

## Getting Ready to Retire

### SCPS Policy # GCPC

Individuals retiring from School Board employment must complete the resignation/retirement form for School Board approval. To be eligible for sick leave and health insurance retiree benefits, the employee must meet the following criteria:

1. The employee shall have been employed by the School Board for a minimum of five consecutive years at the time of retirement. Beginning July 1, 2007, the individual shall have been employed by the School Board for a minimum of fifteen consecutive years at the time of retirement.
2. The employee must be of retirement age and eligible for retirement benefits under the Virginia Retirement System (VRS), Social Security, or similar retirement system.

**Virginia Retirement System (VRS) Website:** <http://www.varetire.org/>

#### **VRS Unreduced Service Retirement:**

**PLAN 1** - Membership Date hired before July 1, 2010

- Age 65 + 5 years of service OR Age 50 + 30 years of service
- AFC (Average Final Compensation) = the average of the **36 consecutive months** of highest creditable compensation

**PLAN 2** – Membership Date hired July 1, 2010 to December 31, 2013 or membership is before July 1, 2010, and not vested as of January 1, 2013.

- Age + service = 90 **OR** Full Social Security Age + 5 years of service
- AFC (Average Final Compensation) = the average of the **60 consecutive months** of highest creditable compensation

#### **VRS Reduced Service Retirement:**

**PLAN 1**- Membership Date hired before July 1, 2010

- Age 55 + 5 years of service **OR** Age 50 + 10 years of service
- AFC (Average Final Compensation) = the average of the **36 consecutive months** of highest creditable compensation

**PLAN 2**- Membership Date hired July 1, 2010 to December 31, 2013 or membership is before July 1, 2010, and not vested as of January 1, 2013.

- Age 60 + 5 years of service
- AFC (Average Final Compensation) = the average of the **60 consecutive months** of highest creditable compensation

## Frequently Asked Questions

### **Health Insurance eligibility (SCPS Policy # GCBCA)**

1. Individuals hired prior to July 1, 2007 must be at least 55 years of age, have at least five (5) consecutive years of service with Spotsylvania County Public Schools, and be eligible for and receive an immediate retirement annuity; or, be at least 50 years of age, have at least ten (10) consecutive years of service with Spotsylvania County Public Schools, and be eligible for and receive an immediate retirement annuity. Beginning July 1, 2007, the individual shall have been employed by the School Board for a minimum of fifteen (15) consecutive years at the time of retirement.
2. The individual must be of retirement age and eligible for retirement benefits under the Virginia Retirement System (VRS), Social Security, or similar retirement system.
3. Employees who defer retirement are not eligible for continued health insurance coverage. A deferred retirement is one where the employee terminates service and does not elect or is ineligible for an immediate retirement annuity.
4. If ineligible for any other comparable health insurance plan, the spouse identified as the "survivor annuitant" of a deceased retiree could continue subscription to the group health insurance policy if the provider allows such participation. The spouse would be responsible for the total cost of the premium.
5. The individual and his/her dependents must have been eligible to enroll in the School Board's health insurance program for a period of one (1) year prior to seeking the benefits outlined

### **Individuals hired on or after July 1, 2009, who meet all of the SCPS policy GCBCA requirements**

Including fifteen (15) consecutive years of service, can participate in the School Board's health insurance program after retirement; however, the employer will contribute a set dollar amount (\$214) towards the total premium with the retiree responsible for paying the balance of the total premium if the retiree is not Medicare eligible. In addition, eligible individuals hired on or after July 1, 2009, can continue to participate in the School Board's retirement insurance program after they become eligible for Medicare coverage; however, the retiree will be required to enroll in Medicare Part A and B. The employer will contribute a set dollar amount (\$60.50) towards the Medicare Supplement Plan (Medicare Part A and B) and \$38.75 towards the Medicare Part D Prescription Drug Plan.

- If you or a spouse are 65 or older and you meet above requirements you must enroll in Medicare as primary insurance. You may want a supplementary plan, which SCPS offers for eligible retirees/spouse. The current cost is \$36.30 for the retiree and \$117 for the spouse
- For eligible retirees/spouse under 65 the same Anthem plans are available at the same cost as an active employee
- Premiums are directly debited from the retirees bank account on the 25th of each month

### **Health Insurance in retirement at age 65**

- Once you or the dependents on your health insurance plan reach age 65, you/they will have to come off of the SCPS sponsored insurance. Medicare becomes your primary insurance. You may want to get a supplement. SCPS offers a supplement to their Medicare eligible retirees/spouses. The current cost is \$36.30 for employees and \$117.00 for spouse.

## Health Insurance Credit

- If you retire with at least 15 years of service credit in a professional position, you may be eligible for a health insurance credit.
- VRS pays \$4/ per year of service credit to help offset the cost of your health insurance

## Unused Leave

- Sick leave– \$30/day for eligible full-time employees and \$15/day for eligible part-time contracted employees. To be eligible, an employee hired before July 1, 2007 must have completed a minimum of five years of uninterrupted service, including the year of retirement. Employees hired after July 1, 2007, must have completed a minimum of fifteen years of uninterrupted service, including the year of retirement. Maximum payout for sick leave is 240 days.
- Annual leave – paid at your daily rate of pay maximum of 60 days
- All payment of unused leave is paid via rollover of funds into a (403b) School Board approved tax shelter annuity company. It is the retiree's responsibility to establish the account prior to retirement, or if you have an existing SCPS approved 403(b) to check with the provider to ensure that they will accept special pay employer monies.

## Mark III & Tax Shelter Annuities

- Mark III products that you are enrolled in prior to retirement may possibly continue at retirement. You will be responsible for contacting that specific company to check on the process to continue the plan and to make arrangements for payment of premiums.
- After-Tax shelter annuities that you were having payroll deductions made to can also be continued. You must communicate directly with the company to continue making deposits.

## What should my first steps be?

- Read the Getting Ready to Retire Guide at: <http://www.varetire.org/pdf/publications/getting-ready-to-retire-guide.pdf>
- View the VRS education page for in person sessions and pre-recorded sessions: <http://www.varetire.org/members/education/index.asp>
- [Log into myVRS](#). Not registered? [Register now](#).
- Be sure to complete the resignation/retirement exit form for submission to the School Board

## How Your Retirement Benefit Is Paid?

- When you retire, your benefit is paid first from your member contribution account. After these funds have been paid out, your benefit is funded from a separate contribution your employer makes to VRS and investment earnings.
- You receive your retirement benefit in the form of a monthly benefit according to a payout option you choose when you apply for service retirement. The payout option you elect at retirement is irrevocable. You cannot change it after you retire, except for the Survivor Option under some conditions.

## What are my benefit payout options?

### BASIC BENEFIT

- Highest consistent monthly benefit
- No reduction in benefit
- Payment the same each month until member's death

### SURVIVAL OPTION

- Retiree benefit reduced
- Provides lifetime benefit to survivor after member's death

### PARTIAL LUMP-SUM OPTION PAYMENT (PLOP)

- Must work 1, 2, or 3 yrs past eligibility for an **unreduced** benefit
- Amount of lump-sum equals 1, 2, or 3 times the member's Basic Benefit



### ADVANCED PENSION OPTION

- Member elects to increase monthly benefits temporarily
- VRS benefit is combined with a special estimate from Social Security benefit

For more detailed information refer to: <http://www.varetire.org/members/benefits/defined-benefit/payout-options/index.asp>

## Which VRS forms do I need to complete for a service retirement?

Your application must include the following forms and documents. Read the directions on all forms carefully and provide all signatures and required documents. An incomplete or incorrect application will delay the processing of your retirement.

- [Application for Service Retirement \(VRS-5\)](#)  314kb. Include acceptable legible evidence of your date of birth, such as a copy of your birth certificate. If you are married or separated, have your spouse complete the spouse certification section. Your spouse must sign on or after the date you sign the application.
- [Designation of Beneficiary \(VRS-2\)](#)  180kb to ensure your beneficiary designation is up to date. If you elect the Survivor Option, you must submit a VRS-2 to designate a beneficiary for life insurance benefits. You may name your survivor or another individual as your beneficiary.

### Is there help available to complete the forms?

- Use the tutorial [How to complete your Retirement Application](#) to get step-by-step instructions on how to fill out your retirement forms.
  - Paperwork sessions will be held at the School Board Office to answer questions and provide help with the forms. Be on the lookout for a sign-up email with dates/times

### What do I do with the forms once I have completed them?

- Make an appointment with the Benefits Specialist, Anne Sexton to review the VRS forms and complete any other SCPS forms for healthcare, leave etc. Call 540-834-2500 ext. 1500 to make the appointment.

### When do I need to have the forms completed?

- To receive a check on July 1<sup>st</sup> for a June 1<sup>st</sup> retirement date, it is recommended that the forms be in the possession of the VRS no later than March 1<sup>st</sup>. HR requests that the forms be received by them no later than February 17<sup>th</sup>, which allow time for completion of the employer certification and mailing.

### What happens to my life insurance when I retire?

- Your **Basic Life Insurance** coverage begins to reduce on January 1 following one calendar year of retirement. The reduction rate is 25 percent each January 1 until it reaches 25 percent of the total life insurance benefit value at retirement. If you have at least 30 years of creditable service, your coverage cannot reduce below \$8,000.
- If you have **Optional Group** life insurance coverage, you may continue a portion of your coverage after you retire, provided you as well as your spouse and dependent children, if enrolled, were continuously covered during the 60 months preceding your retirement date. Accidental death and dismemberment coverage ends upon retirement. The retiree amount continued will reduce 25% upon member's milestone birthdays of 65 (75%), 70 (50%), 75 (25%), and 80 (0%). The maximum amount of optional group life insurance coverage in retirement is \$275,000. You must elect to continue your coverage within 31 days of your retirement date. This option is not available after 31 days. You as well as your spouse and dependent children, if enrolled, can convert your coverage to an individual policy. You will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-39R) to Minnesota Life within 31 days of the last day of the month in which you leave your position. The form is available at [www.varetire.org](http://www.varetire.org)

### Working after Retirement

- After you retire, you can work for any employer that does not participate in VRS and continue to receive your retirement benefits. If you return to covered employment with a VRS-participating employer, you will become an active member and your retirement benefits will end. You will be rehired under Plan 1 or Plan 2 according to the plan under which you retired.
- **Non-Covered Employment** In some cases, you can work in a non-covered position with a VRS participating employer and continue to receive your retirement benefits. If you return to non-covered employment with the employer from which you retired, you must have a bona fide break in service of at least one full calendar month from your retirement date over a period you normally would work. Periods of leave with or without pay, summer breaks, intersession periods, sabbaticals and educational leave do not count toward satisfying this break in service.