

City of Hampton Retirement Fact Sheet

VRS – www.varetire.org

VRS Payments:

- Your retirement date must be the first of a given month.
- Direct deposit is required – retirement payments are made in “arrears”. Payments are deposited on the first of the “following” month (if the first day of the month falls on a weekend or a holiday, the deposit is the last business day prior to the weekend or holiday). Example: if you retire on March 1st, your March benefit will be paid on April 1st.
- If you elect an option with a **PLOP** (partial lump sum), that amount can be rolled over to an IRA or your 457 account. If paid to you it will be paid out approximately 2 – 3 weeks **after** you receive your first monthly benefit payment. 20% Federal taxes and 4% state taxes will be withheld from any PLOP payments made directly to you. Be sure to return the **PLOP confirmation form to VRS ASAP!**

Life Insurance:

- Your Basic life insurance continues in retirement at no cost to you. It starts at a value of approximately twice your annual salary and begins to decrease by 25% per year starting the January following your first **full** calendar year of retirement and continues to decrease until it reaches 25% of its value at retirement.
 - Example: your base salary at retirement is \$40,000 and you retire on July 1, 2012.

▪ Value at retirement:	\$80,000
▪ Jan. 1, 2014 value:	\$60,000
▪ Jan. 1, 2015 value:	\$40,000
▪ Jan. 1, 2016 and future value:	\$20,000
- Optional life insurance for yourself and/or your dependents can be converted upon retirement if you/they have had continuous coverage for at least 60 months immediately preceding retirement and you elect the coverage within 31 days of terminating employment.

Medical and other Benefits:

- If you/your family are covered under the City’s medical insurance at retirement, you may continue coverage on those members or just yourself in retirement. Rates are based on the total employee rate plus a 20% surcharge (this rate is lower than it would be if rates were based on the “claims experience” within the retiree coverage group).
- The City’s contribution for your insurance is based on the number of years of **continuous coverage** (under the health plan) you and your dependents have at retirement (5% of the City’s contribution/year of coverage). If you pass away, your dependents may continue coverage under the plan but the City’s contribution will be reduced. If you drop medical coverage on yourself at retirement you are not able to pick it up again at any time in the future.
- At this time, medical insurance premiums for those eligible, are deducted from HERS checks or paid “over-the-counter” (or a combination of both) to “The City of Hampton” in Finance. At present, we are not able to have the premiums deducted from the VRS checks.
- Dental insurance and Vision coverage are not available to retirees however; you may continue coverage for up to 18 months through Cobra.
- 457/ICMA deferred contribution savings accounts offer many options to you upon retirement. You may elect regular “withdrawals” (monthly, quarterly etc.) or you may decide to leave your money invested until some point in the future. We recommend you speak with our ICMA plan advisor prior to retirement.

Benefit Time Payout:

- Your **final** paycheck will be issued on the City's regular payroll cycle. Your payout of eligible accrued benefit time will be paid out no later than the **following** regular paydate (in a separate direct deposit payment) or rolled into (all or part) your 457 ICMA Savings (see "Disposition of Final Pay" form).
- For employees who have been employed by the City for at least 5 continuous years of service, upon retirement, sick leave payout is: up to a maximum of 720 hours at an hourly rate computed by taking 50% of your base annual salary on the date of retirement, and dividing it by 2080 hours (to get an hourly rate).

Miscellaneous:

- **Documents you will need:** your birth certificate; depending on the retirement option you choose, you may also need to provide your spouse's birth certificate.
- **Forms available online:** All of the VRS and HERS retirement forms are provided on the websites listed on this sheet.
- **Tax changes and direct deposit changes may be made at any time.** We recommend keeping any old accounts open until you confirm that changes to receive deposits in new accounts have been made.
- **Taxes:** We cannot provide you legal tax advice. While we can provide withholding information based on the amounts paid from HERS and VRS, we urge you to seek the advice of a professional tax advisor.
- **At this time:** Once you retire, the City's retirement office no longer has access to your VRS information. We can however assist you with filling out any VRS forms, which are also available online.
- **Prior VRS Refunded Service:** If you have received a refund for any VRS service in the past, please be aware - that service is still included in the VRS Offset portion of the HERS benefit calculation if such service is creditable with HERS.

HERS – <http://hampton.gov/finance/>

HERS Payments:

- Direct deposit is required – payments are made in "arrears".
- Payments are deposited on the last day of the month (if the last day of the month falls on a weekend or a holiday the deposit is made on the last business day prior to the weekend or holiday).

HERS Forms Required

- HERS Application
- Direct Deposit Form with voided check
- Tax Form
- Birth Certificate
- Medical Enrollment & Election forms (if applicable)
- Disposition of Final Pay Election form

The HERS Handbook is available online at the website: <http://hampton.gov/finance>

VRS Forms Required

- VRS Application
- VRS Beneficiary Designation Form
- Tax Form
- Direct Deposit Form with voided check
- Birth Certificate

The VRS website has valuable information available to employees & retirees: www.varetire.org