

# Voluntary Retirement Incentive (VRI) FAQ

## 1. What is the Voluntary Retirement Incentive (VRI)?

The Voluntary Retirement Incentive (VRI) allows eligible employees of the Executive Branch to receive a payment in the amount equal to two times (2X) their annual longevity amount, to a maximum payment amount of \$40,000, if they are eligible for full retirement on or before December 31, 2017 and they elect to retire within the enrollment periods established under the VRI.

## 2. Am I eligible to participate in the VRI?

You are eligible to participate if you are a state employee in the Executive Branch who meets all the following criteria:

- You must be actively employed with the State of Rhode Island on October 6, 2017 – the date of the State’s retirement incentive announcement – and you must have been in continuous employment for at least one year immediately preceding October 6, 2017. Employees who are on authorized leave or who have been on authorized leave in the past year will be considered eligible for the VRI, provided they otherwise meet eligibility criteria. Employees who have previously retired from the state and returned to service with the state are not eligible for the incentive.
- You must be an active member in ERSRI and will have achieved your Full Benefit Retirement Eligibility Date on or before December 31, 2017. Your Full Benefit Retirement Eligibility Date is the date you are entitled to retire under ERSRI and receive full benefits based on your service, without any reduction in benefits. Members eligible to retire with a reduced pension benefit on or before December 31, 2017 are **not eligible** for the incentive.
- Only those employees with a longevity amount that is calculated as a percentage additional to an employee’s salary are covered under the VRI. If you do not have a separately calculated longevity amount, for example if you are a correctional officer or sheriff, you are not eligible under the VRI.

Participation by the separately elected General Treasurer, Secretary of State, Attorney General and Lieutenant Governor offices will be determined by their respective general officers. State Police and Judges who participate in the State Police and Judicial Retirement Benefits Trusts are not eligible for a VRI.

## 3. How will I be notified if I am eligible to participate in the VRI?

You will have received an announcement letter and a decision packet if the initial review of the State’s records indicate that you may be eligible. If you do not receive a letter and decision packet by November 10, 2017 and think you are eligible based on the VRI criteria, please contact the Division of Human Resources at 401-222-2160 or [doa.hrcontact@hr.ri.gov](mailto:doa.hrcontact@hr.ri.gov).

## 4. How soon can I elect to receive the incentive?

An employee who meets the eligibility criteria and who receives eligibility confirmation from ERSRI may elect to retire and receive the VRI at any time after November 1, 2017. Deadlines for submitting applications and effective retirement dates are set forth in FAQ #11. Eligible state employees are divided into three categories to ensure retirement applications can be processed in a timely manner and all eligible employees who want to participate can obtain the information they need to make an informed decision by their respective deadlines.

**5. Am I eligible for the VRI if I have already given notice of my intention to retire but continue to be an active employee after October 6, 2017?**

Yes, an active employee who satisfies the eligibility requirements by December 31, 2017, may participate in the VRI even if he or she has already given notice of his or her intention to retire, provided that their Full Benefit Retirement Eligibility Date is on or before December 31, 2017.

**6. What is the incentive benefit under the VRI?**

If you are eligible for the incentive and you elect to retire within the enrollment periods described below, you will receive a one-time payment in the amount equal to two times (2X) your current annualized longevity amount to a maximum payment amount of forty thousand dollars (\$40,000.00) (the "Incentive Payment"). The amount of the incentive to which you are entitled under the VRI will be communicated to you with the VRI enrollment materials.

**7. I would like to participate in the VRI. When will the incentive benefit be paid?**

The Incentive Payment will be paid within 30 days of the employee's effective retirement date, as elected by the employee in the VRI Application and Agreement.

For employees entitled to 20% longevity and who are in the first Enrollment Period ending January 15, 2018, if the employee makes his or her election to retire on or before December 1, 2017, and selects a retirement date on or before December 29, 2017, the Incentive Payment will be made to the employee on or before December 29, 2017. This early election period is being provided to assist those employees who may be able to save on FICA taxes if their incentive payment is received before December 31, 2017.

**8. How does this incentive affect my pension?**

The incentive does not affect your pension benefit. Your pension benefit is exactly the same with or without this incentive. This one-time payment is solely an incentive payment, and it will not change your pension benefit.

**9. How does this incentive affect my TIAA defined contribution plan?**

The incentive does not affect your TIAA defined contribution plan. Your incentive benefit is not considered eligible compensation under the defined contribution plan and no contributions will be made to the plan based on your incentive payment.

**10. How do I get a pension estimate or find out more information about my retirement benefits?**

You may review your pension benefit estimate online using the ERSRI benefit calculator available at <http://content.ersri.org/active-member-log-in/>.

Employees interested in the VRI program should request an eligibility determination by following two steps:

1. Complete the short online form at: <http://www.ersri.org/vri>.
2. Once you fill in the online form, you will receive a link to a .PDF which must be completed and returned to ERSRI.

ERSRI will then process and send you a validated eligibility determination, pension benefit estimate and retirement paperwork.

### **11. When is the election period for the incentive benefit and when does my effective retirement date have to occur?**

In order to implement the VRI in an orderly fashion and provide ERSRI with the necessary time to process retirement applications, the incentive program will be offered to employees in stages in accordance with their longevity entitlements:

- 20% Longevity Recipients: If you are entitled to longevity at the 20% level you must submit written notice of your election to retire under the VRI on or before January 15, 2018 and you must designate a retirement date effective on or before February 15, 2018.
- 17.5% and 15% Longevity Recipients: If you are entitled to longevity at the 17.5% or 15% levels you must submit written notice of your election to retire under the VRI on or before February 15, 2018 and you must designate a retirement date effective on or before March 15, 2018.
- 10%, 7.5% and 5% Longevity Recipients: If you are entitled to longevity at the 10%, 7.5% or 5% levels you must submit written notice of your election to retire under the VRI on or before March 15, 2018 and you must designate a retirement date effective on or before April 15, 2018.

Exceptions extending these retirement dates may only be made on an individual employee basis upon application by your respective Agency Director with the written consent of the employee, Director of Administration and the Executive Director of Human Resources/Personnel Administrator. In no event shall the retirement date be extended later than June 30, 2018.

### **12. How can I be sure what my percentage longevity amount is?**

The enrollment materials you receive as part of your VRI plan notice will provide you with the percentage amount of your longevity and the dollar amount of your VRI.

### **13. I am going to participate in the VRI program. What do I need to do to retire and receive my pension?**

If you follow the process set forth in FAQ #10, your eligibility and pension benefit estimate will be sent to you by ERSRI with a Retirement Documents Checklist and all of the necessary forms to retire. These forms **must** be completed and returned to ERSRI prior to your retirement date.

For the purposes of payment of your ERSRI pension, your retirement will become effective on the first day following your date of termination or the first day of the month your retirement application is received by ERSRI, whichever is later. In other words, if your termination date is January 31st and your retirement application is not received until March, you will not receive a pension payment for the month of February. It is important to submit your necessary forms in a timely manner.

**14. I am going to participate in the VRI. How long will it take to get my first pension payment?**

Due to the increased volume of retirement requests, we anticipate delays in pension processing. ERSRI will make every effort to process these requests as quickly as possible. However, it may take 3-4 months to receive your first pension payment. Your first payment will include pension payment amounts retroactive to your retirement date.

**15. I am going to participate in the VRI. However, I have unused vacation time. How will my entitlement for unused vacation pay be calculated?**

The VRI will not impact how unused vacation pay is provided to a retiring employee. For information regarding adjustments to the current accrual year balances, go to <http://www.hr.ri.gov/stateemployee/new/>.

**16. Can I remain employed until I've used all of my vacation time and still participate in the VRI?**

To qualify for the incentive payment, the effective date of your retirement must be in accordance with the retirement deadline specified in your documentation. If utilization of your vacation time causes your retirement date to fall outside of that deadline, you cannot receive the VRI.

**17. I am going to participate in the VRI. However, I have unused sick time. How will my entitlement for unused sick pay be calculated?**

The VRI will not impact your entitlement for payment of unused sick leave upon retirement. For information regarding payment of accrued sick leave, see the provisions in your [union contract](#) or the [Personnel Rules](#).

**18. If I elect the VRI, how will it affect my retiree health benefits?**

The rules governing retiree health benefits remain the same during the incentive period.

**Subsidy:** State retirees will receive an 80% subsidy, provided they have at least 20 years of state service and are at least 59 years of age. If a retiree enrolls in state-sponsored retiree health coverage prior to age 59, they will be required to pay the full cost of the coverage and the 80% subsidy will become effective for the month in which they turn 59. Retiree contributions for non-Medicare-eligible (pre-65) coverage are deducted from ERSRI pension checks.

**Medicare:** Retirees are required by statute to enroll in Medicare when they're first eligible to participate in state-sponsored retiree health coverage. Initial Medicare eligibility is generally at age 65 but can be later if the individual is covered by employer-sponsored group health coverage due to their own or their spouse's employment. Enrollment in basic Medicare is completed with the Social

Security Administration. The State sponsors a Medicare exchange program where retirees have access to many different Medicare supplement plans (Medigap), Medicare Advantage plans and Part D prescription drug plans. For Medicare-eligible retirees that have at least 20 years of state service, the State will subsidize 80% of the cost of a benchmark Medigap plan and allocate that amount monthly to a health reimbursement arrangement (HRA) administered by the State's third-party exchange vendor, currently OneExchange. The retiree must purchase either a Medigap plan, a Medicare Advantage plan and/or a Part D prescription drug plan through OneExchange to receive the HRA. HRA allocations can be used to pay for qualified medical expenses.

Please visit [www.employeebenefits.ri.gov](http://www.employeebenefits.ri.gov) for further details on retiree health benefits and retiree health informational sessions.

**19. If I am not entitled to receive retiree health benefits under the State's program, what are my health benefit coverage options?**

If you and/or your dependents are covered under the State's health insurance plan, you will be eligible to elect coverage under COBRA (the Consolidated Omnibus Budget Reconciliation Act). COBRA is a federal law which allows employees and their covered dependents who are losing medical coverage to purchase health insurance from their former employer for 18 months after their date of retirement or termination from employment. Retiring state employees and their covered dependents must pay the full cost of the plan plus a 2% administrative fee to extend the state employee health plan for up to 18 months by enrolling in COBRA. COBRA information will be mailed to you from United Healthcare as soon as your termination paperwork is received by the Office of Employee Benefits.

Alternatively, you can sign up for a health plan at HealthSource RI. For more information about the state health exchange's offerings, visit [www.healthsourceri.com](http://www.healthsourceri.com).

**20. I'm a retired employee. May I return to work and "re-retire" within the window?**

No. An employee must have been in continuous employment for at least one complete year immediately preceding October 6, 2017, the date the retirement incentive was announced. Employees who retired from the State prior to October 6, 2017 or who have previously retired from the State and returned to service with the State are not eligible for the incentive.

**21. I have retired from the State and terminated my employment but have not received my first pension check yet. May I change my mind and retire within the incentive election period?**

No. To qualify for the VRI, an employee must have been in continuous employment for at least one complete year immediately preceding October 6, 2017. Employees who are on or have been on authorized leave during the period will be considered eligible, provided they otherwise meet eligibility criteria.

**22. I've signed my Pension Application form with ERSRI to begin the retirement process, but have not signed my final pension paperwork and I am still actively employed. Am I eligible for the incentive?**

Employees who have already applied to retire with ERSRI but have not completed their final pension paperwork and are still actively employed by the State are eligible to qualify for the incentive.

**23. If I choose to participate in the VRI, may I return to work full-time with the State?**

No. Any employee who participates in the retirement incentive must agree not to return to full-time employment with the State. If you return to work full-time, you will have to repay your full retirement incentive payment immediately prior to commencing re-employment with the State and suspend your pension benefit for the duration of your re-employment.

**24. If I choose to participate in the VRI, may I return to work part-time with the State?**

Generally, state retirees are not permitted to return to part-time work for the State without suspending their pension benefit for the duration of their re-employment with the State. Please see [RIGL §36-10-36](#) for information regarding exceptions to this rule. If you return to work part-time, you will have to repay your full retirement incentive payment immediately prior to commencing re-employment with the State.

**25. I am on a disability pension. May I convert from disability to a service pension and participate in the retirement incentive?**

No.

**26. May I roll over my incentive payment into my 457 deferred compensation plan?**

No. The lump sum VRI payment may not be directed into your 457 deferred compensation account. IRS rules prevent this option. Keep in mind that those interested may accomplish a similar objective by contributing to an IRA, subject to federal contribution limitations.

**27. I've decided to participate in the VRI. How will my payment check be taxed?**

Your incentive payment will be subject to state and federal income tax withholdings, as well as withholdings for Social Security and Medicare contributions.

**28. Will the incentive amount be included in computing my highest average salary used to calculate my pension?**

No. The incentive payment is not included in your highest average salary and will not affect the calculation of your pension benefits.

**29. How many employees are eligible for the VRI?**

According to the State's records, approximately 1,000 employees are eligible for the VRI.

**30. Will another similar program be offered in the future?**

This is a one-time voluntary program designed to meet the State's current and future needs. There are no plans to offer another program.

### **31. Who should I call if I still have questions?**

We strongly encourage you to review your pension benefit estimate online using the ERSRI benefit calculator available at <http://content.ersri.org/active-member-log-in/>.

Employees interested in the VRI program should request an eligibility determination from ERSRI by following two steps:

1. Complete the short online form at: <http://www.ersri.org/vri>.
2. Once you fill in the online form, you will receive a link to a .PDF which must be completed and returned to ERSRI.

ERSRI will then process and send you eligibility confirmation, a pension benefit estimate and retirement paperwork.

If you have additional questions regarding your longevity, please contact HR at 401-222-2160 or [doa.hrcontact@hr.ri.gov](mailto:doa.hrcontact@hr.ri.gov). If you have other questions regarding your retirement benefits at ERSRI, please call (401) 462-7600 or visit [www.ersri.org/contact-ersri](http://www.ersri.org/contact-ersri).