Virginia Retirement System

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Subject: W-2 Imputed Income Reporting for Group Life Insurance Eligible ORP Retirees

Dear ORPHE Employer:

Employers who have former participants covered under an optional retirement plan that meet the age and service requirements to receive coverage under the VRS Group Life Insurance Program must provide these participants with a W-2 showing the amount of their 2019 imputed income.

Imputed income is the value of life insurance in excess of $50,000, as determined by the Internal Revenue Service. Employers can refer to the VRS Employer Manual, Group Life Insurance Chapter for information on reporting imputed income for group life insurance eligible participants.

In accordance with the VRS policy change effective January 1, 2017, terminated ORP participants are no longer required to maintain a plan account balance to qualify for group life insurance benefits. ORP participants must meet the age and service requirements for reduced or unreduced retirement under the VRS plan for which the employee would have been eligible, based on hire date, had the employee not elected ORP.

Participants who may be dually retired under a VRS defined benefit plan and an ORP should not be taxed for the ORP portion of their retirement benefits. The VRS defined benefit plan will issue W-2 statements for dually employed participants. Employers should review their list of group life insurance imputed income tax eligible retirees to determine if any of your participants are deceased. Presently, death date information can be found in the Demographics section under each participant's consolidated view in myVRS Navigator.

In addition, employers may request a copy of the organization's **GASB Report** in myVRS Navigator to assist in validating the list of terminated ORP participants in 2019.

The following steps should be completed to generate the report:

1. Navigate to the **Report Repository** in myVRS Navigator.
2. Type "%**GASB**%" in the **Report Name** field, click **Search.**
3. Enter the applicable **Confirmation Start Month/Year** and **Confirmation End Month/Year** in the **Report Parameters. NOTE:** The report will generate results through the most recently confirmed snapshot month.
4. Check box to request as Excel in the **Report Details.**

Please note the report runs overnight and should be available the next day to download. You can download and filter the Excel version by "**ORP**" plan type that will list your population of terminated ORP participants by first and last name and include information related to their original VRS employment start date, end date, job name and employment status. The report does not include information related to employee salary or creditable compensation at the time of separation.

If you are not sure of the current value of life insurance for one of your ORP retirees, please email Cassandra Coles, Beneficiary Payments Policy Administrator, at ccoles@varetire.org.

Please visit the ORPHE website for more information related to group life insurance and other benefits.

If you have any questions, you may also contact us at orphe@varetire.org. Thank you.

Sincerely,

VRS Defined Contribution Plans