

TERMINATION GUIDELINES

OPTIONAL RETIREMENT PLAN FOR POLITICAL APPOINTEES

This form is not a distribution request form; however, it is used to determine distribution eligibility. To request a distribution, use the ORP for Political Appointees (ORPPA) distribution forms found at varetire.org in the ORPPA section under the Defined Contribution Plans tab. If you are eligible to receive a distribution from ORPPA, VRS must sign the provider distribution form once this certification form is completed. For additional information, please read the important guidelines below.

The benefits provided under ORPPA are intended to provide income in retirement. If you are leaving employment where you participated in ORPPA you may, in most cases, begin a distribution from the plan. Unless you continue to be employed by the Commonwealth of Virginia or another public employer in Virginia that provides you retirement benefits established under *Code of Virginia* Title 51.1, Chapters 1,2, 2.1 or 3, you must begin a required minimum distribution from the Plan no later than April 1 of the year following the year you reach age 73.

Important Note: If you take a distribution of your total plan account balance (other than to purchase VRS service upon transferring to a state position where ORPPA is not available) and return to covered employment, you will be rehired under the plan provisions in place at that time, which may have different retirement and other benefits.

Employment Status

You may not receive a benefit from ORPPA if you are reemployed in a position that provides retirement benefits in any of the following plans: the Virginia Retirement System (VRS), the Judicial Retirement System (JRS), the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS), any Optional Retirement Plan or Alternative Retirement Plan authorized in the *Code of Virginia*.

If you return to part-time employment (non-salaried; non-classified) with any agency or institution of the Commonwealth, you must meet the following criteria to receive a payment from your ORP:

1. Have a break-in-service of no less than one full calendar month during which you received no compensation or active member benefits from the Commonwealth (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 full calendar month required for a break-in-service).
2. You and your employer had no pre-determined date that you return to employment.
3. The work you do does not have the same duties or hours that you worked prior to leaving your ORP-covered position, and you work in a part-time position that is 80% or less of the full-time equivalent hours for a similar position.

Eligibility for Benefits After Termination of Employment

You may be eligible for benefits as follows:

1. Group Life Insurance

In some cases, you may continue group life insurance coverage after you terminate covered employment with the commonwealth. If you are a Plan 1 participant, you must be age 55 with at least five years of service or age 50 with at least 10 years of service to continue to be covered by the Group Life Insurance Program regardless of whether you begin a distribution from the ORP. If you are a Plan 2 participant, you must be age 60 with at least five years of service or the

combination of your age and years of service at the time of your termination must equal at least 90.

A 25% reduction in the amount of your coverage begins on January 1 following one calendar year after you terminate employment and continues each January 1 until the amount of your coverage is 25% of the value of the natural death coverage at termination of employment.

If at the time you terminate employment with the commonwealth you are covered by Optional Group Life Insurance, you may continue the optional group life coverage until you reach age 80 if you continue to pay the premiums, or you may convert the coverage to an individual policy.

If you do not qualify to continue basic group life insurance benefit when you terminate employment, you may, within 31 days of termination or loss of coverage, convert your group life insurance benefit to an individual policy at non-group rates without providing evidence of insurability.

Section 79 of the Internal Revenue Code requires reporting imputed taxable income for retirees with basic group life insurance coverage in excess of \$50,000. It is calculated using the Uniform Premium Table as prescribed by the Internal Revenue Service.

For more information about the VRS Group Life Insurance Program, visit VRS at varetire.org or call Securian toll-free at 1-800-441-2258.

2. Retiree Health Insurance Credit

You qualify for the retiree health insurance credit if you meet the following criteria:

- a. You have at least 15 years of service in VRS and/or the ORP.
- b. You terminate employment and are not reemployed in a position that causes you to be covered by one of the retirement plans created by Title 51.1, Chapter 1, 2, 2.1 or 3 of the *Code of Virginia*.
- c. You are enrolled and paying a premium for yourself in an individual or employer-sponsored health insurance plan, Medicare Part B and D, vision, dental or as a dependent under your spouse's coverage.
- d. Your employer certifies your eligibility for the health insurance credit by completing the Optional/ Alternative Retirement Plan Health Insurance Credit Employer Certification of Service (VRS-75).
- e. You submit to VRS a Request for Health Insurance Credit (VRS-45) each time your health insurance plan and/or premium changes.

Currently the credit is \$4.25 per month per year of service. The credit you receive may not exceed the amount you pay out-of-pocket for your individual health insurance coverage. This is a tax-free benefit.

3. Transfer of Funds to Purchase VRS Service Credit

If you move from a political appointment to a VRS-covered position with the Commonwealth of Virginia without a break in service of at least one full calendar month, you may transfer funds in your ORPPA account to the Virginia Retirement System to purchase VRS service credit. Once VRS receives the Termination Certification Form (VRS-65E) indicating that you have moved to a covered position with the commonwealth and would like to purchase service credit, documentation will be prepared to illustrate the number of months of service you have, your account value and the amount of VRS service your account will purchase. VRS will also provide the number of additional months you may purchase and the associated cost. You may use personal funds to purchase the additional amount in excess of what your ORPPA account will purchase. VRS will send the Request for Transfer of Funds

from ORPPA (VRS-101) to you. It must be fully executed and returned to VRS to complete the purchase.

The following conditions must be met to qualify for a purchase of VRS service using your ORPPA account:

- a. You must move to a VRS-covered position within 30 days of leaving your ORPPA position.
- b. You must complete the Termination Certification form within 15 days of termination.
- c. You must complete the purchase of service within 30 days of receiving the cost letter.

If you use your ORPPA account balance resulting from a period of employment prior to July 1, 2010, to purchase VRS service, you will continue to be covered by Plan 1 benefits.

4. Health Benefits

Speak with your Human Resources office for information on any health insurance benefits that are available to you once you retire or terminate employment.

For more information read the “Handbook for Participants of the Commonwealth of Virginia Optional Retirement Plan for Political Appointees” available at varetire.org under the Defined Contribution Plans tab.

Employer Certification of Group Life Insurance Status

Complete this section only if the employee leaves full-time employment with the employer. Do not completed this section if you transfer or change classification and you remain in an active status.

Taking a Distribution from your Plan

If you intend to start a distribution from ORPPA, please visit varetire.org to access the Defined Contribution Plans tab for more information about the ORP for Political Appointees Plan and the forms you may need.