WTA Transitional Severance Benefits
Fast Facts

What is the WTA?

The Workforce Transition Act (WTA) of 1995 provides transitional severance benefits to state employees involuntarily separated in a layoff due to a budget reduction, agency reorganization, workforce downsizing or other cause unrelated to job performance or misconduct.

Who is eligible?

- Full-time, classified state employees and qualifying part-time salaried state employees covered by the Virginia Personnel Act;
- Faculty and administrators of the state's public colleges and universities;
- Full-time, restricted state employees in grant-funded positions, as defined in the Catalog of Federal Domestic Assistance if the provider of funding assumes financial responsibility for benefits;
- Full-time, salaried employees of the following agencies who are exempt from the Virginia Personnel Act:
  - State Corporation Commission;
  - State Lottery Department;
  - Virginia Retirement System;
  - Virginia Workers' Compensation Commission.

  Note: If the employee voluntarily resigns or retires from state employment, the employee is not eligible for benefits under WTA.

What are the WTA options?

- **WTA Cash Severance Benefit.** The employee receives severance payments determined by the amount of continuous state service. The employee also receives continued employer contributions toward health insurance and group life insurance premiums for up to 12 months from the layoff date. VRS, SPORS and VaLORS members, upon meeting age and service requirements, may elect to receive retirement benefits at any point following the date of layoff without affecting the cash severance benefits.

OR

- **WTA Additional Retirement Credits.** VRS Plan 1, Plan 1 and Plan 2 SPORS and VaLORS members who are age 50 and vested (at least five years of service credit) may be eligible for WTA retirement credits in lieu of the cash severance benefits. After addition of the credits, VRS Plan 1 members must be at least age 50 with 10 years of service credit or at least age 55 with five years of service credit. VRS Plan 2 and Hybrid members must be at least age 60 with five years of service credit without the addition of the credits.

  Note: Employees who are part-time salaried or part-time restricted, participate in an optional retirement plan, defer retirement or retire on disability are not eligible for the WTA additional retirement credits.

Cash Severance Option

An employee who is not eligible for retirement under WTA or who chooses not to retire at the start of, during or immediately following the 12-month layoff leave period, may elect this option.

Severance Payment

Years of Continuous State Service	Amount of Benefit
2 years or less	4 weeks salary*
3 - 9 years	4 weeks salary* plus an additional week for every year over 2
10 - 14 years	12 weeks salary* plus 2 additional weeks for every year over 9
15 years or more	2 weeks salary* per year not to exceed 36 weeks of salary

* Determine the employee's weekly salary by dividing the annual salary by 52. Payments for employees on a 9-, 10- and 11-month basis are calculated using the same formula as employees compensated on a 12-month basis.

- The maximum severance payment is 36 weeks of salary.
- Agencies make payments through their payroll systems.

Health Insurance

- The state continues to contribute to and pay the employer share of the active health insurance premium for up to 12 months from the date of layoff.
- At end of the layoff period, the employee may continue coverage under Consolidated Omnibus Budget Reconciliation Act (COBRA) for up to 18 months.

Life Insurance

Basic

- The state continues to contribute to the employee's active basic group life insurance coverage on behalf of the employee for up to 12 months from the date of layoff.

CONTINUED	• At end of the layoff period, the employee may convert coverage within 31 days, if the employee is not eligible for continued group coverage under applicable retiree provisions. • The employee is reported to VRS as on Leave Without Pay (LWOP) - Layoff status. • The employee should submit a VRS-11A.
Optional	• The employee pays premiums directly to Securian Financial to continue pre-layoff coverage level for up to 12 months from the date of layoff. Coverage ends if the employee does not pay premiums. • At the end of the layoff period, the employee may convert coverage within 31 days or, if eligible, continue optional life coverage under retirement provisions.

Virginia Sickness and Disability Program (VSDP)

Not on disability	• Coverage stops at the start of the layoff period.
Short-term disability (STD)	• Severance and short-term disability (STD) benefits are payable concurrently. • The STD payment is offset by the severance payment. The offset is calculated based on the gross STD payment and the gross severance payment. • When the severance payment period ends, VSDP disability payments resume according to the normal VSDP payment schedule if the employee is still considered to be disabled. • Time spent on LWOP-Layoff counts toward the 125 calendar days of STD. • If an employee on STD is released to return to work full-time and full duty within the year of LWOP-Layoff, VSDP benefits cease and any severance benefits remaining (group life and health insurance) continue. • An employee receiving severance and STD disability benefits continues to receive full retirement contributions and service credits while on STD. • The provision to transition to long-term disability (LTD) remains.
Transition from STD to LTD during the layoff period	• The employee continues to receive severance payments for appropriate amount and time. o Severance payments offset the VSDP LTD disability payment. o Agencies are responsible for reporting severance payments to ReedGroup. • The state continues to pay the employer's portion of health insurance under the state's active group health insurance program for the 12 months of LWOP-layoff. o The State Health Benefit Program Enrollment Form for Retirees, Survivor and LTD Participants must be submitted within 31 days of the date layoff leave ends.

CONTINUED

- The employee is not eligible to receive a health insurance credit during the 12-month period of LWOP-layoff.
- Basic group life insurance continues during the 12-month period of LWOP-layoff.
- Optional life continues at the pre-layoff coverage level for up to 12 months from the date of layoff, provided employee continues to pay premiums. The employee pays optional life premiums directly to Securian Financial.
- The employee continues to receive VRS salary and service credit while on LTD receiving severance payments.

On LTD - Working at time of layoff

- Severance and LTD payments are made concurrently
  - Severance payments offset the VSDP disability payment. The offset is determined based on the gross STD payment and gross severance payment.
  - Agencies are responsible for reporting severance payments to ReedGroup.
- The state continues to pay the employer's share for coverage under the state's active group health insurance program during the 12-month period of LWOP-Layoff.
- The employee is not eligible to receive the health insurance credit during the 12-month period of LWOP-Layoff.
- The state continues basic group life coverage for the 12-month period of LWOP-Layoff.
- Optional life continues at pre-layoff leave coverage level for up to 12 months from the date of layoff, provided the employee continues to pay premiums. The employee pays optional life premiums directly to Securian Financial.
- The employee continues to receive VRS salary and service credit while on LTD receiving severance payments.

Disability credits

- The employee has the option to convert disability credits to VRS service credit instead of receiving a payout. Credits convert at a rate of one month of service for every 173 hours of disability credits.
- If the employee has at least one hour, but less than 173 hours of disability credits, the employee receives one month of service credit.

Long-term care plan

- The employee continues coverage at no cost for up to 12 months while on layoff.
- The employee must submit the VRS-170 and VRS-171 within 60 days of the layoff leave end-date in order to continue coverage at the employee's cost.

WTA Transitional Severance Benefits
Fast Facts

Defined Benefit Plan (VRS, SPORS or VaLORS)

- The employee is reported to VRS on LWOP status unless receiving VSDP benefits.
  - Severance payments are not reported.
  - Creditable compensation is not reported.
  - Group life is reported.
- If the employee requests a refund of member contributions and interest during the 12-month layoff period, the state considers it to be a resignation and all severance benefits stop.
- The employee can apply for retirement on reaching age and service requirements:
  - VRS Plan 1 members - at least age 50 with 10 years of service credit or at least age 55 with 5 years of service credit.
  - VRS Plan 2 and Hybrid members - at least age 60 with 5 years of service credit.
  - SPORS and VaLORS members - at least age 50 with 5 years of service credit.

Defined Benefit Plan Purchase of Prior Service

- The employee may not purchase prior service credit while on LWOP-layoff.
- After-tax payroll deduction contracts stop. The employee can purchase remaining service on the contract in a lump sum prior to the layoff or can resume the purchase in a lump sum or by payroll deduction upon return to VRS-covered employment.
- Pre-tax payroll deduction contracts stop. The employee can invoke the hardship provision to purchase remaining service on the contract in a lump sum or can resume the contract upon return to a VRS-covered position.

Cash Severance and Retirement

An employee who elects to take the WTA cash severance benefit in lieu of the WTA additional retirement credit and who retires at the start of, during or immediately following the 12-month layoff leave period, can elect this option.

Severance Payment

Years of Continuous State Service	Amount of Benefit
2 years or less	4 weeks salary*
3 - 9 years	4 weeks salary* plus an additional week for every year over 2
10 - 14 years	12 weeks salary* plus 2 additional weeks for every year over 9
15 years or more	2 weeks salary* per year not to exceed 36 weeks of salary

* Determine the employee's weekly salary by dividing the annual salary by 52. Payments for employees on a 9-, 10- and 11-month basis are calculated using the same formula as employees compensated on a 12-month basis.

- The maximum severance payment is 36 weeks of salary.
- Agencies make payments through their payroll systems.

Health Insurance

- The state continues to contribute to and pay the employer share of the active health insurance premium for up to 12 months from the date of layoff.
- At the end of the layoff period, the employee may continue coverage in the State Retiree Health Benefits Program. The State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants must be submitted within 31 days of the end of the 12-month period.
- Using BES, the employer moves the employee in from active group to the retiree group at the end of 12-month period.

Health Insurance Credit

- The employee is eligible for the health insurance credit in retirement provided the employee has at least 15 years of service.
- The employee must submit a VRS-45 at retirement to obtain credit, regardless of whether coverage is under the State Retiree Health Benefits Program or another plan.

Life Insurance

Basic

- The state continues to contribute to the employee's basic group life insurance coverage on behalf of the employee for up to 12 months from the date of layoff.
- At the end of the layoff period, coverage continues as a retired member.
- The employer must submit a VRS-11A.

Optional

- The employee pays premiums directly to Securian Financial to continue the pre-layoff coverage level for up to 12 months from the date of layoff. Coverage ends if the employee does not pay premiums.
- At the end of the layoff period, the employee may convert coverage within 31 days or, if eligible, may continue optional life coverage under retirement provisions.

Virginia Sickness and Disability Program (VSDP)

Not on disability

- Coverage stops at the start of the layoff period.

Short-term disability (STD)

- Short-term disability (STD) benefits stop at the time of retirement (or earlier if the employee recovers from the disability).
- Prior to the retirement date:
  - Severance and STD benefits are payable concurrently.
  - The STD payment is offset by the severance payment. The offset is calculated based on the gross STD payment and the gross severance payment.
  - When the severance period ends, VSDP disability payments resume according to the normal VSDP payment schedule if the employee is still considered to be disabled.
  - Time spent on LWOP-Layoff counts towards the 125 calendar days of STD.

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- If an employee on STD is released to return to work full-time and full duty within the year of LWOP-Layoff, VSDP benefits cease and any severance benefits remaining (group life and health insurance coverage) continue.
- An employee receiving severance and STD disability benefits continues to receive full retirement contributions and service credits while on STD.
- The provision to transition into long-term disability (LTD) remains. An employee receiving severance and STD disability benefits continues to receive full retirement contributions and service credits while on STD.
- The provision to transition into long-term disability (LTD) remains.

Transition from STD to LTD during the layoff period

- LTD benefits stop at the time of retirement (or earlier if the employee recovers).
- Prior to the retirement date:
  - The employee continues to receive severance payments for appropriate amount of time.
    - Severance payments offset the VSDP LTD disability payment.
    - Agencies are responsible for reporting severance payments to ReedGroup.
  - The state continues to pay the employer's portion of health insurance under the active group health insurance program for the 12 months of LWOP-Layoff.
  - The State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants must be submitted within 31 days of the end date of layoff leave.
  - The employee is not eligible to receive the health insurance credit during the 12-month period of LWOP-Layoff.
  - Basic group life insurance continues during the 12-month period of LWOP-Layoff.
  - The employee continues to receive VRS service and salary credit while on LTD receiving severance payments.

On LTD - Working at time of layoff

- LTD benefit stops at the time of retirement (or earlier if the employee recovers).
- Severance and LTD payments are made concurrently.
  - Severance payments offset the VSDP LTD disability payment. The offset is determined by the gross LTD payment and gross severance payment.
  - Agencies are responsible for reporting severance payments to ReedGroup.
- The state continues to pay the employer's portion of health insurance under the active group health insurance program for the 12 months of LWOP-Layoff.
- The employee is not eligible to receive the health insurance credit during the 12-month period of LWOP-Layoff.
- Basic group life insurance continues during the 12-month period of LWOP-Layoff.
- The employee continues to receive VRS service and salary credit while on LTD receiving severance payments.

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Disability credits	• The employee may elect to convert disability credits to VRS service credit instead of receiving a payout. Credits convert at a rate of one month of service per 173 hours of disability credits. • If the employee has at least one hour, but less than 173 hours of disability credits, the employee receives one month of service credit.
Long-term care plan	• The employee continues coverage at no cost for up to 12 months while on layoff. • The employee must submit the VRS-170 and VRS-171 within 60 days of the layoff leave end date in order to continue coverage at the employee's cost.

Traditional Accrued Sick Leave Used to Purchase Service

- The employee can purchase service credit using accrued sick leave if retiring on an immediate annuity.

Defined Benefit Plan (VRS, SPORS or VaLORS)

- The employee is reported to VRS on LWOP status unless receiving VSDP benefits.
  - Severance payments are not reported.
  - Creditable compensation is not reported.
  - Group life is reported.
- The employee can apply for retirement on reaching age and service requirements:
  - VRS Plan 1 - age 50 with 10 years of service credit or at least age 55 with 5 years of service credit.
  - VRS Plan 2 and Hybrid - age 60 with 5 years of service credit.
  - SPORS and VaLORS - age 50 with 5 years of service credit.
- An employee who qualifies for unreduced or reduced retirement at the time of layoff may retire at any time after the layoff date. To retain eligibility for health insurance coverage, however, the employee must apply for retirement within 12 months of the layoff date.

Purchase of Prior Service

- The employee may not purchase prior service credit while on LWOP-Layoff.
- After-tax payroll deduction contracts stop. The employee can purchase remaining service on the contract in a lump sum prior to the layoff or can resume the purchase in a lump sum or by payroll deduction upon return to VRS-covered employment.
- Pre-tax payroll deduction contracts stop. The employee can invoke the hardship provision to purchase remaining service on the contract in a lump sum or can resume the contract upon return to a VRS-covered position.

WTA Additional Retirement Credit

An employee can elect the WTA additional retirement credit in lieu of the cash severance. The employee must retire on an immediate annuity.

Additional Retirement Credit Benefits

- In order to elect the WTA additional retirement credit, the employee must be vested and at least age 50 if a member of VRS Plan 1, SPORS or VaLORS Plan 1 or Plan 2 member; or at least age 60 if a member of VRS Plan 2 or the Hybrid Retirement Plan.
- WTA credits are added to employee's age or service credit, or split between age and service credit, whichever will result in a higher benefit.
- After the addition of the WTA credits, a VRS Plan 1 member who is between ages 50 and 55 must have at least 10 years of service credit.
- If the employee returns to VRS-covered employment, retirement benefits stop and the employee again becomes a contributing member.
  - When employee re-retires, the WTA credits are not used in calculating a benefit for the subsequent retirement.
- The cost for each year of WTA credit purchased is 15% of the employee's annual salary.
  - VRS invoices the employer for the cost of the WTA credits.
  - The employer has 12 months from the member's date of retirement to remit payment to VRS.
- WTA credits applied to service credit apply to health insurance credit.
- WTA credits applied to service credit count towards the 20 years required for the hazardous duty supplement for all SPORS members and to VaLORS members who elected the 1.7% multiplier with the hazardous duty supplement in lieu of the 2% multiplier.
- A member of VaLORS who elected the 2% multiplier in lieu of the hazardous duty supplement will have the 2% multiplier applied to the WTA credits that are used toward service credit as if they were hazardous duty service.
- WTA credits do not count toward:
  - Minimum age or vesting requirement to qualify for the WTA additional retirement credit.
  - One, two or three years of active service beyond eligibility for an unreduced retirement to qualify for the Partial Lump Sum Option Payment (PLOP).

Number Of Credits

- The number of WTA credits an employee receives is based on the value of the severance package. The severance package includes:
  - Severance payments.
  - Employer portion of group health insurance for 12 months.
  - Basic group life insurance coverage for 12 months.

- To convert the value:
  1. Determine employee's annual salary.
     - Example: A DMV employee with 16 continues years of service has COVA Care basic single coverage and an annual salary of $30,000.
  2. Divide the annual salary by 52 to determine the employee's weekly salary.
     - Example: $30,000 ÷ 52 = $576.92
  3. Determine employee's continuous state service (rounded up to next whole year).
     - Example: 16 years
  4. Based on the years of continuous state service, determine the number of weeks of severance payments based on the chart below:
     - Example: 2 x 16 = 32

Years of Continuous State Service	**Amount of Benefit**
2 years or less	4 weeks salary
3 - 9 years	4 weeks salary plus an additional week for every year over 2
10 - 14 years	12 weeks salary plus 2 additional weeks for every year over 9
15 years or more	2 weeks salary per year not to exceed 36 weeks of salary

  5. Multiply the number of weeks from step 4 by the weekly rate from step 2.
     - 32 x $576.92 = $18,461.44

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6. Determine the 12-month value of the employer's contribution toward health insurance under the state group health insurance program for the employee's type of coverage at the time of separation. Use the monthly premium rate chart below and multiply the amount by 12.
   - Example: $687.00 x 12 = $ 8,244.00

COVA Care (all but High Deductible and HealthAware)		
Single	Employee Plus One	Family
$687	$1,229	$1802
COVA Care High Deductible		
Single	Employee Plus One	Family
$584	$1,086	$1,587
COVA HealthAware		
Single	Employee Plus One	Family
$677	$1,229	$1,802
Kaiser		
Single	Employee Plus One	Family
$594	$1,053	$1,539

7. Determine the 12-month value of the basic group life insurance by taking the premium rate of .0079 and multiplying it by the employee's annual salary.
   - Example: 0.01310 x $30,000 = $393
8. Add together the results from steps 5, 6 and 7.
   - Example: $18,461.44 + $8,244 + $393= $27,098.44
9. Multiply the employee's annual salary by 0.15 (the cost per year of credit).
   - Example: $30,000 x 0.15 = $4,500
10. Divide the result of step 8 by the result of step 9 to determine the number of years of WTA additional credit the employee will receive. Round up.
    - Example: $27,098.44 ÷ $4,500 = 6.02187 rounded up = 7 years
11. Determine the employer's cost by multiplying the result of step 9 rounded up by the result of step 10.
    - Example: 7 x $4,500 = $31,500

WTA Transitional Severance Benefits

Fast Facts

Health Insurance

- The employee can continue coverage in the State Retiree Health Benefits Program by paying premiums at retiree group rates.

Health Insurance Credit

- The employee is eligible for the health insurance credit provided the employee has at least 15 years of service and is paying the out-of-pocket premium cost for the coverage.
  - If covered under State Retiree Health Benefits Program, payment is automatic.
  - If covered under another group plan, the employee must submit a VRS-45.

Life Insurance

Basic	• Coverage continues at no cost. • Coverage begins to reduce on the January 1 following one calendar year of retirement. The reduction is 25% each January 1 until it reduces to 25% of its value prior to retirement.
Optional	• The employee continues coverage under retirement provisions, provided coverage was in force during the 60 months prior to retirement; or the employee may convert coverage within 31 days of the retirement date. • The employee pays premiums directly to Securian Financial.

Virginia Sickness and Disability Program (VSDP)

- Benefits stop at retirement for VSDP participants who are:
  - Not on disability.
  - On short-term disability (STD).
  - Transitioning from STD to LTD during the layoff period.
  - On LTD-Working at the time of layoff.

Disability credits	• The employee may elect to convert disability credits to VRS service credit instead of receiving a payout. Credits convert at a rate of one month of service for every 173 hours of disability credits. •

CONTINUED

- If the employee has at least one hour, but less than 173 hours of disability credits, the employee receives one month of service credit.

Long-term care plan

- The employee must submit the VRS-170 and VRS-171 within 60 days of the layoff leave end date in order to continue coverage at the employee's cost.

Traditional Accrued Sick Leave Used to Purchase Service

- The employee can purchase service credit with the sick leave payout to be used in the calculation of the retirement benefit at full actuarial cost.

Purchase of Prior Service

- The employee may not purchase prior service credit while on LWOP-Layoff.
- After-tax payroll deduction contracts stop. The employee can purchase remaining service on the contract in a lump sum prior to the layoff or can resume the purchase in a lump sum or by payroll deduction upon return to VRS-covered employment.
- Pre-tax payroll deduction contracts stop. The employee can invoke the hardship provision to purchase remaining service on the contract in a lump sum or can resume the contract upon return to a VRS-covered position.
    - To invoke hardship, the employee must submit a letter and documentation from the employer that states the employee is being placed on layoff leave. A letter or the VRS-11A will suffice.
    - Documentation should be submitted prior to layoff.