

Dear Participant:

Re: Standard Catch-Up Provision under the Commonwealth of Virginia 457 Deferred Compensation Plan

Thank you for requesting information regarding the Standard Catch-Up provision for the Commonwealth of Virginia 457 Deferred Compensation Plan. This package contains instructions for using the Standard Catch-Up, as well as the necessary forms. The forms required to use this catch-up are the Standard Catch-Up Credit Worksheet, the Normal Retirement Age Election Form and the Payroll Authorization Form.

Availability

- The Standard Catch-Up provision is available only during the three (3) consecutive calendar years prior to the calendar year in which you reach your selected Normal Retirement Age. The Normal Retirement Age you select can be no earlier than the age at which you are first eligible for an unreduced retirement benefit. The age of first eligibility for an unreduced benefit varies depending upon the retirement plan by which you are covered:

Virginia Retirement System (VRS)	Ages 50 to 64 with 30 or more years of service* or Ages 65–70 ½ with 5 or more years of service
Judicial Retirement System (JRS)	Ages 60–64 with 30 or more years of weighted service or Ages 65–70 ½ with 5 or more years of weighted service*
State Police Officer’s Retirement System (SPORS); Virginia Law Officer’s Retirement System (VaLORS)	Ages 50–59 with 25 or more years of service or 60–70 ½ with 5 or more years of service*

* For defined benefit plans, service means the creditable service used to calculate your benefit.

Optional Retirement Plan for Political Appointees (ORPPA); Optional Retirement Plan for School Superintendents (ORPSS); Optional Retirement Plan for Higher Education (ORPHE)	Age 65 or Age 55 with at least 5 years of service or Age 50 with at least 10 years of service
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For defined contribution plans, service means the continuous, salaried service with the employer offering the Plan.

- You may contribute up to the Catch-Up amount for which you qualify in one or more of the three (3) consecutive calendar years prior to the calendar year in which you reach your designated Normal Retirement Age. **You may not use the Standard Catch-Up in the year you have designated as your Normal Retirement Age.** The Catch-Up limit varies depending on your level of participation in pre-tax salary reduction programs in prior years. If you qualify for the Standard Catch-Up, you may contribute the regular limit of \$16,500 plus the Standard Catch-Up of up to \$16,500 for a total of \$33,000 in 2010. For future changes, visit www.varetire.org and select Defined Contribution Plans.
- You may use the Standard Catch-Up provision in the year you actually retire, if retirement occurs in one of the three calendar years immediately preceding the normal retirement age you have selected using the Normal Retirement Age Election Form.
- Wage employees may use the Standard Catch-Up; Normal Retirement Age may be ages 62 to 70 ½.
- You may not use the Standard Catch-Up in the year you reach age 70 ½.
- **You may not use the Age 50+ Catch-Up provision in any calendar year you use the Standard Catch-Up.**

Please complete and return these forms to your Agency’s payroll office. Send copies of all three forms to Virginia Retirement System, Defined Contribution Plans, P.O. Box 2500, Richmond, VA 23218-2500.

Sincerely,

Virginia Retirement System—Defined Contribution Plans

For assistance in completing the forms contact a Customer Service Associate toll free at 1-VRS-DC-PLAN1 (1-877-327-5261).

Commonwealth of Virginia 457 Deferred Compensation Plan Standard Catch-Up Election Instructions

Please complete and return the three forms included in this package: Catch-Up Credit Worksheet; Normal Retirement Age Election Form; and Payroll Authorization Form. A Customer Service Associate can assist you in completing the forms. Please call toll free at 1-VRS-DC-PLAN1 (1-877-327-5261). The originals of the three forms are to be given to your agency payroll office and copies sent to the Virginia Retirement System, Defined Contribution Plans, P.O. Box 2500, Richmond, VA 23218-2500.

General Rules

1. The age 50+ Catch-Up can not be used in the calendar year or years you use the Standard Catch-Up.
2. The Standard Catch-Up cannot be used in the year you reach age 70 ½ or later.
3. **You may not use the Standard Catch-Up in the year you designate as your Normal Retirement Age.**
4. The Standard Catch-Up can be used for a maximum of three (3) years immediately preceding the year you reach the Normal Retirement Age that you have selected. You cannot use it in the year you reach the Normal Retirement Age you have designated in the Normal Retirement Age Election Form.
5. You may use it in the year you actually retire if retirement occurs in one of the three (3) calendar years immediately preceding your designated Normal Retirement Age.
6. You do not have to leave employment when you reach your designated Normal Retirement Age and may contribute up to the contribution limit that applies to you, including the age 50+ Catch-Up contributions, during the years you continue to be employed by an employer that offers the 457 Plan.
7. Wage employees may use the Standard Catch-Up; Normal Retirement Age may be ages 62 to 70 ½.

The amount of your Standard Catch-Up contribution will be the **lesser of:**

- (A) The IRS maximum Standard Catch-Up contribution limit for the applicable year; or
- (B) The sum of the regular annual limit for the applicable year and your total Catch-Up Credit as determined on the enclosed Standard Catch-Up Credit Worksheet.

(In 2010, the 457 Standard Catch-Up limit is the regular limit of \$16,500 plus an additional \$16,500, or your available Catch-Up credit, if lesser, for a total contribution not to exceed \$33,000.)

Example 1: You elect to use the Standard Catch-Up beginning in 2010. The regular contribution limit is \$16,500 for 2010 and your total Catch-Up Credit is \$40,000. The sum, \$56,500 is greater than \$33,000, so your total contribution for 2010 is limited to \$33,000. You may carry forward the remaining \$23,500 credit to the next year.

Example 2: Same facts as above except that your total Catch-Up Credit is \$8,000. The Catch-Up Credit of \$8,000 plus the annual limit of \$16,500 permits you to contribute a total of \$24,500 in 2010. You will have no remaining credit to carry forward.

Example 3: You are over age 50 and wish to use the Standard Catch-Up in 2010. Your Catch-Up Credit is \$4,000. Your credit of \$4,000 when added to the regular 2010 limit of \$16,500 equals \$20,500. This is less than the \$22,000 limit that applies to you because you are age 50 or over. Therefore, you would use the age 50+ limit rather than the Standard Catch-Up because it will allow you to contribute more to the Plan.

Catch-Up Credit Worksheet

This worksheet will be used to calculate your total Catch-Up Credit. For all years ending before 2002, contributions you made to another pre-tax salary deferral plan, including a 403(b) account, another 457 Plan, a 402(h)(1)(B) simplified employee pension (SARSEP), section 408(p) simple retirement account and a 401(k) plan, during the years you also were eligible to participate in this 457 Plan are included to calculate your Catch-Up Credit. For example, if in 1999 you contributed \$2,000 to a 403(b) account and \$1,000 to this 457 Plan and the contribution limit under the 457 Plan for that year was \$8,000, your credit for that year is \$5,000. Had you contributed nothing to this 457 Plan in 1999 and \$9,000 to a 403(b) account your Catch-Up Credit for 1999 would be \$0. However, the excess of \$1,000 is dropped and does not reduce the Catch-Up Credit for the following year. This coordination of plans rule was repealed beginning in 2002 so you will not need to provide information about contributions you made to another plan for years 2002 and later.

To complete this form, you will need the following information:

- All of the years in which you were eligible to participate in the Commonwealth of Virginia Deferred Compensation Plan (“this Plan”) and in which you did not contribute at all or did not contribute the maximum allowable amount. **The Commonwealth’s Plan became operational July 1, 1980.** State employees must use the later of 1980 or their hire date to begin the Catch-Up calculation. Employees of non-state agencies must use the later of their hire date or the date the employer began participation in this Plan.
- Your gross income for each of those years from the employer who sponsored this Plan. Do not include income you may have received from other employers.
- The amount, if any, you contributed for each of those years on a pre-tax basis to a plan other than a retirement plan (e.g., premium conversion, flexible reimbursement account, pre-tax parking, pre-tax service credit purchase). Your last pay stub for each calendar year will show these amounts. For years 2002 and later you will only need to provide the amount of any pretax purchase of VRS defined benefit plan service credit.
- The years between 1980 and 2001, if any, in which you were eligible to participate in this Plan and any other pre-tax salary reduction retirement plan [such as a 403(b) plan, a SARSEP, a 408(p) simple retirement account, a 457 plan sponsored by another employer or a 401(k) plan] and the amount you contributed on a pre-tax basis to the plan(s) each year.
- The exact amount of the contribution you made to this Plan each year. Refer to your federal income tax filing or your December 31 pay stub for each year.
- The maximum amount you were entitled to contribute to this Plan for each year. These amounts are determined by referring to the Annual Contribution Limit Table provided on the Worksheet.

Normal Retirement Age Election Form

1. The sole purpose of making a Normal Retirement Age election is to set the three-year time frame during which you may contribute the Standard Catch-Up limit that applies to you.
2. The Normal Retirement Age election can only be made once and cannot be revoked after you have made a Catch-Up contribution that exceeds the regular contribution limit or the age 50+ limit, if you are age 50 or older.

3. The Normal Retirement Age cannot be earlier than the age you are eligible to retire with unreduced pension benefits under the terms of the retirement plan by which you are covered.
 - For VRS members, Normal Retirement Age is either (1) the range of ages from 50 to 64 with thirty (30) or more years of creditable service, or (2) the range of ages from 65–70 ½ with five (5) or more years of creditable service.
 - For VRS members who qualify for the benefits of Code of Virginia Sect. 51.1–155.1 the Normal Retirement Age, in addition to that listed in the bullet immediately above, may also be the range of ages from 50 to 64 with twenty (20) or more years of creditable service.
 - For members of the Judicial Retirement System, Normal Retirement Age is either (1) the range of ages from 60 to 64 with thirty (30) or more years of weighted creditable service, or (2) the range of ages from 65 to 70 ½ with five (5) or more years of weighted creditable service.
 - For members of the State Police Officers Retirement System and the Virginia Law Officers Retirement System, Normal Retirement Age is either (1) the range of ages 50–59 with twenty-five (25) or more years of creditable service, or (2) the range of ages from 60 to 70 ½ with five (5) or more years of creditable service.
 - For members of an Optional Retirement Plan, Normal Retirement Age is age 65; designated normal retirement age may also be when the participant is at least age 55 with 5 years of service or age 50 with 10 years of service.
 - For those covered by a defined benefit plan, creditable service is generally that amount used to determine your retirement benefit. For participants in an Optional Retirement Plan, service is the consecutive years of employment with the employer providing the Plan.
 - For wage employees, normal retirement age is 62.
4. The Normal Retirement Age you select must be earlier than the calendar year in which you reach age 70½.

Payroll Authorization Form

1. The Payroll Authorization Form provides your employer and VRS your 457 Plan contribution amount. You must change your contribution amount via phone by calling 1-VRS-DC-PLAN1 or via the website (www.varetire.org) in the month prior to the month you wish the change to be effective. Your change will be effective as soon as administratively possible in the month following the month you request the change online or by phone. Your payroll office can advise you of the amount of lead-time required for the change to be made.
2. In the Payroll Information section of the Form indicate the total amount you wish withheld each pay date, including your Catch-Up amount on the line labeled “*New Contribution per Pay*”. This will be the amount you elected via phone or the website.

Copies of all three of the completed forms must be given to your agency’s payroll office and the originals sent to:

Virginia Retirement System
Defined Contribution Plans
P.O. Box 2500
Richmond, VA 23218-2500



Commonwealth of Virginia Deferred Compensation Plan Standard Catch-Up Credit Worksheet

Personal Information *(please print)*

Name: _____ Social Security Number (Last Four Digits): _____
Date of Birth: _____ Agency/Number: _____
Normal Retirement Age Election: _____ Years of Service at Normal Retirement Age: _____

Worksheet Instructions:

A Customer Service Associate can assist you in completing this worksheet. Please call toll free at 1-VRS-DC-PLAN1 (1-877-327-5261). If additional space is needed, please use a second form.

- Column 1. List all the years during which you were eligible to participate in the Plan and did not contribute or did not contribute the maximum allowable amount.
- Column 2. List your gross income (before taxes) for each of those years from the employer who provides this Plan. Do not include income from an employer that did not offer this Plan as a benefit.
- Column 3. For each year prior to 2002, list contributions you made for benefits on a pre-tax basis, such as premium conversion, flexible reimbursement accounts, pre-tax parking, and payments made to purchase service credit. For 2002 and later subtract only pre-tax purchase of VRS defined benefit plan service credit.
- Column 4. Subtract the number in Column 3 from the number in Column 2. This is your adjusted income.
- Column 5. Compute your maximum contribution limit for each year. The limit will depend on the amount of your adjusted income for that year. A Contribution Table is provided to help you compute your limit. Multiply your adjusted income by the applicable percentage to determine if your limit was lower than the IRS annual maximum limit.
- Column 6. List the contribution you made to this Plan each year. If your contribution was zero, please insert “-0-.” Do not include any age 50+ Catch-Up contributions made.
- Column 7. For each year before 2002, list any contributions you made to a pre-tax salary reduction tax-qualified retirement plan, such as a 403(b) plan, a 401(k) plan, a 402(h)(1)(B), a 408(p) simple retirement account, or another 457 plan. Include contributions made to plans sponsored by any employer. Do not include any data in this column for 2002 or later years.
- Column 8. Add the amounts in Column 6 and 7 for each year.
- Column 9. Subtract the number in Column 8 from the number in Column 5. This is your credit for the applicable year. Add all of the dollar amounts in this Column to calculate the amount of your total Standard Catch-Up credit. This amount should not be less than zero, i.e. do not enter a negative amount.



Commonwealth of Virginia Deferred Compensation Plan Normal Retirement Age Election Form

Normal Retirement Age Defined: For members of the Virginia Retirement System, Normal Retirement Age is defined as the range of ages from 50–64 with 30 or more years of creditable service; or the range of ages from 65–70½ with five (5) or more years of creditable service. For members of the Judicial Retirement System, Normal Retirement Age is defined as the range of ages from 60–64 with 30 or more years of weighted creditable service; or the range of ages from 65–70½ with five (5) or more years of weighted creditable service. For members of the State Police Officers Retirement System and the Virginia Law Officers Retirement System, Normal Retirement Age is defined as the range of ages from 50–59 with 25 or more years of creditable service; or the range of ages from 60–70½ with five (5) or more years of creditable service. Creditable service is the service used to calculate your retirement benefit. For members of the Optional Retirement Plans, Normal Retirement Age is age 65; designated Normal Retirement Age may also be when the participant is at least age 55 with 5 years of service or age 50 with 10 years of service. For wage employees, Normal Retirement Age is 62–70½. Service is defined as consecutive years of salaried employment with the employer providing the Plan.

A Customer Service Associate can assist you in completing this form. Please call toll free at 1-VRS-DC-PLAN1 (1-877-327-5261).

I understand the following provisions of the Commonwealth of Virginia Deferred Compensation Plan:

1. By making this Normal Retirement Age election, I am setting the time frame during which I may use the Standard Catch-Up.
2. I cannot use the Standard Catch-Up in the calendar year in which I reach the Normal Retirement Age I elect.
3. I may use the Standard Catch-Up in the year I retire, if my retirement occurs in one of the three (3) calendar years immediately prior to the year in which I reach the Normal Retirement Age I have designated here.
4. If I continue to work during the calendar year in which I reach my Normal Retirement Age and beyond, I understand that I may continue to contribute up to the regular contribution limit, including the age 50+ Catch-Up contribution, during the years I remain in service.
5. The Normal Retirement Age I have elected cannot be earlier than the age at which I am eligible to immediately retire with unreduced retirement benefits based on provisions of my retirement plan.
6. I realize this election can only be made once and this election is irrevocable once I make any contribution greater than the contribution limit that would otherwise apply to me.

I hereby elect age _____ as my Normal Retirement Age under the Commonwealth’s Deferred Compensation Plan. I will attain this age in _____ (year). I will have _____ years of service with my employer on the date of my Normal Retirement Age.

**The total pre-retirement Catch-Up credit for which I am eligible is \$ _____.
(This is the total of Column 9 on the Catch-Up Credit Worksheet)**

I am currently purchasing VRS prior service credit on a pre-tax basis? Yes _____ No _____.

If yes, \$ _____ per year

Social Security Number (Last Four Digits): ***-**-_____ Date of Birth: _____

Print Name: _____ Telephone: _____

Signed: _____ Date: _____
Participant

Signed: _____ Telephone: _____
Payroll Officer Signature

Fax: _____

Payroll Officer Email Address _____ Agency Name & Number _____



**Commonwealth of Virginia Deferred Compensation Plan
Payroll Authorization Form — Standard Catch-Up**

This form must be accompanied by the Normal Retirement Age Election form and the Standard Catch-Up Worksheet (Forms are found on www.varetire.org under the Defined Contribution Plans tab.)

General Information:

Name: Last	First	Middle	Employee Number
Home Address: Number & Street			
City *** - ** -	State / /	Zip Code ()	
Social Security Number (Last Four Digits)	Date of Birth (Mo./Day/ Yr.)	Work Phone	

Payroll Information:

Complete this section to change your contribution amount. You can also change your amount via the website (www.varetire.org) or by calling a Customer Service Associate at 1-VRS-DC-PLAN1 (1-877-327-5261). Please note your contribution change will be effective as soon as administratively possible in the month following the month the form is received or the change is made online or by phone.

Please select the method of change: Online Phone

Agency Name/Employer	Agency Number	
Work Location \$	\$	\$
Current Contribution per Pay Period	New Contribution per Pay Period	Annual Salary

For assistance completing this form, you may contact a Customer Service Associate at 1-VRS-DC-PLAN1 (1-877-327-5261).

Signature:

Participant Signature	Date	
Payroll Officer Signature	Date	
Payroll Officer Name (Please print)	Phone	Email

Please give a copy of this form to your agency’s Payroll Office. Mail the original to:

**Virginia Retirement System
Defined Contribution Plans
P.O. Box 2500
Richmond, VA 23218-2500**