



## Contribution Confirmation and Payment Scheduling

To complete the contribution confirmation process, an employer must create a monthly snapshot in myVRS Navigator of the current population of employees enrolled in VRS provided plans and other member benefits, such as group life insurance. Before confirming, the employer must review and reconcile the snapshot to ensure the most accurate data is reported. In addition to the data, the employer must submit payments for the defined benefit plans and other member benefits to VRS each month. For the Hybrid Retirement Plan defined contribution component, the employer must submit contribution detail through EZLink, ICMA-RC's web-based system. Payments for the defined contribution component of the Hybrid Retirement Plan are submitted to ICMA-RC each time contributions are withheld through payroll.

## Reporting Roles

Role-based security is a feature that enables employers to manage access to myVRS Navigator and VRS data based on the work employees perform. Roles define the data a person can view, create and update. Employers authorize employees to access VRS data and systems and assign the appropriate roles for each employee. The following roles are associated with contribution confirmation and payment scheduling:

### Employer Roles Associated with Reporting

	Role	Description
Contribution Confirmation	Advance Person Account Processor	Informs VRS of Social Security number, contribution and coverage errors and submits mass updates for multiple people at the same time, manages enhanced benefits
	Employer Contributions Processor	Views and maintains contribution details
	Snapshot Processor 2	Generates, views and confirms the organization's monthly contribution report
Payment Scheduling	Payment Scheduler	Schedules the amount and date of payment of member and employer contributions
	Payments Scheduler Approver	Approves the amount and date of scheduled payments for member and employer contributions

For a complete list of roles, see the *Employer Roles and myVRS Navigator Security Access Job Aid* in VRS University.

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## Contribution Confirmation Process

Throughout the month, it is the employer's responsibility to enroll and maintain employee records. At the end of each month, the employer is required to complete the contribution confirmation process by generating and confirming a snapshot. A snapshot is a monthly picture of the employer's current population of employees and includes a summary of all the data from employee records. The generation of the snapshot calculates both creditable compensation and service, as well as contributions (employee and employer) for all employees included in the snapshot. Confirmation of the snapshot posts this information to the employee's record.

Prior to confirming the snapshot, the employer should review and reconcile the amounts in myVRS Navigator to the information in the payroll system. Summary information is included for defined benefit contributions, the Basic Group Life Insurance Program, the Virginia Sickness and Disability Program (VSDP), the Virginia Local Disability Program (VLDP) and the health insurance credit. Payment for the defined benefit contributions and member benefits must be paid to VRS once a month.

The snapshot also includes a summary of the Hybrid Retirement Plan defined contributions for the month. myVRS Navigator calculates the amount that is expected to be sent to ICMA-RC based on creditable compensation as calculated by myVRS Navigator. The defined contribution information should be used to reconcile the amounts the employer submits to ICMA-RC each payroll cycle.



The snapshot does not include the Commonwealth of Virginia 457 Deferred Compensation Plan information.

All employers are required to report employee activity for the month to VRS by the 10th of the following month. If the 10th of the month falls on a weekend or holiday, confirmations are due the next business day. Late confirmations delay benefit processing and result in errors due to incorrect or incomplete information. Refunds, retirements, benefit estimates, Member Benefit Profiles, and processing of purchase of service applications are all affected by late reports.

For step-by-step instructions on how to generate, review, reconcile and confirm the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* located in VRS University.

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## Payroll Frequency and the Monthly Snapshot

Since the snapshot is a monthly process that must be reconciled to the payroll deductions withheld from employees, it is important to understand the relationship between employer payroll frequency and myVRS Navigator monthly snapshot. When contributions are taken, the basis of the contribution may need to be adjusted based on payroll frequency. Contributions must be based on monthly creditable compensation, not the amount paid. Monthly creditable compensation is the annual salary amount divided by 12 or by the contract length. See the Enroll and Maintain Employees chapter of the Employer Manual for more information about creditable compensation.

Employers who pay employees on either a monthly or semi-monthly payroll cycle (like DOA-CIPPS) fall naturally into a monthly payroll cycle. For employers who pay employees bi-weekly, VRS recommends withholding contributions twice a month, even in months when employees receive three paychecks. For employers who pay employees weekly, VRS recommends withholding contributions four times a month, even in months when employees receive five paychecks. This recommended pattern for withholding deductions applies to all VRS defined benefit plans, the Hybrid Retirement Plan and Other Post-Employment Benefits (OPEB). See the table below for an illustration.

Pay Schedule	Weekly	Bi-weekly	Semi-monthly	Monthly
Number of yearly pay periods	52	26	24	12
Number of yearly pay periods without VRS deductions	4	2	0	0
Number of yearly pay periods with VRS deductions	48	24	24	12
% of employee's monthly creditable compensation and VRS deductions	25%	50%	50%	100%
Number of yearly Hybrid contributions to ICMA-RC	48	24	24	12
Number of yearly payments to VRS	12	12	12	12

This withholding pattern is particularly important for the Hybrid Retirement Plan. In addition, deductions for the defined benefit and defined contribution components of the Hybrid Retirement Plan are both based on an employee's monthly creditable

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compensation. Unlike a traditional deferred compensation plan where a percentage of compensation is withheld each pay period, the defined contribution component of the Hybrid Retirement Plan is part of a VRS retirement plan that also has a defined benefit component.



A Hybrid member's salary is \$60,000 and monthly creditable compensation is \$5,000. Their bi-weekly pay is \$2,308 and they elected a 4% voluntary contribution. The employer deducts a total of \$225 from each of the first two paychecks of the month. This \$225 represents the 4% mandatory defined benefit contribution deduction (\$100) and the 1% mandatory defined contribution deduction (\$25), plus the 4% voluntary defined contribution component (\$200).

	Paycheck 1	Paycheck 2	Paycheck 3*
4% mandatory DB	\$100	\$100	\$0
1% mandatory DC	\$25	\$25	\$0
4% voluntary DC	\$100	\$100	\$0
<b>Totals</b>	<b>\$225</b>	<b>\$225</b>	<b>\$0</b>

\* Occurs twice a year.

Note that the deductions were based on the member's monthly creditable compensation, not the bi-weekly pay amount. The \$125 mandatory contribution equals 5.4% and the \$100 voluntary contribution equals 4.33% of the bi-weekly pay amount. However, there will be two pay periods in the year where no deductions will be taken.

A Hybrid member's salary is \$48,000 and monthly creditable compensation is \$4,000. Their weekly pay is \$923.08 and they elected a 2% voluntary contribution. The employer deducts \$70 from each of the first four paychecks of the month. This \$70 represents the 4% mandatory defined benefit contribution deduction (\$40) and the 1% mandatory defined contribution deduction (\$10), plus the 2% voluntary defined contribution component (\$20).



	Paycheck 1	Paycheck 2	Paycheck 3	Paycheck 4	Paycheck 5*
4% mandatory DB	\$40	\$40	\$40	\$40	\$0
1% mandatory DC	\$10	\$10	\$10	\$10	\$0
2% voluntary DC	\$20	\$20	\$20	\$20	\$0
<b>Totals</b>	<b>\$70</b>	<b>\$70</b>	<b>\$70</b>	<b>\$70</b>	<b>\$0</b>

\* Occurs four times a year.

Note that the deductions were based on the member's monthly creditable compensation, not their weekly pay amount. The \$50 mandatory

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contribution equals 5.4% and the \$20 voluntary contribution equals 2.17% of the weekly pay amount. However, there will be four pay periods in the year where no deductions will be taken.

## Generating the Snapshot

When the employer creates a snapshot, myVRS Navigator calculates the contribution for each employee and includes any enrollment information and maintenance changes since the last confirmation. The snapshot includes summary information, as well as detailed information of the changes, to assist with review of the snapshot. The employer confirms one monthly reporting snapshot for each VRS-administered retirement system (VRS, VaLORS, SPORS and JRS) and/or group of employees (VRS-N or VRS-T).

An employer can generate a new snapshot one day after the previous month's snapshot has been confirmed. Snapshots can be generated throughout the month and are not recorded in the employee records until confirmed. Early generation may be particularly helpful in identifying the Hybrid Retirement Plan defined contributions to be submitted to ICMA-RC during the current month.

For step-by-step instructions on how to generate the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* located in VRS University.

## Reviewing and Reconciling the Snapshot

Once the snapshot is generated, review the data in The Snapshot Screen or the Snapshot Download File. The employer compares the data to their payroll system prior to confirmation and at any point during the month. The snapshot will always display the monthly contribution amounts. By comparing the snapshot download file to the payroll system results early in the month, the employer can identify required payroll adjustments and take corrective action before the last payroll of the month is processed.

The Employment Summary tab of the snapshot is a summary of the changes the employer made to employee records since the last snapshot. The employer compares this information to their payroll records to make sure that all the changes were accurate and included in the snapshot. If there are discrepancies, find and correct the

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error(s) either in the employer’s payroll system or in myVRS Navigator. In addition, the employer certifies any separations that occurred since the last snapshot.

Once the changes are verified for accuracy in the Employment Summary tab, use the rest of the tabs in the Other Details panel to reconcile the snapshot totals to the total amounts in the employer’s payroll system. Details are included for DB Plan Contributions, DC Plan Contributions, Benefit Contributions, Service Purchase Contributions and adjustments to each of these. myVRS Navigator automatically calculates any necessary changes for retroactive adjustments and corrections. Both retroactive adjustments and corrections are changes to a data element that occurred in the past.

If there are differences in any of the contribution types, the employer can select options in the Other Details panel or use the Snapshot Download File to identify the individuals impacted. Once the individuals are identified, ensure that myVRS Navigator records are correct and make necessary adjustments to the employee record. If myVRS Navigator records are correct and the employer’s payroll records are incorrect, adjustments to payroll data will need to be made in subsequent payroll cycles. For example, additional contributions may need to be withheld or excess contributions refunded to the employee.

If corrections were made to employee records in myVRS Navigator, the snapshot must be regenerated. A new snapshot replaces the old one. Even if the snapshot is generated multiple times per month, nothing is submitted until the snapshot is confirmed.

For step-by-step instructions about how to review and reconcile the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* and the *Interpreting the Snapshot Download File Process Guide* located in VRS University.

## Reconciling Hybrid Plan’s Defined Contribution

It is especially important for employers to reconcile the defined contribution portion of the snapshot to their payroll system to ensure that employees’ contributions are invested in a timely manner. Defined contributions credited to the Hybrid defined contribution component must match the expected contribution amounts calculated in myVRS Navigator based on each employee’s creditable compensation.

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It is the responsibility of the employer to ensure the correct amounts are withheld from the employee's paycheck, remitted to ICMA-RC and reconciled to the VRS snapshot. Because the employee is at risk of losing potential investment earnings, VRS and ICMA-RC use the following process to assist with identifying any discrepancies that may require correction:

- When the employer completes the contribution confirmation in myVRS Navigator, VRS sends an electronic file to ICMA-RC detailing, at the employee level, the amount ICMA-RC should expect from the employer;
- ICMA-RC compares the actual amount received from the employer to the expected amount received on the electronic file from VRS for each contribution month;
- VRS is provided the Hybrid Reconciliation Report by ICMA-RC containing all discrepancies by employee and contribution month;
- ICMA-RC or VRS may contact the employer regarding any discrepancies that need to be researched and/or corrected by the employer;
- If a correction is required, the employer should contact ICMA-RC's Employer Support Team or complete the Request for Adjustment Review Form available online at [www.varetire.org/hybrid-er](http://www.varetire.org/hybrid-er) under Forms. For more information about corrections, see the *Hybrid Retirement Plan Adjustment Policy* in the Resource Center for Employers ([www.varetire.org/hybrid-er](http://www.varetire.org/hybrid-er)). Select the Hybrid Retirement Plan Payroll Information from the Admin tab.

To avoid penalties, such as those set forth by the IRS, it is important to reconcile the snapshot each month and remit the appropriate contributions.

## Confirming the Snapshot

Once the snapshot is correct, it must be confirmed. The system runs validations to ensure the data shown in the monthly reporting snapshot is using the most current data for all employee records. If the data isn't current due to a recent change, the system provides an error message to regenerate the snapshot. Other errors, warnings and informational messages may appear. Errors must be addressed before confirming. For certain errors, reports will show on the employer's dashboard. All warnings must be either corrected or acknowledged. In acknowledging a warning, the employer is agreeing that the information is not included in the current snapshot and will not be included in any snapshot until corrected.

The snapshot can only be confirmed once and cannot be "unconfirmed." Should an error or retroactive activity be discovered after the snapshot is confirmed, the correct information should be updated in myVRS Navigator with the retroactive effective date.



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These adjustments will be included as part of the following month's contribution confirmation process.



In March, a member is granted a salary increase retroactive to January 1. The employer enters the new salary and effective date into myVRS Navigator. myVRS Navigator calculates the additional creditable compensation and contributions due for January and February. When the employer reviews the March snapshot, myVRS Navigator presents the revised calculations for January and February and includes the incremental contributions due with the total due for March.

For step-by-step instructions about how to confirm the snapshot, view the *Contribution Confirmation and Payment Scheduling Course* located in VRS University.

## Submitting Payments

Defined benefit contributions and other employee benefits (such as group life insurance) are submitted in a single payment to VRS. Contributions for the defined contribution component of the Hybrid Retirement Plan are paid to ICMA-RC.

### Payments to VRS

The payment of defined benefit contributions and other employee benefits to VRS should be scheduled in myVRS Navigator, immediately after confirming the snapshot.

Once the snapshot is confirmed, the Payment Scheduler role schedules payment for the retirement plans, service purchase, health insurance credit, group life insurance, VSDP, VLDP and early retirement contributions. Employers can also schedule an ad hoc payment for early retirement contributions. The payment schedule indicates both the amount to be paid, as well as the payment date. The Payments Scheduler Approver role may approve or reject the payment. For step-by-step instructions about how to schedule and approve payments in myVRS Navigator, view the *Contribution Confirmation and Payment Scheduling Course* located in VRS University.

Defined benefit retirement contributions and other ancillary benefits must be paid on time and received by the 10<sup>th</sup> of the following month. If the 10<sup>th</sup> falls on a weekend or a holiday, the payment is due the next business day. ACH debit payment schedulers must be created and approved three business days prior to allow file exchanges between VRS and its financial institution. The payment will only be withdrawn from an employer's financial institution on the day approved by the employer.



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If the employer is processing a payment scheduler in myVRS Navigator after 5 p.m. on any day, the scheduler will be picked up the next business day. For example, a scheduler created on Friday after 5 p.m. will be picked up in myVRS Navigator on the following Monday.

Employers who do not confirm the snapshot or pay contributions or insurance premiums on time may be assessed a penalty of 5% of the amount due, plus interest at the rate of 1% per month until the report is received and the payment is made.<sup>1</sup>

VRS is required to notify the chairmen of the House Appropriations and Senate Finance committees within 15 days after an employer becomes 60 days delinquent in making contribution payments to VRS.<sup>2</sup>

The Employer Monthly Statement in myVRS Navigator helps employers manage payments to VRS. The Employer Monthly Statement is automatically generated at the end of each month, offering a breakdown of an employer’s current activity balance, ending balance and any balance forward. The statement details contributions for retirement plans and other member benefits. The statement also includes data for employer monthly activities such as the snapshot confirmation date and amount as well as payments made to VRS. Once the statement has been generated, the employer will receive a communication through myVRS Navigator that can be viewed under the Payments tab – Employer Monthly Statement.

Employers can also use the Employer Account Receivable information in myVRS Navigator to review and manage payments to VRS. Details regarding real-time balances and historical transaction activity can be accessed through the Payments tab - Employer Accounts Receivable.

For step-by-step instructions on how to schedule VRS payments, view the *Contribution Confirmation and Payment Scheduling Course* located in VRS University.

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<sup>1</sup> Code of Virginia § 51.1-146 provides that VRS may assess a penalty of 5% of the amount due, plus interest at the rate of 1% per month until the payment is made.

<sup>2</sup> See the 2016-18 Commonwealth of Virginia Biennium Budget; Item 489.

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## Payments to ICMA-RC

Payments for the defined contributions plans must be scheduled separately with ICMA-RC each pay period. Employers should not wait until the snapshot is confirmed. If contributions are delayed, the employee's investment earnings may be impacted and the employer may be assessed penalties in accordance with the Hybrid Retirement Plan Adjustment Policy.

To submit contributions, an employer can either create an online contribution file or upload a contribution batch file in EZLink for defined contributions. Creating an online contribution file is typically used for fewer than 25 employee records to submit. Batch files are used for more than 25 employee records. Payments should not be made before the contribution files are submitted. For file layouts and details about how to submit the contribution file contact ICMA-RC's Employer Support Team at 877-327-5261, select Option 3.



It's important that the total monthly EZLink contribution files be reconciled to the employer's payroll and monthly snapshot totals for the defined contribution component of the Hybrid Retirement Plan.

## Payment Options

VRS recommends ACH debit as the preferred method of payment due to the efficiency and security offered by electronic payments, but also accepts ACH credit. ACH debit and ACH credit are electronic transfers of funds through secure financial networks. ICMA-RC accepts ACH debit/credit and wire transfers.

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The following chart outlines details for the available payment options:

### ACH Debit

#### Defined Benefit (VRS)

Complete the Notification of Electronic Payment Information (VRS-61) and mail the original signed form to:

Virginia Retirement System  
Finance Control Department  
P.O. Box 361; Richmond, VA 23218

#### Defined Contribution (ICMA-RC)

Complete the ACH Debit form, located in the [Hybrid Retirement Plan Resource Center for VRS Employers](#). Scan and securely upload a PDF copy of the completed form through EZLink.

### ACH Credit

#### Defined Benefit (VRS)

Wells Fargo Bank, N.A.  
ABA #: 051400549  
Account #: 2000050271162  
Beneficiary: Virginia Retirement System

The 5-digit VRS employer code must be included in the individual ID field in the supplemental payment record to ensure that VRS credits the proper organization with the payment.

#### Defined Contribution (ICMA-RC)

[Hybrid 457 Plan](#)  
M & T Bank  
ABA #: 022000046  
Account #: 9859431885  
Ppt ID: 307059/Employer's 5-digit  
VRS division ID

If an email is required for the ACH credit notification, send to [achnotice@icmarc.org](mailto:achnotice@icmarc.org).

[Hybrid 401 Plan](#)  
M & T Bank  
ABA #: 022000046  
Account #: 9859431885  
Ppt ID: 108043/Employer's 5-digit  
VRS division ID

If an email is required for the ACH credit notification, send to [achnotice@icmarc.org](mailto:achnotice@icmarc.org).

### Wire Transfer

#### Defined Benefit (VRS)

Not applicable.

#### Defined Contribution (ICMA-RC)

[Hybrid 457 Plan](#)  
M & T Bank  
ABA #: 022000046  
Vantagepoint Transfer Agents - 457  
Account #: 9859431885  
OBI: 307059/Employer's 5-digit  
VRS division ID

[Hybrid 401 Plan](#)  
M & T Bank  
ABA #: 022000046  
Vantagepoint Transfer Agents - 401  
Account #: 9859431885  
OBI: 108043/Employer's 5-digit  
VRS division ID

\* The ACH debit process normally takes two business days after ICMA-RC has received contribution records in good order. Employers may also indicate a future "check date" on the contribution detail if the contribution should post on a specific date, as long as the date is at least two business days from receipt of the records in good order. If a check date is not provided on the file, the target debit date will be automatically entered as two business days from the current date.

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## Using Forfeited Defined Contribution Funds

Once a year, employers are able to offset employer defined contributions for the Hybrid Retirement Plan using funds in a forfeiture account. The forfeiture account may include employer contributions that have been removed from an employee’s account as a result of an adjustment as well as any non-vested defined contribution funds.

In December of each year, political subdivisions, school divisions and decentralized state agencies may use the balance in their forfeiture account to fund a portion of the employer contributions sent to ICMA-RC. In May of each year, state agency forfeiture accounts are handled by DOA. Employers may view the balance in their forfeiture account in EZLink.

## Defined Contribution Plans Penalties

Employers are responsible for correcting employee records in a timely manner. VRS and ICMA-RC monitor compliance and may assess administrative fees for an employer who has repeated corrections and adjustments or persistent noncompliance.

Employers are also liable for any penalties, interest, compliance fees or other charges associated with the failure to follow state and federal laws.<sup>3</sup>

For details about the policy, see the *Hybrid Retirement Plan Adjustment Policy* in the Resource Center for VRS Employers ([www.varetire.org/hybrid-er](http://www.varetire.org/hybrid-er)). Select the Hybrid Retirement Plan Payroll Information from the Admin tab.

## Reports in myVRS Navigator

A variety of reports are available in myVRS Navigator. The following reports may be useful when completing the contribution confirmation process. Reports are available in PDF and Excel formats and are located in the Report Repository unless otherwise noted. For step-by-step instructions about how to download reports, view the *Introduction to myVRS Navigator Course* located in VRS University.

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<sup>3</sup> See [Code of Virginia 51.1-124.22\(A\)\(14\)](#).

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### Employment Changes for Monthly Snapshot

This report lists the person employment changes that occurred during the contribution month.

**Roles:** Employment Processor, Primary Administrative Authority, Security Administrator and Snapshot Processor 2

### Enrollments for Monthly Snapshot

This report lists the person enrollments that occurred during the contribution month.

**Roles:** Employment Processor, Primary Administrative Authority, Security Administrator and Snapshot Processor 2

### Off Contract Employees

This report lists the persons who are not in a system administrated contract position and are off contract (i.e., are not within the period between a contract's contract start and end date) for this confirmation month based on their contract period and start date.

**Roles:** Employment Processor, Primary Administrative Authority, Security Administrator and Snapshot Processor 2

### Separate Employees Before Confirming Snapshot

This document defines the report generated to the employer when one or more employees are being reported on a snapshot who either:

- Have a death date on or before the first business day of the previous month AND they do not have a separation date on or before the death date; or
- Have a retirement date on or before the first business day of the current month AND they do not have a separation date on or before the retirement date AND they are NOT a General Assembly member.

**Roles:** Employment Processor, Primary Administrative Authority, Security Administrator and Snapshot Processor 2

### System Initiated Separation

This report provides a list of employee separations that were completed by myVRS Navigator automatically, with no processor intervention due to enrollment. The employees displayed on the report will be those separations that are effective in the most current snapshot month or retroactive snapshot month that will affect the current snapshot. The report is generated upon generation of the snapshot and is only available to the employer from which the employee was separated.

**Role:** Employment Processor

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