



# Virginia Local Disability Program (VLDP)

## Overview of Employer Contributions, Costs & Income Replacement

### Short-Term Disability (STD) Employer Costs

#### Employee Income Replacement

Employers pay the employee's STD income replacement (an amount based on years of continuous service with the same employer and adjusted for offsets) for the duration of the employee's disability, up to 125 work days. Work-related STD claims are offset by workers' compensation payments. See the [VLDP Employer Manual](#) for more information on income replacement amounts.

#### Member and Employer Contributions

Employers report and make contributions to VRS based on the employee's full creditable compensation, including contributions to the defined benefit and defined contribution plans. If an employee is on workers' compensation and the employer cannot take the deduction, the employee does not earn service, but may purchase the service at a later date.

#### VLDP Contribution Rates

[View the VLDP contribution rates on the VRS employer website.](#)

Schools will pay the teacher rate for teachers and the political subdivision rate for nonadministrative employees. New rates will be set each biennium.

#### Group Life Insurance Program

If coverage is provided as a condition of employment, employers pay contributions for group life insurance coverage.

#### Health Insurance Credit (HIC)

If the HIC is provided as a condition of employment, employers pay contributions for the HIC.

#### Group Health Insurance Plan

If health insurance is provided as a condition of employment, employers maintain the employee in their active group health insurance plan.

### Long-Term Disability (LTD) Employer Costs

#### Employee Income Replacement

If the employer participates in VLDP, income replacement is provided by Reed Group, the plan's third-party administrator, once an employee is on LTD.

#### Employer Defined Contribution

Employers pay the mandatory 1% employer contribution to the defined contribution component of the Hybrid Retirement Plan if the employee is on LTD and the employee meets the Social Security Administration's definition of disabled. **If the employee is covered under VLDP:** the 1% is paid from the VRS trust fund.

*Note: if the employer provides a comparable plan, the employer must pay the 1%.*

#### Group Health Insurance Plan

If employers provide retiree or disability insurance coverage, LTD employees must be offered the same coverage at the group rate, and the LTD employee pays the premiums. If health insurance coverage is not provided for retirees or employees on disability, LTD employees are eligible for Consolidated Omnibus Budget Reconciliation Act (COBRA) health benefits.

#### Health Insurance Credit (HIC), Group Life Insurance Program & VLDP Contributions

Employers are not responsible for paying the HIC, Group Life Insurance and VLDP contributions when an employee is under LTD.

*This information is governed by Title 51.1 of the Code of Virginia. It is intended to be a general guide of employer responsibilities during short-term and long-term disability periods under VLDP. It cannot be complete in all details and cannot supersede or restrict the authority granted by the Code of Virginia, which may be amended from time to time.*