

Workforce Transition Act Retirement

CHECKLIST FOR EMPLOYERS

Use this checklist to counsel state employees who are involuntarily separated from employment and eligible to retire under the Workforce Transition Act (WTA).

✓ Is the employee eligible for the WTA?

A Plan 1 employee must be at least age 50; A Plan 2 or Hybrid employee must be at least age 60.

An employee must have five or more years of service credit.

Review the [Workforce Transition Act](#) to determine whether the employee qualifies for retirement under WTA. If the employee does not qualify, instead see the [Layoff-Severance page](#) on the Virginia Department of Human Resource Management's website.

✓ Prepare to counsel the employee

Calculate the amount of the employee's cash severance benefit, Virginia Sickness and Disability Program and WTA retirement credit using the [DHRM online calculator](#).

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 Retirement Plan.

Determine if the employee has unused sick leave.

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

Review the [Workforce Transition Act](#) with the employee. Discuss the WTA options available to the employee:

- Retire with a WTA cash severance benefit and no WTA retirement credit; OR
- Retire with WTA additional retirement credit and no cash severance benefit.

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

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 non-covered 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) or disability credits (VSDP) to service credit, if applicable.

If the employee is eligible to continue VRS Group Life Insurance coverage (see [Insurance in Retirement](#)):

Explain Basic Group Life benefits that continue in retirement.

Explain coverage reduction. (After retirement, coverage reduces 25% each year until it reaches 25% of its pre-retirement value.)

If the employee is covered under Optional Group Life, explain their eligibility to continue coverage provided the employee and their spouse and dependent children, if applicable, have been continuously covered during the 60 months prior to retirement. Explain the employee's option to convert coverage.

Review 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, the defined contribution component of the Hybrid Plan or the Optional Retirement Plan for Political Appointees. The employee can log into their DCP Account to submit the Workforce Transition Act (WTA) Distribution/Rollover Request Form - Defined Contribution Plan. The employee is not required to take a distribution.

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.

Review restrictions against returning to employment if the employee retires under the WTA. A WTA retiree who returns to VRS covered employment with any VRS-participating employer will forfeit the enhanced retirement credits when they retire again.

If applicable, inform the employee that to continue long-term care coverage under the [VSDP Long-Term Care Plan](#), they must enroll within 60 days of the end of the layoff period or the retirement date, whichever occurs first.

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✓ Counsel the employee (continued)

If the employee elects the WTA cash severance benefit, review the following:

The employee will receive health and life insurance at the active employee rate for 12 months following the layoff date.

If the employee wishes to retire and be covered under the State Retiree Health Benefits Program, they must enroll within 31 days of the first day of the 13th month following the layoff or retirement date.

If the employee elects the WTA additional retirement credit, review the following:

An employee who is eligible for the [health insurance credit \(HIC\)](#) but does not elect coverage in the State Retiree Health Benefits Program should use myVRS to submit a request for the HIC.

If the employee is covered under SPORS or VaLORS with a 1.7% multiplier, any portion of the WTA retirement credit applied toward service counts toward eligibility for the hazardous duty supplement. Hazardous duty service with a non-VRS-participating employer and purchased military leave do not count toward the supplement.

✓ Submit the application

Items the employee completes:

The employee applies for retirement using [myVRS](#) or by filling out and submitting an [Application for Service Retirement \(VRS-5\)](#).

The employee designates their defined benefit and life insurance beneficiaries in myVRS (or submits a Designation of Beneficiary (VRS-2)). (The employee should also log into their DCP Account to verify that their defined contribution and deferred compensation beneficiaries are current). If beneficiaries are not designated, the order of precedence is in effect by law.

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

[Retiree Optional Life Continuation \(VRS-39R\)](#);

[Request for Health Insurance Credit \(VRS-45\)](#) if VRS will not be deducting health insurance premiums from the benefit;

Long-term care coverage ([VRS-170](#)) and protection against accidental lapse ([VRS-171](#)) forms for VSDP and VLDP participants.

Items the employer completes:

The employer submits the [Employer Certification of Involuntary Separation Under the Workforce Transition Act \(VRS-11\)](#) to VRS. If the employee elects the WTA retirement credit, also complete the WTA Retirement Credit Worksheet on page 2 of the form.

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

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

✓ 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:

- 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