

Service Retirement

CHECKLIST FOR EMPLOYERS

Use this checklist to help counsel employees about service retirement. For more information, see [VRS Plan 1](#), [VRS Plan 2](#) and the [Hybrid Retirement Plan](#) on the VRS website.

✓ Prepare to counsel the employee

Use myVRS Navigator to review the employee's record and determine eligibility for unreduced or reduced retirement.

Determine whether the employee is eligible for the [hazardous duty supplement](#). (Purchased military leave or hazardous duty service with a non-VRS participating employer does not count toward the supplement. See the [Hazardous Duty Benefits chapter](#) of the Employer Manual for limited exceptions).

Review coverage of [applicable benefits](#), such as life insurance, health insurance credit, long-term care insurance and distribution eligibility from the Commonwealth of Virginia 457 Deferred Compensation Plan, Virginia Cash Match Plan and the defined contribution component of the Hybrid Plan.

Determine if the employee has unused sick leave or disability credits.

Determine if the employee is in an agreement to purchase VRS prior service credit or has service available to purchase.

Review the employee's record to ensure any active duty military leave periods have been credited to the employee.

✓ Counsel the employee

Provide the *Getting Ready to Retire Guide* for [Plan 1 and Plan 2 members](#) or for [Hybrid members](#), as well as the [Retiree Handbook](#).

Encourage the employee to [use myVRS](#) to view their Member Benefit Profile, estimate income and expenses with the Retirement Planner and to create different benefit scenarios with the Benefit Estimator. Advise the employee to create a new benefit estimate any time their circumstances change.

Discuss the employee's eligibility for unreduced or reduced retirement.

Explain the hazardous duty supplement if the employee is eligible.

Inform the employee that any eligible prior service purchases must be completed 60 days before retirement.

Advise the employee that retirement is effective on the first of the month and to apply between 60-120 days before this date. Explain that benefits cannot begin until the employee has been separated from employment (full-time and part-time) for all covered and noncovered service for at least one full calendar month from the retirement date.

Review eligible payments of unused annual leave, sick leave (non-VSDP) or disability credits (VSDP). Explain the conversion of sick leave (non-VSDP/VLDP) or disability credits (VSDP) to service credit, if applicable.

Provide long-term care information.

If the employee is eligible either for [VLDP](#) or for [VSDP](#) long-term care and would like to continue coverage, they must complete both the [VRS-170](#) and the [VRS-171](#) within 60 days of their last employment.

The employee and their family members can enroll in the [COV Voluntary Group Long-Term Care Insurance](#).

An employee on VSDP or VLDP long-term care can coordinate with their long-term care insurance for additional coverage.

Explain Group Life and Optional Life insurance coverage in retirement, if applicable (see [Insurance in Retirement](#)):

Some Basic Life benefits continue in retirement.

After retirement, Basic Life coverage reduces 25% each year until it reaches 25% of its pre-retirement value.

If the employee is covered under Optional Life, they can continue coverage provided the employee and their spouse and children, if applicable, have been continuously covered during the 60 months prior to retirement.

If the employee is covered under Optional Life, they can convert coverage.

Discuss employer-sponsored retiree health insurance coverage, if applicable.

Discuss the health insurance credit (HIC). The employee uses myVRS to request the HIC if they are eligible for it but will not receive a monthly retirement benefit payment or if they will receive a monthly retirement benefit but will not have health insurance premiums deducted from the payments.

Review the [benefit payout options](#) and point out that the selection is irrevocable, except for the Survivor Option under some conditions.

If applicable, review distribution eligibility for the COV 457 and Virginia Cash Match plans and the defined contribution component of the Hybrid Plan.

Discuss federal and state income taxes on benefit payments (pre-tax dollars only) and distributions from deferred compensation plans.

Review the cost-of-living adjustment (COLA), which is updated each July 1. See the [COLA page](#) on the VRS website for current details.

✓ Submit the application

Items the employee completes:

An employee applies for retirement online using myVRS; no forms are required. If the member cannot complete the retirement process online, they must instead submit the following [required forms](#):

- Application for Service Retirement (VRS-5);
- Designation of Beneficiary (VRS-2);
- Request for Health Insurance Credit (VRS-45) (if eligible).

In addition to the required forms, the employee may also submit the following optional forms, as applicable:

- [State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants](#) (state employees only);
- [Retiree Optional Life Continuation \(VRS-39R\)](#);
- Long-term care coverage ([VRS-170](#)) and protection against accidental lapse ([VRS-171](#)) forms for VSDP and VLDP participants.

The employee logs into their [DCP Account](#) to:

- Verify that their defined contribution and deferred compensation beneficiaries are current;
- Request a distribution or manage their defined contribution accounts. (The employee is not required to take a distribution.)

Items the employer completes:

For an eligible hazardous duty employee, the employer submits the [Certification of Hazardous Duty \(VRS-77\)](#).

If an eligible employee elects to convert a sick leave payout to service credit, the employer completes the process in myVRS Navigator.

If an eligible employee elects to convert VSDP disability credit to service credit, the employer completes the process in myVRS Navigator.

If an employee is eligible for the HIC but their job name was listed incorrectly in myVRS Navigator, the employer submits the [Certification of Employment for Health Insurance Credit Eligibility \(VRS-76\)](#). Do not submit the form if the job name is correct.

✓ Complete the retirement process

When the employee's retirement is approved, the employer receives a secure message to certify the retirement online and to separate the employee in myVRS Navigator if the employee is currently in a covered position or has been within the last 12 months.

The employee receives a Retirement Acknowledgement letter if the application is not immediately approved and is pending, or a Retirement Approval letter, which includes a summary of retirement benefits, once the application is approved.

Once the first payment is processed, the employee receives a Welcome to Retirement letter, which includes a service retirement summary (the final summary of retirement benefits).

The employee should check myVRS to ensure they have used an email address accessible after retirement. Once VRS issues the first benefit payment, myVRS will switch from active member information to retiree information. An employee who does not set up the account while employed may set it up after retiring using information VRS will provide by mail. myVRS allows the retiree to:

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| • Update address and contact information | • View the amount of the HIC | • View COLA information |
| • View benefit payment information | • Print income verification | • Update the payment destination |
| • Manage health insurance premiums | • View tax information | • View the value of life insurance |
| | | • Manage beneficiaries |