



Optional Retirement Plan for Higher Education (ORPHE) 2020 Frequently Asked Questions

Several updates are ahead for the Optional Retirement Plan for Higher Education participants (ORPHE). The Virginia Retirement System (VRS) will mail participants a detailed Transition Guide at the end of September that provides key dates and details about your retirement plan accounts and investments. These frequently asked questions (FAQs) provide additional information and may be updated periodically during the transition.

GENERAL QUESTIONS

Why are changes being made?

As the plan sponsor for ORPHE, VRS selects and monitors investments and provider companies, making changes to plan investments and providers from time to time.

Earlier this year, VRS met with faculty and human resource staff at higher education institutions across the commonwealth. Informed by these meetings, provider investment-performance data, industry best practices and in keeping with its fiduciary duty, VRS is making changes to ORPHE to improve services and reduce costs for plan participants.

By making these changes to ORPHE, VRS seeks to provide the best options for preparing faculty participants for retirement, while also meeting the recruitment and retention needs of higher education institutions across the commonwealth.

What was the decision-making process that led to the provider changes?

The VRS Board of Trustees (VRS Board) approved the changes recommended by VRS staff and the Defined Contribution Plans Advisory Committee (DCPAC), which provides advice and recommendations to the Board concerning ORPHE.

The approved changes reflect feedback VRS solicited from human resource and benefit administrators as well as faculty representatives from more than a dozen higher education institutions across the commonwealth, including leadership staff at the Virginia Community College System (VCCS). These groups provided valuable insights into participant perceptions and needs. The changes also support VRS' fiduciary responsibility to act prudently and discharge its duties in the best interest of participants.

What specific changes are being made?

Effective January 2020, participants will have a choice of two ORPHE providers for directing contributions to the plan: TIAA and DCP (record-kept by ICMA-RC). You will select one of these two providers for new contributions during an extended open enrollment period, October 1 to November 15, with any changes you elect becoming effective January 2020. Fidelity will be deselected as a provider option for ongoing contributions. *(continued)*





What specific changes are being made? (continued)

If Fidelity is your current provider, you will choose between TIAA and DCP. You may leave your existing assets with Fidelity or transfer balances to TIAA or DCP. Although deselected as an ORPHE provider, Fidelity investments, in addition to hundreds of other mutual funds and individual securities are accessible through a self-directed brokerage account offered by TIAA and DCP.

(Beginning June 1, 2019, newly hired ORPHE participants will select either TIAA or DCP for ongoing contributions, since Fidelity will no longer be a provider in the future.)

Further, the TIAA investment lineup will change, effective January 2020, as part of the VRS effort to reduce fees, enhance fee transparency and improve fund performance. The updated investment menu will continue to provide investments across various asset classes to help meet participants' varying financial goals.

- Balances in the Retirement Choice (RC) contract, which became effective February 2017, will automatically move to the new investment lineup.
- Balances in the Group Retirement Annuity (GRA) and Retirement Annuity (RA) contracts are not impacted.

What action must I take as a result of these changes to the ORPHE?

This fall, VRS will mail a Transition Guide to your home address that details the changes to ORPHE. We strongly encourage you to carefully read the information provided in the Transition Guide related to provider choice, investment options and key dates. See below for provider-specific information.

In addition, VRS will extend the annual open enrollment period to allow active ORPHE participants an opportunity to select either TIAA or DCP as their provider of choice for ongoing contributions effective January 2020. The extended open enrollment period takes place October 1 to November 15.

Additional information is available on the ORPHE website at www.orphe.varetire.org/2020.

TIAA PARTICIPANTS

For Active Participants With TIAA

No action is required unless you choose to change your provider option to DCP during the extended open enrollment period.

Should you choose to remain with TIAA, your contributions under the Retirement Choice (RC) contract will automatically move to the updated investment lineup in January 2020. It is important to note that any assets you have in the Group Retirement Annuity (GRA) or Retirement Annuity (RA) contracts will not be mapped to the updated investment lineup. TIAA will continue to offer the self-directed brokerage account to allow maximum investment flexibility. Detailed information regarding the investment changes will be communicated as part of the Transition Guide, which will be mailed in September 2019.

For Retired/Separated Participants With TIAA

- If you retired and/or separated employment **before** February 15, 2017, with an existing balance in the GRA and RA contracts, your existing balance will remain in these contracts and not impacted by the updates to ORPHE.
- If you retired and/or separated employment **after** February 15, 2017, with an existing balance in the RC contracts, only those assets in the RC contract will be mapped to the changes in the TIAA investment lineup. Your existing balance in the GRA and RA contracts will not be impacted.



FIDELITY INVESTMENTS PARTICIPANTS

For Active Participants With Fidelity Investments

Active participants with Fidelity will need to select TIAA or DCP as your ORPHE provider to receive future contributions. You will make this selection by logging into your secure [myVRS](#) account during the extended open enrollment. If you do not select a provider during the extended open enrollment period, your provider will default to DCP (record-kept by ICMA-RC) for new contributions effective January 1, 2020.

In addition to selecting a new provider for future contributions, participants may choose to retain their existing account balance with Fidelity or transfer that balance to the new provider. Unless you elect otherwise, your existing account balance with Fidelity will be mapped to the new provider you selected during the extended open enrollment period. A self-directed brokerage account option is available with both ORPHE providers to allow maximum investment flexibility, and you can use this option to continue to invest in Fidelity funds. Additional information will be provided for participants with existing balances with Fidelity Investments.

For Retired/Separated Participants With Fidelity Investments

If you retired and/or separated employment and had a Fidelity account balance, you may retain your assets with Fidelity or transfer to a selected provider. VRS does not monitor or oversee plan administration, investments offerings, and expenses associated with the deselected provider companies.

DCP PARTICIPANTS

For Active Participants With DCP

If your ORPHE contributions are currently going to DCP and you wish to continue your contributions to DCP, no action is required. There will be no changes to the investment options* available in the DCP lineup at this time. The self-directed brokerage account will continue to be available to you.

For Retired/Separated Participants With DCP

There are no planned changes to the investment options available in the DCP lineup at this time. The self-directed brokerage account will continue to be available to you.

** Fund expense ratios change from time to time and, therefore, may slightly differ at the time of the change.*

Why is Fidelity Investments being deselected as a provider option?

Fidelity's deselection is an effort to better align VRS with industry best practices for public sector defined contribution plans, to address investment fund structure matters, performance and fee issues and to ensure that participants across all VRS plans have access to similar services.

What will happen to the existing account balance I have with Fidelity after the company is deselected as an ORPHE provider?

You may either transfer your existing account balance to the new provider you selected or leave the balance with Fidelity. VRS does not monitor the funds of a deselected provider company, so you would be responsible for monitoring those funds left with Fidelity.



Virginia Retirement System



If I am currently having my retirement contributions sent to Fidelity Investments and take no action, what will happen with my contributions effective January 2020?

If you are currently active with Fidelity and you do not take any action during the extended open enrollment period to select a new provider for future contributions, your ORPHE provider option will default to DCP (record-kept by ICMA-RC). Contributions you make beginning in January 2020 will be directed to DCP.

ADDITIONAL INFORMATION REGARDING CONTRIBUTIONS, PLAN TRANSFERS, PORTABILITY AND 403(b) PLANS

Will these changes impact the current contribution rates to ORPHE?

No. The approved changes do not affect the current contribution rates to ORPHE. The contribution rate for an employee participating in the optional retirement plan is established by legislation and set forth in Section 51.1-126 of the *Code of Virginia*.

Can I choose to transfer my existing funds from one provider to another?

Yes. This is called a plan-to-plan transfer. Plan-to-plan transfers are permitted subject to any fund-specific trading restrictions or short-term trading redemption fees. Contact your provider for assistance with this transaction.

Will these changes also impact my 403(b) plan(s)?

The changes to the VRS-administered ORPHE will *not* impact the 403(b) plan(s) you participate in through your employer. Your 403(b) plan is administered by your institution – not VRS. Investment options, fees and services through your 403(b) provider, even if it is the same provider as your ORPHE, will differ based on the terms and conditions of the contract your employer has with the provider.

Is my ORPHE account portable if I move to an employer covered under a different plan?

Yes. As required by Internal Revenue Code regulations, assets are generally portable once a participant separates employment and becomes eligible for a distribution. Assets may be rolled over to a new employer's plan or to an Individual Retirement Account (IRA). Certain types of investments may have trading restrictions that may impact the timing of when you may move your assets to another plan.

If a new employer offers the same provider, the plan is administered under the new employer's contract with the provider. The same investment options may not be available.

RESOURCES AND PLANNING

What if I have additional questions about these changes?

This fall, VRS will mail a Transition Guide to your home address that details the 2020 changes to ORPHE. We strongly encourage you to carefully read the information provided in the Transition Guide related to provider choice, investment options and key dates.

More information regarding updates to ORPHE is available on the ORPHE website at www.orphe.varetire.org/2020. You may contact our VRS Support Team toll-free at 1-855-291-2285, option 1, between the hours of 8:30 a.m. and 5 p.m. Eastern Time, Monday through Friday.