



County of Prince Edward  
Board of Supervisors  
Agenda Summary

**Meeting Date:** July 13, 2010  
**Item No.:** 11  
**Department:** County Administrator  
**Staff Contact:** W.W. Bartlett  
**Issue:** VRS TRANSITIONAL BENEFITS PROGRAM

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**Summary:** The 2010 General Assembly established a VRS benefit program that allows school divisions and local governments to offer a severance benefit or an enhanced retirement benefit to employees who are involuntarily separated for employment. The program is effective through June 30, 2012. The General Assembly may or may not continue this program past that date. The cost of the program will be factored into our VRS retirement contribution rates.

If this program is authorized and used, it will cause an increase in the County's VRS rate. There are both short-term and long-term costs associated with this Program. There are severance costs that must be paid at the time of separation plus the County would have to pay both Health and Life Insurance for 12 months. There is also an enhanced retirement option that will increase the long-term retirement costs of the County.

An involuntary separation is a layoff because of a budget reduction, agency reorganization, workforce downsizing or another cause not related to job performance or misconduct. Employees of the Constitutional Officers are covered but the Officer's are not eligible.

We can table this action and make this decision at any time as long as the election is made before the involuntary separation. At this time no other locality has signed up for this program.

**Attachments:** VRS Transitional Benefits Program Information Packet

**Recommendation:** Do not authorize this program at this time. If the County has a severance issue in the future we can relook at this program.

Motion \_\_\_\_\_  
Second \_\_\_\_\_

Campbell \_\_\_\_\_  
Jones \_\_\_\_\_  
Wilck \_\_\_\_\_

Fore \_\_\_\_\_  
McKay \_\_\_\_\_  
Wiley \_\_\_\_\_

Gantt \_\_\_\_\_  
Simpson \_\_\_\_\_



Virginia  
Retirement  
System

P.O. Box 2500, Richmond, Virginia 23218-2500  
Toll free: 1-888-VARETIRE (827-3847)  
Web site: [www.varetire.org](http://www.varetire.org)  
E-mail: [vrs@varetire.org](mailto:vrs@varetire.org)

**TO:** Political Subdivision Administrative Heads

**FROM:** Robert P. Schultze, Director, Virginia Retirement System

**DATE:** May 24, 2010

**SUBJ:** **Transitional Benefits Program Resolution Packet**

The 2010 General Assembly established the Transitional Benefits Program that allows 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. You can elect to offer this program to your employees by submitting a formal resolution to VRS. Sheriffs, treasurers, commissioners of revenue, commonwealth attorneys and circuit court clerks are not eligible for the Transitional Benefits Program. However, personnel reporting to these employees are eligible for the program.

If you elect this program, the cost of enhanced retirement benefits will be factored into your future employer contribution rate. This resolution packet provides the following information to assist you in your deliberations regarding program election:

- Employer guide
- Copy of the state budget language
- Guide resolution you can use to elect the program
- Employer Certification of Involuntary Separation Under the Transitional Benefits Program (VRS-11B)
- Employer Certification of VRS Basic Group Life Insurance Coverage Under the Transitional Benefits Program (VRS-11C)
- FAQs

### Questions?

Contact one of the following VRS Employer Representatives if you have questions about preparing and submitting the resolution:

- Rohn Brown at [rbrown@varetire.org](mailto:rbrown@varetire.org) or (804) 775-3228
- Marie Daniels at [mdaniels@varetire.org](mailto:mdaniels@varetire.org) or (804) 344-3197

Also visit [www.varetire.org/etbp](http://www.varetire.org/etbp) for program forms and additional information about the Transitional Benefits Program.

Thank you.

Enclosures

# 2010 Appropriations Act (2008-2010 Biennium)

## Transitional Benefits Program

### Item 472.10 F of House Bill 29\*

*F. The purpose of this paragraph is to provide a transitional severance benefit, under the conditions specified, to eligible city, county, school division or other political subdivision employees who are involuntarily separated from employment with their employer.*

*1.a. "Involuntary separation" includes, but is not limited to, terminations and layoffs from employment with the employer, or being placed on leave without pay-layoff or equivalent status, due to budget reductions, employer reorganizations, workforce downsizings, or other causes not related to the job performance or misconduct of the employee, but shall not include voluntary resignations. As used in this paragraph, a "terminated employee" shall mean an employee who is involuntarily separated from employment with his employer.*

*b. The governing authority of a city, county, school division or other political subdivision electing to cover its employees under the provisions of this paragraph shall adopt a resolution, as prescribed by the Board of Trustees of the Virginia Retirement System, to that effect. An election by a school division shall be evidenced by a resolution approved by the Board of such school division and its local governing authority.*

*2.a. Any (i) "eligible employee" as defined in § 51.1-132, (ii) "teacher" as defined in § 51.1-124.3, and (iii) any "local officer" as defined in § 51.1.124.3 except for the treasurer, commissioner of the revenue, attorney for the Commonwealth, clerk of a circuit court, or sheriff of any county or city, and (a) for whom reemployment with his employer is not possible because there is no available position for which the employee is qualified or the position offered to the employee requires relocation or a reduction in salary and (b) whose involuntary separation was due to causes other than job performance or misconduct, shall be eligible, under the conditions specified, for the transitional severance benefit conferred by this paragraph. The date of involuntary separation shall mean the date an employee was terminated from employment or placed on leave without pay-layoff or equivalent status.*

*b. Eligibility shall commence on the date of involuntary separation.*

*3.a. On his date of involuntary separation, an eligible employee with (i) two years' service or less to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary; (ii) three years through and including nine years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to four weeks of salary plus one additional week of salary for every year of service over two years; (iii) ten years through and including fourteen years of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to twelve weeks of salary plus*

*two additional weeks of salary for every year of service over nine years; or (iv) fifteen years or more of consecutive service to the employer shall be entitled to receive a transitional severance benefit equivalent to two weeks of salary for every year of service, not to exceed thirty-six weeks of salary.*

*b. Transitional severance benefits shall be computed by the terminating employer's payroll department. Partial years of service shall be rounded up to the next highest year of service.*

*c. Transitional severance benefits shall be paid by the employer in the same manner as normal salary. In accordance with § 60.2-229, transitional severance benefits shall be allocated to the date of involuntary separation. The right of any employee who receives a transitional severance benefit to also receive unemployment compensation pursuant to § 60.2-100 et seq. shall not be denied, abridged, or modified in any way due to receipt of the transitional severance benefit; however, any employee who is entitled to unemployment compensation shall have his transitional severance benefit reduced by the amount of such unemployment compensation. Any offset to a terminated employee's transitional severance benefit due to reductions for unemployment compensation shall be paid in one lump sum at the time the last transitional severance benefit payment is made.*

*d. For twelve months after the employee's date of involuntary separation, the employee shall continue to be covered under the (i) health insurance plan administered by the employer for its employees, if he participated in such plan prior to his date of involuntary separation, and (ii) group life insurance plan administered by the Virginia Retirement System pursuant to Chapter 5 (§ 51.1-500 et seq.) of Title 51.1, or such other group life insurance plan as may be administered by the employer. During such twelve months, the terminating employer shall continue to pay its share of the terminated employee's premiums. Upon expiration of such twelve month period, the terminated employee shall be eligible to purchase continuing health insurance coverage under COBRA.*

*e. Transitional severance benefit payments shall cease if a terminated employee is reemployed or hired in an individual capacity as an independent contractor or consultant by the employer during the time he is receiving such payments.*

*f. All transitional severance benefits payable pursuant to this section shall be subject to applicable federal laws and regulations.*

*4.a. In lieu of the transitional severance benefit provided in subparagraph 3 of this paragraph, any otherwise eligible employee who, on the date of involuntary separation, is also (i) a vested member of the Virginia Retirement System, including a member eligible for the benefits described in subsection B of § 51.1-138, and (ii) at least fifty years of age, may elect to have the employer purchase on his behalf years to be credited to either his age or creditable service or a combination of age and creditable service, except that any years of credit purchased on behalf of a member of the Virginia Retirement System, including a member eligible for the benefits*

*described in subsection B of § 51.1-138, who is eligible for unreduced retirement shall be added to his creditable service and not his age. The cost of each year of age or creditable service purchased by the employer shall be equal to fifteen percent of the employee's present annual compensation. The number of years of age or creditable service to be purchased by the employer shall be equal to the quotient obtained by dividing (i) the cash value of the benefits to which the employee would be entitled under subparagraphs 3.a. and 3.d. of this paragraph by (ii) the cost of each year of age or creditable service. Partial years shall be rounded up to the next highest year. Deferred retirement under the provisions of subsection C of §§ 51.1-153 and 51.1-205, and disability retirement under the provisions of § 51.1-156 et seq., shall not be available under this paragraph.*

*b. In lieu of the (i) transitional severance benefit provided in subparagraph 3 of this paragraph and (ii) the retirement program provided in this subsection, any employee who is otherwise eligible may take immediate retirement pursuant to §§ 51.1-155.1 or 51.1-155.2.*

*c. The retirement allowance for any employee electing to retire under this paragraph who, by adding years to his age, is between ages fifty-five and sixty-five, shall be reduced on the actuarial basis provided in subdivision A. 2. of § 51.1-155.*

*d. The retirement program provided in this subparagraph shall be otherwise governed by policies and procedures developed by the Virginia Retirement System.*

*e. Costs associated with the provisions of this subparagraph shall be factored into the employer contribution rates paid to the Virginia Retirement System beginning with the June 30, 2011 actuarial evaluation.*

*\*The same language is also provided in Item 469 Q of House Bill 30, the 2010-2012 biennial budget.*

**Guide Resolution**  
**Political Subdivisions**  
**Transitional Benefits Program**

As set out by the General Assembly in the Appropriations Act, participating localities may offer a Transitional Severance Benefit or Enhanced Retirement Benefit to eligible employees who are involuntarily separated from their jobs due to budget reductions, employer reorganizations, workforce downsizings or other causes not related to job performance or misconduct of the employee, according to the terms and conditions of the Act.

BE IT RESOLVED, that the **[Poli Sub Name]** [employer code(s)] does hereby make the revocable election to participate in the Transitional Benefits Program and to offer the Program to eligible employees of **[Poli Sub Name]** effective **[Month, Day, Year]**; and

BE IT ALSO RESOLVED, that the **[Poli Sub Name]** agrees to accept all liability for any current or future additional employer contributions and any increases in current or future employer contribution rates resulting from its election to provide the benefits of the Transitional Benefits Program to its employees; and

NOW, THEREFORE, **[Chairman's Name]**, of the **[Poli Sub Name]**, is hereby authorized and directed in the name of the **[Poli Sub Name]** to execute any required contract in order that said eligible employees of the **[Poli Sub Name]** may participate in the Transitional Benefits Program. In execution of any contract which may be required, the seal of the **[Poli Sub Name]** shall be affixed and attested by the Clerk, and said officers of **[Poli Sub Name]** are authorized and directed to pay over to the Treasurer of Virginia from time to time such sums as are due to be paid by the **[Poli Sub Name]** for this purpose.

\_\_\_\_\_  
County/City/Governing Body Chair

CERTIFICATE

I, **[Poli Sub Clerk's Name]**, Clerk of the **[Poli Sub Name]**, certify that the foregoing is true and correct copy of a resolution passed at a lawfully organized meeting of the **[Poli Sub Name]** held at **[City]**, Virginia at **[hour]** o'clock on **[Month, Day, Year]**. Given under my hand and seal of the **[Poli Sub Name]** this **[Day]** day of **[Month]**, **[Year]**.

\_\_\_\_\_  
Clerk



## Transitional Benefits Program (TBP)

May 2010

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. Involuntary separation is a layoff because of a budget reduction, agency reorganization, workforce downsizing or other causes not related to job performance or misconduct. The program is effective through June 30, 2012. The General Assembly may or may not continue the program in subsequent budgets or establish it as a permanent program under the *Code of Virginia*.

Teachers, other school employees (cafeteria workers, bus drivers and maintenance workers) and political subdivision employees are eligible for benefits under the program, depending on your election. Sheriffs, treasurers, commissioners of revenue, commonwealth attorneys and circuit court clerks are not eligible for the Transitional Benefits Program. However, personnel reporting to these employees are eligible for the program. If you elect this program, the cost of enhanced retirement benefits will be factored into your future employer 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.

### Submitting the Resolution

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.

Once elected, the program is effective on the date indicated in the resolution. You may enter an end date of no later than June 30, 2012 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. The resolution to elect the program must contain the following information:

1. For schools, intent to provide the Transitional Benefits Program to the following employees:
  - Professional employees only (4-code);
  - School support staff only (5-code); or
  - Both employee groups.

2. For political subdivisions, intent to provide the Transitional Benefits Program to eligible employees.
3. The dates of coverage, which can include a start and end date (up to June 30, 2012 when the program ends). The effective start date can be any day of the month. Separations must occur after the start date you include. Enhanced retirements must be effective the first of the month following the employee's layoff.

**Example:** You elect the program to begin May 15, 2010 and end November 30, 2010. Separations may occur on or after May 15 up to, but not later than, November 30, 2010. Enhanced retirements may occur beginning June 1, 2010 up to, but not later than, December 1, 2010.

4. Agreement to accept any and all liability resulting from participation in the program, including any current and future changes in contribution rates.
5. Appropriate signatures witnessed and signed by the clerks of one or both governing bodies, as applicable.

For more information about the resolution process, contact your VRS Employer Representative.

### Transitional Severance Benefits

Employees who are under age 50 and not vested are eligible for a transitional severance benefit at the time of layoff. The severance benefit amount is based on the employee's consecutive years of service under his or her current employer as follows:

- Two years or less of consecutive service = 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 of salary

Service credit with other employers cannot be used in calculating the severance benefit. Employees who are eligible for VRS retirement at the time of the layoff may elect to receive the severance benefit without the enhanced retirement credit, in addition to a retirement benefit (see Enhanced Retirement on page 3).



### **Health Insurance**

You will continue to pay your portion of the health insurance premiums for employees who receive the transitional severance benefit for up to 12 months. Encourage employees receiving this benefit to contact you before the end of their 12-month period to discuss health insurance options following the severance period.

### **Group Life Insurance**

If the employee is covered under the VRS Group Life Insurance Program, submit the Employer Certification of VRS Basic Group Life Insurance Coverage Under the Transitional Benefits Program (VRS-11C) to VRS. Note that:

- Any VRS optional group life insurance coverage will end and can be converted within 31 days of the layoff date.
- If the employee does not meet retirement eligibility at the time of layoff, the employee has the option to convert group life insurance coverage to an individual whole-life policy. He or she must submit the Conversion of Group Life Insurance Enrollment (VRS-35E) to Minnesota Life within 31 days after the severance benefit ends. This option is not available after 31 days. If the employee dies within 31 days after the severance benefit ends, his or her beneficiary will receive the natural death benefit.
- Some basic group life insurance benefits continue into retirement for employees retiring under the program who are covered under the VRS Group Life Insurance Program. The employee may be eligible to continue all or a portion of the optional life insurance coverage, if applicable. Read more about Insurance in Retirement.

If an employee is covered under an employer-administered group life insurance plan, coverage will continue for 12 months following the layoff date.

### **Forfeiture of Severance Benefits**

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.

### **Enhanced Retirement**

Employees who are at least age 50 and vested at their layoff date are eligible for enhanced retirement under the Transitional Benefits Program. They 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.

If the additional retirement credit does not bring an employee to retirement eligibility, he or she is eligible for the transitional severance benefit only. Employees retiring with the enhanced retirement credit cannot defer their retirement or retire on disability. Employees retiring under the program who are eligible for an unreduced retirement benefit at their layoff date will receive additional service credit only.

### **Enhanced Retirement Credit Calculation**

The enhanced retirement credit is calculated using the employee's salary, years of consecutive service with you rounded up to a whole year and the employer's portion of health insurance and life insurance premiums. You can use the Transitional Benefits Calculator at [www.varetire.org/tbpcalc](http://www.varetire.org/tbpcalc) to determine the amount of additional credit for an enhanced retirement. You enter the employee's information. If you are authorized to use *myVRS* for Employers, you can include the additional credit and create an estimate of VRS retirement benefits based on all the components of the calculation provided through *myVRS*.

### **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 retirement credit applied to service will count toward eligibility for the hazardous duty supplement.

### **Life Insurance**

Some basic group life insurance benefits continue into retirement for employees retiring under the program who are covered under the VRS Group Life Insurance Program. If they have elected optional group life insurance coverage, they also may be eligible to continue all or a portion of this coverage. For more information, employees can call Minnesota Life toll free at 1-800-441-2258.

### **Forfeiture of Benefits**

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.

### **Retirement Application**

Employees may elect the Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (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.

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) or include a printout of the Transitional Benefits Calculator results with the employee's application and submit it to VRS. Please write "Transitional Benefits Program" at the top of the VRS-5. The employee should not submit the retirement application directly to VRS. VRS requires your certification of the application and the enhanced retirement credit calculation to process the application.

The effective date of retirement is the first of the month following the month the employee is laid off.

### **Purchasing Prior Service**

Employees retiring under the Transitional Benefits Program who are purchasing prior service must complete their purchase for the prior service credit to count toward their retirement benefit calculation. Employees purchasing service through a payroll contract have the following options:

- They can forfeit the remaining service.
- If they are purchasing service through an after-tax payroll deduction contract, they can purchase the remaining service in a lump sum before retirement. They must send a letter indicating their intent to purchase the remaining service and the last day of employment to VRS at P.O. Box 2500, Richmond, VA 23218-2500. VRS will send a cost letter to the employee with payment instructions.

- If they are purchasing service through a pre-tax salary reduction contract, they may be eligible to claim a hardship and purchase the remaining service in a lump sum with after-tax funds or suspend the contract, as provided under the Internal Revenue Code. To claim a hardship, they must send a letter to VRS indicating their intent to purchase the remaining service in a lump sum or request that the contract be suspended. They must enclose a completed and signed Employer Certification of Involuntary Separation (VRS-11B) certifying the involuntary separation to VRS with their letter.

### 457 Deferred Compensation and Virginia Cash Match Plans

Employees participating in the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans have the following options:

- They may keep their funds in the 457 Plan and continue to manage their investments. They cannot contribute to the plan unless they return to salaried or wage employment with an employer that offers the plan.
- If they have a Virginia Cash Match Plan account, they may request a rollover of their 457 Plan funds to their cash match account, an Individual Retirement Account (IRA) or another qualified retirement or tax-deferred savings plan.
- They may request a payment of their 457 plan funds and any cash match funds by electing a lump sum, a periodic payment or a combination of these distribution methods. Funds paid directly to them are subject to federal and state income taxes. Cash match funds also may be subject to a 10 percent federal tax penalty if the participant withdraws them before age 59½. Payments from the 457 Plan are not subject to this tax penalty.
- They may roll over payments for unused sick leave or annual leave into the 457 Plan account. This is allowed only if employees, prior to their last date of employment, provide their employer with a properly completed Payroll Authorization- One-Time Deferral form. The form must be submitted to the employer no later than the month prior to the month in which the contribution will be sent to the plan.

As provided under the Internal Revenue Code, participants cannot contribute cash severance payments to the 457 Plan.

For more information on the Transitional Benefits Program, go to [www.varetire.org/etbp](http://www.varetire.org/etbp).



## Transitional Benefits Program FAQs

<p><b>Q1. What is the Transitional Benefits Program?</b></p>	<p>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. The program is effective through June 30, 2012. The General Assembly may or may not continue the program in subsequent budgets or establish it as a permanent program under the Code of Virginia.</p>
<p><b>Q2. What is an involuntary separation from employment?</b></p>	<p>Involuntary separation is a layoff because of a budget reduction, agency reorganization, workforce downsizing or another cause not related to job performance or misconduct.</p>
<p><b>Q3. How do I elect the program?</b></p>	<p>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 attorneys and circuit court clerks are not eligible. However, personnel reporting to these employees are eligible.</p>
<p><b>Q4. When does the program begin and end?</b></p>	<p>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. The program is effective through June 30, 2012 unless it is extended by the General Assembly or you indicate an earlier end date on your resolution.</p>
<p><b>Q5. How does the transitional severance benefit work?</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>• Two years of consecutive service or less = Four weeks of salary</li> </ul>

	<ul style="list-style-type: none"> <li>• Three to nine years of consecutive service = Four weeks of salary plus one additional week for every year over two years</li> <li>• 10-14 years of consecutive service = 12 weeks of salary plus two additional weeks for every year over nine years</li> <li>• 15 years or more of consecutive service = Two weeks of salary for every year of service, not to exceed 36 weeks</li> </ul> <p>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.</p>
<p><b>Q6. How does the enhanced retirement benefit work?</b></p>	<p>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.</p> <p>If the additional credit does not bring an employee to retirement eligibility, he or she is eligible only for the transitional severance benefit.</p> <p>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.</p> <p>You can use the Transitional Benefits Calculator at <a href="http://www.varetire.org/etpb">www.varetire.org/etpb</a> to determine the amount of additional credit. You enter the employee's information. If you are authorized to use <i>myVRS</i> for Employers, you can include the additional credit and create an estimate for VRS retirement benefits based on all the components of the calculation provided through <i>myVRS</i>.</p>

<p><b>Q7. What is the cost to employers who provide the program?</b></p>	<p>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.</p>
<p><b>Q8. Do the years of additional service credit provided through the enhanced retirement benefit count toward the health insurance credit and hazardous duty supplement?</b></p>	<p>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.</p> <p>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.</p>
<p><b>Q9. Can an employee retire on disability or defer retirement under the program?</b></p>	<p>An employee that 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.</p>
<p><b>Q10. What benefit payout options are available to employees who retire under the program?</b></p>	<p>Employees may elect the Basic Benefit, Survivor Option, Partial Lump-Sum Option Payment (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.</p>



<p><b>Q11. How do employees retire under the program?</b></p>	<p>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) or include a printout of the Transitional Benefits Calculator results with the employee's application and submit it to VRS. Please write "Transitional Benefits Program" at the top of the VRS-5. The employee should not submit the retirement application directly to VRS. VRS requires your certification of the application and the enhanced retirement credit calculation to process the application. The effective date of retirement is the first of the month following the month the employee is laid off.</p>
<p><b>Q12. Can an employee who is eligible to retire choose to receive the transitional severance benefit?</b></p>	<p>Employees who are eligible to retire at the time of layoff may elect one of the following:</p> <ul style="list-style-type: none"> <li>• Enhanced retirement credit, which will be applied to their age, service credit or both to enhance their retirement benefit;</li> <li>• Transitional severance benefit without the enhanced retirement credit, in addition to the retirement benefit;</li> <li>• Transitional severance benefit with deferred retirement; or</li> <li>• Transitional severance benefit without retirement.</li> </ul>
<p><b>Q13. Can I rehire employees who are laid off or retire under the program?</b></p>	<p>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.</p> <p>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.</p>

<p><b>Q14. 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?</b></p>	<p>No, these employees are only eligible for one of the programs and will need to choose between the two.</p>
<p><b>Q15. Where can I find more information about electing the program and details of the program?</b></p>	<p>Visit <a href="http://www.varetire.org/etbp">www.varetire.org/etbp</a> or contact your Employer Representative:</p> <ul style="list-style-type: none"> <li>▪ Gwyn Ciemniecki (school divisions) at <a href="mailto:gciemniecki@varetire.org">gciemniecki@varetire.org</a> or (804) 771-7765</li> <li>▪ Carolyn Newton (school divisions) at <a href="mailto:cnewton@varetire.org">cnewton@varetire.org</a> or (804) 344-3196</li> <li>▪ Rohn Brown (political subdivisions) at <a href="mailto:rbrown@varetire.org">rbrown@varetire.org</a> or (804) 775-3228</li> <li>▪ Marie Daniels (political subdivisions) at <a href="mailto:mdaniels@varetire.org">mdaniels@varetire.org</a> or (804) 344-3197</li> </ul>