly salary?

By statute, severance payments are based on weekly salary amounts (annual salary divided by 52). *For example, an employee with seven years of state service is eligible to receive severance payments equal to nine weeks of salary. The employee will be paid two weeks' salary on the agency's normal payroll schedule (every two weeks or semi-monthly) for about eight weeks; the last severance payment will be one week's salary.*

What deductions can be taken from severance payments?

The employee's contribution to health insurance premiums may be deducted from the severance payments. Employees should check with their payroll offices regarding other deductions.

Can an employee defer a portion of the severance payments through the Deferred Compensation Program so he or she can receive the cash match?

No, deferred compensation may not be deducted from severance payments and cash match does not continue.

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Are severance payments subject to Direct Deposit?

Yes. Employees will receive their severance payments by whatever method they receive their paychecks.

What is the enhanced retirement option? ***Enhanced retirement is not available to employees in the Optional Retirement Plan for Political Appointees (ORPPA).***

This is an option that allows full-time employees who are at least 50 years old and are vested members of VRS, SPORS, or VaLORS to apply the value of the severance payments and state-paid portions of life and health insurance premiums either to their age, service credit, or a combination of both (except that employees eligible for unreduced retirement may add this value to creditable service only) so that their retirement benefit is enhanced. The agency determines the cash equivalent of the severance benefits, and then divides that amount by 15% of the employee's annual salary to determine the number of years that can be added to the employee's retirement credit or age. Partial years are raised to the next full year.

Can an employee who is 48 years old take the enhanced retirement option and use the credit to add 2 years to his or her age to achieve the threshold of 50 years of age?

No. The employee must be at least 50 years of age and must have at least 5 years of service credit to select the enhanced retirement option.

Can an employee take the enhanced retirement option and delay his or her retirement for several months or up to a year?

No. If an employee decides to take the enhanced retirement severance option, he or she must retire immediately. *(Employee must retire on the first of the month following the separation date.)*

How long does the state's contribution toward health and life insurance premiums continue?

The state's contribution toward health and life insurance premiums continues for 12 months from the separation date or until the employee is re-employed in another salaried state position that provides benefits.

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What other benefits are affected when an employee receives severance benefits?

The charts on pages 13 and 14 summarize the effects of severance benefits on other benefits for those in VRS and for those in ORPPA.

Be sure to check with your HR Office/Benefits Administrator for more details.

A copy of the Executive Severance Policy (from the Agency Head Handbook) is attached (pages 23-25).

The DHRM Severance Policy is available on the DHRM website at:
[DHRM Policy 1.57, Severance.](#)

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Commonwealth of Virginia
Office of the Governor

EXECUTIVE SEVERANCE POLICY

This policy is intended to establish uniformity and guidance regarding severance payments to gubernatorial appointees ("At-wills").

I. EMPLOYEES TO WHOM POLICY APPLIES

The following policy applies to all "At-will" employees involuntarily separated from state government. "At-will" employees are defined as follows:

Employees of the Governor's and Cabinet Offices
Agency Head
Chief Deputy (Agency)
Confidential Assistant
Policy Assistant

II. SEVERANCE POLICY

All "At-will" employees will be eligible to receive transitional severance benefits conferred under Title 2.2, Chapter 32 of the Code of Virginia, the Workforce Transition Act (WTA) of 1995.

III. TRANSITIONAL SEVERANCE PAYMENTS

The maximum severance payment allowed under provisions of the WTA is 36 weeks of salary. Payments will be based on weekly salary amounts (annual salary divided by 52), and distributed in two-week increments on the normal payroll schedule.

The WTA allows for transitional severance payments to be made to employees based on their years of service as indicated in the table below.

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Years of Service	Transitional Severance Benefit
2 years or less	4 weeks of salary
3-9 years	4 weeks of salary plus an additional week for every year over 2
10-14 years	12 weeks of salary plus 2 additional weeks for every year over 9
15 years or more	2 weeks of salary per year not to exceed 36 weeks of salary

IV. TRANSITIONAL HEALTH CARE BENEFITS

“At-will” employees receiving severance payments, and who are involuntarily separated from state government will be eligible to continue their health care coverage with the state for a period of one year after their date of separation. If an employee elects to continue coverage with the state, he or she must continue with the same coverage they had prior to separating from the state. The employee and employer will continue contributing to total premium at the same rate as before the separation.

V. TRANSITIONAL LIFE INSURANCE BENEFITS

“At-will” employees receiving severance payments will continue to be covered by the state provided life insurance policy for a period of one year after the date of separation.

VI. ENHANCED RETIREMENT BENEFITS

Eligible “At-will” employees will be allowed to apply the value of the severance payments, and portions of the state-paid life and health premiums to their age, years of service, or a combination of both to enhance their retirement benefit.

This benefit is only available to employees who are at least 50 years old and vested members of VRS, SPORS, or VaLORS.

VRS should be contacted to discuss the details of this option.

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VII. UNEMPLOYMENT BENEFITS

Some "At-will" employees may be eligible to receive unemployment compensation. However, if an employee receives unemployment compensation and transitional severance payments, simultaneously, the severance payments will be reduced by the amount of the unemployment compensation. At the end of the employee's transitional severance payments, the employee will receive a lump sum payment equal to the amount of the reductions for unemployment compensation.

VEC should be contacted to discuss the details of this option.

VIII. OTHER TRANSITIONAL BENEFITS

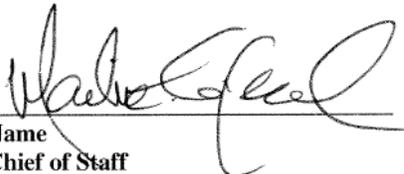
There may be other benefits available to "At-will" employees who are involuntarily separated from state government. It is incumbent upon each "At-will" employee to meet with their Human Resource office to discuss all benefits that may be available relative to involuntary separation.

IX. NOTICE OF RECEIPT

All "At-will" employees must acknowledge receipt of this policy by signing form ESP-001.

The signed form shall become a part of the employee's permanent personnel record.

APPROVED:


 Name
 Chief of Staff

4-30-10
 Date


 Name
 Counselor and Senior Advisor

4-30-10
 Date


 Name
 Secretary of Administration

4-30-10
 Date

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Health Benefits Coverage Frequently Asked Questions

May I continue to participate in the state health plan?

- If you are **involuntarily separated and eligible for WTA**, you may continue your health benefit plan for 12 months. You will continue to pay only the employee share of the premium just as you do as an active employee.
- If you **leave voluntarily and are NOT eligible for WTA**, you are covered until the end of the month in which your last premium was paid.
- At the end of WTA or when you leave state service, you have several options for health benefits:
 - 1) **Retire** – If you are eligible for and take an immediate VRS retirement benefit or immediate periodic benefit from a qualifying Optional Retirement Plan and are otherwise eligible for retiree coverage when you terminate active employment (including any time during or immediately after your transitional period), you may enroll in the State Retiree Health Benefits Program within 31 days of your retirement date.
 - 2) **Extended Coverage/COBRA** - Coordinate with your Benefits Administrator to enroll in Extended Coverage/COBRA within 60 days from the date your health plan coverage ends due to termination of employment or the end of your transitional period or 60 days from the date you are provided an Election Notice, whichever is later.
 - 3) **Non-state plan** - Enroll in a non-state health plan. Your Extended Coverage/COBRA Election Notice and Health Insurance Marketplace Notice contains information about the Health Insurance Marketplace.

How much will I have to pay for my health benefits plan?

The rate you pay will depend on the plan in which you are enrolled. Premium rate sheets are attached for:

- 1) Rates during the WTA severance/transitional period
- 2) Rates for Medicare-eligible retirees
- 3) Rates for non-Medicare-eligible retirees
- 4) Rates for Extended Coverage/COBRA

Do I need documentation that I had state health coverage?

If you participated in the state health benefits program, you will receive a Certificate of Coverage.

What happens to my Flexible Spending Account(s)—FSAs?

- If you are **receiving WTA severance** benefits, you can decide to either:
 - o Continue your account(s) on a pre-tax basis from your severance benefits or until the end of the plan year, whichever comes first. (If your severance benefits stop before the end of the plan year, you can continue your medical FSA on an after-tax basis until the end of the plan year if your account is under spent.)

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NOTE:

- o ***During your severance period, dependent care expenses may be reimbursed only if a participant is employed or seeking employment.***

OR

- o Discontinue your accounts at the start of your transitional period and file claims for services incurred during your period of coverage.

If you are **NOT receiving WTA severance** benefits,

- o You may NOT continue your dependent care FSA.
- o If your account is under spent and you elect COBRA/Extended Coverage, you may continue your medical FSA on an after-tax basis through the end of the plan year.

Coordinate with your Benefits Administrator to review your individual status.

Who do I contact if I have questions?

For information about initial enrollment in Extended Coverage/COBRA, contact your employing agency's Benefits Administrator. Be sure to keep your Benefits Administrator informed of any address change, so that he or she will be able to reach you if needed.

If you have questions or need to make allowable changes to Extended Coverage/COBRA after initial enrollment, contact:

Office of Health Benefits Extended Coverage Administrator
101 N. 14th Street, 13th Floor
Richmond, VA 23219
Telephone: 888/642-4414

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Commonwealth of Virginia Health Benefits Program

Workforce Transition Act Monthly Premiums (Effective July 1, 2013 - June 30, 2014)

Premiums will be reduced for participants in the COVA Care and COVA HealthAware Plans who are eligible for and have completed the requirements for a premium reward. The reduction would be \$17 for the employee or former employee and/or \$17 for a covered spouse.

Health Care Plans		Premium		
		You Only	You Plus One	You Plus Two or More
COVA Care	<i>Employee Pays</i>	\$72	\$164	\$220
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$574	\$1,065	\$1,541
COVA Care + Out-of-Network	<i>Employee Pays</i>	\$85	\$182	\$245
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$587	\$1,083	\$1,566
COVA Care + Expanded Dental	<i>Employee Pays</i>	\$96	\$210	\$289
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$598	\$1,111	\$1,610
COVA Care + Out-of-Network + Expanded Dental	<i>Employee Pays</i>	\$109	\$228	\$314
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$611	\$1,129	\$1,635
COVA Care + Expanded Dental + Vision & Hearing	<i>Employee Pays</i>	\$110	\$234	\$321
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$612	\$1,135	\$1,642
COVA Care + Out-of Network + Expanded Dental + Vision & Hearing	<i>Employee Pays</i>	\$123	\$252	\$346
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$625	\$1,153	\$1,667

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COVA HealthAware	<i>Employee Pays</i>	\$26	\$78	\$93
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$528	\$979	\$1,414
COVA HealthAware + Expanded Dental	<i>Employee Pays</i>	\$50	\$124	\$162
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$552	\$1,025	\$1,483
COVA HealthAware + Expanded Dental & Vision	<i>Employee Pays</i>	\$57	\$137	\$181
	State Pays	<u>\$502</u>	<u>\$901</u>	<u>\$1,321</u>
	Total Premium	\$559	\$1,038	\$1,502
COVA HDHP	<i>Employee Pays</i>	\$0	\$0	\$0
	State Pays	<u>\$431</u>	<u>\$800</u>	<u>\$1,169</u>
	Total Premium	\$431	\$800	\$1,169
COVA HDHP + Expanded Dental	<i>Employee Pays</i>	\$24	\$46	\$69
	State Pays	<u>\$431</u>	<u>\$800</u>	<u>\$1,169</u>
	Total Premium	\$455	\$846	\$1,238
Kaiser Permanente HMO – (available primarily in Northern Virginia)	<i>Employee Pays</i>	\$55	\$130	\$186
	State Pays	<u>\$467</u>	<u>\$831</u>	<u>\$1,215</u>
	Total Premium	\$522	\$961	\$1,401


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**Commonwealth of Virginia
Retiree Health Benefits Program**

Medicare Retiree Monthly Premiums

*(Effective January 1 – December 31, 2013)**

*Premiums are subject to change effective January 1, 2014.

PLAN	ONE PERSON	TWO PERSONS**
<i>Advantage 65</i>	\$237	\$474
<i>Advantage 65 + Dental/Vision</i>	\$271	\$542
<i>Advantage 65 – Medical Only**</i>	\$139	\$278
<i>Advantage 65 – Medical Only + Dental/Vision**</i>	\$173	\$346

**These plans do not include prescription drug coverage

Medicare-eligible former employees (retirees, survivors, LTD participants) who enroll in the State Retiree Health Benefits Program must select from these plan choices. Except where specifically indicated, these plans pay secondary to Medicare and require enrollment in Medicare, Parts A and B, which will become primary payer.

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Commonwealth of Virginia Retiree Health Benefits Program

Monthly Premiums for Non-Medicare-Eligible Retirees (Effective July 1, 2013 - June 30, 2014)

Premiums will be reduced for participants in the COVA Care and COVA HealthAware Plans who are eligible for and have completed the requirements for a premium reward. The reduction would be \$17 for the employee or former employee and/or \$17 for a covered spouse.

Health Care Plans		Non-Medicare Eligible Retirees		
		You Only	You Plus One	You Plus Two or More
COVA HDHP - High Deductible Health Plan (with preventive dental)	Total Premium	\$431	\$800	\$1,169
COVA HDHP + Expanded Dental	Total Premium	\$455	\$846	\$1,238
COVA HealthAware (with preventive dental)	Total Premium	\$528	\$979	\$1,414
COVA HealthAware + Expanded Dental	Total Premium	\$552	\$1,025	\$1,483
COVA HealthAware + Expanded Dental & Vision	Total Premium	\$559	\$1,038	\$1,502
COVA Care (with preventive dental)	Total Premium	\$574	\$1,065	\$1,541
COVA Care + Out-of-Network	Total Premium	\$587	\$1,083	\$1,566
COVA Care + Expanded Dental	Total Premium	\$598	\$1,111	\$1,610
COVA Care + Out-of-Network + Expanded Dental	Total Premium	\$611	\$1,129	\$1,635
COVA Care + Expanded Dental + Vision & Hearing	Total Premium	\$612	\$1,135	\$1,642
COVA Care + Out-of-Network + Expanded Dental + Vision & Hearing	Total Premium	\$625	\$1,153	\$1,667
Kaiser Permanente HMO – (available in Fredericksburg area and Northern Virginia)	Total Premium	\$522	\$961	\$1,401

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Commonwealth of Virginia Extended Coverage (COBRA) Monthly Premiums (Effective July 1, 2013 - June 30, 2014)

Termination of Employment is an event that can provide up to 18 months of extended coverage. Second qualifying events can extend that period up to 36 months, and certain Social Security Disability determinations may extend the original period up to 29 months. Your Extended Coverage Election Notice will provide complete information.

Health Care Plans	You Only	You Plus One	You Plus Two or More
COVA HDHP - High Deductible Health Plan			
<i>Total Premium – 18 & 36 months</i>	\$440	\$816	\$1,192
<i>Total Premium – 29 months</i>	\$646	\$1,200	\$1,754
COVA HDHP Plus Expanded Dental			
<i>Total Premium – 18 & 36 months</i>	\$464	\$863	\$1,263
<i>Total Premium – 29 months</i>	\$682	\$1,269	\$1,857
COVA HealthAware			
<i>Total Premium – 18 & 36 months</i>	\$539	\$999	\$1,442
<i>Total Premium – 29 months</i>	\$792	\$1,468	\$2,121
COVA HealthAware Plus Expanded Dental			
<i>Total Premium – 18 & 36 months</i>	\$563	\$1,046	\$1,513
<i>Total Premium – 29 months</i>	\$828	\$1,538	\$2,224
COVA HealthAware Plus Expanded Dental & Vision			
<i>Total Premium – 18 & 36 months</i>	\$570	\$1,059	\$1,532
<i>Total Premium – 29 months</i>	\$838	\$1,557	\$2,253
COVA Care			
<i>Total Premium – 18 & 36 months</i>	\$585	\$1,086	\$1,572
<i>Total Premium – 29 months</i>	\$861	\$1,598	\$2,312
COVA Care Plus Out-of-Network			
<i>Total Premium – 18 & 36 months</i>	\$599	\$1,105	\$1,597
<i>Total Premium – 29 months</i>	\$880	\$1,624	\$2,349
COVA Care Plus Expanded Dental			
<i>Total Premium – 18 & 36 months</i>	\$610	\$1,133	\$1,642
<i>Total Premium – 29 months</i>	\$897	\$1,666	\$2,415
COVA Care Plus Out-of-Network & Expanded Dental			
<i>Total Premium – 18 & 36 months</i>	\$623	\$1,152	\$1,668
<i>Total Premium – 29 months</i>	\$916	\$1,694	\$2,452
COVA Care Plus Expanded Dental Plus Vision & Hearing			
<i>Total Premium – 18 & 36 months</i>	\$624	\$1,158	\$1,675
<i>Total Premium – 29 months</i>	\$918	\$1,702	\$2,463
COVA Care Plus Out-of-Network Plus Expanded Dental Plus Vision & Hearing			
<i>Total Premium – 18 & 36 months</i>	\$638	\$1,176	\$1,700
<i>Total Premium – 29 months</i>	\$938	\$1,730	\$2,500
Kaiser Permanente HMO – available primarily in Northern Virginia			
<i>Total Premium – 18 & 36 months</i>	\$532	\$980	\$1,429
<i>Total Premium – 29 months</i>	\$783	\$1,442	\$2,102

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Eligibility Criteria For Unemployment Benefits

Monetary Qualification

- An individual must have earned at least \$2,700 in two quarters of the base period to qualify for unemployment benefits. The base period consists of the first 4 of the last 5 completed calendar quarters prior to the date of claim filing.
- For claims filed weekly benefit amounts range from \$54 to \$378.
- An individual is not covered for unemployment insurance purposes if he or she is working as an appointee in a major non-tenured policymaking or advisory position (Section 60.2-213.B.6.e of the Code of Virginia). Therefore, such individuals will not be eligible for benefits.

Separation Qualification

- An individual must be unemployed through no fault of his/her own. If the reason for separation is other than lack of work, an adjudicator will determine benefit eligibility.
- An individual who voluntarily leaves employment must show good cause for doing so in order to be eligible for benefits.
- An individual who is discharged from a job can be eligible for unemployment benefits if the discharge was for reasons other than misconduct.

Ongoing Eligibility Criteria

- An individual must be able and available to work. He/she must also be actively seeking work.
- The individual must accept any offer of suitable work or show good cause for failing to do so.
- An individual will be ineligible for benefits in any week he/she earns wages equal to or in excess of the weekly benefit amount. The individual may receive partial benefits for weeks in which he/she earns less than the weekly benefit amount.

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Severance/Accrued Leave Pay

- Severance pay (not WTA) including accrued leave pay is not deductible from an individual's weekly benefit amount.

WTA

- Payments made under the Workforce Transition Act (WTA) are not deductible from an individual's weekly benefit amount. However, the law requires the separating state agency to reduce each week of WTA by the amount of unemployment benefit payment. The withheld WTA amount is payable to the individual with the last WTA payment. For example, if you are entitled to receive \$500 per week for 19 weeks from WTA and \$200 per week in unemployment benefits, your WTA weekly amount will be reduced to \$300 (\$500 minus \$200). At the end of 19 weeks, you will be paid the total sum of these deductions or \$3800 (\$200 x 19).

Retirement Pensions

- If an individual receives a retirement pension from a base period employer, the weekly pension amount is deductible dollar-for-dollar from the unemployment benefit weekly amount. The individual is ineligible for unemployment benefits for any week in which the pension amount is equal to or exceeds the weekly unemployment benefit amount.

How To File A Claim For Benefits

- A claim may be filed by telephone at (866)832-2363, by internet at [VEC Website](#), or by reporting to the Virginia Employment Commission (VEC) office nearest you.

Job Assistance

- To be eligible for unemployment benefits, an individual must register with the VEC for employment assistance. The VEC can provide job seekers with exposure to a variety of local and statewide job opportunities in the private sector as well as state and federal government positions. A substantial cross-section of employers uses the VEC for all job recruiting. For information on job registration and/or job openings, please visit the VEC website at [VEC Website](#). You will find listings of jobs currently filed with the VEC, as well as links to many other employment-related sites.

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Commonwealth of Virginia 457 Deferred Compensation Plan Frequently Asked Questions

General

What is the Deferred Compensation Plan?

The Commonwealth of Virginia 457 Deferred Compensation Plan (457 Plan) is a tax-deferred retirement savings plan established under Internal Revenue Code Section 457(b) and Chapter Six of Title 51.1 of the *Code of Virginia*. The Plan enables employees of the Commonwealth and other public employers in Virginia who adopt the Plan to contribute up to the annual limit, or 100% of includible compensation, whichever is less. Includible compensation is all compensation except that used to purchase VRS defined benefit plan service on a tax deferred basis. The annual limit for 2013 is \$17,500. If you are age 50 or older, you may contribute an additional \$5,500 for a total of \$23,000. If you are nearing retirement, you also may be eligible for the Standard Catch-Up, which might allow you to contribute up to \$34,000 in 2013. The amount contributed accumulates tax-deferred until the Plan amounts are distributed, generally after retirement. Participants in the 457 Plan also may be eligible for the Virginia Cash Match Plan.

Who's eligible to enroll?

All employees of the Commonwealth and participating employers, including wage employees and elected or appointed officials, are eligible to enroll. There is no upper or lower age limit for participation. Salaried state employees hired or rehired on or after January 1, 2008 are enrolled in the 457 Plan through Automatic Enrollment, unless they already have a 457 Plan account, self enroll, opt out or actively contribute to a 403(b) account.

What does tax-deferred mean?

Contributions are taken out of pay before taxes are calculated, reducing current taxable income. Participants have more take-home pay than by saving the same amount with after-tax dollars. Also, earnings on the account accumulate tax deferred.

How does the amount contributed affect income tax?

The income on which federal and Virginia income tax is calculated is reduced by the amount of money contributed to the Plan. For example, if an employee's salary is \$28,000 and the employee contributes \$1,800 (\$75 per pay period x 24 pay periods per year), income for federal and Virginia income tax purposes will be \$26,200.

Does this mean I will never have to pay taxes on my contributions?

No. Under federal and Virginia law, your 457 Plan contributions and any earnings are tax-deferred, allowing more of your money to potentially grow compared to after-tax alternatives. Upon withdrawal, each payment you receive from your account is subject to federal and state income

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taxes as you receive it. Amounts remaining in your account are tax-deferred until they are withdrawn.

How do I qualify for the employer Cash Match?

If you're a full-time or part-time salaried state employee making continuous contributions of at least \$10 per pay period to the Plan, you're eligible for the Virginia Cash Match Plan. Your employer will match 50% of your contribution to the 457 Plan or \$20 per pay period, whichever is less.

If you are employed by a political subdivision or a school division that adopted the 401 (a) Virginia Cash Match Plan your employer sets the amount of the match.

How is the 457 Plan different from a traditional IRA?

The 457 Plan offers you the convenience of setting some money aside on a regular basis, with each paycheck. This may help you keep the discipline you need to save for your retirement. In addition, unlike a traditional IRA, you will not incur a 10% tax penalty for distributions from the 457 Plan taken prior to age 59½. However, other deferred compensation distribution restrictions apply. As explained above, the 457 Plan allows you to defer large amounts of money (100% of your includible compensation or \$17,500 for 2013, whichever is less) and your right to use the Plan is not limited by any income threshold test, such as the one imposed for traditional IRA deductions.

Will participating in the 457 Plan affect my VRS pension benefits or Social Security?

No. The 457 Plan offers you the opportunity to save, in addition to your VRS benefit. Your VRS benefit is calculated on your credible compensation before the contribution to the 457 Plan is taken out. Also, FICA tax is paid on the amount you contribute to the Plan, so participation does not reduce your Social Security benefit.

Enrolling in the Plan

What is Automatic Enrollment?

Automatic enrollment applies to salaried state employees hired or rehired on or after January 1, 2008. Employees receive a notice that they will be automatically enrolled approximately 90 days after the date of the notice unless they:

- Already have a 457 Plan account
- Enroll in the Plan
- Take active control of your account
- Begin contributing to a 403(b) Plan or
- Opt out of the Plan

At about the same time as the notice, employees will receive a password from the 457 Plan record keeper. Using this password, employees may go online and self enroll, change the amount being

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contributed or opt out of the Plan. When initially logging in, employees will be asked to set a user name and customize their password to one that is 8 to 20 characters in length, containing upper and lower case letters and at least one number but no special characters or words found in the dictionary.

Employees who opt out of the Plan within 90 days of the first contribution may take a distribution of the amount contributed. This refund is taxable and the employee will receive a 1099-R to use in filing taxes. If a refund is taken, the employer portion of the cash match is forfeited.

How do I enroll in the Plan?

You can enroll two ways:

- Online: Go to [VRS Website](#) and select Commonwealth of Virginia Deferred Compensation Plan under the Defined Contribution Plans tab. You will need your password to enroll online.
- By phone: 1-VRS-DC-PLAN1 (1-877-327-5261), option 1.

You also may complete paper Enrollment and Beneficiary Designation Forms if you are unable to enroll online or by phone.

Can I transfer or roll over my account from my former employer's plan into the 457 Plan?

Yes. But only approved balances from other governmental 457(b) plans may be transferred into the 457 Plan. However, the rules governing rollovers to the 401(a) Cash Match are different. You may roll distributions from other types of plans including 401(a), 401(k), 403(b), 457, IRA and the Federal Thrift Saving Plan into the Cash Match Plan.

Can I contribute special compensation to the Plan?

Participants terminating employment or retiring may contribute their unused vacation, sick leave, compensatory leave, bonus and recognition leave payout to the 457 Plan. These types of contributions require that you complete a paper Payroll Authorization Form — One-Time Deferral Form and give it to your employer while you are still employed and no later than the month prior to the month in which the payment would otherwise be made to you. Any bonuses and compensation adjustments may be contributed to the Plan in the same way. An employer also may make a non-elective contribution to an employee's account.

What are the expenses associated with the Plan?

An annual recordkeeping and communication services fee of 19 basis points (0.19%), capped at a combined account balance of \$130,000 will be deducted from your account on a quarterly basis (00.0475% per quarter). In addition, each investment option has investment management fees that vary by investment option. You can find your Plans' core investment options' fees and performance on the Plan Web site at www.varetire.org under the Defined Contribution Plans tab, by calling the Plan Information Line or within the Investment Option Performance report included with your quarterly statement. For more information on fees associated with the Self- Directed Brokerage Account option, refer to the Fact Sheet online or call the Plan Information Line.

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How do I keep track of my account?

The 457 Plan record keeper will mail you a combined quarterly account statement showing your account balance and activity for your 457 and 401 (a) Cash Match Plans. You also can check your account balance online by logging into your account at [VRS Website](#) and selecting Account Log-in from the Defined Contribution Plans drop-down menu. You will need your PIN number to access your account information. Or, you can call the Plan Information Line toll-free 1-VRS-DC-PLAN 1 (1-877-327-5261).

Will I continue to receive a paper statement from ING or do I have access my account on line for statement information?

You will continue to receive a paper statement after the close of each quarter. Statements also are available online.

What is the effective date of enrollment into the 457 plan?

In general, enrollments can be effective no earlier than the first of the month following the month in which the Plan receives the enrollment form, telephone or Web transaction. The effective date (meaning the date the first deferral comes out of your pay) may or may not be the actual first day of the month, depending on how the pay dates fall and whether the enrollment was received in time to be processed for the first pay date of the following month. The exception is for new hires who submit the enrollment form on or before their first day of employment. In this case, 457 Plan regulations allow a deferral from the first pay date, given adequate payroll processing time.

How do I reactivate an existing 457 Plan Account?

If you had a 457 Plan account from a previous period of employment and took a full withdrawal when you left employment, you must reenroll in Plan. If you left money in your Plan account, you may restart your contributions online or by phone, using the password sent to you by ING, the Plan record keeper when you were rehired.

Contributions

How much can I contribute from my paycheck?

The minimum amount you can contribute is \$10 per pay period. The maximum you can contribute is up to 100% of your includible compensation or \$17,500 for 2013, whichever is less. Includible compensation is your actual compensation for a calendar year reduced by any amount you may have paid to purchase defined benefit plan service credit on a pre-tax basis.

Are there any times when I can contribute more under the Plan?

Yes. You may contribute more in the following circumstances:

Age 50+ Catch-Up: If you are age 50 or over during the calendar year, you may contribute an

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additional catch-up amount of up to \$5,500 for 2013 for a total contribution of \$23,000.

457 Plan Standard Catch-Up: If you did not contribute the maximum amount to the Plan in previous years, you may make contributions up to twice the regular deferral limit or your catch-up credit whichever is less during the three calendar years prior to your designated normal retirement age. This is known as the Standard Catch-Up Provision and requires additional forms, which are available on the Plan Web site or by calling the Plan Information Line.

Age 50+ and Standard Catch-Up Provisions may not be used in the same calendar year.

Can I change the amount I contribute?

Yes. You can increase, decrease or suspend the amount you contribute to the 457 Plan at any time effective with the first available pay date in the following month. You can change your contribution amount by going to [VRS Website](#). Select Commonwealth of Virginia Deferred Compensation Plan under the Defined Contribution Plans tab and log into your account. Or, you may call the Plan Information Line toll-free 1-VRS-DC-PLAN 1 (1-877-327-5261). **Federal regulations require that the change be effective no earlier than the first of the following month or the next available pay date if later.**

What happens to my account if I stop contributing?

Your account continues to accumulate tax-deferred until benefits are paid to you. Plan expenses and investment fees will still be charged to your account. As long as you are an employee of an employer that offers the Plan, you may restart your contributions online or by phone.

Can a participant make contributions while receiving Virginia Sickness and Disability Program (VSDP) benefits?

Participants receiving short-term VSDP payments may contribute to the 457 Plan from their VSDP payments. Participants on long-term VSDP may not contribute to the Plan. Participants on long-term disability and working may contribute from their earnings.

Can a participant in the 457 Plan make deferrals from pay that is derived from Workers' Compensation?

No. Workers' Compensation is comparable to an insurance benefit and is not considered taxable compensation eligible to be deferred to the Plan.

Can Workforce Transition Act (WTA) severance benefits be contributed to the 457 Plan?

No. WTA severance benefits do not meet the definition of compensation.

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If an employee directs that his 457 Plan contribution is more than the money available for the pay date, how much is sent to the Plan?

If the contribution that the employee directs to be made to his 457 Plan account is more than his compensation for the pay date, no contributions will be sent to the Plans.

Can employers make contributions to the 457 Plan on behalf of their employees?

Yes. Employers may make non-elective contributions to the 457 Plan. Employers use this option to structure benefit packages and to contribute amounts that cannot be contributed to an Optional Retirement Plan because 401(a)(17) compensation limits have been reached. Employer non-elective contributions count toward the contribution limit for which the employee is eligible.

Investment Options and Restrictions

How is the money I contribute to the Plan invested?

When you participate in the 457 Plan, you have the choice of a broad and diverse array of investment options in which to invest your contributions. VRS is responsible for selecting and monitoring the core investments offered in your VRS Defined Contribution Plans. There is a range of investments that can help you build an investment strategy that's right for you.

The investment options for the defined contribution component are organized into three pathways to make it easy to implement your investment decisions. The path approach is flexible. You don't have to select one path; you can mix and match investment options based on your retirement objectives. The three paths are:

- **Do-It-For-Me Path.** This path provides a selection of target date portfolios, which are pre-mixed, diversified portfolios.
- **Help-Me-Do-It Path.** This path provides a carefully selected menu of funds for members who prefer to take a more active role in investing and want to construct a portfolio that meets their individual needs.
- **Do-It-Myself Path.** This is a self-directed brokerage account provided for those who believe they are skilled and knowledgeable about investments. The self-directed brokerage offers mutual funds, exchange traded funds (ETFs), and individual securities such as stocks and bonds.

Remember that by investing in different pathways, you are not automatically diversifying your investment portfolio. Please refer to the Fund Profile Sheets to ensure you are getting the diversification you desire by reviewing the top holdings of each fund.

To learn more about each of these funds, read the fact sheets on the Plan Web site at www.varetire.org. From the Defined Contribution Plans tab, select Commonwealth of Virginia Deferred Compensation Plan (457 Plan) and then Fund Information.

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Your contributions buy into the investment options along with other participants who choose the same investments. You also will receive an Investment Options Performance (IOP) Report with your account statement each quarter to help you keep up to date on the performance of the investment options in your Plan. A monthly IOP is posted each month on the Plan's Web site. You also can get your account statement by logging into your account at [VRS Website](#). Select the Defined Contribution Plans tab and then Account Log In. You will need your PIN number to log into your account.

In order to choose the investments that make sense for you, you can review the fund fact sheets and disclosure documents on the Web site, or call the Plan Information Line toll-free 1-VRS-DC-PLAN1 (1-877-327-5261). You should consider the investment objectives, risk, fees and expenses carefully before investing. For information about the Self-Directed Brokerage, contact TD Ameritrade at 1-866-766-4015. Read the fund information carefully before investing. You also may attend a Deferred Compensation Regional Education Meeting.

What happens if I don't give directions as to how my money is to be invested?

If you fail to specify how you want your money invested, your contributions will be placed in the Plan's default investment option until you select your investments. The default option may not be the choice you would want, so you should make sure that you specify your own investment options. The default investment option is a target date portfolio based on the participant's date of birth and projected retirement age of 65.

Can I split my contributions among the different investment options?

Yes. You may allocate your contributions in any whole percentages among the available investment options.

How can I transfer or reallocate amounts from one investment option to another?

You can:

- Move all or a portion of our existing balances between investment options (subject to plan rules)
- Change how your future contributions are invested
- To make a change, access the Plan Web site at www.varetire.org and select Account Log In from the Defined Contribution Plans tab. Using your password and the user name you selected, log into your account. You also can make a change by calling the toll-free Plan Information Line at 1-VRS-DC-PLAN1 (1-877-327-5261).

As you manage your retirement account, please remember that the investment options in your 457 Plan are intended for long-term investment. Nevertheless, you should regularly review your account to be sure you are on the path to achieving your financial goals and make changes as necessary. Please keep in mind that most funds have implemented trading restrictions in an effort to stop market timing and/or excessive trading.

MAKING THE TRANSITION

What is market timing and excessive trading?

In general, the Securities and Exchange Commission's rules define "market timing" activity to be the frequent buying and selling of fund shares in order to take advantage of the fact that there may be a lag between a change in the value of a fund's respective securities and the reflection of that change in the fund's share price.

"Excessive trading" is generally defined as purchase and sale transactions by a participant that occur with such frequency and/or such size as to materially affect the fund's ability to meet its investment objective, in the judgment of the fund.

If a fund determines that your trading activity constitutes market timing or excessive trading (according to that fund's definition of market timing or excessive trading), the fund will restrict your ability to trade in its fund. Such restrictions may include, but are not limited to:

- limiting you to one trade per certain number of days (e.g. one trade per 30 days, 60 days or 90 days, as determined by each fund company)
- requiring that your trades be mailed to ING through U.S. mail or
- closing the fund to new contributions and transfers in.

All decisions regarding whether you are market timing or excessively trading are made by the funds. ING acts only at the direction of the funds available in your 457 Plan and your Plan Administrator. As a participant in the 457 Plan, it is your responsibility to review the prospectus and/or other disclosure documents for any investment option that you invest in and to understand and adhere to the trading policy and related restrictions set by the fund in its prospectus, as amended from time to time.

Please refer to the Web site at www.varetire.org for more information on market timing and excessive trading.

How can I learn more about managing my Plan account?

In addition to receiving the Fund Fact Sheets for the investment options you are considering, you may attend a "Managing Your Defined Contribution Plan Accounts" Workshop. These workshops are held around the state as part of the Deferred Compensation Regional Education Meetings (DC-REM). Your employer may also schedule this session for your location. Additionally, you may contact the ING local service center to schedule an account review with the registered representative that serves your area. Registered representatives do not give investment advice. To contact the local service center dial 1-VRS-DCPLAN1 (1-877-327-5261) option 2.

Receiving Your Benefits

When can I withdraw from my account?

You are eligible to take a distribution when you terminate employment with an employer that provides the Plan. There are limited options available for distribution while still actively employed with the employer that provides the plan. These options are included in the list below.

MAKING THE TRANSITION

While you are employed by an employer that offers the Plan you generally may not take a withdrawal from the Plan. There are a few exceptions:

- If you are eligible to purchase VRS defined benefit plan service credit, you may use money from your 457 Plan to pay for the service. This is called a Trustee-to-Trustee transfer.
- If you experience an unforeseeable emergency that meets the guidelines established by the Internal Revenue Services and your request is approved by the Plan Administration, you may receive a distribution of the amount needed to cover the emergency.
- You may take an in-service distribution as early as January in the year in which you reach age 70½, even if you continue to be employed.
- If your account balance is \$5,000 or less and you have made no contribution for the last two years, you have not requested a low balance, inactive account distribution before, you may have your Plan balance distributed to you. You may use this option only once.
- If you are divorced and your settlement requires a portion of your Plan account balance be distributed to your former spouse, that amount will be immediately paid out of the Plan if required by an Approved Domestic Relations Order (ADRO).
- If you are automatically enrolled in the 457 Plan and elect not to participate, you may opt out of participation and request a refund of your deferrals within 90 days of the first deferral.

Withdrawals are subject to state and federal income tax. You are required to take your first required minimum distributions by April 1 of the calendar year following the later of (1) the calendar year in which you reach 70½, or (2) the calendar year in which you terminate employment from the employer sponsoring your plan.

When will my benefit payments begin?

You are not required to take a distribution from the Plan when you leave employment with the employer that offers the plan, unless you have reached age 70½ at the time you leave employment, in which case you must start taking the required minimum distributions from the Plan. Generally, you determine when your benefits will begin and the method of payment. Your account is available to you when you terminate employment with the employer that provides the Plan. You are required to begin taking required minimum distributions by April 1 of the calendar year following the later of: (1) the calendar year in which you reach 70½ or (2) the calendar year in which you terminate employment. A registered representative can help you evaluate the benefits of various distribution options so you can select the one which best meets your individual needs.

When do I pay income taxes?

Upon withdrawal, each payment you receive from your account is subject to federal and state income tax as you receive it. All income tax withholding, whether state or federal, will be in compliance with IRS regulations and state law. We recommend you seek the advice of a tax or estate-planning attorney for more information about income tax withholding.

Distributions from your 457 Plan account are not subject to the early withdrawal penalty, regardless of the age at which you begin taking distributions.

MAKING THE TRANSITION

What are my distribution options?

Your options are:

- Keep your money in the 457 Plan until a future date (subject to required minimum distribution rules)
- Receive:
 - A partial or full lump sum
 - Periodic payments/Installments
 - Annuity payments
 - Partial lump sum with remainder paid as a periodic payment or annuity
- Roll over the money into an eligible retirement plan such as a 401(a), 401(k), 403(b), governmental 457(b) or IRA that accepts such rollovers

NOTE: Required minimum distributions may not be rolled over.

Once I receive payments, can I change my distribution option?

Yes. Except for the purchase of an annuity, you can change your distribution option for the balance remaining in your account. To make such a change call 1-VRS-DC-PLAN1 (1-877-327-5261).

Can I transfer or roll over my account if I leave employment with the employer that offers the Plan?

If you leave employment with the employer that offers the Plan, you may roll over your account balance to an eligible retirement plan such as a 401(a), 401(k), 403(b), 457(b), IRA or Federal Employees Thrift Savings Plan. However, withdrawals from these plans prior to age 59½ may result in an IRS early withdrawal penalty. This IRS penalty for early withdrawals does not apply to money left in a 457 plan.

Note: Check with the plan that you are rolling into to ensure the plan accepts the rolled over money and to determine what fees may apply, if any.

What happens to my Plan account when I die?

Your account balance will be payable to your named beneficiary according to Internal Revenue Code, Treasury regulations and Plan Guidelines when he or she delivers a proper claim. You may designate both primary and contingent beneficiaries to receive your account balance at your death. You may change your beneficiary on-line or by completing a beneficiary designation form found on the web or by contacting ING.

If you do not designate a beneficiary upon your death the account balance will be paid according to the following order of precedence: your surviving spouse, or if none, your children, and descendants of your deceased children per stirpes, or if none, your parents or if none the duly appointed executor or administrator of your estate, or if none, the next of kin entitled to inherit under the laws of your domicile.

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"Per Stirpes" is used in reference to a bequest made to a group of individuals. It means that, should one of the beneficiaries named in the group die before the maker of the will, the deceased beneficiary's share shall go to that deceased beneficiary's lineal descendants.

You may view your current beneficiary designation by logging into your account from the VRS Web site at www.varetire.org. Select Commonwealth of Virginia Deferred Compensation Plan from the Defined Contribution Plans menu and log into your account.

What is an unforeseeable emergency?

Federal regulations define an unforeseeable emergency as a severe financial hardship resulting from an illness or accident, loss of property due to casualty or other similar extraordinary and unforeseeable circumstances beyond your control. Payments can only be made to the extent that your hardship expenses are not covered by insurance or money available from other sources. The information packet and application are online at the [VRS Website](#) under the Defined Contributions tab/457 Deferred Compensation Plan Forms.

What is a low balance, inactive account?

This is referred to as a De minimus or small balance account. If your account balance is \$5,000 or less, you have not contributed to the 457 Plan in the past two years and you never received a De minimus distribution before, you may take a one-time lump-sum withdrawal of your account.

Are employees who are on long-term disability (LTD) eligible to withdraw funds from their deferred compensation account?

Yes. Employees who are on long-term disability (LTD) may take a full or partial distribution from their account. This only applies to LTD employees who are coded by their employer to have "severed employment" and whose position is eligible for rehire. Those LTD employees who are LTD working or on worker's compensations are not eligible for a distribution.

Can I take a distribution from the 457 Plan if I am receiving Workforce Transition Act (WTA) severance benefits?

Yes. WTA severance benefits are paid because you are no longer employed by the employer that offers the Plan.

Additional Information

What is the role of the Virginia Retirement System (VRS)?

VRS serves as the Plan Administrator for the VRS administered Defined Contribution Plans. VRS is responsible for overseeing the operation of the Plans. This includes but is not limited to contracting with the record keeper and communications service provider and the investment managers as well as ensuring that the Plans are in compliance with federal and state law.

MAKING THE TRANSITION

What is the role of ING?

ING was selected by the Virginia Retirement System to be the record keeper for the Plan, providing administrative, enrollment and education services for VRS-administered Defined Contribution Plans. ING has a Local Service Center at 919 E. Main Street (SunTrust Building), Suite 1604, Richmond, Virginia 23219. The Service Center is open Monday through Friday from 8:30 a.m. to 5 p.m. Eastern Time. ING also has four registered representatives serving all regions of the Commonwealth. Registered representatives make regular visits throughout the Commonwealth to provide financial and investment education, to enroll participants and help you make the most of your financial journey. Registered representations do not offer investment advice.

How do I make address changes with ING?

If you are still employed, make the change with your agency's payroll office. If you have terminated employment with the employer that offers the Plan and are a VRS deferred member or retiree, make the change by using *myVRS* online at www.varetire.org. Once you are registered, you will have the ability to update your information online.

If you are unable to access your account online, please call VRS toll free at 1-888-VARETIR (1-888-827-3847) between the hours of 8:30 AM and 5:00 PM, Monday through Friday. For hearing impaired assistance, you may call 1-804-289-5919. For international dialing, call 011-1-804-649-8059. Please have your identifying information ready and they will be able to make your change(s) over the telephone.

If you have terminated employment with the employer that offers the plan and are not a VRS deferred member or retiree, you make the change by submitting the Personal Information Change Form to ING. The form is available from ING or on the Web at www.varetire.org. Go to Forms under Defined Contribution Plans/457 Deferred Compensation Plan.

How do I change or correct personal information in my record?

See "How do I make an address changes with ING?" above.

How can I get more information about the 457 Plan?

You can get Plan information from your employer or the VRS Web site at www.varetire.org. Select Commonwealth of Virginia Deferred Compensation Plan or Virginia Cash Match Plan from the Defined Contribution Plans menu. You also may call the Plan Information Line toll-free 1-VRS-DC-PLAN1 (1-877-327-5261). Press 1 to speak with a Participant Service Representative, weekdays 8 a.m. to 8 p.m. Press 2 to speak with a local registered representative, weekdays 8:30 a.m. to 5 p.m.

MAKING THE TRANSITION

VRS General Frequently Asked Questions

What type of plan is VRS?

VRS is a defined benefit plan under Section 401(a) of the Internal Revenue Code. This means that VRS will pay each eligible member a fixed benefit upon retirement. The amount of the benefit is based on the member's years of service, age at retirement and the average of 36 consecutive months of highest salary if a plan 1 member or if a Plan 2 member, the average of 60 consecutive months of highest salary. After retirement the benefit is adjusted for inflation.

Who is covered under the Virginia Retirement System?

VRS is a multiple employer public pension fund, covering employees of more than 800 state agencies, public school boards and local governments. In addition to administering the VRS Plan 1 and Plan 2, VRS also administers the State Police Officers' Retirement System (SPORS) Plan 1 and Plan 2, the Judicial Retirement System (JRS) Plan 1 and Plan 2, the Virginia Law Officers' Retirement System (VaLORS) Plan 1 and Plan 2 and effective January 1, 2014, the VRS Hybrid Retirement Plan. VRS also has three optional retirement plans for those who qualify to participate in those plans. Those plans include the Plan 1 and Plan 2 Optional Retirement Plans for Higher Education, Political Appointees and School Superintendents. VRS membership currently totals 403,000 active and retired public employees.

What are the advantages of participating in a defined benefit plan such as VRS?

The employer assumes the investment risk. Because the benefit is based on a formula, it is possible to calculate what the benefit will be in retirement. By law, eligible members are guaranteed a benefit for life, with inflation protection after retirement through Cost of Living Adjustments (COLAs).

Can I take a loan on my VRS retirement fund?

No, the Code of Virginia does not permit anyone to borrow against VRS retirement funds.

What is the Member Benefit Profile?

VRS sends these statements to employers in September for distribution to members. The Member Benefit Profile is an annual statement giving:

- the amount in your retirement account as of June 30 of the year in which it is printed (wca)
- the amount of your life insurance, and
- the estimated amount of benefit you will receive at retirement based on your current salary and years of service.

MAKING THE TRANSITION

VRS Plan Participants -Health Insurance Frequently Asked Questions

Who is eligible for the health insurance credit?

State employees, teachers, employees of local school boards and participating local government, constitutional officers, employees of constitutional officers and local social service employees who retire with 15 or more years of service and meet the age requirements for their plan are eligible. Members retiring on VRS disability or receiving a long-term disability benefit through the Virginia Sickness & Disability Program also are eligible.

How do I apply for the health insurance credit benefit?

Retirees should complete and send the Request for Health Insurance Credit VRS-45 to VRS. The credit will be added to the monthly retirement benefit. Optional Retirement Plan participants must complete the Request for Health Insurance Credit VRS-45 and their employers must complete the Optional Retirement Plan Health Insurance Credit Employer Certification of Service VRS-75. Those who do not receive a monthly retirement benefit will receive a check from VRS for the reimbursable amount.

Will I need to submit a Request for Health Insurance Credit if VRS is taking deductions for my health insurance?

No. The health insurance credit is automatically added to your monthly retirement check.

How do I determine the date I will be eligible to receive my health insurance credit?

The payment of your health insurance credit is based on the date of your eligibility and the date that you enroll in a qualified health insurance plan and begin paying a premium.

What plans qualify for health insurance credit reimbursement?

- Medicare Part B coverage;
- Employer-sponsored plans, including the Commonwealth of Virginia Health Benefits Program;
- Dental, vision and prescription drug plans; and
- Any plan that provides a broad range of medically necessary services.

What plans do not qualify for the health insurance credit reimbursement?

Examples of policies not eligible for reimbursement include, but are not limited to, long-term disability, home health care, long-term care, dread disease (such as cancer) hospital or other indemnity policies, limited benefit plans, network discount programs, or policies that restrict payment of benefits to the treatment of specific illnesses.

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How is the reimbursable amount determined?

The health insurance credit reimbursement amount is a dollar amount for each year of your service. The reimbursable amount is based on your portion of the premium only and cannot exceed either the amount of the health insurance credit or premium paid.

If I apply after the start date of my health insurance coverage, am I entitled to retroactive reimbursement of the health insurance credit?

Yes. You can receive reimbursement retroactive to your eligibility date up to a maximum 12-month retroactive period from the date VRS receives your completed Request for Health Insurance Credit.

If I am paying a premium for family health coverage or if I am covered on my spouse's plan, will I be entitled to a health insurance credit?

Yes. Reimbursement is based on your portion of the premium. If you cannot determine your portion, you will receive a reimbursement for either the health insurance credit amount or one half of the total premium amount you listed on your form, whichever is less.

What if my health insurance premium changes or my coverage is cancelled?

It is important to notify VRS immediately in the event your premium changes or your coverage is cancelled. If VRS is not notified, you may receive an overpayment of your health insurance credit. You would be responsible for repaying the amount. You also may be required to pay income taxes on reimbursements that exceed the cost of your health insurance premium. Retirees should notify VRS of any health coverage changes, including changes to the effective date, by submitting a new Request for Health Insurance Credit.

Does the health insurance credit transfer to the eligible member's spouse and/or dependent when they die?

No. The health insurance credit terminates at the death of the eligible member.

Will eligibility for the health insurance credit continue if I cancel my health insurance coverage?

You remain eligible for the health insurance credit if you cancel your health coverage. If you enroll in and begin paying premiums for another qualified health plan, submit a new Request for Health Insurance Credit form VRS-45.

Will eligibility for the health insurance credit continue if I take a full distribution or rollover from my Optional Retirement Plan account?

Full distributions or rollovers cancel your eligibility for the health insurance credit.

MAKING THE TRANSITION

Optional Retirement Plan for Political Appointees Frequently Asked Questions

If I continue employment with the Commonwealth what are my options?

- *If you continue employment in another position that is ORPPA eligible and you do not have a break-in-service (defined below) your participation continues in the Plan originally chosen. You are not eligible for a distribution of your account.*
- *If you return to work in another position that is ORPPA eligible prior to January 1, 2014 and you have a break-in-service, you are again eligible to choose between VRS and ORPPA as your main retirement plan. You may only take a distribution of your account if it is done prior to being reemployed. Once reemployed following a break in service, you are not eligible for a distribution of your account.*
- *If you return to work in another position that is ORPPA eligible after January 1, 2014 and you have a break in service and your retirement coverage start date is after January 1, 2014, you will choose between the ORPPA and the VRS Hybrid Retirement Plan.*
- *If you return to work in another position that is ORPPA eligible after January 1, 2014 and you have a break in service and your retirement coverage start date is prior to January 1, 2014 and you have creditable service in the VRS, SPORS, VaLORS or JRS retirement plans you will choose between the VRS defined benefit plan or the ORPPA.*
- *If you return to work in another position that is ORPPA eligible on or after January 1, 2014 and you have a break in service and your retirement coverage start date is prior to January 1, 2014 and you do not have creditable service in the VRS, SPORS, VaLORS or JRS retirement plans, you will choose between the VRS Hybrid Retirement Plan or the ORPPA.*
- *If you return in another position covered under VRS, SPORS, VaLORS, JRS or the VRS Hybrid Retirement Plan, and you do not have a break-in-service, you may not take a distribution from the ORPPA other than to purchase service credit for the time covered by the ORPPA.*
- *If you return in another position covered under VRS, SPORS, VaLORS, JRS or the VRS Hybrid Retirement Plan and you have a break-in-service, you lose your right to purchase service credit for the time covered by the ORPPA. You may take a distribution from the ORPPA if accomplished prior to being reemployed in the covered position.*

MAKING THE TRANSITION

What is a break-in-service?

A break-in-service (for VRS) is defined as a period of at least one calendar month during which an individual was not an employee of the Commonwealth of Virginia. Summer breaks, annual leave, sick leave, FMLA leave of less than 12 weeks (or more based on the employer's policy), education leave and sabbaticals do not count toward the one month required for a break-in-service.

The Internal Revenue Service (IRS) requires that you have a severance from service with the employer who provides your Plan in order to be eligible for a distribution from the Plan. All agencies and institutions of the State are considered to be a single employer, the Commonwealth of Virginia. Virginia public school divisions and political subdivisions are considered to be separate employers.

The Code of Virginia also requires that certain conditions be met for you to receive a benefit from any retirement plan authorized by Title 51.1, Chapters 1.2, 2.1 or 3. You may not be actively participating in one of these retirement plan while receiving retirement benefits from one of the others. Your retirement benefit must stop while you are actively employed.

When am I eligible to purchase VRS service credit for the time I was covered by the ORPPA?

You are only eligible to purchase VRS service credit with your ORPPA account if you continue employment with the Commonwealth, you do not have a break-in-service and you are covered under the VRS, SPORS, VaLORS, JRS or Hybrid retirement plans. In this case you may not take a distribution from your ORPPA account other than to purchase VRS service credit for the time covered by the ORPPA. Contact VRS Member Services for more information.

What IRS rules apply to accepting part-time employment with an agency or institution of the Commonwealth?

If you terminate employment under the ORP and later return to part-time or non-salaried employment with an agency or institution of the Commonwealth, you must meet the following criteria to be eligible to receive a payout from the ORP:

- Have a break in service of at least one full calendar month [summer breaks, annual leave, sick leave, FMLA leave of less than 12 weeks (or more based on employer's policy), educational leave, and sabbaticals do not count toward the time required for a break-in- service],
- You and your employer had no pre-determined date that you return to employment,
- The work you do does not have the same duties or hours that you worked prior to leaving your ORP-covered position, and
- The hours you work are less than 80% of a full time position

MAKING THE TRANSITION

What other restrictions apply to my employment with a public employer in Virginia?

You may not be an active participant in this Plan (meaning that contributions are being paid on your behalf) and at the same time be an active member in another plan created by the Title 51.1, Chapters 1, 2, 2.1 or 3 of the Code of Virginia. If you have dual public employment, making you eligible for more than one retirement plan, you must choose the plan under which you wish to be covered.

When may I receive my retirement distribution?

You may begin to receive a distribution from the Plan at any time after your severance from employment, unless you are reemployed with a public employer in Virginia and become an active participant in one of the retirement plans created by the Code of Virginia Title 51.1, Chapter 1, 2, 2.1 or 3. In some cases returning to work for the Commonwealth on a part-time basis will make you ineligible for a distribution from the Plan.

Please note that the date you choose to begin your distribution from the Plan may also affect your eligibility for the State Retiree Health Benefit Program and for the retiree Health Insurance Credit.

When must I begin receiving my retirement distribution?

Once you have severed employment, you must begin to receive your retirement distribution no later than April 1 following the calendar year in which you attain age 70 ½. However, if you remain employed by an employer that provides the Plan after attaining age 70½, you may wait until the date you retire or take an in-service distribution while you are still employed by the state. This required beginning date is imposed by Internal Revenue Code Section 401(a)(9).

How will my benefits under the ORP be paid to me?

Your account balance determines the amount of benefit you will have in retirement. Your account balance is made up of the contributions paid by your employer adjusted for fees and gains or losses on your account including funds you may have rolled into the Plan.

There is no requirement that you begin receiving benefits until you reach age 70 ½ or when you sever employment, if later. You can choose to leave your account in the Plan and manage your accounts until you are ready to receive a distribution.

Your benefits may be paid to you in the form of an annuity for your lifetime. The amount of monthly annuity payments is based on the value of your account, your life expectancy, prevailing interest rates at the time you start receiving your life annuity and whether or not you select a survivor option.

MAKING THE TRANSITION

You may choose to have your benefit paid as a joint and survivor annuity with a percentage of the annuity payable to you during your lifetime continuing to your named survivor after your death for the rest of that person's life. You may choose a survivor percentage of 100%, 75%, 66%, 50%.

Subject to applicable law, you also can add a guaranteed period of 10, 15 or 20 years to any lifetime income choice. A guaranteed period ensures that income will continue to your annuity partner for the remainder of that period if you, and your annuity partner if you choose a two-life annuity, die before the end of the period.

In addition, instead of an annuity payment, the Plan permits you to elect to receive your benefit as a single lump sum payment or in periodic payments of an amount per payment or for a frequency of payment selected by you.

Please note that if you select a lump sum payment, including a rollover to another plan, you will not be eligible for the State Retiree Health Benefits Program or for the retiree Health Insurance Credit.

Other options may be also available. You will have the opportunity to discuss distribution options with your registered representative who will help you understand and select the best option for your circumstances.

Will the time and form of payment that I choose have any effect on other benefits available to me in retirement?

Yes, in order to be eligible for Group Life Insurance (GLI) in retirement you must leave your account balance in the Plan. You may start a distribution (including the purchase of an annuity) or you may defer taking your distribution. This is analogous to a VRS retiree who is eligible for GLI whether or not he starts to receive a benefit but who loses eligibility by taking a refund of the Member Contribution Account.

To be covered by the State Retiree Health Benefits Program you must begin an immediate periodic benefit from the ORPPA. If you do not start an immediate periodic benefit you are not eligible to enroll in the State Retiree Health Benefits Program when you do start a payout from the Plan.

In order to be eligible for the retiree Health Insurance Credit, you must be receiving periodic payments from the Plan when the benefit starts if otherwise qualified. You can, therefore, defer your retirement payment and later qualify for retiree Health Insurance Credit.

Important Note Regarding Your Health Benefits:

If periodic payments cease, you will lose your eligibility to remain in the State Retiree Health Benefits Program as well as your eligibility for the VRS Health Insurance Credit.

MAKING THE TRANSITION

How do I apply for the health insurance credit benefit?

Your employer will need to complete the Optional/Alternative Retirement Plan Health Insurance Credit Employer Certification of Service form VRS-75. This form is for initial enrollment into the health insurance credit program. In the future, you must notify VRS of changes to your health insurance coverage by completing and sending to VRS the Request for Health Insurance Credit form VRS-45.

Are there any other rules governing the payout option that I may choose?

Yes. Once you reach age 70 ½ and have severed employment, the Plan requires you to choose a payout option that will satisfy certain minimum distribution rules which are necessary according to Internal Revenue Code Section 401(a)(9).

Under these rules, you must choose a payout option that will pay out your benefit over your life or life expectancy, or over the joint lives or life expectancies of you and your beneficiary.

Your registered representative can help you determine whether your selected payout option will satisfy these rules. The Plan offers automated minimum distribution, which insures that your distributions are timely and accurate. The Automated Minimum Distribution Request form is on the Plan Web site at www.vadcp.com under Plan Information/ Optional Retirement Plan for Political Appointees.

What tax rules apply to the benefits paid under the Plan?

You are not required to take a distribution from the Plan when you sever employment unless you are at least age 70 ½. You may leave the monies in the Plan and continue to manage your account. If you receive benefit payments under the Plan, they are subject to federal and state income taxes when distributed to you or your beneficiary. Depending upon your age when you begin receiving the benefit you may also be subject to a 10% early withdrawal penalty.

The 10% early withdrawal penalty will not apply if you sever employment after age 55 or take your distribution in the form of periodic payments.

You may also roll your account into the Virginia Cash Match or an Individual Retirement Account (IRA) or other tax qualified plan. These plans also have a Minimum Required Distribution at age 70 ½. Review the "Special Tax Notice" located with the distribution forms on the DC Plans Web site at www.varetire.org under the Defined Contribution Plans tab.

If I am eligible for a distribution what forms do I need to complete?

First you should complete the Termination Certification Form (VRS 65-E) and return it to your employer. This is not a distribution form but a certification that you understand the effect your election has on other benefits. It will also allow your employer to certify your continued eligibility in the group life insurance.

MAKING THE TRANSITION

If you are leaving your benefit in the plan you do not need to complete any additional forms. If you would like to begin a distribution the forms are available on the DC Plans Web site at www.vadcp.com under Plan Information/ORP for Political Appointees/Forms.

Where do I go for more information on my payout options?

For more information you may also contact a registered representative by calling the toll-free Plan Information Line at **1-VRS-DC-PLAN1 (1-877-327-5261)**. Additional information is also available on the Web site at www.varetire.org.

MAKING THE TRANSITION

Purchase of Prior Service Frequently Asked Questions

What are the advantages of purchasing prior service credit?

The more service you have in VRS, the larger your retirement benefit will be. Many active members are eligible to “buy back” prior service periods (for example, military service, public or civil service, unpaid maternity leave, etc.) to add to their current VRS records. In most cases, buying additional service adds enough money to your monthly benefit to make the cost of the purchase worthwhile. Please visit our Purchase of Prior Service section on the VRS Web site at www.varetire.org for all the details and latest information on buying service.

How much will it cost me to purchase prior service credit?

Generally, service is available for purchase at 5% of current salary or AFC as long as you enter a contract to buy it within 3 years of joining VRS or first becoming eligible if you are a Plan 1. If you are a Plan 2 or Hybrid member the cost to purchase will be the approximate normal cost rate provided you enter into a contract to purchase the service within 1 year of first becoming eligible. After these deadlines, the cost goes up to actuarial cost except for refunded service which remains at the 5% rate for Plan 1, Plan 2 and Hybrid covered members. See the Purchase of Prior Service section on the VRS Web site at www.varetire.org for much more detailed information.

How do I purchase service credit?

You will need to complete the [Application for Purchase of Prior Service Credit VRS-26](#) . All service must be purchased while you are still working. Again, for all the details, visit our Purchase of Prior Service section on the VRS Web site at www.varetire.org.

MAKING THE TRANSITIONVirginia Cash Match Plan
Frequently Asked Questions

What are the Cash Match limits for the year I terminate?

The limits on the Cash Match are the same as while you are employed; 50% of your deferral up to \$20 per pay period. Since the match is calculated per pay period, you will only receive a match for a pay period in which a DCP deferral was made.

What amounts are eligible for rollover into the Cash Match Plan?

Since the Cash Match Plan is a 401(a) plan, you may roll other 401(a), 401(k), 457, 403(b) and IRA amounts into this Plan to consolidate your accounts. In addition, PLOP payments received from the VRS defined benefit plan may be rolled into the Cash Match Plan.

When will my benefit payments begin?

Generally, you determine when your benefits will begin and the method of payment. Your account is available to you when you retire or terminate employment with an employer that offers the Plan. If you are receiving WTA severance payments you are considered having severed employment and are eligible to begin a distribution.

You must begin taking required minimum distributions by April 1 of the calendar year following the later of: (1) the calendar year in which you reach 70 1/2 or (2) the calendar year in which you retire from the employer sponsoring your Plan. There may be a 10% federal tax penalty on withdrawals taken before age 59 1/2.

When do I pay income taxes?

Money withdrawn from the Cash Match Plan is taxable upon distribution. Upon withdrawal, each payment you receive from your account is subject to ordinary federal and state income tax as you receive it. All income tax withholding, whether state or federal, will be in compliance with IRS regulations. Seek the advice of a tax or estate-planning attorney for more information on this matter.

All withdrawals are subject to ordinary income tax. A 10% federal tax penalty may also apply to withdrawals made prior to age 59 1/2.

What are my benefit payment options?

You may elect to have your benefits paid as a partial or full lump sum distribution, a periodic payment over a fixed period or a designated amount, by purchasing an annuity, or a partial withdrawal with the remainder paid out as a systematic withdrawal or an annuity option.

MAKING THE TRANSITION

Payment options are subject to certain minimum distribution rules. **You may also leave the money in your account and manage your investments until you are required to take a distribution at age 70 ½.**

May I transfer or roll over my account if I leave employment with my employer?

If you leave employment with your employer, you may roll over your account balance into an eligible retirement plan such as a 401(a)/(k), 403(b), 457(b) or IRA. Note: Check with the plan that you are rolling into to ensure the plan accepts the rolled over monies and to determine what fees may apply, if any.

What happens if I die?

Your remaining account balance will be payable to your beneficiary according to Internal Revenue Code, Treasury regulations and Plan Guidelines when he or she delivers a proper claim. Unless otherwise directed, the beneficiary designation for the Plan will be: your surviving spouse, or if none, your children, and descendants of your deceased children, or if none, your parents or if none the duly appointed executor or administrator of your estate, or if none, the next of kin entitled to inherit under the laws of your domicile.

You may view your current beneficiary designation under My Account/View Account/Beneficiary. If you wish to update your beneficiary designation you may do so on-line under My Account/Change Account/Beneficiary or use the 457/401(a) Combo Beneficiary form located on the Plan Web site at www.varetire.org under Plan Information/401(a) Cash Match/Forms.

Where do I go for more information on my payout options?

For more information you may contact a registered representative at ING Institutional Plan Services, the service provider for the Plan. The Virginia Service Center is located at 919 East Main Street, Suite 1604, Richmond, VA 23219. Office hours are Monday – Friday, 8:00 a.m. to 5:00 p.m. Eastern Time. You may also contact a registered representative toll-free at 1-877-327-5261. Additional information is also available on the Web site at www.varetire.org

MAKING THE TRANSITION

Resources

At-Will Transition Briefing

DHRM website: [At-Will Transition Briefing - October, 2013](#)

Chief of Staff**Executive Leave Policy & Executive Severance Policy**

Handbook for Agency Heads, Appendices A and B

DHRM website: [Executive Leave Policy and Executive Severance Policy](#)

Secretary of the Commonwealth**Conflict of Interest Information and Forms**

Secretary of the Commonwealth's website:

[Conflict of Interest](#)

[Statement of Economic Interest Form](#)

Office of the Governor**Administrative Information – Personnel Clearance Form**

Dennis Johnson, Director, Division of Selected Agency Support Services

Email: dennis.johnson@governor.virginia.gov

Phone: 804-225-4919

Department of Human Resource Management**Workforce Transition Act – Severance Benefits [DHRM]**

Rue White, Director, Agency Human Resource Services

Email: rue.white@dhrm.virginia.gov

Phone: 804-225-3465

Diane Anderson, HR Policy Consultant

Email: diane.anderson@dhrm.virginia.gov

Phone: 804-225-2730

Jeff Presseau, HR Management Consultant

Email: jeff.presseau@dhrm.virginia.gov

Phone: 804-371-5214

OR contact your agency's HR office.

DHRM Severance Benefits Policy: [DHRM Policy 1.57, Severance](#)

Flexible Reimbursement Accounts [DHRM]

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Kevin Johnson
Email: kevin.m.johnson@dhrm.virginia.gov
Phone: 804-371-7931

Health Benefits [DHRM]

Gene Raney, Director, Office of Health Benefits
Email: gene.raney@dhrm.virginia.gov
Phone: 804-371-7932
Susan Jones
Email: susan.jones@dhrm.virginia.gov
Phone: 804-225-2852

COVA Care Health Plan Administrators

Anthem Blue Cross and Blue Shield - Medical, Prescription Drug, Vision, Hearing, Behavioral Health and Employee Assistance Program (EAP)

Member Services (all services except EAP): (804) 355-8506 in
Richmond or 1-800-552-2682 outside Richmond
www.anthem.com/cova

Member Services – EAP: 1-855-223-9277
www.anthemeap.com

Delta Dental – Preventive and Expanded Dental Benefits

Member Services: 1-888-335-8296
www.deltadentalva.com

COVA HealthAware Plan Administrators

Aetna - Medical, Prescription Drug, Vision, Hearing, Preventive and Expanded Dental, Behavioral Health and Employee Assistance Program (EAP)

Member Services (all services except EAP): 1-855-414-1901
www.covahealthaware.com

Member Services – EAP: 1-888-238-6232
www.covahealthaware.com

COVA High Deductible Health Plan (HDHP) Administrators

MAKING THE TRANSITION***Anthem Blue Cross and Blue Shield - Medical, Prescription Drug, Vision, Hearing, Behavioral Health and Employee Assistance Program (EAP)***

Member Services (all services except EAP): (804) 355-8506 in Richmond or 1-800-552-2682 outside Richmond

www.anthem.com/cova

Member Services – EAP: 1-855-223-9277

www.anthemeap.com

Delta Dental – Preventive and Expanded Dental Benefits

Member Services: 1-888-335-8296

www.deltadentalva.com

ActiveHealth Management Health and Wellness Program***Health and Wellness Programs for COVA Care, COVA HDHP and COVA HealthAware***

Member Services: 1-866-938-0349

www.myactivehealth.com/COVA

Kaiser Permanente HMO***Kaiser Permanente – Medical, Prescription Drugs and Vision***

Member Services: 1-800-777-7902

<http://my.kaiserpermanente.org/mida/commonwealthofvirginia>

Dominion Dental

Member Services: 1-888-518-5338

ValueOptions – Behavioral Health and Employee Assistance Program (EAP)

Member Services: 1-866-517-7042

Flexible Benefits Program Administrator***Anthem Blue Cross and Blue Shield***

Member Services: 1-877-451-7244

Online Account: benefitadminsolutions.com/anthem

MAKING THE TRANSITION**Unemployment Compensation [VEC]**

Melodee Brown, Supervisor, Customer Relations

Ann Beverly, Manager, Customer Relations

Reach both at customerservice@vec.virginia.gov or 804-786-4318

Kathy Weaver, Acting Chief of Benefits

Email: Kathy.weaver@vec.virginia.gov

Phone: 804-786-0171

Virginia Retirement System**Defined Benefit Plans****Lead Member Counselors****DB Retirement Counseling Appointments, Estimates, Presentations**

William C. Archer

Email: warcher@varetire.org

Phone: 804-775-3203

Sherrel Addison

Email: saddison@varetire.org

Phone: 804-771-7391

Member Counseling Manager

Adelina Teves-Revis

Email: arevis@varetire.org

Phone: 804-775-3260

Defined Contribution Plans**Defined Contribution Plans Participant Service Supervisor****ORPPA Enrollment, Transfer of Funds from ORPPA to VRS**

Kelvin Allen

Email: kallen@varetire.org

Phone: 804-771-7748

DC Plans Consultant**ORP (ORPPA, ORPSS), 457 and Cash Match**

Mackenzie Moss

Email: Mackenzie.moss@us.ing.com

Phone: 1-VRS-DC-PLAN1

Defined Contributions Plan Administrator

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Kelly Hiers
Email: kelly.hiers@us.ing.com
Phone: 804-3644-3163

ING Institutional Plan Services
TPA- Defined Contributions Plans/ Record Keeper
1-VRS-DC-PLAN1 (1-877-327-5261)

Genworth
TPA- COV Voluntary Group Long-
Term Care Insurance
Member Services: 1-866-859-6060
longtermcare.genworth.com

Minnesota Life Insurance Company
TPA-Group and Optional Life Insurance
Joseph Chang, Manager, Richmond Office
Email: joseph.chang@securian.com
Phone: (800) 441-2258