

Employee Payroll Deducted Contributions to the Virginia Retirement System (VRS)

Regular, full-time City employees who are not firefighters and police officers participate in the Virginia Retirement System (VRS) for retirement benefits. Membership begins with the first “full” month that employees work in a VRS covered position. The first month of employment is considered to be a full month for VRS purposes if employees start work on or before the 15th of that month.

Employees who begin work in a VRS covered position on or after July 1, 2010, are considered to be VRS Plan 2 members. VRS Plan 2 member contribute four percent to help fund their future retirement benefits with VRS.

Contributions are Deducted for 24 Pay Periods

VRS contributions are deducted for the first two pay periods of each month. A pay period is a two week period that starts on a Saturday and ends on a Friday. Employees receive their pay check one week after the pay period ends.

Some months have a third pay period that ends during the month. VRS contributions are not deducted for the third pay period of any month. Typically, the check for this third pay period is dated early in the following month. Typically, there will be two pay periods each year that are the third pay period of the month. For this reason, VRS contribution deductions are made for 24 of the 26 pay periods each year.

Since contributions are deducted from only 24 pay periods out of the 26 pay periods in a year, the contribution amount deducted for each pay period is calculated as follows:

Annualized base salary [excludes overtime, shift differential, bonuses, and special pay]

Multiplied by four percent (4%)

Divided by twenty-four paychecks

The 2011 list of Pay Periods & Pay Dates indicates the pay periods ending April 29 and September 30 are free of VRS deductions because they are the third pay period of that month. The pay dates for these two pay periods are May 6 and October 7.

Some Employees May Have a Double VRS Deduction for One Pay Period

Some employees who begin work on or before the 15th of the month, may not receive a pay check for the first pay period of the month due to the timing of their first day of work and the payroll deadlines. These employees are still required to contribute to VRS for the first two pay periods of that month. In order to make two VRS contributions for their first month, they will have a double VRS contribution deduction in the second pay period of the following month.

Employees can consult the list of Pay Periods & Pay Dates from the Human Resources Department to determine which paycheck will include the second deduction.

The City also contributes to the VRS for employees. The City contributes one percent toward the member contribution account for Plan 2 participants plus an additional amount designated as the employer contribution. The employer contribution rate in FY 2011 is 7.78 percent.

Example 1:

Employees who begin work in a VRS covered position after March 31 and before April 16, 2011, will receive VRS service credit for the month of April. If they do not receive pay checks for the first two pay periods of the month of April, they will have a double VRS contribution deduction for the pay period ending May 27. This will be reflected in the pay check dated June 3.

Example 2:

Employees who began work in a VRS covered position sometime after April 15, but before May 1, will not be covered by VRS for the month of April. Their VRS coverage begins in May and they will have no deductions for the pay periods with ending dates of April.