

VRS Defined Contribution Plans Employer Webinar



- All lines will be muted during the presentation, if you have questions during the meeting please type them in the Q&A box
- The meeting will begin at 2:00 pm and will end at 3:00 pm
- To hear the audio portion please call 1-877-605-3723, Participant Code = 1494038
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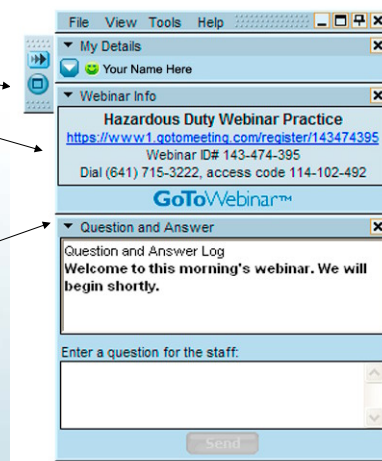
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COMMONWEALTH OF VIRGINIA
DEFINED CONTRIBUTION PLANS

VRS Defined
Contribution Plans
Employer Webinar

Leaving Employment?



Picture your financial future.

*Version 1/27/2010

Agenda



- Introduction
- Maximizing Retirement Savings
- Agency Transfer
- Eligibility for Distribution
- Taxation of Distributions
- Early Withdrawal Penalty
- Required Minimum Distribution
- Distribution Options
- Return to Work Strategies
- Employer Responsibilities and Resources

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Introduction



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Leaving Employment – Maximizing Retirement Savings



- The 457 Plan Age 50 + Limit in 2010 is \$22,000.00.
- The 457 Plan Standard Catch-up (SCU) permits additional contributions if the participant did not contribute the maximum allowed in the years he was eligible to participate.
- The SCU may be used in the three years prior to the Normal Retirement Age (NRA) selected by the participant.
- The earliest NRA is the year in which the participant's combination of age and service results in a unreduced retirement benefit. The SCU may not be used in the year chosen as the NRA
- The SCU may not be used in the year the participant reaches age 70 ½.
- Employees eligible to use the SCU in 2010 may contribute the regular \$16,500.00 and their available Catch-up credit. Total contribution may not exceed \$33,000.00

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Leaving Employment – Maximizing Retirement Savings



- Participants may contribute to their 457 Plan unused vacation and sick leave and other compensation paid to the employee at termination of employment.
 - The completed and signed Payroll Authorization One-Time Deferral form must be given to the employer while the participant is still employed and no later than the month prior to the month in which termination pay would otherwise be paid to the employee.
 - Termination Pay counts toward the contribution limit for the year in which it is paid into the participant's 457 Plan account.
 - 457 Plan regulations state that termination pay must be contributed to the Plan the later of 2 ½ months after the participant's last day of employment or the end of the calendar year in which the last day of employment occurred.

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One-Time Deferral Form



Commonwealth of Virginia 457 Deferred Compensation Plan Payroll Authorization Form – One-Time Deferral

Action Requested:
 Employee Termination Pay; Annual and Sick Leave; Compensatory and Management Pay Bonus Other

General Information:
 Last Name: _____ First Name: _____ Middle Name: _____
 Home Address: Street & State _____
 City: _____ State: _____ Zip Code: _____
 Social Security Number: _____ Employee Number (if applicable): _____ Date of Birth (MM/DD/YY): _____

Payroll Information:
 Effective Pay Date: _____ Agency: _____ Agency Number: _____
 Work Location: _____ Work Phone: _____
 Annual Deferral per Pay Period: _____ Annual Salary: _____

One-Time Deferral Amount:
 \$ _____ One-time deferral amount for the effective pay date.
Deferral amount for the pay date following the effective date of the one-time deferral will revert to the amount being deferred prior to the incentive change, if you continue to be an employee. Change to the deferral amount may be done online at www.vrsnet.org by selecting the Deferral Contribution Plans tab, or by telephone at 1-877-327-5243 (1-877-327-5243). This overrides the normal per pay day contribution. If you want the one-time amount in addition to your regular deferral, make the full total on the form.


Signature:
 Participant Signature: _____ Date: _____
 Payroll Officer Signature: _____ Date: _____
 Payroll Officer Name (Please Print): _____ Phone: _____

Payroll Officer: Use this completed form to DRS at 1-800-796-2954 after you have processed the request through your payroll system.

DRS Form 457-01
 (09/2014) (09/2014)

- Employee must be enrolled in the Plan.
- Form must be signed by participant and submitted to agency payroll officer while participant is still employed and no later than the month prior to the month the payment will be made.
- Agency payroll officer will process the form and then fax to **ING**, the agent of record.


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Leaving Employment – Maximizing Retirement Savings

- Some or all of VRS Partial Lump-Sum Option Payment (PLOP) may be rolled into a participant’s Cash Match Plan.
- Rolling the PLOP into the Cash Match Plan gives the employee access to the funds even if he returns to covered employment.
- Taxes on the PLOP are deferred until the participant takes it as a distribution from the Plan.

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Leaving Employment – Maximizing Retirement Savings

Incoming Rollovers are allowed from other types of retirement Plans:

<u>457 Deferred Compensation Plan</u>	
457 (b) Governmental Plans	
<u>401(a) Cash Match Plan & Optional Retirement Plans</u>	
401(k)	Traditional IRA’s
403(b)	457(b) Governmental Plans
401(a) plans	Federal Employees Thrift Savings Plan

* Employee must otherwise be eligible for a distribution from the plan they are requesting the rollover out of.

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Incoming Rollovers – Important Considerations



- Participants should be aware that rolling 457 Plan money into the 401(a) Cash Match Plan or Optional Retirement Plans (ORP) will cause the amount to no longer be excluded from the early retirement penalty if they subsequently take a distribution prior to age 59½.
- Participants may take a distribution from their rollover account even if they return to employment with an employer offering the Plan.

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Leaving Employment – Agency Transfer



- Participant must complete Payroll Authorization – Agency Transfer Form
- Form located at www.varetire.org
- Agency Transfer Form cannot be used to change deferral amount – deferral amount changes must be made on line or by phone.
- New Agency uses the Agency Transfer Form as authorization to send contributions (and Cash Match if applicable) to the Plan.
- After processing new Agency faxes the form to ING at 1-888-998-8954.
- Employees transferring to another agency that offers the Plan **may not** take a distribution.

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Leaving Employment – Agency Transfer



Virginia Retirement System Commonwealth of Virginia 457 Deferred Compensation Plan Payroll Authorization Form – Agency Transfer

General Information:

Last Name _____ First Name _____ Middle Name _____
Home Address, Number & Street _____
City _____ State _____ Zip Code _____
Social Security Number _____ Employer Number _____ Date of Birth (Mo./Day/YY) _____

Payroll Information:

Effective Pay Date _____ Agency _____ Agency Code _____
Work Location _____ Work Phone _____
\$ _____ Annual Salary _____

Agency Transfer:

Name of New Agency _____ Agency Code _____
Date of Hire with New Agency _____
Name of Previous Agency _____ Agency Code _____

Agency Transfer Only: To ensure that deferrals continue at the level you desire, have this form processed by the payroll office at your new agency before it is sent to ING Plan Administration. To be completed by New Agency: Transfer will be effective with the pay period beginning _____ and ending _____.

New Agency Payroll Signature _____ Date _____ Telephone _____
Participant Signature _____ Date _____

After setup in CIPPS, the new agency will fax this form to ING at 1-888-998-8954.

Page 1 of 1 ING, 01/11, Payroll Auth, CIPPS Manual, 0.10.09

- Employee completes and gives the Agency Transfer Form to his new employer.
- Form can not be used to change Contribution Amount.
- New Agency uses the form to restart contributions at current level.
- New Agency faxes the form to ING.

Leaving Employment – Retirement, Termination, Layoff



- Generally, a distribution from the plan is not required.
- Participants may leave their money in the plan and continue to manage their accounts.
- Account balance including any additional earnings continue to be tax deferred.
- Incoming Rollover to the DC Plans continue to be allowed.
- If a participant has reached age 70 ½ when he leaves employment a certain minimum distribution is required no later than March 31 of the year following the year he leaves employment.

Leaving Employment – Retirement, Termination, Layoff



- Employees are eligible for a distribution once they are no longer employed by an employer that offers the plan and have satisfied a break-in-service.
- Persons returning to work as wage employees may not initiate a distribution while actively employed.
- Participants should time their return to work so that they receive any requested Plan distribution prior to returning to either salaried or wage employment with any employer offering the Plan.
- Participants who have attained age 70 ½ and are still working for an employer that sponsors the Plans may take an in-service distribution but are not required to do so.


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Break-in-Service



- Defined as one full calendar month during which the employee has no reportable creditable compensation and no active member benefits.
- Does not include summer breaks, periods of leave without pay, educational leave, sick leave and periods of time during which the employee normally would not be at work.

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Distribution Timing		
Employee's Last Payroll Date	Date Payroll Reported to VRS	Earliest Distribution Approval Date
Jan. 1 – Jan. 30	February 10 th	March 10 th
Feb. 1 – Feb. 28	March 10 th	April 10 th
Mar. 1 – Mar. 31	April 10 th	May 10 th
Apr. 1 – Apr. 30	May 10 th	June 10 th
May 1 – May 31	June 10 th	July 10 th
Jun. 1 – Jun. 30	July 10 th	August 10 th
Jul. 1 – Jul. 31	August 10 th	September 10 th
Aug. 1 – Aug. 31	September 10 th	October 10 th
Sept. 1 – Sept. 30	October 10 th	November 10 th
Oct. 1 – Oct. 31	November 10 th	December 10 th
Nov. 1 – Nov. 30	December 10 th	January 10 th
Dec. 1 – Dec. 31	January 10 th	February 10 th

- | Leaving Employment –
Virginia Sickness & Disability Program | |  |
|---|--|---|
| <ul style="list-style-type: none"> • VSDP – Short Term Disability <ul style="list-style-type: none"> – Participant may contribute to the 457 Plan from the STD benefit. – Participant may not take a 457 or Cash Match distribution. • VSDP – Long Term Disability <ul style="list-style-type: none"> – Participant may not contribute to the 457 Plan. – No cash match is paid. – Participant may not take a 457 or Cash Match distribution. • VSDP – Long Term Disability – Working <ul style="list-style-type: none"> – Participant may contribute to the 457 Plan from the compensation paid by the employer for work performed. – Participant may not take a 457 or Cash Match distribution. | | |

Leaving Employment – Lay Off



- Severance payments are not considered compensation and can not be contributed to the 457 Plan.
- If the employee will receive termination pay it can be contributed to the 457 Plan if the One-Time Deferral form is given to the employer while the participant is still an employee and no later than the month prior to the month in which the payment would otherwise have been made to the participant.
- Participants receiving WTA-Severance payments are considered terminated and may take a distribution from the Plans.

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Leaving Employment – Lay Off




- NOTE: These Plan rules are different from those that apply to your VRS Member Contribution Account (MCA). If the former employee takes a distribution of his MCA, Severance benefits will cease. Go to www.varetire.org and select the Member tab for more information on WTA.

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Distribution Forms





DISTRIBUTION /DIRECT ROLLOVER/TRANSFER REQUEST 457(b) Plan
Refer to the Participant Distribution Instructions while completing this form.

Commonwealth of Virginia 457 Deferred Compensation Plan 650271

If still employed, refer to Section I. If separated employment, refer to Section II.

Tax Year: _____ File Year: _____ SSN: _____

Address - Number & Name: _____ E-mail Address: _____

City: _____ State: _____ Zip/Code: _____

Home Phone: _____ Work Phone: _____ Date of Birth: _____

If you have a joint address, you must notify your employer (if still employed) or submit a Personal Information Change Request (if separated).

Are you a U.S. Citizen? Yes No

Social Security Number: _____

Min: _____ Day: _____ Year: _____ Female Male

Married Unmarried

I. In-SERVICE Distribution Options:

Do Nothing (Full Distribution Only)
The total balance is under \$1,000, no contributions have been made to the account during the two year period immediately preceding the withdrawal and you have not taken a Do Nothing withdrawal previously.

Withdrawal from Withdrawal Account
Amount: \$ _____ or % _____

10% Withdrawal (complete Periodic Payments section if setting up annuities)
Amount: \$ _____ or % _____

II. Distribution Options: Separation Date: _____

Full Distribution

Partial Distribution Partial Amount: \$ _____ or % _____

Partial Distribution followed by Periodic Payments (also complete Periodic Payments below)
Partial Amount: \$ _____ or % _____

Periodic Payments Frequency: Monthly Quarterly Semi-Annually Annually

New Installment Change Installment Stop Installment


- Payments of an Annuity Contract until the account is exhausted. Specified dollar amount \$ _____
- Payments of a Period Contract, Specified time period of _____ years
- Payments based on Life Expectancy
 Year 40 Service Life Expectancy (complete Special Information)
 Uniform Life Expectancy

Installment as 10% begins or ends as administratively possible and are processed on the closest business day to the 1st and 15th of each month.
Please confirm which date you would like your payment processed. 1st 15th

Annuity Purchase
Name of Periodic: _____

Form can be found at www.varetire.org by selecting Defined Contribution Plans.

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VRS_457_2010
Revised: 01/28/10

- Forms are available under the applicable plan on www.varetire.org
- Forms are plan-specific.
- Completed by the participant after terminating employment.
- Submitted directly to **ING** for processing.
- All three pages of the form must be completed.

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Leaving Employment – Taxation of Distributions



- Taxes on contributions and earnings are deferred until the participant withdraws the money from the Plans.
- Distributions from the Plans are taxed as ordinary income.
- Both state and federal taxes are withheld on any distribution amount that is eligible to be rolled over to another plan but that is paid directly to the participant.
- If all or a portion of the account balance is rolled to a Roth IRA, the rollover amount is taxable in the year the rollover occurs.

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Leaving Employment – Early Withdrawal Penalty



- There is never an early withdrawal penalty on distributions from the 457 Plan regardless of the participant's age at the time of the distribution.
- There is a 10% early withdrawal penalty on distributions from the 401(a) Plan or ORP if the participant is younger than age 59 ½ at the time of the distribution.
- The early withdrawal penalty is waived if the participant left employment after reaching age 55 or left employment due to disability
- The 10% early withdrawal penalty is waived if the participant set up periodic payments to be paid at least annually in equal or close to equal amount over his or her life expectancy.
- Participants may time distributions to avoid penalty:
 - Take distribution from 457 Plan prior to age 59 ½;
 - Begin distribution from Cash Match or other 401(a) plans once age 59 ½ is attained.

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Leaving Employment – Required Minimum Distribution (RMD)



- Participants must begin a distribution from their Plans **the later of** the year they reach age 70 ½ or the year they terminate employment with the employer that offers the plan.
- There is a grace period to March 31 of the following year available in the first year the participant is required to take a minimum distribution. If the grace period is used, the participant is required to take two minimum distributions in that year: one by March 31 and the second by December 31.
- The required minimum distribution amounts cannot be rolled over to another plan.
- The RMD is required from each Plan. Taking a RMD from one plan does not satisfy the requirement for other plans.

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Leaving Employment – Distribution Options



- Distribution Options - *for all VRS DC Plans*
 - Remain in the Plans
 - Subject to required minimum distribution rules
 - Receive:
 - Partial or full lump sum
 - Periodic payments
 - Annuity payments
 - Combination of the above
 - Roll over into an eligible retirement plan [*such as a 401(a), 401(k), 403(b), governmental 457(b), Federal Thrift Savings Plan or IRA that accepts such rollovers*]

Withdrawals are subject to state and federal income tax. An IRS penalty for withdrawals prior to age 59½ may apply to distributions from the 401(a). You are required to take your first minimum distributions by April 1 of the calendar year following the later of: (1) the calendar year in which you reach 70½ or (2) the calendar year in which you terminate employment from the employer sponsoring your Plan.

You should speak with your tax advisor to the application to your specific circumstances.

Leaving Employment – Take A Distribution



- ING registered representatives are available to discuss the distribution options one-on-one with participants.
- Registered representatives do not give investment, tax or financial advice.
- To set an appointment call 1-VRS-DCPLAN1 (1-877-327-5261) and Select Option 2.

Leaving Employment – Rollover Options



- Direct Rollover to an IRA or another employer plan.
 - Total Account Balance or a portion may be rolled over.
 - Must be otherwise eligible for a distribution in order to roll an account over.
 - Rollovers allowed between 457, 401(a), 401(k), 403(b) plans, IRAs and the Federal Thrift Savings Plan.
 - Funds rolled into a different type of account become subject to the rules of that plan.
 - Make sure the receiving plan will accept the rollover.
 - **Be aware of IRA fees and distribution restrictions.**

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Leaving Employment – Managing Return to Work



- Employees who return to work in either a salaried or wage position may resume contributing to the 457 Plan. Only salaried employees are eligible for the Cash Match.
- Employees who return to work must satisfy a break in service and receive any requested distribution prior to returning to either salaried or wage employment with an employer that offers the Plan.
- If an employee sets up periodic distributions and returns to employment, the payments are not required to stop.

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Leaving Employment – Managing Return to Work



- A distribution request cannot be initiated while a participant is employed with an employer that offers the Plan.
- The exception is participants who are age 70 ½ or older who may take an in-service distribution even while employed by an employer that offers the Plan.
- Participants may take distributions from their rollover account within the Plan regardless of their employment status. Those for whom the early retirement penalty is not an issue may consider rolling distributions from their 457 Plan account into their Cash Match Plan rollover account.

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Employer Responsibilities



- Help employees understand the choices related to the DC Plans when terminating employment.
- Facilitate employee counseling by Plan registered representative.
- Assist employee to obtain the appropriate forms.
- When possible, inform employee that they may be eligible to defer termination pay.
 - One-Time Deferral Form must be completed by the terminating employee while they are still employed at least one month prior to the month the payment will be made.
 - Form is submitted to payroll for processing and then forwarded to ING for record-keeping purposes.

NOTE: Not required to notify ING when an employee terminates employment.

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Employer Resources - Website

Virginia Retirement System

Resource Center for VRS Employers

COMMONWEALTH OF VIRGINIA DEFINED CONTRIBUTION PLANS

Employer Resources

- Registered Representatives
- Regional Education Meeting Schedule 59kb
- Employer Publications and Guides
- Order Publications Online
- Investment Option Information
- Frequently Asked Questions
- Webinar Archive

Plan Publications and Forms

- Plan Publications
- Participant Focus Newsletter
- Plan Forms

Have questions about the Plans?
Call your regional representative toll-free at 1-VRS-DC-PLAN (1-877-327-5261), option 2, weekdays 8:30 a.m. to 5 p.m., Eastern Time
E-mail us

Welcome DC Plans Employers! | www.varetire.org

Employers, this is your primary resource for employer information related to the Commonwealth of Virginia Defined Contribution Plans.
Check back often for updates!

What's New

- Attend an upcoming webinar regarding the Optional Retirement Plan for Political Appointees.
 - Wednesday, September 30 at 2:00 p.m.
 - Friday, November 6 at 10:00 a.m.
- Missed the most recent webinar? [View the presentation.](#)
- [Questions and Answers](#) 72kb

Plan Forms

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Employer Resources - Forms

Virginia Retirement System

Resource Center for VRS Employers

COMMONWEALTH OF VIRGINIA DEFINED CONTRIBUTION PLANS

Employer Resources | Home | www.varetire.org

Plan Forms

457 Deferred Compensation Plan

- Participant Enrollment Governmental 457-401(a) Plan 94kb
- Beneficiary Form 457-401(a) Plan 61kb
- In-Scope Plan-to-Plan Transfer Form 87kb
- Personal Information Change Request Form for Retired or Inactive Employees 233kb
- Payroll Authorization Agency Transfer 47kb
- Payroll Authorization One-Time Deferral 64kb
- Standard Cash-Up Form 51kb
- Unfunded Service Leave Make-Up Form 182kb
- Distribution Form 271kb
- Special Tax Notice 271kb
- Electronic Fund Transfers (ACIT) 64kb
- Automated Required Minimum Distribution Request 264kb
- W-4P Form 266kb
- Unforeseen Emergency Withdrawal Form 166kb
- Death Benefit Claim Form 489kb
- Self-Directed Brokerage 37kb
- Self-Directed Brokerage Account - Agreement Form 229kb
- Self-Directed Brokerage Participant Release Form 21kb

Cash Match Plan

- Participant Enrollment Governmental 457-401(a) Plan 94kb
- Beneficiary Form 457-401(a) Plan 61kb

One-Time Deferral Form for Termination Pay

Distribution Form

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VRS Contacts 

Defined Contribution Plans

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Special Services Supervisor

Kelvin Allen	KAllen@varetire.org	804-771-7748
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ING - Virginia Service Center 

Virginia Registered Representatives

<p>Kelly Hiers – Virginia Plans Manager, Richmond/Central VA</p> <ul style="list-style-type: none">• Email: Kelly.Hiers@us.ing.com• 1-877-327-5261, option 2, extension 13	<p>Mackenzie Moss – Tidewater Representative</p> <ul style="list-style-type: none">• Email: Mackenzie.Moss@us.ing.com• 1-877-327-5261, option 2, extension 12
<p>David Detamore – Central/Northern VA Representative</p> <ul style="list-style-type: none">• Email: David.Detamore@us.ing.com• 1-877-327-5261, option 2, extension 11	<p>Janice Parker – Western VA Representative</p> <ul style="list-style-type: none">• Email: Janice.Parker@us.ing.com• 1-877-327-5261, option 2, extension 14

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Employer Webinar - Leaving
Employment?



Virginia Retirement System

COMMONWEALTH OF VIRGINIA DEFINED CONTRIBUTION PLANS



We welcome your questions!

Picture your financial future.