



Transitional Benefits for Political Appointees

Frequently Asked Questions

General Workforce Transition Act (WTA) Information

1. 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:

- i. transitional severance payments and continuation of the state's contribution toward health and life insurance premiums, or
- ii. enhanced retirement benefits (for full-time employees who are at least 50 years of age and are vested in VRS Plan 1, SPORS Plan 1 or Plan 2, VaLORS Plan 1 or Plan 2 or is at least 60 years of age and are vested in VRS Plan 2 or Hybrid).

2. Who is eligible to receive transitional severance benefits?

Full-time classified employees and part-time classified employees (who qualify for layoff benefits) may receive severance benefits if their positions are eliminated under Policy 1.30, Layoff, and they have not obtained an alternative position between initial notice of layoff and the layoff effective date. Full-time employees may apply the value of their severance benefit to receive enhanced retirement. Part-time employees may not select the enhanced retirement option.

Restricted employees may be eligible to receive severance benefits. However, employees whose positions are funded by grants as defined in the Catalog of Federal Domestic Assistance can receive severance benefits only if their current funding source(s) agree to pay the cost of the severance benefits. Employees in split-funded positions may be eligible for a portion of the severance benefit. Full-time restricted employees may apply the value of their severance benefit to increase their retirement benefit. Part-time restricted employees may not select the enhanced retirement option.

Employees on Leave with Pay, Unconditional LWOP, FMLA, STD, LTD-Working, Military LWOP, and Workers' Compensation who qualify for layoff benefits may receive severance benefits.

3. What is the enhanced retirement option?

This is an option that allows full-time classified employees who are at least 50 years old and are vested members of VRS Plan 1, SPORS Plan 1 or Plan 2, or VaLORS Plan 1 or Plan 2 or who are at least 60 years old and a vested member of VRS Plan 2 or Hybrid 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 these benefits, 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.

4. Do severance benefits stop if an employee accepts a job in the private sector?

No. The severance benefits continue following private-sector employment.

WTA Cash Severance Option

5. I elected the WTA cash severance benefit. Can I retire during my 12-month severance period?

Yes. You may retire at any point during the 12-month severance period. Health Insurance and group life insurance benefits continue during the 12-month period.

Please note that there is a requirement to enroll in the Retiree Health benefits program within 31 days of the 12-month severance period ending.

6. I elected the WTA cash severance benefit. Can I receive a refund of my contributions and interest during the 12-month severance period?

Receiving a refund is considered a resignation of employment. Employees taking a refund are no longer eligible for the cash severance benefits.

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

For employees electing the cash severance, the state's contribution toward health and life insurance premiums continues for 12 months from the leave without pay-layoff effective date. However, if an employee declines certain recall options or resigns before the 12-month period has ended, these contributions cease. If the employee accepts placement in a salaried position in another agency through the "blue card," that job would provide benefit coverage and the contribution of the original agency would cease. An employee who elects the enhanced credit will have the value of the 12

months of the state's contribution toward health and life insurance premiums used toward the calculation of the enhanced credits.

8. 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.

9. How is the cash severance paid?

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 amount of this employee's last severance payment will be one week's salary.

Enhanced Retirement Option

10. How are my enhanced WTA credits distributed between age and service?

VRS calculates the distribution of age and service that provides the highest monthly benefit to the member. Enhanced credits may be applied to service in order to vest to an ancillary benefit, such as the Health Insurance Credit, if that will result in a higher total benefit. Please contact VRS if you have questions about how your enhanced credits are distributed.

11. Can I elect the enhanced credits and defer my retirement?

No, you must retire on an immediate annuity.

12. Can I elect the WTA enhanced credits and qualify for the unreduced retirement provision as well?

No.

13. I am a Hybrid Retirement Plan member. I will be age 61 with four years of service when I am involuntarily separated. Can I elect enhanced credits under WTA and apply the credits to my service, so I am vested?

No, you must be vested to elect the enhanced credits under WTA.

- 14. Can an employee who is age 48 take the enhanced retirement option and use the credit to add years to his or her age to achieve the required retirement age under their plan?**

No. Employees must have at least five years of service credit and be at least 50 years of age if a VRS Plan 1, SPORS Plan 1 or Plan 2 or VaLORS Plan 1 or Plan 2 member or at least age 60 if a VRS Plan 2 or Hybrid Retirement Plan member and must have at least 5 years of service credit to select the enhanced retirement option.

- 15. What happens to my WTA credits if I return to covered employment?**

You will lose the credits if you return to covered employment.

50/20 Unreduced Retirement Option

- 16. I elected to convert the value of my severance payment to service credit so I would have 20 years of service credit at the time of my separation. If I return to covered employment, will I lose that service?**

No. The service credit converted for this purpose remains, even if you return to covered employment.

- 17. Can I elect the WTA enhanced credits and qualify for the unreduced retirement provision as well?**

No.

- 18. Can I purchase service to get to 20 years so that I can qualify for the unreduced retirement benefit?**

The only service you may purchase is the service available for purchase to all employees such as refunded, public, military service, etc. Or, if you are receiving a severance payment, you may convert the payment to just enough service to meet but not exceed the 20 years of service.

ORPPA

- 19. I am currently participating in ORPPA but have prior service in the VRS defined benefit plan. May I elect the WTA enhanced credits or an unreduced retirement benefit under § 51.1-155.1?**

No, you must be actively participating in VRS Plan 1 or Plan 2 or the Hybrid Retirement Plan.