

Department of Accounts

Payroll Bulletin

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The Payroll Bulletin is published periodically to provide CIPPS agencies guidance regarding Commonwealth payroll operations. If you have any questions about the bulletin, please call Cathy McGill at (804) 371-7800 or Email at cathy.mcgill@doa.virginia.gov

State Payroll Operations

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Update to Virginia Provider Network

Virginia Group Benefits, Inc.

FBMC has notified us that Virginia Group Benefits, Inc., a provider of various types of miscellaneous insurance products, will be leaving the Virginia Provider Network as of 12/31/10. The company will notify participants by mail that they will need to find replacement products.

Clarification on Instructions for Deferring the Bonus

Bonus Deferral Clarification

When an employee is receiving a large lump-sum additional compensation, such as a bonus, along with regular earnings, the amount indicated on the One-Time Deferral form is to be added to the regular pay period deferral. VRS will be modifying the One-Time Deferral form to include the following language :

“If the one-time contribution is being paid at the same time as your regular pay the amount you enter here will be contributed in addition to your regular on-going deferral.”

The FAQ’s and Payroll Bulletin provided a November 12, 2010 deadline for submission of the One-Time Deferral form to give employees a target date. However, if your agency wishes you can accept the form after this deadline as long as it provides sufficient time to process the appropriate deduction override.

VRS Refund Rules for Contract Employees

Break In Service: Teachers and Contract Employees

Refunds are payable no earlier than one full calendar month from an employee's last day of employment. The one-full-calendar month break in service must take place over a period he or she normally would work. For teachers and other contract employees, summer breaks or intersession periods do not count toward this break in service. Employees cannot receive a refund until your payroll indicates that they have terminated all full- and part-time employment. Please mark these employees as terminated, not inactive, on your September VRS payroll report.

Example: Jim leaves his teaching position at the end of the school year in June and wants to take a refund. The clock for his one-full-calendar month break in service will begin September 1. Following receipt of his employer's payroll in October for the month of September, VRS will be able to process his refund application. His application should be processed within 45-60 days from that point. The refund application should be submitted to VRS in the month Jim is marked as terminated in your VRS payroll report.

General Refund Reminders

- Before receiving a refund, employees must leave all employment with a VRS-participating employer, including non-covered employment. For example, an employee who works in a covered position and a wage position would have to leave both jobs in order to receive a refund.
- Before receiving a refund, employees must have at least a one-full calendar month break in service from their employer before returning to a non-covered position. For example, an employee who leaves a covered position for a wage position with the same employer without a break in service is not eligible for a refund. The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers.
- Employees in Plan 1 and Plan 2 who are vested (they have at least five years of service credit) are eligible for a full refund of their member contribution account balance. Non-vested Plan 1 employees are eligible only for a refund of any contributions made by their employers prior to July 1, 2010 and the interest on these contributions. Non-vested Plan 2 employees are eligible only for a refund of employee-paid contributions plus accumulated interest. Taking a refund cancels an employee's membership and eligibility for any future benefits. Employees covered under Plan 1 who leave employment and withdraw all their funds will be rehired under Plan 2 if they return to covered employment with no service credit in VRS or no account balance in a Virginia optional retirement plan.

Copied from VRS Employer Update October 2010