



# Transitional Benefits Program

## FREQUENTLY ASKED QUESTIONS

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### 1. What is the Transitional Benefits Program?

The 2010 General Assembly established the Transitional Benefits Program to allow school divisions and VRS-participating political subdivisions to provide a transitional severance benefit or an enhanced retirement benefit to employees who are involuntarily separated from employment.

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### 2. What is an involuntary separation from employment?

Involuntary separation is a layoff because of a budget reduction, agency reorganization, workforce downsizing or another cause not related to job performance or misconduct.

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### 3. How do I elect the program?

A political subdivision can elect the program for its employees by submitting a signed resolution. A school division can elect the program for teachers, other school employees or both groups by submitting a signed resolution from the school board and the local governing body, which also must approve the school board's election. Sheriffs, treasurers, commissioners of revenue, commonwealth's attorneys and circuit court clerks are not eligible. However, personnel reporting to these employees are eligible.

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### 4. When does the program begin and end?

Once elected, the program is effective on the date indicated in the resolution. You may enter an end date in the resolution or you can later revoke your election by submitting another resolution to VRS. As long as your election is in effect, employees who are involuntarily separated from employment will be eligible for the Transitional Benefits Program.

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### 5. How does the transitional severance benefit work?

A transitional severance benefit is a cash severance payment. Employers will determine the value of this benefit based on an employee's years of consecutive service:

- Two years of consecutive service or less = Four weeks of salary.
- Three to nine years of consecutive service = Four weeks of salary plus one additional week for every year over two years.
- 10-14 years of consecutive service = 12 weeks of salary plus two additional weeks for every year over nine years.
- 15 years or more of consecutive service = Two weeks of salary for every year of service, not to exceed 36 weeks.

In addition to the cash severance benefit, you must continue to pay your portion of the health insurance premiums for employees who receive the benefit for up to 12 months following the layoff date. Any employer-paid basic group life insurance coverage also will continue for 12 months following the layoff date.

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**6. How does the enhanced retirement benefit work?**

Employees who are at least age 50 and vested at their layoff date may be eligible for enhanced retirement under the Transitional Benefits Program. They may receive additional credit, which will be applied to age, service or a combination of both to enhance the VRS retirement benefit. Employees who are eligible for an unreduced retirement benefit at their layoff date are eligible for additional service credit only.

If the additional credit does not bring an employee to retirement eligibility, he or she is eligible only for the transitional severance benefit.

The enhanced retirement credit is calculated using the employee's salary, years of consecutive service with the employer rounded up to a whole year and the employer's portion of health insurance and life insurance premiums.

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**7. What is the cost to employers who provide the program?**

The cost of the enhanced retirements will be factored into your VRS retirement contribution rate. For teachers, the costs associated with benefits provided by electing school divisions will be factored into the future pooled VRS contribution rate for teachers. You also are responsible for the transitional severance payments to employees.

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**8. Do the years of additional service credit provided through the enhanced retirement benefit count toward the health insurance credit and hazardous duty supplement?**

If the employee elects the enhanced retirement credit, the portion of the enhanced credit applied to service credit, if applicable, will count toward the health insurance credit. The employee must retire with at least 15 years of service credit to be eligible for the health insurance credit, if offered by the employer.

If the employee elects the enhanced retirement credit and is covered under enhanced benefits for hazardous duty service, the portion of the enhanced credit applied to service credit, if applicable, will count toward eligibility for the hazardous duty supplement.

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**9. Can an employee retire on disability or defer retirement under the program?**

An employee who receives the transitional severance benefit can defer retirement or retire on disability under the program. However, a person who receives the enhanced retirement cannot defer retirement or retire on disability.

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**10. What benefit payout options are available to employees who retire under the program?**

Employees may elect the Basic Benefit, Survivor Option, Basic Benefit with the Partial Lump-Sum Option Payment (PLOP), Survivor Option with the PLOP or the Advance Pension Option. The benefit payout option is irrevocable, which means the employee cannot change it, except for the Survivor Option under some conditions. To qualify for the PLOP under the Transitional Benefits Program, employees must have worked at least one year beyond the date they become eligible for an unreduced retirement benefit before their layoff date. Enhanced retirement credits cannot be used to meet the service requirements for the PLOP.

If an employee is age 55 or older and has at least five years of service credit or at least age 50 with 30 or more years of service, or is eligible for enhanced coverage for hazardous duty service and is age 50 or older with at least five years of service credit, he or she can elect the Advance Pension Option.

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**11. How do employees retire under the program?**

The employee should complete and submit all required documents and service retirement forms, including the [Application for Service Retirement \(VRS-5\)](#), to you. You will certify the application and enclose a completed [Employer Certification of Involuntary Separation Under the Transitional Benefits Program \(VRS-11B\)](#).

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**12. Can an employee who is eligible to retire choose to receive the transitional severance benefit?**

Employees who are eligible to retire at the time of layoff may elect one of the following:

- Enhanced retirement credit, which will be applied to their age, service credit or both to enhance their retirement benefit;
- Transitional severance benefit without the enhanced retirement credit, in addition to the retirement benefit;
- Transitional severance benefit with deferred retirement; or
- Transitional severance benefit without retirement.

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**13. Can I rehire employees who are laid off or retire under the program?**

If you rehire an employee for whom you are paying a transitional severance benefit in the same or a similar position or as an independent contractor performing the same or similar duties, the employee's severance benefit will end.

Employees retiring under the program who return to covered employment with any VRS-participating employer in any capacity will forfeit the enhanced retirement credits when they retire again.

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**14. Are superintendents and city and county managers who are involuntarily separated from employment after 20 years of service eligible for both the Transitional Benefits Program and the exception from general early retirement provisions that allows them to retire upon attaining age 50 with an unreduced retirement benefit?**

No, these employees are only eligible for one of the programs and will need to choose between the two.

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**15. Where can I find more information about electing the program and details of the program?**

Visit the [VRS Employers website](#) or contact your [Employer Representative](#).

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**Questions? Call VRS toll-free at 888-827-3847.**

Select menu option 3 to speak with an employer advisor.