

Portability of Retirement Benefits

What does portability of benefits mean?

When your benefits are portable, it means if you leave your job and go to work for another employer, you can transfer the present value of your benefits to your new employer's retirement plan.

Which public retirement plans in Virginia are eligible to enter into portability agreements?

Virginia Retirement System (VRS) has service portability agreements with the following Virginia public employers: county of Fairfax and cities of Charlottesville, Danville, Newport News, Norfolk, Richmond, and Roanoke.

Who is eligible?

If you move to a VRS-covered position from a non-covered position with an employer that has a portability agreement with VRS, you may be eligible to transfer retirement assets from the former employer's plan in exchange for VRS service credit.

To be eligible:

- You must make the request within 18 months of beginning VRS-covered employment.
- You must have been vested with the former employer's retirement plan at the time of termination.

Who is not eligible for portability?

Members who were not vested in the retirement plan of their former employer at the time they were terminated, even though the employer has a reciprocal agreement with VRS, are not eligible; nor are members who took refunds of their contributions. An employee whose benefits are subject to an attachment, such as an Approved Domestic Relations Order (ADRO), spousal, or child support is also not eligible.

When must I make the decision to transfer my benefits?

Newly hired employees have 18 months from the date they are hired to have service credited under portability. This is your only opportunity to choose portability. If you do not act within the 18 months, you will forfeit your eligibility to participate.

Will I be credited with the same amount of service I had with my former plan?

The actual amount of service credit you receive may be equal to or less than the actual service you accumulated under your former employer's plan. If not all service transfers, you may be eligible to purchase up to four years of the remaining service credit as non-ported service.

Are there any tax consequences of porting my benefits from my former employer to VRS?

You pay no taxes on the value of the benefit at the time of transfer; however, when you begin receiving a retirement benefit, or if you leave your job and take a refund, you may be subject to state and federal income taxes.