



Understanding *myVRS* Navigator's Calculations and Business Rules

For Employees Who Work Less than 12 Months

myVRS Navigator is a Web-based tool VRS employers use to submit and manage employee data for VRS benefits. The system automatically calculates employees' **creditable compensation (cred comp)**, service credit, contributions, and purchase of prior service costs based on information employers provide. This document helps employers understand *myVRS* Navigator's calculations and business rules that determine when employees earn service credit and provides a basis to determine employers' VRS-related costs.

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1. Creditable Compensation, Service Credit and Contributions

This section explains how *myVRS Navigator* calculates creditable compensation, service credit and contributions based on the benefits you offer and the annual salary, contract start date, contract period and number of months paid you provide. In addition, it explains how *myVRS Navigator* calculates and posts creditable compensation automatically at the start and end of employment and when an employee's job, contract or annual salary changes.

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Summary of New Calculations for Creditable Compensation and Service Credit

Creditable compensation is equal to the portion of the employee’s annual salary earned in a given month, not the amount he or she is paid monthly. The calculation of a fixed monthly amount is similar to the way deductions for life and group health insurance are determined.

IN <i>myVRS</i> NAVIGATOR	
Annual salary ¹	An employee’s full compensation payable annually, not including overtime pay, extraordinary pay, bonus pay, non-permanent shift differentials or termination pay for annual or sick leave.
Monthly creditable compensation	An amount equal to an employee’s annual salary divided by the employee’s contract period. Calculation: Annual salary ÷ contract period \$48,000 ÷ 10 months = \$4,800
Monthly service credit	An amount based on the employee’s monthly creditable compensation. This provides flexibility in contract start dates and contract periods for employers. Calculation: (Monthly creditable compensation ÷ Annual salary) x 12 (\$4,800 ÷ 48,000) x 12 months = 1.2

¹ If employee’s annual salary exceeds the 401(a)(17) compensation limit, *myVRS* Navigator automatically calculates creditable compensation and contributions using the limit. Employers should report the employee’s actual salary.



The table below shows the amount of service credit employees earn by month in contracts of various lengths.

CONTRACT PERIOD	MONTHLY SERVICE CREDIT¹
9 Months	1.3333
10 Months	1.2000
11 Months	1.0909
12 months	1.0000

¹ Service credit accrues each month cred comp is posted



Calculating Creditable Compensation When Employment Starts

When you enroll a new employee, you provide the employee’s annual salary, contract start date, contract period and the number of months the employee will be paid. *myVRS Navigator* uses these figures to calculate the employee’s creditable compensation (cred comp) and determine when to post cred comp and service credit, based on the date employment starts, as described in the table below.

Table of Business Rules

ACTION	EFFECTIVE DATE	
	If the effective date of the change is on or before the first business day ¹ of the month, <i>myVRS Navigator</i> :	If the effective date of the change is after the first business day ¹ of the month, <i>myVRS Navigator</i> :
Hire/contract start date	Posts a full month of cred comp in the current month	Posts no cred comp in the current month Posts a full month of cred comp in the following month

¹ Saturdays, Sundays and banking holidays are not business days.

VRS acknowledges that you may implement management policies based on your business needs to be used in conjunction with these business rules.

Please note: service credit earned prior to the implementation of *myVRS Navigator* is not affected by the change in methodology.



Example 1. New hire

On August 15th, Joe begins employment; his annual salary is \$54,000 and his contract is for nine months. He is paid over 9 months. What is his monthly creditable compensation? What member and employer contributions are due? What service credit does he earn each month?

CALCULATIONS		
Monthly cred comp	Annual salary Length of contract	\$ 54,000.00 ÷ 9 \$ 6,000.00
Monthly member contribution	Monthly cred comp	\$ 6,000.00 x 5% \$ 300.00
Monthly employer contribution (assume 6%):	Monthly cred comp	\$ 6,000.00 x 6% \$ 360.00
Monthly service credit	(Monthly cred comp ÷ annual salary) (\$ 6,000.00 ÷ \$ 54,000.00)	x 12 1.3333



Joe begins earning cred comp and service credit in September. His VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
July				
Aug				
Sept	\$ 6,000	1.3333	\$ 300	\$ 360
Oct	6,000	1.3333	300	360
Nov	6,000	1.3333	300	360
Dec	6,000	1.3333	300	360
Jan	6,000	1.3333	300	360
Feb	6,000	1.3333	300	360
March	6,000	1.3333	300	360
April	6,000	1.3333	300	360
May	6,000	1.3333	300	360
June				
Total	\$54,000	12.0000¹	\$2,700	\$ 3,240

¹ The actual total for this column, 11.9997, is rounded to 12 when the employee completes the contract.



Choosing a Contract Period for VRS Reporting

Contract period determines the amount of creditable compensation and service credit that an employee earns monthly. Contract period must be in whole months. If the terms of your contracts do not equate to exactly nine, 10 or 11 months, please choose which is best to use for reporting to VRS. Generally, you round up or down to the nearest whole month. However, consider the factors below to determine if you should adjust that number to more accurately reflect cred comp and service accruals for your employees:

- Contract start date
 - If the employee starts on or before the first business day of the month, the employee earns a month of creditable compensation in the current month
 - If the employee starts after the first business day of the month, the employee begins to earn creditable compensation in the following month
- Retirement eligibility date
 - Employees are eligible to retire the month following the final month of their contract
- Consistency
 - Employees with the same contract start and end dates should have the same contract period.

The tables below illustrate variations in contract terms for employees who work in higher education and for school boards:

Example 2. Contract example for Higher Education

Examples	
Contract start date	August 15
Contributions begin	September 1
Contract end date	May 20
Actual time worked	9 months, 5 days
VRS contract period	9 months
Contributions posted	Sept - May
Service credit accrued monthly	1.3333
Total service credit accrued	12
If the employee will retire at the end of the contract	
Retirement eligibility date at contract completion	June 1



Example 3. Contract examples for School Boards

Examples			
Contract start date	August 1	August 5	August 30
Contributions begin	August 1	September 1	September 1
Contract end date	May 28	May 28	June 23
Actual time worked	9 months, 27 days	9 months, 23 days	9 months, 24 days
VRS contract period	10 months	9 months	10 months
Contributions posted	Aug – May	Sept – May	Sept – June
Service credit accrued monthly	1.2000	1.3333	1.2000
Total service credit accrued	12	12	12
Retirement eligibility date at contract completion			
Retirement eligibility date at contract completion	June 1	June 1	July 1
If the retiring employee will return to work in a non-covered position			
Off-contract months	June and July	June, July and August	July and August
One calendar month break in service during a normal work period	August	September	September
Date eligible to return to work	September 1	October 1	October 1

Since creditable compensation and service credit are spread out equally over the course of the contract, the only impacts of contract period to employees who work the full contract are the dates they are eligible to retire and return to work after retirement.



Choosing Number of Months Paid for VRS Reporting

Employers have two options for remitting employer and employee contributions:

- Contract period
- 12 months

The choice of the number of months paid impact only the timing of the contributions you remit. If a member completes his or her contract, the choice of the number of months paid donot impact total cred comp or service recorded in a member’s account.

The table below illustrates how creditable compensation and contribution basis vary for different numbers of months paid.

Number of Months Paid	Creditable Compensation Posted to Employee’s Account	Contribution Basis Used to Calculate Member and Employer Contributions
Contract period	$\frac{\text{Annual salary}}{\div \text{contract period}}$ <p>Example \$60,000 $\div 10 \text{ months}$ <u>\$6,000</u></p>	$\frac{\text{Annual salary}}{\div \text{number of months paid}}$ <p>Example \$60,000 $\div 10 \text{ months}$ <u>\$6,000</u></p>
12 months	$\frac{\text{Annual salary}}{\div \text{contract period}}$ <p>Example \$60,000 $\div 10 \text{ months}$ <u>\$6,000</u></p>	$\frac{\text{Annual salary}}{\div 12}$ <p>Example \$60,000 $\div 12 \text{ months}$ <u>\$5,000</u></p>

The lower “contribution basis” for paying contributions over 12 months results in deferred contributions that you submit in the months the employee is off contract.



Example 4. New contract paid over 12 months

Consider Joe from Example 1, who began work in a 9-month contract on August 15th with an annual salary is \$54,000. If Joe is paid over 12 months, instead of his contract period, what member and employer contributions are due?

CALCULATIONS		
Monthly cred comp	<div style="text-align: right;"> Annual salary \$ 54,000.00 Length of contract ÷ 9 \$ 6,000.00 </div>	
Monthly contribution basis	<div style="text-align: right;"> Annual salary \$ 54,000.00 Number of months paid ÷ 12 \$ 4,500.00 </div>	
Monthly member contribution	<div style="text-align: right;"> Monthly contribution basis \$ 4,500.00 x 5% \$ 225.00 </div>	
Monthly employer contribution (assume 6%):	<div style="text-align: right;"> Monthly contribution basis \$ 4,500.00 x 6% \$ 270.00 </div>	
Monthly service credit	<div style="text-align: right;"> (Monthly cred comp ÷ annual salary) (\$ 6,000.00 ÷ \$ 54,000.00) x 12 1.3333 </div>	



Joe's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTION BASIS ¹	DEFERRED BASIS ¹	CONTRIBUTIONS RECEIVED		DEFERRED CONTRIBUTIONS		CUMULATIVE DEFERRED CONTRIBUTIONS	
					Member	Employer	Member	Employer	Member	Employer
July										
Aug										
Sept	\$ 6,000	1.3333	\$ 4,500	\$ 1,500	\$ 225	\$ 270	\$ 75	\$ 90	\$ 75	\$ 90
Oct	6,000	1.3333	4,500	1,500	225	270	75	90	150	180
Nov	6,000	1.3333	4,500	1,500	225	270	75	90	225	270
Dec	6,000	1.3333	4,500	1,500	225	270	75	90	300	360
Jan	6,000	1.3333	4,500	1,500	225	270	75	90	375	450
Feb	6,000	1.3333	4,500	1,500	225	270	75	90	450	540
March	6,000	1.3333	4,500	1,500	225	270	75	90	525	630
April	6,000	1.3333	4,500	1,500	225	270	75	90	600	720
May	6,000	1.3333	4,500	1,500	225	270	75	90	675	810
June			4,500	(4,500)	225	270	(225)	(270)	450	540
July			4,500	(4,500)	225	270	(225)	(270)	225	270
Aug			4,500	(4,500)	225	270	(225)	(270)	0	0
Total	\$54,000	12.0000	\$ 54,000	0	\$ 2,700	\$ 3,240	0	0	-	-

¹ These columns are included to illustrate the calculations and may not be displayed in myVRS Navigator.



Calculating Creditable Compensation When Employment Changes

Some employment changes trigger a change in an employee's creditable compensation. These include the end of employment and changes in salary, job name and employment status. *myVRS Navigator* determines how to implement the change based on the date the change occurs, as described in the table below.

Table of Business Rules

ACTION	EFFECTIVE DATE	
	If the effective date of the change is on or before the first business day ¹ of the month, <i>myVRS Navigator</i> :	If the effective date of the change is after the first business day ¹ of the month, <i>myVRS Navigator</i> :
Employment change (e.g. salary, job name, unpaid leave ²)	Recognizes the impact of the change on cred comp in the current month	Recognizes the impact of the change on cred comp in the following month
Separation of employment (last day worked)	Posts a full month of cred comp in the current month	Posts a full month of cred comp in the current month

¹ Saturdays, Sundays and banking holidays are not business days.

² Start date of unpaid leave acts like a separation of employment. End date of unpaid leave acts like a hire/contract start.

VRS acknowledges that you may implement management policies based on your business needs in conjunction with these business rules.

Please note: service credit earned prior to the implementation of *myVRS Navigator* is not affected by this change in methodology.



Example 5. Termination of employee paid over contract

Shannon is a 10-month employee whose current contract began September 1st. She earns an annual salary of \$48,000 and she is paid over her contract period. On April 10th, she resigns from her position. What is her monthly creditable compensation? What member and employer contributions are due? What service credit does she earn each month? What business rule is in effect?

CALCULATIONS									
Monthly cred comp	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Annual salary</td> <td style="text-align: right;">\$ 48,000.00</td> </tr> <tr> <td style="text-align: right;">Length of contract</td> <td style="text-align: right;">÷ <u>10</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 4,800.00</td> </tr> </table>	Annual salary	\$ 48,000.00	Length of contract	÷ <u>10</u>		\$ 4,800.00		
Annual salary	\$ 48,000.00								
Length of contract	÷ <u>10</u>								
	\$ 4,800.00								
Monthly contribution basis	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Annual salary</td> <td style="text-align: right;">\$ 48,000.00</td> </tr> <tr> <td style="text-align: right;">Number of months paid</td> <td style="text-align: right;">÷ <u>10</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 4,800.00</td> </tr> </table>	Annual salary	\$ 48,000.00	Number of months paid	÷ <u>10</u>		\$ 4,800.00		
Annual salary	\$ 48,000.00								
Number of months paid	÷ <u>10</u>								
	\$ 4,800.00								
Monthly member contribution	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Monthly cred comp</td> <td style="text-align: right;">\$ 4,800.00</td> </tr> <tr> <td></td> <td style="text-align: right;">x <u>5%</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 240.00</td> </tr> </table>	Monthly cred comp	\$ 4,800.00		x <u>5%</u>		\$ 240.00		
Monthly cred comp	\$ 4,800.00								
	x <u>5%</u>								
	\$ 240.00								
Monthly employer contribution (assume 6%)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Monthly cred comp</td> <td style="text-align: right;">\$ 4,800.00</td> </tr> <tr> <td></td> <td style="text-align: right;">x <u>6%</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 288.00</td> </tr> </table>	Monthly cred comp	\$ 4,800.00		x <u>6%</u>		\$ 288.00		
Monthly cred comp	\$ 4,800.00								
	x <u>6%</u>								
	\$ 288.00								
Monthly service credit	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">(Monthly cred comp ÷ annual salary)</td> </tr> <tr> <td></td> <td style="text-align: right;">(\$ 4,800.00 ÷ \$ 48,000.00)</td> </tr> <tr> <td></td> <td style="text-align: right;">x <u>12</u></td> </tr> <tr> <td></td> <td style="text-align: right;">1.2000</td> </tr> </table>	(Monthly cred comp ÷ annual salary)			(\$ 4,800.00 ÷ \$ 48,000.00)		x <u>12</u>		1.2000
(Monthly cred comp ÷ annual salary)									
	(\$ 4,800.00 ÷ \$ 48,000.00)								
	x <u>12</u>								
	1.2000								
BUSINESS RULE IN EFFECT									
Separation of employment (last day worked)	<p>If the effective date of the change is after the first business day of the month, myVRS Navigator:</p> <ul style="list-style-type: none"> • Posts a full month of cred comp in the current month (April) 								



Shannon's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
July				
Aug				
Sept	\$ 4,800	1.2000	\$ 240	\$ 288
Oct	4,800	1.2000	240	288
Nov	4,800	1.2000	240	288
Dec	4,800	1.2000	240	288
Jan	4,800.	1.2000	240	288
Feb	4,800	1.2000	240	288
March	4,800	1.2000	240	288
April	4,800	1.2000	240	288
May				
June				
Total	\$38,400	9.6000	\$ 1,920	\$ 2,304



Example 6. Termination of employee paid over 12 months

Reconsider Shannon as a 10-month employee paid over 12 months. What member and employer contributions are due?

CALCULATIONS									
Monthly cred comp	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Annual salary</td> <td style="text-align: right;">\$ 48,000.00</td> </tr> <tr> <td style="text-align: right;">Length of contract</td> <td style="text-align: right;">÷ <u>10</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 4,800.00</td> </tr> </table>	Annual salary	\$ 48,000.00	Length of contract	÷ <u>10</u>		\$ 4,800.00		
Annual salary	\$ 48,000.00								
Length of contract	÷ <u>10</u>								
	\$ 4,800.00								
Monthly contribution basis	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Annual salary</td> <td style="text-align: right;">\$ 48,000.00</td> </tr> <tr> <td style="text-align: right;">Number of months paid</td> <td style="text-align: right;">÷ <u>12</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 4,000.00</td> </tr> </table>	Annual salary	\$ 48,000.00	Number of months paid	÷ <u>12</u>		\$ 4,000.00		
Annual salary	\$ 48,000.00								
Number of months paid	÷ <u>12</u>								
	\$ 4,000.00								
Monthly member contribution	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Monthly contribution basis</td> <td style="text-align: right;">\$ 4,000.00</td> </tr> <tr> <td></td> <td style="text-align: right;">x <u>5%</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 200.00</td> </tr> </table>	Monthly contribution basis	\$ 4,000.00		x <u>5%</u>		\$ 200.00		
Monthly contribution basis	\$ 4,000.00								
	x <u>5%</u>								
	\$ 200.00								
Monthly employer contribution (assume 6%)	<table style="width: 100%; border-collapse: collapse;"> <tr> <td style="text-align: right;">Monthly contribution basis</td> <td style="text-align: right;">\$ 4,000.00</td> </tr> <tr> <td></td> <td style="text-align: right;">x <u>6%</u></td> </tr> <tr> <td></td> <td style="text-align: right;">\$ 240.00</td> </tr> </table>	Monthly contribution basis	\$ 4,000.00		x <u>6%</u>		\$ 240.00		
Monthly contribution basis	\$ 4,000.00								
	x <u>6%</u>								
	\$ 240.00								
Monthly service credit	<table style="width: 100%; border-collapse: collapse;"> <tr> <td colspan="2" style="text-align: center;">(Monthly cred comp ÷ annual salary)</td> </tr> <tr> <td></td> <td style="text-align: right;">(\$ 4,800.00 ÷ \$ 48,000.00)</td> </tr> <tr> <td></td> <td style="text-align: right;">x <u>12</u></td> </tr> <tr> <td></td> <td style="text-align: right;">1.2000</td> </tr> </table>	(Monthly cred comp ÷ annual salary)			(\$ 4,800.00 ÷ \$ 48,000.00)		x <u>12</u>		1.2000
(Monthly cred comp ÷ annual salary)									
	(\$ 4,800.00 ÷ \$ 48,000.00)								
	x <u>12</u>								
	1.2000								
BUSINESS RULE IN EFFECT									
Separation of employment (last day worked)	<p>If the effective date of the change is after the first business day of the month, <i>myVRS Navigator</i>:</p> <ul style="list-style-type: none"> • Posts a full month of cred comp in the current month (April) 								



Shannon's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTION BASIS ¹	DEFERRED BASIS ¹	CONTRIBUTIONS RECEIVED		DEFERRED CONTRIBUTIONS		CUMULATIVE DEFERRED CONTRIBUTIONS	
					Member	Employer	Member	Employer	Member	Employer
July										
Aug										
Sept	\$ 4,800	1.2000	\$ 4,000	\$ 800	\$ 200	\$ 240	\$ 40	\$ 48	40	48
Oct	4,800	1.2000	4,000	800	200	240	40	48	80	96
Nov	4,800	1.2000	4,000	800	200	240	40	48	120	144
Dec	4,800	1.2000	4,000	800	200	240	40	48	160	192
Jan	4,800	1.2000	4,000	800	200	240	40	48	200	240
Feb	4,800	1.2000	4,000	800	200	240	40	48	240	288
March	4,800	1.2000	4,000	800	200	240	40	48	280	336
April	4,800	1.2000	4,000	800	200	240	40	48	320	384
Balance²			6,400	(6,400)	<u>320</u> 520	<u>384</u> 624	(320)	(384)	(320)	(384)
May										
June										
Total	\$38,400	9.6000	\$ 38,400	0	\$ 1,920	\$ 2,304	0	0	-	-

¹ These columns are included to illustrate the calculations. The information is displayed differently in myVRS Navigator.

² Terminating from a 10-month contract before the end of the contract results in a balance of deferred contributions that are due in the month the employee terminates.

Example 7. Salary change of employee paid over contract

Kiara is a 10-month employee whose contract started August 24th. She earns an annual salary of \$48,000 and she is paid over her contract. On December 1st, she receives a salary increase to \$51,000. What is her monthly creditable compensation? What member and employer contributions are due? What service credit does she earn each month? What business rule is in effect?

CALCULATIONS		
Monthly cred comp/ contribution basis ¹	Original annual salary	\$ 48,000.00
		÷ 10
	Cred comp, original salary	\$ 4,800.00
	New annual salary	\$ 51,000.00
		÷ 10
	Cred comp, new salary	\$ 5,100.00
Monthly member contribution	Cred comp, original salary	\$ 4,800.00
		x 5%
	Member contribution, original salary	\$ 240.00
	Cred comp, new salary	\$ 5,100.00
		x 5%
	Member contribution, new salary	\$ 255.00
Monthly employer contribution (assume 6%)	Cred comp, original salary	\$ 4,800.00
		x 6%
	Employer contribution, original salary	\$ 288.00
	Cred comp, new salary	\$ 5,100.00
		x 6%
	Employer contribution, new salary	\$ 306.00
Monthly service credit	Monthly cred comp ÷ annual salary), original salary	
		(\$ 4,800.00 ÷ \$ 48,000.00)
		x 12
		1.2000
	(Monthly cred comp ÷ annual salary), new salary	
		(\$ 5,100.00 ÷ \$ 51,000.00)
		x 12
		1.2000
BUSINESS RULE IN EFFECT		
Employment change (e.g. salary, job name, unpaid leave)	<p>If the effective date of the change is on or before the first business day of the month, <i>myVRS Navigator</i>:</p> <ul style="list-style-type: none"> • Posts a full month of cred comp in the current month (December) 	

¹ Contribution basis is the employee's monthly cred comp since the number of months paid equals the contract period.



Kiara's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
July				
Aug				
Sept	\$ 4,800	1.2000	\$ 240	\$ 288
Oct	4,800	1.2000	240	288
Nov	4,800	1.2000	240	288
Dec	5,100	1.2000	255	306
Jan	5,100	1.2000	255	306
Feb	5,100	1.2000	255	306
March	5,100	1.2000	255	306
April	5,100	1.2000	255	306
May	5,100	1.2000	255	306
June	5,100	1.2000	255	306
Total	\$ 50,100	12.0000	\$ 2,505	\$ 3,006



Example 8. Salary change of employee paid over 12 months

Reconsider Kiara as a 10-month employee paid over 12 months. What member and employer contributions are due?

CALCULATIONS		
Monthly cred comp	Original annual salary	\$ 48,000.00
		÷ 10
	Cred comp, original salary	\$ 4,800.00
	New annual salary	\$ 51,000.00
		÷ 10
	Cred comp, new salary	\$ 5,100.00
Monthly contribution basis	Original annual salary	\$ 48,000.00
		÷ 12
	Contribution basis, original salary	\$ 4,000.00
	New annual salary	\$ 51,000.00
		÷ 12
	Contribution basis, new salary	\$ 4,250.00
Monthly member contribution	Contribution basis, original salary	\$ 4,000.00
		x 5%
	Member contribution, original salary	\$ 200.00
	Contribution basis, new salary	\$ 4,250.00
		x 5%
	Member contribution, new salary	\$ 212.50
Monthly employer contribution (assume 6%)	Contribution basis, original salary	\$ 4,000.00
		x 6%
	Employer contribution, original salary	\$ 240.00
	Contribution basis, new salary	\$ 4,250.00
		x 6%
	Employer contribution, new salary	\$ 255.00
Monthly service credit	(Monthly cred comp ÷ annual salary), original salary	
		(\$ 4,800.00 ÷ \$ 48,000.00)
		x 12
		1.2000
	(Monthly cred comp ÷ annual salary), new salary	
	(\$ 5,100.00 ÷ \$ 51,000.00)	
	x 12	
	1.2000	



Kiara's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTION BASIS ¹	DEFERRED BASIS ¹	CONTRIBUTIONS RECEIVED		DEFERRED CONTRIBUTIONS		CUMULATIVE DEFERRED CONTRIBUTIONS	
					Member	Employer	Member	Employer	Member	Employer
July										
Aug										
Sept	\$ 4,800	1.2000	\$ 4,000	\$ 800	\$200.00	\$240.00	\$ 40.00	\$ 48.00	\$ 40.00	\$ 48.00
Oct	4,800	1.2000	4,000	800	200.00	240.00	40.00	48.00	80.00	96.00
Nov	4,800	1.2000	4,000	800	200.00	240.00	40.00	48.00	120.00	144.00
Dec	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	162.50	195.00
Jan	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	205.00	246.00
Feb	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	247.50	296.00
March	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	290.00	348.00
April	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	332.50	399.00
May	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	375.00	450.00
June	5,100	1.2000	4,250	850	212.50	255.00	42.50	51.00	417.50	501.00
July ²			4,175	(4,175)	208.75	250.50	(208.75)	(250.50)	208.75	250.50
Aug ²			4,175	(4,175)	208.75	250.50	(208.75)	(250.50)	0	0
Total	\$50,100	12.0000	\$ 50,100	0	\$ 5,505	\$ 3,006	0	0	-	-

¹ These columns are included to illustrate the calculations. The information is displayed differently in myVRS Navigator.

² The cumulative deferred contributions divided by the number of months off contract equals the contributions due during off-contract months, as shown in the calculations below.

CALCULATIONS		
Cumulative deferred contributions	\$850 x 7 months \$800 x 3 months	\$ 5,950.00 + 2,400.00 \$ 8,350.00
Deferred contributions due each month of the two remaining months		\$ 8,350.00 ÷ 2 \$ 4,175.00
Member contributions due during off-contract months	Deferred contributions due each month	\$ 4,175.00 X 5% \$ 208.75
Employer contributions due during off-contract months	Deferred contributions due each month	\$ 4,175.00 X 6% \$ 250.50

Example 9. Change to shorter contract, employee paid over contract

Jane is a 12-month employee earning an annual salary of \$42,000. Effective March 15th, she accepts a 10-month contract position with a salary of \$48,000 paid over the contract. The contract start date of the position is August 22nd. What is her monthly creditable compensation? What member and employer contributions are due? What service credit does she earn each month? What business rule is in effect?

CALCULATIONS		
Monthly cred comp/ contribution basis ¹	Original annual salary	\$ 42,000.00
		÷ 12
	Cred comp, original salary	\$ 3,500.00
	New annual salary	\$ 48,000.00
		÷ 10
	Cred comp, new salary	\$ 4,800.00
Monthly member contribution	Cred comp, original salary	\$ 3,500.00
		x 5%
	Member contribution, original salary	\$ 175.00
	Cred comp, new salary	\$ 4,800.00
		x 5%
	Member contribution, new salary	\$ 240.00
Monthly employer contribution (assume 6%)	Cred comp, original salary	\$ 3,500.00
		x 6%
	Employer contribution, original salary	\$ 210.00
	Cred comp, new salary	\$ 4,800.00
		x 6%
	Employer contribution, new salary	\$ 288.00
Monthly service credit	(Monthly cred comp ÷ annual salary), original salary	
		(\$ 3,500.00 ÷ \$ 42,000.00)
		x 12
		1.0000
	(Monthly cred comp ÷ annual salary), new salary	
	(\$ 4,800.00 ÷ \$ 48,000.00)	
		x 12
		1.2000
BUSINESS RULE IN EFFECT		
Employment change (e.g. salary, job name, unpaid leave)	<p>If the effective date of the change is after the first business day of the month, <i>myVRS Navigator</i>:</p> <ul style="list-style-type: none"> Recognizes the impact of the change on cred comp in the following month 	

¹ Contribution basis is the employee's monthly cred comp since the number of months paid equals the contract period.



Jane's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
July	\$ 3,500	1.0000	\$ 175	\$ 210
Aug	3,500	1.0000	175	210
Sept	3,500	1.0000	175	210
Oct	3,500	1.0000	175	210
Nov	3,500	1.0000	175	210
Dec	3,500	1.0000	175	210
Jan	3,500	1.0000	175	210
Feb	3,500	1.0000	175	210
March	3,500	1.0000	175	210
April	4,800	1.2000	240	288
May	4,800	1.2000	240	288
June	4,800	1.2000	240	288
Total	\$45,900	12.6000 ¹	\$ 2,295	\$ 2,754

¹ Posting all creditable compensation that an employee earns in a fiscal year may result in the member earning an excess of 12 service credits for the year. However, myVRS Navigator calculates benefits using a maximum of 12 service credits per plan year.



Example 10. Change to shorter contract, employee paid over 12 months

Consider Jane’s example if she is paid over 12 months. What member and employer contributions are due? What service credit does she earn each month?

CALCULATIONS		
Monthly cred comp	Original annual salary	\$ 42,000.00
		÷ 12
	Cred comp, original salary	\$ 3,500.00
	New annual salary	\$ 48,000.00
	÷ 10	
	Cred comp, new salary	\$ 4,800.00
Monthly contribution basis	Original annual salary	\$ 42,000.00
		÷ 12
	Contribution basis, original salary	\$ 3,500.00
	New annual salary	\$ 48,000.00
	÷ 12	
	Contribution basis, new salary	\$ 4,000.00
Monthly member contribution	Contribution basis, original salary	\$ 3,500.00
		x 5%
	Member contribution, original salary	\$ 175.00
	Contribution basis, new salary	\$ 4,000.00
	x 5%	
	Member contribution, new salary	\$ 200.00
Monthly employer contribution (assume 6%)	Contribution basis, original salary	\$ 3,500.00
		x 6%
	Employer contribution, original salary	\$ 210.00
	Contribution basis, new salary	\$ 4,000.00
	x 6%	
	Employer contribution, new salary	\$ 240.00
Monthly service credit	(Monthly cred comp ÷ annual salary), original salary	
		(\$ 3,500.00 ÷ \$ 42,000.00)
		x 12
		1.0000
	(Monthly cred comp ÷ annual salary), new salary	
	(\$ 4,800.00 ÷ \$ 48,000.00)	
	x 12	
	1.2000	



Jane's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTION BASIS ¹	DEFERRED BASIS ¹	CONTRIBUTIONS RECEIVED		DEFERRED CONTRIBUTIONS		CUMULATIVE DEFERRED CONTRIBUTIONS	
					Member	Employer	Member	Employer	Member	Employer
July	\$ 3,500	1.0000	\$ 3,500	\$ 0	\$ 175	210	\$ 0	\$ 0	\$ 0	\$ 0
Aug	3,500	1.0000	3,500	0	175	210	0	0	0	0
Sept	3,500	1.0000	3,500	0	175	210	0	0	0	0
Oct	3,500	1.0000	3,500	0	175	210	0	0	0	0
Nov	3,500	1.0000	3,500	0	175	210	0	0	0	0
Dec	3,500	1.0000	3,500	0	175	210	0	0	0	0
Jan	3,500	1.0000	3,500	0	175	210	0	0	0	0
Feb	3,500	1.0000	3,500	0	175	210	0	0	0	0
March	3,500	1.0000	3,500	0	175	210	0	0	0	0
April	4,800	1.2000	4,000	800	200	240	40	48	40	48
May	4,800	1.2000	4,000	800	200	240	40	48	80	96
June	4,800	1.2000	4,000	800	200	240	40	48	120	144
July²			1,200	(1,200)	60	72	(60)	(72)	60	72
Aug²			1,200	(1,200)	60	72	(60)	(72)	0	0
Total	\$ 45,900	12.6000 ³	\$ 45,900	\$ 0	\$ 2,295	\$ 2,754	0	0	-	-

¹ These columns are included to illustrate the calculations. The information is displayed differently in myVRS Navigator.

² The cumulative deferred contributions divided by the number of months off contract equals the contributions due during off-contract months, as shown in the calculations below.



CALCULATIONS		
Cumulative deferred contributions	$\$800 \times 3 \text{ months}$	\$ 2,400.00
Deferred contributions due each month of the two remaining months		$\$ 2,400.00$ $\div \quad 2$ $\$ 1,200.00$
Member contributions due during off-contract months	Deferred contributions due each month	$\$ 1,200.00$ $\times \quad 5\%$ $\$ \quad 60.00$
Employer contributions due during off-contract months	Deferred contributions due each month	$\$ 1,200.00$ $\times \quad 6\%$ $\$ \quad 72.00$

³ Posting all creditable compensation that an employee earns in a fiscal year may result in the member earning an excess of 12 service credits for the year. However, *myVRS Navigator* calculates benefits using a maximum of 12 service credits per plan year.



Example 11. Change to a longer contract, employee paid over contract

William’s contract started August 16th. He earns an annual salary of \$51,000 and he is paid over his 10-month contract. Effective April 2nd, he accepts a 12-month contract position with an annual salary of \$60,000. What is his monthly creditable compensation? What member and employer contributions are due? What service credit does he earn each month? What business rule is in effect?

CALCULATIONS		
Monthly cred comp/ contribution basis ¹	Original annual salary	\$ 51,000.00
		÷ 10
	Cred comp, original salary	\$ 5,100.00
	New annual salary	\$ 60,000.00
		÷ 12
	Cred comp, new salary	\$ 5,000.00
Monthly member contribution	Cred comp, original salary	\$ 5,100.00
		x 5%
	Member contribution, original salary	\$ 255.00
	Cred comp, new salary	\$ 5,000.00
		x 5%
	Member contribution, new salary	\$ 250.00
Monthly employer contribution (assume 6%)	Cred comp, original salary	\$ 5,100.00
		x 6%
	Employer contribution, original salary	\$ 306.00
	Cred comp, new salary	\$ 5,000.00
		x 6%
	Employer contribution, new salary	\$ 300.00
Monthly service credit	(Monthly cred comp ÷ annual salary), original salary	
		(\$ 5,100.00 ÷ \$ 51,000.00)
		x 12
		1.2000
	(Monthly cred comp ÷ annual salary), new salary	
	(\$ 5,000.00 ÷ \$ 60,000.00)	
		x 12
		1.0000
BUSINESS RULE IN EFFECT		
Employment change (e.g. salary, job name, unpaid leave)	If the effective date of the change is after the first business day of the month, myVRS Navigator: <ul style="list-style-type: none"> Recognizes the impact of the change on cred comp in the following month 	

¹ Contribution basis is the employee’s monthly cred comp since the number of months paid equals the contract period.



William's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
July				
Aug				
Sept	\$ 5,100	1.2000	\$ 255	\$ 306
Oct	5,100	1.2000	255	306
Nov	5,100	1.2000	255	306
Dec	5,100	1.2000	255	306
Jan	5,100	1.2000	255	306
Feb	5,100	1.2000	255	306
March	5,100	1.2000	255	306
April	5,100	1.2000	255	306
May	5,000	1.0000	250	300
June	5,000	1.0000	250	300
Total	\$ 50,800	11.6000 ¹	\$ 2,540	\$ 3,048

¹ Employees' service credits will not be automatically adjusted to 12. Service credits are posted to employee records as calculated using creditable compensation and contract period.



Example 12. Change to a longer contract, employee paid over 12 months

What if William's original contract is paid over 12 months and he then moves into a 12-month contract position? How does this effect member and employer contributions?

CALCULATIONS		
Monthly cred comp	Original annual salary	\$ 51,000.00
		÷ 12
	Cred comp, original salary	\$ 5,100.00
	New annual salary	\$ 60,000.00
	÷ 12	
	Cred comp, new salary	\$ 5,000.00
Monthly contribution basis	Original annual salary	\$ 51,000 .00
		÷ 12
	Contribution basis, original salary	\$ 4,250.00
	New annual salary	\$ 60,000.00
	÷ 12	
	Contribution basis, new salary	\$ 5,000.00
Monthly member contribution	Contribution basis, original salary	\$ 4,250.00
		x 5%
	Member contribution, original salary	\$ 212.50
	Contribution basis, new salary	\$ 5,000.00
	x 5%	
	Member contribution, new salary	\$ 250.00
Monthly employer contribution (assume 6%)	Contribution basis, original salary	\$ 4,250.00
		x 6%
	Employer contribution, original salary	\$ 255.00
	Contribution basis, new salary	\$ 5,000.00
	x 6%	
	Employer contribution, new salary	\$ 300.00
Monthly service credit	(Monthly cred comp ÷ annual salary), original salary	
		(\$ 5,100.00 ÷ \$ 51,000.00)
		x 12
		1.2000
	(Monthly cred comp ÷ annual salary), new salary	
	(\$ 5,000.00 ÷ \$ 60,000.00)	
	x 12	
	1.0000	



William's VRS account for the fiscal year looks like this:

	CRED COMP	SERVICE CREDIT	CONTRIBUTION BASIS ¹	DEFERRED BASIS ¹	CONTRIBUTIONS RECEIVED		DEFERRED CONTRIBUTIONS		CUMULATIVE DEFERRED CONTRIBUTIONS	
					Member	Employer	Member	Employer	Member	Employer
July										
Aug										
Sept	\$ 5,100	1.2000	\$ 4,250	\$ 850	\$ 212.50	\$ 255.00	\$42.50	\$ 57.00	\$42.50	51.00
Oct	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	85.00	102.00
Nov	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	127.50	153.00
Dec	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	170.00	204.00
Jan	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	212.50	255.00
Feb	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	255.00	306.00
March	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	297.50	357.00
April	5,100	1.2000	4,250	850	212.50	255.00	42.50	57.00	340.00	408.00
May Balance ²			6,800	(6,800)	340.00	408.00	(340.00)	(408.00)	0	0
New ³	5,000	1.0000	5,000	0	<u>250.00</u>	<u>300.00</u>	0	0	0	0
					590.00	708.00				
June	5,000	1.0000	5,000	0	250.00	300.00	0	0	0	0
Total	\$ 50,800	11.6000⁴	\$ 50,800	0	\$2,540.00	\$ 3,048.00	0	0	-	-

¹ These columns are included to illustrate the calculations. The information is displayed differently in myVRS Navigator.

² Changing from a 10-month contract paid over 12 months to a 12-month contract results in a balance of deferred contributions that are due in the month that the change occurs.

³ Since William's new contract starts April 2nd, myVRS Navigator posts the changes to his cred comp and service credit in May.

⁴ Employees' service credits will not be automatically adjusted to 12. Service credits are posted to employee records as calculated using creditable compensation and contract period.



2. Retroactive Adjustments and Corrections

myVRS Navigator calculates automatically any necessary changes for retroactive adjustments and corrections. This section illustrates additional examples of *myVRS Navigator*'s calculations for creditable compensation and provides you a basis to determine your VRS-related costs.

In this section

- Submitting Retroactive Adjustments and Corrections
 - Example13. Retroactive salary increase
 - Example14. Employment status change not reported
 - Example15. Salary increase not reported

Submitting Retroactive Adjustments and Corrections

Both retroactive adjustments and corrections are changes to a data element that occur in the past. The key difference is the timing of other changes to that element.

TYPE OF CHANGE	DEFINITION	EXAMPLES	SUBMITTING THE CHANGE
Retroactive adjustment	A change to a data element that has a known start date; the end date has not yet been defined.	<ul style="list-style-type: none"> • Contract renewal • Salary change • Employment status change for a separation 	<ul style="list-style-type: none"> • Online • Via batch using Enrollment and Maintenance File
Correction	A change to a data element that has known start date and a known end date.	<ul style="list-style-type: none"> • Start and end dates for a period of active employment or a leave of absence • Incorrectly -reported or omitted salary change • Incorrectly-reported or omitted employment status change for a leave of absence or separation 	<ul style="list-style-type: none"> • Online •

If you will submit a change via batch

Submit retroactive adjustments using the enrollment and maintenance batch file layout. YSubmit corrections online using myVRS Navigator.

If you will submit online

Enter the change with the appropriate start date and end date, if available.



Example of a Retroactive Adjustment

Example 13. Retroactive salary increase

In March, Oliver is granted a salary increase retroactive to January 1. If the employer submits the change online, he or she enters the new salary and effective date into myVRS Navigator. If the employer submits the change via batch, he or she uses the Enrollment and Maintenance file format to provide the new salary and effective date. myVRS Navigator calculates the additional creditable compensation and contributions due for January and February. When the employer reviews his or her March contributions snapshot, myVRS Navigator presents the revised calculations for January and February and includes the incremental contributions due with the total due for March.



Examples of Corrections

Example 14. Employment status change not reported

Anthony is an active employee of New England County Schools with a salary of \$60,000. His monthly creditable compensation is \$5,000. For Anthony’s retirement benefit, New England County pays member contributions of \$250 per month and employer contributions of \$300 per month (assuming 6 percent for this example).

Anthony’s account on May 14th

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
Jan	\$ 5,000	1.0000	\$ 250	\$ 300
Feb	5,000	1.0000	250	300
March	5,000	1.0000	250	300
April	5,000	1.0000	250	300

On May 15th, New England County Schools submits a leave of absence without pay for Anthony, effective February 10th through April 30th. If the employer submits the change online, he or she enters the employment status change and effective dates of the change into myVRS Navigator. If the employer submits the change via batch, he or she uses the Corrections file format to provide the status change and effective dates. myVRS Navigator automatically includes adjustments to Anthony’s account when New England County next requests a monthly contribution snapshot in early June.

- Because Anthony worked a partial month in February, he earns his regular \$5,000 creditable compensation for the month. New England County Schools also pays the \$250 and \$300 contributions for February.
- Since he did not work in March or April, he does not earn creditable compensation in those months and his employer does not owe the member and employer contributions.

When New England County Schools confirms the May contribution snapshot on June 12th, myVRS Navigator posts these changes to Anthony’s member account. The member contributions of \$500 and employer contributions of \$600 already paid will be credited against the total amount New England County Schools owes in the May contribution snapshot.



Anthony's account on June 12th

	CRED COMP	SERVICE CREDIT	CONTRIBUTIONS RECEIVED	
			Member	Employer
Jan	\$ 5,000	1.0000	\$ 250	\$ 300
Feb	5,000	1.0000	250	300
March	0	0	0	0
April	0	0	0	0



Example 15. Salary increase not reported

Lily has worked for the Mayberry Public School System as an administrative assistant for ten years. During that time, she has gotten regular salary increases, most recently in September 2009.

Lily’s account on January 9, 2010

SALARY	START DATE	END DATE	NOTES
\$56,000	9/1/2009		
52,000	6/1/2007	8/31/2009 ¹	¹ myVRS Navigator derives end date from next employer-entered start date
50,000	5/15/2006	5/30/2007 ¹	

When entering another change to Lily’s account on January 9, 2010, Mayberry School’s human resource department notices that Lily’s account does not reflect the salary increase to \$54,000 she received on July 1, 2008. The \$54,000 salary is effective through August 15, 2009 when the already-reported \$56,000 salary went into effect. Since the change has defined start and end dates, it is a correction. Mayberry Schools submits the correction online, reporting the new salary, effective start date of the change AND effective end date. (Or the employer could include this change with their next batch Corrections file.)

Lily’s account on January 10, 2010

SALARY	START DATE	END DATE	NOTES
\$56,000	9/1/2009		¹ myVRS Navigator derives end date from next employer-entered start date
54,000	7/1/2008 ²	8/31/2009 ¹	
52,000	6/1/2007	6/30/2008 ³	² new data supplied by employer
50,000	5/15/2006	5/30/2007 ¹	³ myVRS Navigator derives end date from new data entered above, changing previously derived end date

Since a pay increase was not reported for 14 months, the monthly creditable compensation and contributions calculated were understated for the same period of time, based on the lower salary of \$52,000 effective June 1, 2007. myVRS Navigator calculates the increase in creditable compensation owed to Lily and updates her account for July 2008 through August 2009. It also calculates the increased contributions due for July 2008 through August 2009 based on the rates in effect for each month. (The months may have different costs due to rate changes.)



CALCULATIONS		
Annual salary for the correction period	Salary for July 1, 2008-Aug. 31, 2009	\$ 54,000
Total incremental creditable compensation	Annual salary for the correction period	\$ 54,000
	Previously reported salary for this period	<u>- 52,000</u>
		\$ 2,000
Monthly incremental creditable compensation		\$ 2,000
		÷ <u>12</u>
		\$ 166.67
Contribution rates due	Increased cred comp	\$ 166.67
	<u>x contribution rates in effect for each month</u>	varies

myVRS Navigator presents the calculated changes to Mayberry Schools as part of the January contribution snapshot. After Mayberry Schools confirms the snapshot on February 2nd, the incremental creditable compensation and contributions are posted to Lily's account for each month, July 2008 through August 2009. The total additional contributions are due by March 10th.