Plan Overview

Employees are covered under the Hybrid Retirement Plan if their membership date is on or after January 1, 2014 and they are a general state employee, teacher or employee of a local public school division, employee of a participating political subdivision or a local law enforcement officer, firefighter or EMT not covered by enhanced benefits. The plan also includes employees who elected the Hybrid Retirement Plan instead of an optional retirement plan, as well as judges elected or appointed to an original term on or after January 1, 2014, regardless of membership date.

Employees will receive welcome letters from VRS and ICMA-RC that contain Hybrid Retirement Plan information. VRS administers the retirement plan and has selected ICMA-RC as the record keeper for the defined contribution component. Refer employees to the Hybrid Retirement Plan Member Handbook for introductory plan information.

Saving for Retirement

The Hybrid Retirement Plan has two components:
- A defined benefit component. Employees contribute 4% of their compensation to this component.
- A defined contribution component. Employees contribute 1% of their compensation to this component.

An employee has the option to make additional voluntary contributions (up to 4%) to the defined contribution component of the hybrid plan. Employers will provide an employer match to voluntary contributions, up to 2.5%.

Starting early makes a big difference at retirement. Use the Hybrid Member Paycheck Calculator to visualize the impact of contributions and other deductions. If an employee can’t save the 4% now, the employee should consider setting up small annual increases using SmartStep. Otherwise, auto-escalation will apply every three years, and an employee’s voluntary contributions to the Hybrid 457 Deferred Compensation Plan account will automatically increase by 0.5% (payroll deduction) until reaching the maximum 4%.

Find details about employee plans and other resources on the Hybrid Retirement Plan website at www.varetire.org/hybrid. Videos about the plan may also be found on the VRS Hybrid Plan Learning Channel.

The investment options for the defined contribution component are organized into three pathways to make it easier for employees to implement investment decisions according to their knowledge of investments and investment style.

Vesting for the defined benefit component is different than for the defined contribution component of the Hybrid Retirement Plan. New employees should read the Hybrid Retirement Plan Member Handbook for details on this plan provision and other plan provisions.

Employees can change voluntary contributions on a quarterly basis or sign up for SmartStep, which allows employees to increase contributions automatically. Employees can go to www.varetire.org/hybrid and log into their account, or call an Investor Services Representative at VRS-DC-Plan1 (877-327-5261) and select option 1.

Commonwealth of Virginia 457 DC Plan / Virginia Cash Match Plan:

Share the following information with employees only if you, the employer, offer the Commonwealth of Virginia 457 Deferred Compensation Plan and the Virginia Cash Match Plan:

Employees are eligible to participate in the Commonwealth of Virginia 457 Deferred Compensation Plan. The plan allows additional savings for retirement on a tax-deferred basis through payroll deductions. Contributions and earnings are tax-deferred. If eligible for the Virginia Cash Match Plan, the employee receives matching funds from the employer, equal to 50% of the contribution, not to exceed $20 per pay period. However, an employee must max out voluntary contributions to the defined contribution component of the Hybrid Retirement Plan before receiving a cash match.
**Purchasing Prior Service**

Prior service is a period of eligible service that is not credited to an employee’s VRS account. An employee may purchase a variety of service types, including previous public employment, active duty military service, an eligible period of leave or VRS refunded service. The purchase of service applies to the defined benefit component. For more information on eligible types of service, see the Purchase of Prior Service Credit chapter of the Employer Manual.

Prior service credit counts toward the five years needed to become vested in the defined benefit component, as well as eligibility for retirement and the health insurance credit.

Employees have a two-year window of time from the date of the employee’s hire to purchase service at approximate normal cost before the cost changes to an actuarial equivalent cost. Advise employees to strongly consider purchasing any eligible service during this period of time as costs will rise considerably after the two-year window closes. Refunded service is not subject to the two-year window.

**Disability Benefits**

State employees are covered under the Virginia Sickness and Disability Program (VSDP). Political subdivision and school division employees are covered under the Virginia Local Disability Program (VLDP) or a comparable program that you, the employer, offer.

In-depth information about disability benefits that are offered by VRS may be found in the VLDP Benefits and VSDP Benefits chapters of the Employer Manual.

**Basic Group Life Insurance**

Most members of the Hybrid Retirement Plan have group life insurance coverage through the VRS Group Life Insurance Program, as long as their employer participates. (Some political subdivisions may not offer VRS Group Life Insurance.) For information about coverage, see the VRS Hybrid Retirement Plan Handbook or contact Securian Financial toll-free at 800-441-2258.

Employees may name any living person as the beneficiary for their life insurance. To do so, the employee must complete a Designation of Beneficiary (VRS-2) and submit the form to VRS. The form may also be used to change beneficiary designations for optional group life insurance and defined benefit contributions.

**Optional Group Life Insurance**

The Optional Group Life Insurance Program allows employees to purchase additional insurance for themselves, their spouses and minor dependent children. For available coverage amounts, see the VRS website or the Group Life Insurance chapter of the Employer Manual.

To enroll in optional group life insurance, the employee completes the Enrollment Application for VRS Optional Group Life Insurance (VRS-39). The employee forwards the VRS-39 to the employer, who must complete Section 6.

An employee may apply for optional group life insurance at any time. However, if the employee is enrolling within 31 days of employment, coverage is guaranteed and no medical underwriting is required.

An employee who participates in the optional plan may add dependents within 31 days of a qualifying event, such as marriage, birth or adoption of a child, or retirement of a spouse when both the employee and spouse are covered under optional group life insurance.

**COV Voluntary Group Long-Term Care Insurance**

VRS has contracted with Genworth Life Insurance as the insurer for the Commonwealth of Virginia (COV) Voluntary Group Long-Term Care Insurance Program. Participant-paid coverage provides a monthly benefit allowance for covered long-term care expenses, such as nursing home care or at-home care to assist with bathing, eating or other activities of daily living.

All state employees are eligible for the COV Voluntary Group Long-Term Care Insurance Program. Employees of school divisions and political subdivisions are eligible if the employer elects to participate in the program.

The employee can choose one of three benefit increase options that will allow the employee to increase coverage over time to help protect against the rising cost of care. If an employee leaves or retires from a position, the employee may continue coverage under Genworth.

If eligible for the VSDP Long-Term Care Plan or the employee has other long-term care insurance, the employee may be able to coordinate with the voluntary program to obtain additional coverage.

Employees may find enrollment information on the Genworth website or the VRS website.
### More Action Items

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<th>Task</th>
<th>Details</th>
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<td>After receiving the welcome letter from ICMA-RC, employees can begin managing their defined contribution component investments and designate beneficiaries online through Account Access with ICMA-RC.</td>
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<tr>
<td>After receiving a welcome letter from VRS, employees should register for secure, online myVRS account access. Here, employees can view account totals for the defined benefit and defined contribution components of the Hybrid Retirement Plan.</td>
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<td>Encourage employees to check out the myVRS Financial Wellness program, powered by Enrich. Access money-management information, increase knowledge of financial best practices and make sense of things like credit, insurance and taxes.</td>
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<td>Direct employees to the goal-based myVRS Retirement Planner, which helps employees anticipate expenses and add outside sources of income to more accurately project retirement income. In addition, the Benefit Estimator allows employees to enter various retirement date scenarios and payout options, and estimate the lifetime monthly benefit.</td>
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<td>Remind new employees of their retirement timeline by referring them to the Retirement Readiness Checklist.</td>
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<td>Separate beneficiary designations are needed for the defined benefit and defined contribution components of the Hybrid Retirement Plan. If employees do not designate a beneficiary, their benefits will be paid by order of precedence. Employees can designate a beneficiary for the defined contribution component of their plan online through Account Access.</td>
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<td>Remind the employee to review the annual Member Benefit Profile (MBP) available through myVRS. Read more about the MBP.</td>
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<td>Encourage the employee to subscribe to Member News, VRS’ quarterly e-newsletter that includes updates about VRS benefits.</td>
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<td>Employees should visit the VRS member education and counseling page for more information. VRS provides one-on-one counseling by phone or in person, and also holds educational sessions around the state and through webinars. For questions related to the Hybrid Retirement Plan, contact the Hybrid Retirement Plan Support Team at 855-291-2285 or email <a href="mailto:vrshybridsupport@varetire.org">vrshybridsupport@varetire.org</a>.</td>
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<td>For more information on ICMA-RC, visit ICMA-RC Learning Opportunities. ICMA-RC provides webinars, investment videos, classroom sessions and one-on-one consultations. Members also can call VRS-DC-PLAN1 (877-327-5261) and select option 2 or email <a href="mailto:InvestorServicesCommonwealthofVA@icmarc.org">InvestorServicesCommonwealthofVA@icmarc.org</a> with questions about the defined contribution component.</td>
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### Questions?

Call VRS toll-free at 888-827-3847 and ask to speak with your Employer Representative.