Staff Retirement
Virginia Retirement System

- The Virginia Retirement System (VRS) is the mandatory retirement plan for staff employees.
- All staff employees will contribute funds from each paycheck to be credited to their VRS account.
VRS Plan Types- Plan 1

- **Employee is a Plan 1 participant if:**
  - They participate in a VRS or Optional Retirement Plan (ORP) prior to July 1, 2010, have maintained an account balance, and had five years of VRS or ORP service by January 1, 2013.
VRS Plan Types- Plan 2

- **Employee is a Plan 2 participant if:**
  - They participated in a VRS or ORP between July 1, 2010 and December 31, 2013 and have maintained an account.
  - OR
  - They participated in a VRS or ORP prior to July 1, 2010, have maintained an account balance, but did NOT have five years of VRS or ORP service by January 1, 2013.
VRS Plan Types- Hybrid

- **Employee is a Hybrid participants if:**
  - They were hired on or after January 1, 2014 and have never participated with a VRS or ORP.
  - OR
  - They cashed out their previous VRS or ORP account.
VRS- Plan 1 and Plan 2

- Defined Benefit plan
  - Employees contribute five percent to retirement.
  - Employer contributions are contributed to VRS based on an actuarial rate.
  - After a five year vesting period, it can be used as a pension providing a monthly benefit at retirement.
    - Employee contributions always belong to the employee regardless of vesting.
VRS- Hybrid Plan

- There are two components to this plan:
  - Defined Benefit Plan
    - Provides a monthly benefit at retirement.
    - Funded by employees & employers.
  - Defined Contribution Plan
    - Primarily funded by employee.
    - Balance is based on contributions and investment results.
VRS Hybrid Plan- Defined Benefit (DB) Portion

- Mandatory four percent employee contribution.
- Employer contributions will be an actuarial amount.
- Five year vesting period to receive a monthly annuity or pension benefit at retirement.
VRS Hybrid Plan- Defined Contribution (DC) Portion

- Mandatory one percent employee contribution.
- Employee receives an employer match on contributions.
- Employee may contribute up to an additional four percent voluntary.
  - Will receive an employer match on voluntary contributions.
# VRS Hybrid Plan- Worksheet

<table>
<thead>
<tr>
<th>Employee Name:</th>
<th>HokieBird</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Salary:</td>
<td>$40,000.00</td>
</tr>
<tr>
<td>Semi-Monthly</td>
<td>$1,666.67</td>
</tr>
</tbody>
</table>

**Mandatory Defined Benefit = 4%**

<table>
<thead>
<tr>
<th>Defined Contribution</th>
<th>Employee Deduction</th>
<th>Employer Match</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandatory Defined Contribution</td>
<td>1.00%</td>
<td>$16.67</td>
</tr>
<tr>
<td>(This is 5% of gross salary) --- ➔ TOTAL MANDATORY CONTRIBUTION(DB &amp; DC)</td>
<td>$83.33</td>
<td></td>
</tr>
</tbody>
</table>

**Voluntary Contribution**

- Voluntary Contribution | 0.50% | $8.33 | 0.50% | $8.33 |
- Voluntary Contribution | 1.00% | $16.67 | 1.00% | $16.67 |
- Voluntary Contribution | 1.50% | $25.00 | 1.25% | $20.83 |
- Voluntary Contribution | 2.00% | $33.33 | 1.50% | $25.00 |
- Voluntary Contribution | 2.50% | $41.67 | 1.75% | $29.17 |
- Voluntary Contribution | 3.00% | $50.00 | 2.00% | $33.33 |
- Voluntary Contribution | 3.50% | $58.33 | 2.25% | $37.50 |
- Voluntary Contribution | 4.00% | $66.67 | 2.50% | $41.67 |

**Total Employee Contribution Maximum for DB and DC**

$150.00 (per pay check)
Contact Information

- Erinn Briele- ICMA-RC Defined Contribution Plans Specialist
  - ebriele@icmarc.org
VRS Hybrid Plan- Deduction Change Deadlines

- Can stop or change deductions every quarter by calling ICMA-RC at 877-327-5261 or logging into account at [www.varetire.org/hybrid](http://www.varetire.org/hybrid).

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Deadline</th>
<th>Change Effective</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st Quarter</td>
<td>March 15</td>
<td>April 1</td>
</tr>
<tr>
<td>2nd Quarter</td>
<td>June 15</td>
<td>July 1</td>
</tr>
<tr>
<td>3rd Quarter</td>
<td>September 15</td>
<td>October 1</td>
</tr>
<tr>
<td>4th Quarter</td>
<td>December 15</td>
<td>January 1</td>
</tr>
</tbody>
</table>
VRS Hybrid Plan- DC Vesting

- At retirement or upon leaving employment, the employee will keep employer contributions:
  - After two years: 50 percent vested
    - Employee may withdraw 50 percent of employer DC contributions.
  - After three years: 75 percent vested
    - Employee may withdraw 75 percent of employer DC contributions.
  - After four years: 100 percent vested
    - Employee may withdraw 100 percent of employer DC contributions.
Purchase of Prior Service

- To enhance years of service employee can purchase:
  - Military service.
  - Refunded VRS service.
  - Non-Virginia state service (at a college or university if not vested in their retirement plan).
  - Non-covered service with a participating state agency (i.e., wage, adjunct, or student employment).
  - AmeriCorps/Peace Corp service.
Purchase of Prior Service Cost

- Plan 1- within two years from date of hire or return to work (11.90 percent)
- Plan 2- with two years from date of hire or return to work (10.46 percent)
- Hybrid- within two years from date of hire or return to work (6.34 percent)
- Refunded service- no time limit
  - Return of refunded amount plus interest from date of refund to the purchase date, using 7 percent interest rate compounded annually.

*You must purchase or be under contract within the eligibility window.*