

Hybrid Plan New Hire

CHECKLIST FOR EMPLOYERS

Use this checklist as a high-level guide to review key elements of the [Hybrid Retirement Plan](#) with new employees. Detailed plan provisions and other information about the plan can be found in the [Hybrid Retirement Plan Resource Center for Employers](#) and the [Hybrid Retirement Plan Member Handbook](#). In addition, new employees will receive welcome letters from VRS and from Voya Financial that contain information on the plan.

✓ Review eligibility

An employee is covered under the Hybrid Plan if they were in Plan 1 or Plan 2 prior to January 1, 2014 but opted into the Hybrid Plan or if their membership date is on or after January 1, 2014 and they are:

- A general state employee;
- A teacher or other employee of a local public school division;
- An employee of a participating political subdivision;
- A local law enforcement officer, firefighter or EMT not covered by enhanced benefits;
- An employee who elected the Hybrid Plan instead of an optional retirement plan;
- A judge elected or appointed to an original term on or after January 1, 2014, regardless of membership date (Hybrid JRS).

✓ Understand the Hybrid components

The Hybrid Retirement Plan has two components:

- A defined benefit component. The employee contributes 4% of their compensation to this component.
- A defined contribution component. The employee contributes 1% of their compensation to this component.

Defined benefit (DB) component:

An employee is vested to the DB component after 5 years of service. Once an employee is vested, they are eligible for a retirement benefit if they meet the age and service requirements.

The DB in retirement is a monthly payment based on age, total service credit and average final compensation (AFC).

VRS manages the investments and related risk for this component.

The employee is eligible for retirement when they reach normal Social Security retirement age with at least five years of service credit or when their age plus their years of service credit equal 90.

Defined contribution (DC) component:

An employee is vested to the DC component over a period of four years:

- Less than 2 years: 0% vested and may not withdraw any employer contributions or net investment earnings;
- 2 years: 50% vested and may be eligible to withdraw 50% of employer contributions and net investment earnings;
- 3 years: 75% vested and may be eligible to withdraw 75% of employer contributions and net investment earnings;
- 4+ years: 100% vested and may be eligible to withdraw 100% of employer contributions and net investment earnings.

An employee contributes 1% of their compensation but can also make additional voluntary contributions (up to 4%). Employers match voluntary contributions up to 2.5%. Voluntary contributions are automatically increased every three years by 0.5% for an employee who is not already maximizing at 4%.

- The next automatic escalation will occur January 2026. The employee will have an opportunity to opt out prior to the escalation.
- The employee can use SmartStep (in their DCP Account) to set up increases on a more frequent basis.

An employee can use retirement calculators and other resources at varetire.org/DCP to visualize the impact of contributions and other deductions.

An employee manages their own investments for this component. Investment options are organized into three pathways to make it easier for an employee to make decisions according to their knowledge of investments and investment style.

✓ Share COV 457 Plan information

Employers who offer the Commonwealth of Virginia 457 Deferred Compensation Plan (COV 457 Plan) and Virginia Cash Match Plan should provide each new employee with the following information:

An employee can participate in the COV 457 Plan to save additional funds for retirement;

The employee chooses an amount to withhold from each paycheck;

If the employee is eligible for the Virginia Cash Match Plan, the employer matches 50% of the employee's contribution, up to a maximum of \$20 per pay period;

The employee must maximize their voluntary contributions (4%) to the DC component of the Hybrid Plan to be eligible for an employer match.

✓ Share purchase of prior service information

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. For details on eligible types of service, see the [Purchase of Prior Service Credit](#) chapter of the Employer Manual.

Prior service credit counts toward vesting, as well as eligibility for retirement and the health insurance credit. For example, if the employee has worked four years full-time for the federal government, then becomes a full-time VRS-covered employee, they can purchase four years of service. Purchased service counts toward vesting and retirement (but not toward additional leave time or salary increases).

A new employee has a two-year window from the date of hire to purchase service at approximate normal cost before the cost changes to an actuarial equivalent cost.

Advise the employee to purchase eligible service during this period as costs will rise considerably after the two-year window closes. Refunded service is not subject to the two-year window.

Approximate normal cost is based on the employee's salary at the time of the purchase. Advise the employee to make purchases before a salary increase take effect, as the cost to purchase service will increase as their salary increases.

✓ Understand which disability program applies

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 offered by the employer.

Employers can review the [VSDP Benefits](#) or the [VLDP Benefits](#) chapter of the Employer Manual for details.

✓ Share life insurance information

Most employers participate in the VRS Group Life Insurance Program, although some political subdivisions do not offer this benefit. For details about coverage, refer the employee to the [VRS Hybrid Retirement Plan Handbook](#). Employers can refer to the [Group Life Insurance](#) chapter of the Employer Manual for more information.

An employee is automatically covered by Basic Life but can also purchase Optional Life coverage for themselves, as well as their spouse and children.

- The employee must purchase coverage for themselves in order to purchase coverage for their spouse and/or children.
- To enroll in Optional Life, the employee completes the [Enrollment Application for VRS Optional Group Life Insurance \(VRS-39\)](#) and forwards it to the employer, who completes Section 6.
- The employee may apply for Optional Life at any time. However, coverage is guaranteed without evidence of insurability if the employee enrolls within 31 days of employment.

An employee uses [myVRS](#) to manage life insurance coverage and beneficiary designations.

✓ Share long-term care insurance information

All state employers and some school divisions and political subdivisions offer COV Voluntary Group Long-Term Care Insurance.

- Employers can view the [COV Group Voluntary Long-Term Care Insurance](#) chapter of the Employer Manual for more information.
- An employee can view the [Genworth website](#) or the [VRS website](#) for more information.

If the employer offers the program, an employee or their family members can purchase long-term care insurance. The coverage provides a monthly allowance for long-term care expenses in a nursing home or at home.

Coverage is provided by Genworth Life Insurance. An employee who leaves or retires from their position may continue their coverage.

An eligible employee can coordinate long-term care insurance with the applicable VSDP or VLDP benefit to maximize coverage.

✓ Help an employee get started

Advise the employee to contact the Hybrid Support Team at 888-827-3847 for individual help with their plan or to call 877-327-5261 for help with their defined contribution plans.

Register for myVRS:

A new employee will receive a welcome letter from VRS and uses the information in the letter to register for a myVRS account.

After retiring or separating from employment, the individual will still use myVRS to manage their defined benefit information so they should register using a personal email address, rather than a work email address.

The employee uses myVRS to:

- Designate beneficiaries for their defined benefit and life insurance;
- Initiate a purchase of prior service;
- View compensation and employment history;
- Create retirement saving plans;
- View annual statements, such as the Member Benefit Profile and, if applicable, tax documents.

When the employee retires, their myVRS member account will automatically transition to a retiree account.

Register for a DCP Account:

Voya Financial is the third-party administrator for the VRS defined contribution plans. For assistance with these accounts, the employee logs in or contacts Voya, rather than VRS.

A new employee will receive a welcome letter from Voya Financial and uses the information in the letter to register for a [DCP Account](#).

After retiring or separating from employment, the individual will still use their DCP Account to manage their investments so they should register using a personal email address, rather than a work email address.

The employee logs into their DCP Account to:

- Designate beneficiaries for all defined contribution plans, including the COV 457 Plan, Virginia Cash Match Plan, Hybrid 457 Plan, and Hybrid 401(a) Cash Match Plan;
- Manage and learn more about investment options;
- Manage or change their voluntary contributions;
- Access planning and educational materials.

View the VRS member website:

The employee can visit the [Hybrid education page](#) for details about their plan and access to webinars and counseling appointments.

The employee can use other pages on the VRS website to access:

- The [myVRS Financial Wellness program](#), powered by Enrich, which provides information on money management, financial best practices, credit, insurance and taxes;
- The [myVRS Retirement Planner](#), which helps the employee anticipate expenses and add outside sources of income to more accurately project retirement income;
- The [Benefit Estimator](#), which allows an employee to enter various retirement dates and payout options to estimate their benefit;
- The [Retirement Readiness Checklist](#), which helps an employee set up and follow a retirement plan.

Questions? Call VRS at 888-827-3847 and ask to speak with your [employer relationship manager](#).