



Virginia Retirement System



COMING JANUARY 2020!

Updates to Your Optional Retirement Plan for Higher Education

As the plan sponsor for the Optional Retirement Plan for Higher Education (ORPHE), VRS is committed to improving services and reducing fees for plan participants while meeting the recruitment and retention needs of the higher education community in Virginia. In its oversight role, VRS selects and monitors investments and provider companies, making changes to plan investments and provider companies from time to time.

Earlier this year, VRS staff visited campuses across the commonwealth to meet with plan participants and human resources staff. We shared information about the management and oversight of ORPHE; the current litigious landscape affecting plan sponsors; as well as provider services, fees and investment performance. The feedback we received provided valuable insights regarding the importance of the optional retirement plan and how VRS can strengthen communication with plan participants.

Informed by these meetings, industry best practices and provider performance data, the Defined Contribution Plans Advisory Committee (DCPAC) recommended updates to ORPHE. On May 13, the VRS Board of Trustees approved the following changes to ORPHE:

- ORPHE participants will have a choice of two providers: TIAA and DCP (record-kept by ICMA-RC).
- Fidelity Investments will no longer be a provider option for new hires, effective June 1, 2019. Fidelity's deselection is an effort to further align ORPHE with industry best practices, to address investment performance and fee issues and to ensure that participants across all VRS plans have access to similar services. Fidelity investments will remain available to ORPHE participants through the self-directed brokerage account option.
- Fidelity Investments will be deselected as a provider option for current participants, effective January 2020. Current participants will choose another provider to receive contributions as of this date, with the option to retain existing assets with Fidelity or transfer balances to a different provider. In addition, Fidelity investments will be accessible through the self-directed brokerage account offered by the remaining providers.
- The TIAA investment lineup will be updated as part of the effort to reduce fees, enhance fee transparency and improve fund performance. The updated investment menu will provide a mix of investments intended to meet participants' varying financial goals.
- Both TIAA and DCP will continue to offer a self-directed brokerage account to allow maximum investment flexibility with a broad offering of mutual funds, single securities and exchange-traded fund (ETFs) options for knowledgeable investors who desire additional investment choices.

Please note that changes to the VRS ORPHE do not impact the 403(b) plan(s) operated by your higher education institution, nor do they affect the current ORPHE contribution rates.



ORPHE 2020 Transition Timeline

DATE	EVENT
June 2019	Fidelity Investments will no longer be a provider option for new hires , who will choose between DCP or TIAA.
September 2019	VRS will mail an ORPHE 2020 Transition Guide to active participants as well as retired and former employees.
September 2019 – January 2020	ORPHE 2020 Education Sessions: VRS staff will make campus visits to meet with participants.
October 1 – November 15, 2019	Extended Open Enrollment Period for future contributions <ul style="list-style-type: none">Participants will have an opportunity to choose a provider to direct future contributions effective with the first payroll in January 2020. Current Fidelity participants will have the option to retain existing assets with Fidelity or transfer balances to DCP or TIAA.Additional information will be provided for participants with existing balances with Fidelity Investments and deselected TIAA investments.
January 2020	New contributions will be directed to the provider selected during the extended open enrollment period.

Preparing for the Transition

VRS understands that participants may have questions specific to their individual investment goals as a result of this change. In addition to the resources outlined above, we encourage participants to visit the ORPHE website at www.orphe.varetire.org/2020, which offers more information on these changes. VRS will mail the ORPHE 2020 Transition Guide in early fall to participants' homes with details about the provider options, investment lineup and next steps.

5-2019

