

To: The Honorable Lacey Putney
From: Officer Steve Morris
Subject: State Retirement

Thelma Drake

First I would like to thank the committee for working on a study of state retirement benefits. I would like to offer some comments on the VALORS retirement system.

VALORS is very important to all Correctional Officers and has many benefits including less turnover and higher moral among staff. VALORS will allow Officers to retire early after working many years in Virginia's prisons. One change I would like to see done to VALORS is to make the supplement run until ages 67 like it does for SPORS and for LEOS. Currently the supplement ends at age 65 and the D.O.C. loses many employees to regional jails and such due to the better retirement plan. With the opening of a new jail soon in Augusta County and it could potentially take many employees from the local D.O.C. facilities.

Another change that would be beneficial to the employees and the state would be to remove the age limit off of the plan. This way the state would retire out many of its higher paid and older employees and replace them with lower paid and younger more healthy employees. This is a win win situation and many corporations do this on a regular basis to save money and to take the strain off of the health care system. Example would be if an officer that has been employed for the D.O.C. for 25 years but has not reached age 50 yet cannot retire currently. This employee makes an average of 15 - 20 thousand more dollars per year than a new hire. And that same employee uses much more of his health benefits than a younger replacement. Also long term employees have built up much more vacation time and are therefore not actually on the job as much as the younger and lower paid employees. So it only makes sense to retire these employees out and replace them. By removing the age limit this will accomplish this!!

One other change could be to allow employees to use their built up sick leave balances or disability credits to buy years of age. Currently an employee can purchase years of service but cannot use these credits to add to there age if they are not actually at the retirement age. This change would allow people to retire out at an earlier age also.

Please consider these recommendations and the benefits to the state and to the employees that they would bring.

Thank you,
Officer Steve Morris

S.A. Morris

HOW TO COMPUTE THE WTA RETIREMENT CREDIT

Using the VRS-11 worksheet, you must first compute the value of the severance benefit payable. The amount of the benefit depends on how many years of service credit the member has:

Years of Service	Amount of Severance Benefit
2 or less	4 weeks of salary
3-9	4 weeks of salary, plus 1 additional week for every year of service over 2
10 - 14	12 weeks of salary, plus 2 additional weeks for every year of service over 9
15 or more	2 weeks of salary for every year of service, not to exceed 36 weeks

EXAMPLE:

(1) Value of Severance Payment:

The following example assumes a salary of \$52,000 a year (\$1,000 a week) and 10 years of service:

Years of Service	Weeks of Pay	Weekly Rate of Pay	Total Value of Severance Pay
10	12 weeks + 2 weeks for every year over 9 years of service	\$1,000	\$12,000 + (2 x \$1,000) = \$14,000 (a)

(2) Value of Benefits:

Health Insurance (use current rates based on employee's coverage at the time of separation to determine value of 12 months of coverage from time of retirement)

$$12 \times \$544.00 \text{ employer monthly premium rate} = \$6,528.00 \text{ (b)}$$

Life Insurance (Use current rate at time of separation)

$$\text{Premium rate } \$0.0098 \times \$52,000 = \$ 509.60 \text{ (c)}$$

$$\text{Total value health and life insurance benefits} = \$7,037.60 \text{ (b+c)}$$

(3) TOTAL VALUE OF SEVERANCE PACKAGE (Severance Pay Plus Benefits)

Value of Severance Pay	(1)	\$14,000.00 (a)
Value of Benefits	(2)	+ \$ 7,037.60 (b+c)
TOTAL	(3)	\$21,037.60 (a+b+c)

(4) COMPUTING THE RETIREMENT CREDIT

Determine cost for each year to be purchased by multiplying 15% by annual salary amount.

$$.15 \times \$ 52,000 = \$7,800 \text{ (d) cost for each year to be purchased}$$

Determine number of years eligible for purchase by dividing total value of severance package (3) by cost per year to purchase.

$$\$21,037.60 \div \$7,800 = 2.70 \text{ (rounded to 3) years retirement credit (e)}$$

(5) COMPUTING EMPLOYER COST

$$\text{Years of retirement credit (d) } \times \text{ (e) } \$7,800 \times 3 = \$23,400.00 \text{ total employer cost to be paid to VRS}$$

$$\$23,400.00 \div 52 = \$450.00 \text{ a week}$$

State Health Benefits Program

Effective July 1, 2004 - June 30, 2005

For Active Employees and Participants Not Eligible for Medicare

	Single	Self and Spouse	Self and Two or More
COVA Care			
Employee Pays	\$32	\$80	\$113
Employer Pays	\$302	\$539	\$790
Total Premium	\$334	\$619	\$903
COVA Care Plus Out-of-Network			
Employee Pays	\$40	\$91	\$127
Employer Pays	\$302	\$539	\$790
Total Premium	\$342	\$630	\$917
COVA Care Plus Expanded Dental			
Employee Pays	\$42	\$99	\$145
Employer Pays	\$302	\$539	\$790
Total Premium	\$344	\$638	\$935
COVA Care Plus Vision, Hearing and Expanded Dental			
Employee Pays	\$49	\$112	\$159
Employer Pays	\$302	\$539	\$790
Total Premium	\$351	\$651	\$949
COVA Care Plus Out-of-Network and Expanded Dental			
Employee Pays	\$50	\$110	\$157
Employer Pays	\$302	\$539	\$790
Total Premium	\$352	\$649	\$947
COVA Care Plus Out-of-Network and Vision, Hearing and Expanded Dental			
Employee Pays	\$57	\$123	\$173
Employer Pays	\$302	\$539	\$790
Total Premium	\$359	\$662	\$963
Kaiser Permanent HMO			
Employee Pays	\$50	\$80	\$120
Employer Pays	\$302	\$539	\$790
Total Premium	\$352	\$619	\$910

Employee, Employee on Military Leave, VSDP Short-Term Disability: Pays the Employee amount

Retiree Group Not Eligible for Medicare (Retirees, Survivors, VSDP Long-Term Disability): Pays the Total Premium (VRS-administered health insurance credit may apply)

Extended Coverage (COBRA) Participant: For 18 or 36 months, pays the Total Premium + 2%; for 19 to 29 months of disability, pays the Total Premium + 50%.

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