



Optional Retirement Plan for Higher Education

HANDBOOK FOR PARTICIPANTS IN
ORPHE PLAN 1 AND ORPHE PLAN 2



Optional Retirement Plan for Higher Education Plan 1 and Plan 2

HANDBOOK FOR PARTICIPANTS

**HELPING YOU PLAN
FOR TOMORROW,
TODAY**



OPTIONAL RETIREMENT PLAN FOR HIGHER EDUCATION PLAN 1 AND PLAN 2

HANDBOOK FOR PARTICIPANTS

For teaching, research and administrative faculty in the Optional Retirement Plan for Higher Education (ORPHE) Plan 1 and Plan 2.

The Optional Retirement Plan for Higher Education (ORPHE) is sponsored by the Virginia Retirement System (VRS). You are in ORPHE Plan 1 if your retirement plan coverage date is before July 1, 2010. You are in ORPHE Plan 2 if your retirement plan coverage date is July 1, 2010, or later.

VRS MISSION

VRS delivers retirement and other benefits to Virginia public employees through sound financial stewardship and superior customer service.

Cover photographs courtesy of Christopher Newport University, James Madison University, Radford University, Virginia Military Institute and Virginia State University.

Note: The information contained in this document is governed by Title 51.1 of the *Code of Virginia* and other applicable law. This information is intended to be general. It cannot be complete in all details and cannot supersede or restrict the authority granted by the *Code of Virginia*, which may be amended from time to time.

PARTICIPANT RESOURCES

ORPHE WEBSITE AT [ORPHE.VARETIRE.ORG](http://orphe.varetire.org)

Plan information, forms, publications and other resources, including the *Optional Retirement Plan for Higher Education Handbook for Participants*.

ORPHE PLAN PROVIDERS

Participants may select from the plan providers below.

- DCP (record-kept by MissionSquare Retirement): 877-327-5261, option 1; orphe.varetire.org/dcp
- TIAA: 800-842-2252 (customer contact and IVR); tiaa.org/vrs

OTHER CONTACTS

- Commonwealth of Virginia 457 Deferred Compensation Plan: VRS-DC-PLAN1 (877-327-5261); varetire.org/457
- Group Life Insurance Program: Securian Financial, 800-441-2258
- Internal Revenue Service: 800-829-1040; irs.gov
- Medicare: 800-MEDICARE (800-633-4227); medicare.gov
- Social Security Administration: 800-772-1213; ssa.gov
- Virginia Department of Human Resource Management: 804-225-2131; dhrm.virginia.gov
- Virginia Department of Taxation: 804-367-8031; tax.virginia.gov

TABLE OF CONTENTS

1. WELCOME TO THE OPTIONAL RETIREMENT PLAN FOR HIGHER EDUCATION	
Preparing for Your Future	5
Eligible ORPHE Participants	6
About Your Plan	7
Choosing Your Plan and Provider	10
Building Your Retirement Income	12
Changing Employers	12
Quick Reference	14
2. CONTRIBUTIONS, INVESTMENTS AND DISTRIBUTIONS	
Contributions and Incoming Rollovers	18
Investments	20
Investment Options	24
Distribution Options	25
3. ACTIVE EMPLOYEE BENEFITS	
Basic Group, Natural and Accidental Death, Dismemberment and Other Life Insurance Benefits	27
Designating a Beneficiary for Life Insurance Benefits	29
Optional Group Life Insurance Program	31
Health Insurance	33
Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program	33
If You Go on Educational or Military Leave	34
4. LEAVING OR RETIRING FROM YOUR POSITION	
Taxes	37
Social Security	37
Group Life Insurance	37
State Retiree Health Benefits Program	39
Health Insurance Credit	40
Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program	42
Leaving Employment Checklist	42
5. WORKING AFTER RETIREMENT	
Non-Covered Employment	43
Critical Shortage Positions	44
If You Want to Work While Retired	45
6. FREQUENTLY USED TERMS	46
7. ABOUT VRS	51

1

Welcome to the Optional Retirement Plan for Higher Education

Preparing for Your Future
Eligible ORPHE Participants
About Your Plan
Choosing Your Plan and Provider

Building Your Retirement Income
Changing Employers
Quick Reference

PREPARING FOR YOUR FUTURE

Welcome to the Virginia Retirement System (VRS) Optional Retirement Plan for Higher Education (ORPHE). As a participant in ORPHE, you are laying the foundation to meet your future retirement needs. Your partners are your employer, your plan provider and VRS.

ORPHE provides you with retirement income, and as a participant, you also are eligible for:

- An opportunity to put aside additional savings for retirement on a tax-deferred basis.
- Life insurance coverage.
- Health insurance credit, if you qualify.
- Joint and survivor annuity option in retirement, if you wish to continue a benefit to a survivor upon your death.

The *VRS Optional Retirement Plan for Higher Education Handbook for Participants* describes the provisions of your retirement benefits and how to qualify for other benefits. You also are eligible to enroll in state health insurance coverage and may elect the State Retiree Health Benefits Program upon retirement. State health benefits are administered by the Department of Human Resource Management (DHRM).

ORPHE does not provide disability coverage other than protection provided by the funds in your ORPHE account, which are available to you when you leave employment. Your employer may offer a disability program, or you may wish to purchase your own disability insurance. Contact your human resource office for more information. You also may be eligible for Social Security Disability Insurance (SSDI) benefits. For more information about SSDI, call the Social Security Administration at 800-772-1213 or visit [ssa.gov](https://www.ssa.gov).

ORPHE Plan Providers

VRS offers two ORPHE providers: DCP (record-kept by MissionSquare Retirement) and TIAA. See "Choosing Your Plan Provider" in this chapter for more information.

ELIGIBLE ORPHE PARTICIPANTS

The following employees are eligible to participate in ORPHE:

- Presidents of participating public institutions of higher education.
- Chancellors and presidents of the Virginia Community College System.
- Full-time and part-time permanent, salaried teaching, research and administrative faculty members of participating public institutions (adjunct faculty members are not eligible for ORPHE).

VRS ORPHE-PARTICIPATING INSTITUTIONS

COLLEGES AND UNIVERSITIES	VIRGINIA COMMUNITY COLLEGE SYSTEM
Christopher Newport University James Madison University Longwood University Norfolk State University Old Dominion University Radford University Richard Bland College University of Mary Washington Virginia Military Institute Virginia State University	Blue Ridge Community College Central Virginia Community College Dabney S. Lancaster Community College Danville Community College Eastern Shore Community College Germanna Community College J. Sargeant Reynolds Community College John Tyler Community College Lord Fairfax Community College Mountain Empire Community College New River Community College Northern Virginia Community College Patrick Henry Community College Paul D. Camp Community College Piedmont Community College Rappahannock Community College Southside Virginia Community College Southwest Virginia Community College Tidewater Community College Thomas Nelson Community College Virginia Highlands Community College Virginia Western Community College Wytheville Community College
OTHER INSTITUTIONS	
Institute for Advanced Learning and Research The New College Institute Southern Virginia Higher Education Center	

Note: The College of William and Mary; George Mason University; the University of Virginia, including UVA at Wise; Virginia Commonwealth University; and Virginia Tech administer separate ORP plans for their faculty members. These plans are authorized under VRS. Faculty members at these institutions are eligible for the same benefits described in this handbook, except for UVA faculty, who are covered under the institution's life insurance plan.

ABOUT YOUR PLAN

ORPHE is a defined contribution plan, tax-qualified under Section 401(a) of the Internal Revenue Code and governed by the provisions of Section 51.1.-126 of the *Code of Virginia*. Under a defined contribution plan, the retirement benefit is based on contributions and net investment earnings on contributions. You decide how to invest the money in your ORPHE account from the investment options available through your selected provider and assume all risk associated with your investments.

PLAN FEATURES

- Your employer contributes to your plan on your behalf. If you are in ORPHE Plan 2, you also contribute to your plan on a pretax basis (see "ORPHE Plan 1 and Plan 2 Comparison" on the next page).
- Vesting is immediate. You can request distributions or roll over your plan balance once you are no longer employed in a position that provides retirement benefits through a plan administered or authorized by VRS, regardless of your age or how long you have been covered under ORPHE.
- Your money is tax-deferred until you withdraw it. The Internal Revenue Service (IRS) may impose an additional 10% tax penalty if you take a distribution before age 59½. If you leave your ORPHE position after reaching age 55 or you begin an annuity or a periodic distribution of equal amounts over your lifetime, this penalty will be waived. For more information, contact a tax advisor or the IRS at 800-829-1040 or [irs.gov](https://www.irs.gov).
- You can consolidate your retirement plans by rolling over money from other retirement plans to your ORPHE account. ORPHE accepts rollovers from 401(a), 457(b), 403(b) and 401(k) plans; a traditional Individual Retirement Account (IRA); and the Federal Thrift Savings Plan. Consolidating your retirement funds may increase the amount of your future distributions.

If You Elected the VRS Retirement Plan

When you became employed as a full-time or part-time permanent, salaried faculty member, you were given the option to elect ORPHE or, depending on your membership date, VRS Plan 1, Plan 2 or the Hybrid Retirement Plan and you received the guide *Choosing Your Retirement Plan*. If you are covered under VRS, refer to the VRS *Handbook for Members for Plan 1 or Plan 2* or the *Hybrid Retirement Plan Handbook for Members*, for more information about your benefits. The handbooks are available on the VRS website (varetire.org/publications or varetire.org/hybrid).

- When you retire, you can elect to receive a distribution from your ORPHE account or purchase an annuity using all or a portion of your account balance. Required minimum distributions must begin if you have not arranged to receive payments from your account by April 1 following the calendar year in which you turn age 73, or when you leave an ORPHE-covered position, whichever is later.

PLAN 1 AND PLAN 2

ORPHE Plan 1: You are covered under ORPHE Plan 1 if you have an ORP or VRS membership date before July 1, 2010.

ORPHE Plan 2: You are covered under ORPHE Plan 2 if you have an ORP or VRS membership date on or after July 1, 2010.

Membership is based on the date you are first reported to VRS in a covered position. If you have previous VRS service but took a refund, your membership is the date you return to covered employment.

Note: If you were previously covered under the University of Virginia (UVA) Medical Center ORP, your participation does not count toward VRS service credit or ORP participation.

ORPHE PLAN 1 AND PLAN 2 COMPARISON

	PLAN 1 <i>For participants whose retirement plan coverage date is before July 1, 2010</i>	PLAN 2 <i>For participants whose retirement plan coverage date is on or after July 1, 2010</i>
CONTRIBUTIONS	10.4% employer contribution.	5% pretax employee contribution plus 8.5% employer contribution. Your institution may increase the employer contribution up to a maximum of 8.9% percent, provided the increase is approved by your institution's governing body and paid from non-state funds.
VESTING	Immediate	Immediate

CONTINUED

ORPHE PLAN 1 AND PLAN 2 COMPARISON

	PLAN 1 <i>For participants whose retirement plan coverage date is before July 1, 2010</i>	PLAN 2 <i>For participants whose retirement plan coverage date is on or after July 1, 2010</i>
PORTABILITY	<p>Participation in ORPHE continues when transferring to another Virginia public institution of higher education, unless there is a break in service of at least one full calendar month from the end of the month in which you were last covered for active employee benefits. If there is a break in service, you are eligible to elect ORPHE or the applicable VRS plan. Note that if you transfer to a faculty position outside Virginia, your new employer's retirement plan may accept a rollover of your ORPHE account balance.</p> <p>The money in your VRS member contribution account may be transferred to ORPHE. This will cancel membership in VRS. However, the VRS defined benefit service credit will count toward eligibility for retiree coverage under the VRS Group Life Insurance Program and the health insurance credit.</p>	
NORMAL RETIREMENT AGE	Age 65 with a combination of at least five years of VRS defined benefit service credit and/or ORP participation.	Normal Social Security retirement age.
EARLIEST ELIGIBILITY FOR GROUP LIFE INSURANCE IN RETIREMENT	Age 55 with a combination of at least five years of VRS defined benefit service credit and/or ORP participation, or age 50 with a combination of at least 10 years of VRS defined benefit service credit and/or ORP participation.	Age 60 with a combination of at least five years of VRS defined benefit service credit and/or ORP participation, or when age and combined VRS defined benefit service credit and/or ORP participation equal 90. Example: Age 58 with 32 years of service credit.
ELIGIBILITY FOR THE HEALTH INSURANCE CREDIT	<ul style="list-style-type: none"> • Age 50 and at least 15 years of VRS defined benefit service credit and/or ORP participation at retirement. • Pay health insurance premiums for individual coverage under qualifying health plans. 	<ul style="list-style-type: none"> • Age 60 and at least 15 years of VRS defined benefit service credit and/or ORP participation at retirement. • All other requirements are the same as Plan 1.

KEEP YOUR INFORMATION UPDATED

If you move or change your name, notify your human resource office.

If you leave employment but do not retire, submit a Name and Address Declaration for Deferred Members (VRS-3A) to VRS. If you are retired and need to update your information, submit a Name and Address Declaration for Retirees (VRS-58) to VRS, available at orphe.varetire.org. It's also important to keep your information updated with your plan provider by logging into your ORPHE account or contacting the provider directly.

CHOOSING YOUR PLAN AND PROVIDER

Upon notification by your employer that you are eligible to participate in ORPHE, use your myVRS account (myvrs.varetire.org) to elect your retirement plan and provider. You have a 60-day window to elect your plan, beginning on your hire or rehire date. No matter which plan you choose, be sure to register for or log in to your myVRS account to compare plans and use the plan comparison calculator. Your plan election is irrevocable. If you do not elect a plan within the 60-day election window, you will be covered by the applicable VRS defined benefit plan or Hybrid Retirement Plan based on your hire date.

When you make your election in myVRS to participate in ORPHE, you will be required to choose a provider to receive your contributions. Two providers are available: DCP (record-kept by MissionSquare Retirement) and TIAA. Participants should review the information available in myVRS, on the ORPHE website (orphe.varetire.org) and on the providers' websites before making a selection. Each provider offers a range of diversified and distinct investment options to allow participants to create a portfolio with varied characteristics of risk and return. Additionally, each provider has representatives available to assist you in understanding available investment options and services.

You may change your provider during an open enrollment period held annually in October; the change will be effective January 1 of the following year. You may continue to maintain your ORPHE account with your previous provider or choose to initiate a plan-to-plan transfer to move the account balance to the new provider.

Selecting your provider:

1. The Compare Plans page in myVRS helps you evaluate key features of VRS versus an optional retirement plan. A plan comparison calculator allows you to view retirement income projections under each plan.
2. Select from the available providers and follow next steps to confirm.
3. Check the box to acknowledge agreement with your provider choice and proceed to next steps on your plan and provider confirmation page in myVRS.

4. You may register for online account access to choose your investment options and designate a beneficiary after your provider receives your information.
5. Use myVRS to designate beneficiaries for your VRS Group Life Insurance.

If you elect ORPHE but do not select a plan provider, your money will be directed to DCP and invested in a Target Date Portfolio based on your date of birth.

Security Best Practice: Claim Your myVRS Account

VRS takes many measures every day to keep your information secure. You can help by registering for myVRS, completing the identity-verification steps and then establishing a password-protected account. Verifying your online accounts helps prevent someone else from attempting to lay claim to the accounts fraudulently.

Plan Providers

DCP

(record-kept by MissionSquare Retirement)

877-327-5261, option 1

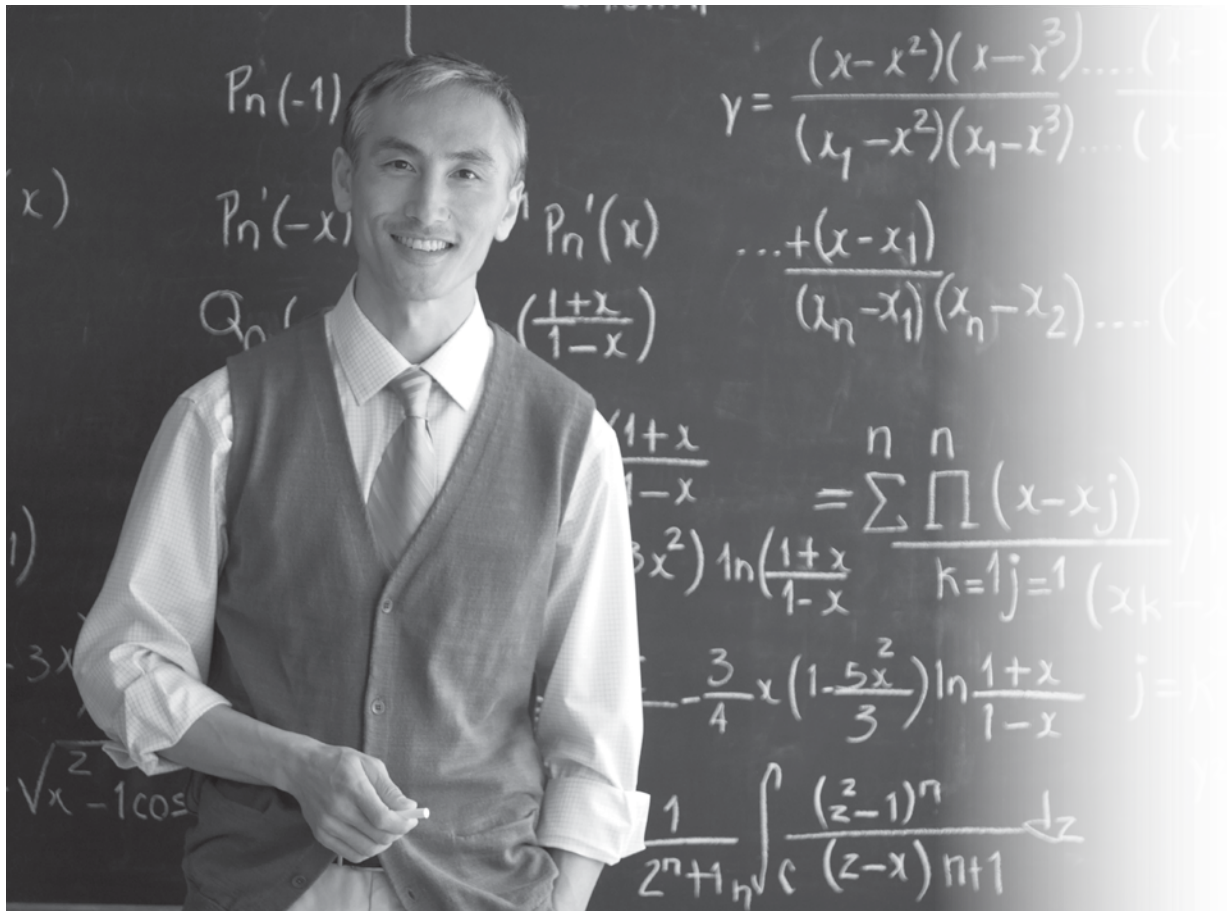
800-669-7471 (TDD)

orphe.varetire.org/dcp

TIAA

800-842-2252

tiaa.org/vrs



BUILDING YOUR RETIREMENT INCOME

As a participant in ORPHE, you are eligible to supplement your retirement benefits by participating in the Commonwealth of Virginia 457 Deferred Compensation Plan and a 403(b) plan, if offered by your employer. If you enroll in one or both plans, you will receive one employer cash match per pay period equal to 50% of your contributions, not to exceed \$20 per pay period. Saving through these tax-deferred plans allows you to maximize your retirement income. The Commonwealth of Virginia 457 Deferred Compensation Plan also offers after-tax Roth deferrals. Check with your human resource office to see if a 403(b) plan offers an after-tax option. Contributions are separate from ORPHE contributions, and you decide how to invest your money from a separate list of investment options.

As a new or rehired state employee participating in ORPHE, you will be enrolled automatically in the 457 Plan, unless you actively contribute to your employer's 403(b) plan. In this case, you will not automatically be enrolled in the 457 Plan, but may voluntarily enroll, if you wish to participate in the 457 Plan along with your 403(b) plan. A pretax salary reduction of \$20 per pay period, along with an employer cash match of \$10 per pay period, will begin approximately 90 days from your hire date. You can enroll sooner online at varetire.org/457 or call 877-327-5261. You can also change your contribution amount at any time.

CHANGING EMPLOYERS

TRANSFERRING TO ANOTHER VIRGINIA PUBLIC COLLEGE OR UNIVERSITY

If you transfer from your current ORPHE position to a faculty position at another Virginia public institution of higher education without a bona fide break in service, you will remain covered under ORPHE, whether your new institution participates in the Commonwealth's ORPHE or administers its own optional retirement plan. If you have a bona fide break in service between positions, you will be eligible to elect ORPHE, the VRS defined benefit plan or the Hybrid Retirement Plan in your new position.

If you transfer from your current ORPHE position at one of the institutions that administers a separate ORP plan for faculty members to a faculty position at a Virginia public institution of higher education that administers the Commonwealth's ORPHE, you will need to log in to your new myVRS account to make a provider selection, which must be made within 30 days from your employment date. If a provider selection is not made within the 30-day window, your provider will default to DCP until the next open enrollment period.

If you transfer from your current position in a retirement plan administered by the University of Virginia Medical Center retirement plan to a faculty position at a Virginia public institution of higher education that administers the Commonwealth's ORPHE, your participation in the UVA Medical Center plan will not count toward your VRS service credit or ORP participation. You will be eligible to elect ORPHE Plan 2 or the Hybrid Retirement Plan in your new faculty position. Log in to your myVRS account to select a plan. If you elect ORPHE, you will also choose a plan provider. You must make your selection within the established time frame from your hire date. If you do not make a selection, you will be covered under the applicable VRS defined benefit plan, or the VRS Hybrid Retirement Plan.

As required by the Internal Revenue Service (IRS), VRS defines a bona fide break in service as a break of at least one full calendar month from your last day of employment. This break must occur over a period you normally would work. If you are on a nine-, 10- or 11-month contract, summer breaks do not count toward this break in service. Other periods of leave with or without pay, including sabbaticals and educational leave, as well as intersession periods also do not count toward satisfying the break in service.

LEARN MORE ABOUT DEFERRED COMPENSATION

For more information about the Commonwealth of Virginia 457 Deferred Compensation Plan, including contribution limits, visit varetire.org/457 or call VRS-DC-PLAN1 (877-327-5261). For more information about the 403(b) plan, contact your human resource office.

TRANSFERRING TO A POSITION COVERED UNDER THE VRS DEFINED BENEFIT PLAN OR HYBRID RETIREMENT PLAN

If you transfer to a non-faculty position covered under VRS or to the State Police Officers' Retirement System (SPORS), the Virginia Law Officers' Retirement System (VaLORS) or the Judicial Retirement System (JRS), you will be covered under the provisions of the applicable VRS plan in your new position for retirement and other benefits. While you are employed in a position that provides retirement coverage through a plan administered or authorized by VRS, you will not be eligible to take a distribution from your ORPHE account; however, you can continue to manage your investments. If you were covered under ORPHE Plan 2 and transfer to VRS, you may be covered by the Hybrid Retirement Plan if your membership date was on or after January 1, 2014, and you did not have at least five years of creditable defined benefit service or participation in ORPHE.

LEAVING YOUR POSITION

If you leave your faculty position for a position with a private employer or a public employer that does not participate in VRS, you may begin distributions from your ORPHE account or roll over your ORPHE account balance to your new employer's plan. If you do not roll over your ORPHE account balance and receive a direct distribution, the distribution will be subject to federal and state income taxes.

For more information, read the IRS 402(f) Special Tax Notice available at varetire.org, under leaving employment, or contact a tax advisor or the IRS toll-free at 800-829-1040 or irs.gov. You have the option of leaving your money in your account and continuing to manage your investments.

Leaving or Retiring From Your Position?

Read about distributions in Chapter 2 – Contributions, Investments and Distributions. See also Chapter 4 – Leaving or Retiring From Your Position and Chapter 5 – Working After Retirement.

QUICK REFERENCE

Want to change your plan provider?

You can change your plan provider during an open enrollment period held annually in October. Contact your human resource office or the plan providers for more information:

- DCP: 877-327-5261, option 1
orphe.varetire.org/dcp
- TIAA: 800-842-2252
tiaa.org/vrs

You cannot have your contributions go to more than one provider at the same time. However, if you wish to switch to another provider during the October open enrollment period, you can continue to maintain your ORPHE account with your previous provider or consolidate your account with the new provider. Changes will be effective for ORPHE contributions sent to the new provider on or after January 1 of the following year.

See: [Chapter 1 – Welcome to the Optional Retirement Plan for Higher Education](#)

Have member contributions and service credit from a position covered under the VRS defined benefit plan?

You can have your VRS member contributions transferred to your ORPHE account by submitting a Request for Transfer of Funds to ORP (VRS-3ORP). The form is available at orphe.varetire.org. Doing so will cancel your membership in VRS. However, your VRS defined benefit service credit will count toward eligibility for group life insurance coverage and the health insurance credit in retirement.

See: [Chapter 2 – Contributions, Investments and Distributions](#)

Planning to transfer to another college or university?

If you transfer from your current ORPHE position to a faculty position at another Virginia public institution of higher education, you will remain in ORPHE or be eligible to elect ORPHE, the applicable VRS defined benefit plan, or the Hybrid Retirement Plan, depending on whether or not you have a bona fide break in service between positions.

See: [Chapter 1 – Welcome to the Optional Retirement Plan for Higher Education](#)

Going on educational leave?

If you go on authorized educational leave and receive at least half your compensation, your basic group life insurance coverage will continue for up to 24 months as long as the premiums are paid. If you have optional life insurance, your coverage will continue as long as you continue to pay the premiums and remain covered under the basic group life program. If you receive less than half your compensation, your life insurance coverage will stop, and this period will not count toward eligibility for the health insurance credit.

See: [Chapter 3 – Active Employee Benefits](#)

Had a change in your marital status; having or adopting a child?

If your personal or family situation changes, review your beneficiary designation for your ORPHE account, 403(b) and 457 Plan accounts, as applicable, and life insurance benefits as soon as possible. VRS is required by law to pay benefits according to the latest beneficiary designation in your record. If you need to update your current designation for life insurance, log in to myVRS. Or, you can request this information from Securian Financial, the insurer for the Group Life Insurance Program, by calling 800-441-2258. Neither Securian Financial nor VRS can provide this information over the phone. It will be mailed to you. If you do not name a beneficiary, your benefit will be paid according to the order of precedence.

See: [Chapter 3 – Active Employee Benefits](#)

Update your beneficiary for your ORPHE account online or contact your plan provider for a beneficiary designation form. If you have a 403(b) account, contact your human resource office or the plan's record keeper for more information. For the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans, log in to your account at varetire.org/457 or call 877-327-5261. For life insurance benefits, use myVRS to name or update your beneficiaries.

You are eligible to elect additional coverage for yourself as well as a spouse or dependent children through the Optional Group Life Insurance Program. You pay the premiums through payroll deduction. If you enroll within 31 days of employment, coverage up to a specified amount will be guaranteed.

See: [Chapter 1 – Welcome to the Optional Retirement Plan for Higher Education](#)
[Chapter 3 – Active Employee Benefits](#)

Have you become disabled?

Contact your human resource office about disability coverage your employer may offer. If you cannot perform your job duties because of a disability and you leave employment, you can request a distribution from your ORPHE account or defer distributions until a later date. Your human resource office can assist you in deciding the option that will best meet your needs. You also may be eligible for Social Security Disability Insurance (SSDI) benefits.

See: [Chapter 3 – Active Employee Benefits](#)

Planning to leave your job?

If you leave your position and are no longer employed in a position covered for retirement benefits by a plan administered or authorized under VRS, you can request a distribution from your ORPHE account or leave your money in ORPHE and continue to manage your account.

See: [Chapter 4 – Leaving or Retiring From Your Position](#)

Ready to prepare for retirement?

It's never too soon to plan for retirement:

Save early in your career through a 403(b) plan or the Commonwealth of Virginia 457 Deferred Compensation Plan. If your employer offers the 403(b) and the 457 Plan, you are eligible to participate in both.

Contact your plan provider and your human resource office for more information about investments and distribution options when you leave or retire from your position. See also varetire.org for publications and other plan resources.

See: [Chapter 4 – Leaving or Retiring From Your Position](#)

Organizing your affairs for the future?

You have an opportunity to name a trusted person to act on your behalf in the event you need assistance with your retirement accounts. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901). The form is available at orphe.varetire.org.

If you die while you are an active participant, your beneficiary will be eligible for a payment of your ORPHE account balance, your 403(b) and 457 Plan account balances, as applicable, and life insurance benefits. At retirement, you can elect a joint and survivor annuity if you wish to continue a lifetime benefit to a survivor upon your death. Your life insurance coverage includes an accelerated death benefit option if you are diagnosed with a terminal condition and have fewer than 12 months to live. In the event of your death, *Losing a Loved One: Guide for Families* will help your beneficiary or survivor know what to do regarding benefit claims. The publication is available at varetire.org.

See: [Chapter 3 – Active Employee Benefits](#)

Want to know more about your benefits as a retiree?

As a retiree under ORPHE, you may be eligible for group life insurance, state retiree health benefits and the health insurance credit.

See: [Chapter 4 – Leaving or Retiring From Your Position](#)



Plan to work after you retire?

In some cases, you may be eligible to work in a wage or adjunct position during retirement with no interruption in your ORPHE distributions and other retirement benefits. If you return to a position covered under VRS or an ORP authorized or administered by VRS, your ORPHE benefits will end and you will become an active participant. **Exception:** If you arrange for an annuity from your ORPHE account, these payments will continue.

If you return to covered employment with a Virginia public college or university following a bona fide break in service of at least one full calendar month from the end of the month in which you were last covered for active employee benefits, you will be eligible to elect ORPHE or the applicable VRS plan in your new position. If there is no break in service, you will continue to be covered under ORPHE.

[See: Chapter 5 – Working After Retirement](#)

Have more questions about your benefits?

This *Handbook for Participants* describes your benefits as a participant in the Optional Retirement Plan for Higher Education (ORPHE). If you have additional questions, contact your human resource office or call VRS at 888-827-3847.



2

Contributions, Investments and Distributions

Contributions and Incoming Rollovers

Investments

Investment Options

Distribution Options

CONTRIBUTIONS AND INCOMING ROLLOVERS

If you are covered under ORPHE Plan 1, your employer contributes 10.4% of your creditable compensation each pay period to your plan account. If you are covered under ORPHE Plan 2, your employer contributes 8.5% and you contribute 5% on a tax-deferred basis, for a total of 13.5% of your compensation contributed each pay period to your account. Under Plan 2, your employer may elect to contribute up to a maximum of 8.9%, provided the increase is approved by your institution's governing body and paid from non-state funds.

CONTRIBUTION LIMITS

Limit based on compensation. Section 401(a)(17) of the Internal Revenue Code limits the amount of compensation that can be used to calculate contributions to tax-qualified plans. The IRS reviews these limits annually and may increase them. For current limits and details, go to orphe.varetire.org.

Limit based on contributions to all qualified defined contribution plans. Section 415 of the Internal Revenue Code limits the amount of contributions that can be allocated to all defined contribution plans in the plan year in which they are posted. The limit applies to the total contributions (including both employer and employee contributions) made to all 401(a) qualified defined contribution (DC) plans, which include:

- Optional Retirement Plan.
- Cash match plans.
- Any supplemental tax-qualified DC plan sponsored or participated in by a higher education institution.

Does not include contributions to:

- 403(b) plans.
- 457(b) plans.
- 457(f) plans.
- 415(m) excess plans.

WHAT IS CREDITABLE COMPENSATION?

Creditable compensation is your current annual base salary excluding overtime; extraordinary pay; bonus pay; housing and moving expenses; mobile device and internet costs; vehicle allowances; termination pay for leave; non-permanent shift differentials; payments of a temporary nature including but not limited to acting pay (if not permanently confirmed for the position); or payments for extra duties, such as pay for teachers who serve as coaches. Your election to defer salary to a deferred compensation plan, such as a 403(b), a 457(b) or a 125 plan, may only be included in creditable compensation if you voluntarily elect the deferral, the deferral is not conditional or performance based, and the deferral would otherwise be included in your gross income. Other exclusions apply.

Contributions to your ORPHE account are based on your creditable compensation before reduction for any pretax contributions to purchase health insurance, pay for a qualified transportation benefit plan offered by your employer or participate in a 403(b) plan or the Commonwealth of Virginia 457 Deferred Compensation Plan.

INCOMING ROLLOVERS

You may roll over pretax or after-tax funds to your ORPHE account from a tax-qualified 401(a), 457(b), 403(b) or 401(k) plan; a traditional Individual Retirement Account (IRA); or the Federal Thrift Savings Plan. Your plan provider maintains rollovers in a separate account. Contact your plan provider for more information. Rollovers are not counted in annual contribution limits; however, the balance in your ORPHE rollover account is counted when determining your eligibility for other benefits.

If you have member contributions under the VRS defined benefit plan, you may transfer your VRS member contributions and interest to your ORPHE account. Submit the Request for Transfer of Funds to ORP (VRS-3ORP); the form is available at orphe.varetire.org. This transfer will cancel your membership in the VRS defined benefit plan. However, your VRS defined benefit service credit will count toward qualifying for group life insurance coverage and the health insurance credit in retirement. For more information about these retiree benefits, see Chapter 4 – Leaving or Retiring From Your Position.

INVESTMENTS

INVESTMENT BASICS

The retirement benefit under ORPHE is determined by your account balance and the length of time the benefit is paid. Generally, your account balance is comprised of contributions and investment gains and losses, less fees. Depending on the market environment and how you allocate your contributions, it is possible that your account balance may be lower than the amount you have contributed to your account. You decide how to invest your money and assume all risk associated with your investments.

How you design your investment strategy is closely related to your personal circumstances, including your age, income sources, when you expect to retire and tolerance for risk. Understanding investment basics will help you decide on an investment strategy tailored to your personal circumstances and retirement objectives.

IF YOU LEAVE YOUR POSITION

If you leave your position, your contributions will stop. However, you can continue to manage your investments and roll over money from other qualified plans to your ORPHE account.



INVESTMENT BASICS: AN OVERVIEW

RISK FACTORS

Investing involves risk that can result in the loss of money over short or long periods of time. Risk factors include but are not limited to:

- **Market risk.** This is the risk that the price of securities in a fund will fall, sometimes rapidly or unpredictably, due to factors such as real or perceived adverse economic conditions, political developments or investor sentiment generally. During a general downturn in the securities markets, multiple asset classes may decline in value simultaneously.
- **Inflation risk.** This is the risk that your account will lose value because your returns are not outpacing the cost of living.
- **Business risk.** This is the risk that an investment will lose value because of a decline in a specific company or industry.
- **Interest rate risk.** This is the risk that if interest rates rise, your investment may decline in value.
- **Default (credit) risk.** This is the risk that an issuer will fail to pay interest or principal when due or in a timely manner, or that negative perceptions of an issuer's ability to make such payments will cause the price of the security to decline.
- **International risk.** This is the risk that international investments will lose value due to political, economic or currency instability.

ASSET ALLOCATION AND DIVERSIFICATION

Asset allocation and diversification are strategies that may help optimize the risk/return trade-off consistent with your financial goals:

- **Asset allocation** involves dividing your money among different asset classes, such as stocks, bonds and cash equivalents according to your financial goals, risk tolerance and investment horizon.
- **Diversification** involves spreading your money among different securities, sectors, industries and strategies within a number of asset classes.

Diversified asset allocations do not guarantee profit or protection against loss. However, both asset allocation and diversification are valuable risk-management strategies for investors.

ASSET CLASSES

An asset class is a group of securities that typically behaves similarly in the marketplace when compared to other groups of securities. The most well-known asset classes are stocks, bonds and cash equivalents. Within each class is a range of investment types or sub-asset classes, each with its own risk factors.

Stocks. By investing in stocks, also called equity investments, you are buying shares of ownership in companies. Stocks may have a higher potential for growth over the long term but carry a higher degree of risk than bonds.

One way of classifying stocks is through market capitalization. Market capitalization, or market cap, measures a company's size by multiplying the number of shares outstanding by the stock's price. For example, if a company has 10 million shares outstanding at a price of \$50 per share, the company market cap is equal to \$500 million. Market cap size is often categorized as large ("large cap"), medium ("mid" or "mid-cap") and small ("small cap").

ASSET CLASSES CONTINUED

Bonds. By investing in bonds, also called fixed-income investments, you are loaning money to an organization, such as a corporation or government, in exchange for interest payments. Although bond values fluctuate, they ordinarily do not fluctuate as much as stocks. Bond investment options may help offset the higher risk of stocks in a more aggressive portfolio. They also may help generate higher income than money market instruments in a more conservative investment portfolio.

Cash equivalents. Cash equivalents, such as money market funds and U.S. Treasury bills, are short-term securities that pay interest. Their objectives are current income and preservation of principal. An investment in a money market fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. While cash equivalent investments have a place in many portfolios, their returns are generally low and may not outpace inflation.



INVESTMENT OPTIONS

DCP and TIAA offer a number of investment options across the various fund types from which you can create your own investment mix. The information in this section offers an overview of these options. For detailed information, contact your plan provider:

- **DCP (record-kept by MissionSquare Retirement):**
877-327-5261, option 1
orphe.varetire.org/dcp
- **TIAA**
800-842-2252
tiaa.org/vrs

See also the following resources available at orphe.varetire.org:

- Investment Policy Statement.
- Provider Comparison Chart.

MANAGING YOUR ORPHE ACCOUNT

One of the most important things you can do to ensure sufficient income in retirement is to manage your ORPHE account. That includes reviewing your quarterly statements and regularly reviewing your investments with your provider representative or a financial advisor. As your circumstances change, you may need to adjust your investment strategy.

IF YOU DO NOT SELECT AN INVESTMENT

If you select a provider but do not select an investment, your money will be automatically invested in the provider's default investment option. Default investment options may change from time to time.

The default option may or may not be the best choice for your future retirement income needs. Make changes to your investments if you determine the default option does not meet your retirement objectives.

For a list of current investments, see the ORPHE website at orphe.varetire.org.

Before Selecting Your Investments

Be sure to consider the investment objectives, risk, performance, fees and expenses carefully before investing.

DISTRIBUTION OPTIONS

A distribution is a payment from your plan. Distributions are governed by Section 401(a)(9) of the Internal Revenue Code. Distribution options include the following:

You can request a total lump-sum payment or a rollover of your account balance to another qualified plan.

You can elect to receive periodic distributions. You determine the frequency and amount of the distributions.

You can purchase a lifetime monthly annuity with all or a portion of your ORPHE account balance.

The amount of the payment is based on your account balance, life expectancy and prevailing interest rates at the time you purchase the annuity.

You may elect a joint and survivor annuity if you would like to continue a benefit to an annuity partner (survivor) upon your death. Your annuity partner is the person you name to receive lifetime income upon your death, such as a spouse. You can name your spouse or any living person as your annuity partner. You have the following options of the amount of your benefit you wish to continue to your annuity partner:

- **Full benefit.** Your annuity partner continues to receive the full amount after your death. With this option, your initial income is lower than any of the other lifetime annuity options.
- **Fifty percent.** Your annuity partner receives half the amount you would have received had you lived.
- **Seventy-five percent.** Your annuity partner receives 75% of the amount you would have received had you lived.
- **Two-thirds.** At the death of either you or your annuity partner, the survivor continues to receive lifetime income, but it is reduced to two-thirds. This arrangement provides the highest income amount while both of you are alive.

Subject to applicable law, you also can add a guaranteed period of 10, 15 or 20 years to any lifetime income choice. A guaranteed period ensures that income will continue to your annuity partner for the remainder of that period if you, and your annuity partner if you choose a two-life annuity, die before the end of the period.

IF YOU LEAVE OR RETIRE

For more information about preparing for retirement and qualifying for retiree benefits, see Chapter 4 – Leaving or Retiring From Your Position.

Required minimum distributions must begin if you have not arranged to receive payments from your account by April 1 following the calendar year in which you turn age 73, or when you leave an ORPHE-covered position, whichever is later.

You cannot start distributions from your plan while you are an active participant. You must have a bona fide break in service from employment with your ORPHE employer or any employer that provides retirement benefits through a VRS-administered or -authorized retirement plan. You also cannot start distributions without a bona fide break in service from an adjunct or wage position. A bona fide break in service is a break of at least one full calendar month from your last day of employment. This break must occur over a period you normally would work. Leave with or without pay, summer breaks, intersession periods, educational leave and sabbaticals do not count toward satisfying this break in service.

IF YOU DIVORCE

In the event of a divorce, your ORPHE account balance or distributions may be regarded as marital property in a property settlement. The *Code of Virginia* authorizes VRS to make a direct payment to a former spouse if he or she is awarded part of your account by the court. You must elect a retirement benefit option that is consistent with your Approved Domestic Relations Order (ADRO) on file with VRS. The court, not VRS, decides whether to divide your ORPHE account and how it is to be divided, provided the order is in compliance with the provisions of the *Code of Virginia*. Your attorney should provide VRS a draft of the order before filing it with the court to ensure the language conforms to VRS' requirements. ADRO guidelines are available at varetire.org.

The *Code of Virginia* allows other attachments to your ORPHE distributions or account. Examples include IRS tax levies, debt to an employer, child support or other marital rights as stated in an ADRO.

VRS will not release information about your VRS accounts or benefits to anyone other than yourself without your written authorization, unless your information is subpoenaed.

Felony Conviction

If you are convicted of a felony related to your ORPHE-covered employment and your employer determines that your conviction is related to your job duties, the employer must direct that your ORP employer contributions and all related benefits be forfeited. Contact your human resource office for more information.

3

Active Employee Benefits

Basic Group, Natural and Accidental Death, Dismemberment and Other Life Insurance Benefits
Designating a Beneficiary for Life Insurance Benefits
Optional Group Life Insurance Program

Health Insurance
Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program
If You Go on Educational or Military Leave

BASIC GROUP NATURAL AND ACCIDENTAL DEATH, DISMEMBERMENT AND OTHER LIFE INSURANCE BENEFITS

You are covered under the Basic Group Life Insurance Program upon employment. Your employer pays the premiums. Your coverage includes the following benefits:

Natural death benefit. The natural death benefit is equal to your creditable compensation rounded to the next highest thousand and then doubled. **Example:** If your creditable compensation is \$41,400, that amount will be rounded to \$42,000 and then doubled for a natural death benefit of \$84,000.

Accidental death benefit. If the death is determined to be accidental, an additional amount equal to the natural death benefit will be paid. **Example:** If your natural death benefit is \$84,000, an additional amount of \$84,000 will be paid for accidental death, for a total benefit amount of \$168,000.

Accidental dismemberment benefit. For the accidental loss of one limb or the sight of in one eye, the dismemberment benefit is equal to your creditable compensation rounded to the next highest thousand. For the accidental loss of two or more limbs, total loss of eyesight, or the loss of one limb and the sight in one eye, the benefit is equal to your creditable compensation rounded to the next highest thousand and then doubled.

Seatbelt benefit. If you are killed or dismembered in an accident while driving or riding in a private passenger vehicle, your life insurance will pay an amount equal to 10% of your accidental death or dismemberment benefit or \$50,000, whichever is less. You must have been using a seatbelt. No benefit is payable if you or another person was driving without a license, under the influence of alcohol or drugs, or otherwise impaired.

MORE INFORMATION

VRS has contracted with Securian Financial as the insurer for the Group Life Insurance Program. For more information about your coverage, call Securian Financial at 800-441-2258.

Repatriation benefit. If you die in an accident 75 miles or more from your home, your life insurance will pay for the cost of transportation to return your remains, up to \$5,000.

Felonious assault benefit. Your basic group life insurance coverage provides additional benefits if you die or are dismembered as a result of a felonious assault while performing your job duties. The incident must have occurred at your employer's normal place of business or while you were on work-related travel. No benefit is payable if the assaulter is an immediate family member. Felonious assault benefits include:

- \$50,000, or 25% of your accidental death or dismemberment benefit, whichever is less.
- Virginia College Savings Plan account for each qualifying child if you die as a result of the assault. The amount is approximately equal to the average cost of four years of tuition and mandatory fees at a public college or university in Virginia. Your child may attend any accredited college or university that participates in federal student financial aid programs.

Accelerated death benefit option. If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw some or all of your life insurance proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.



DESIGNATING A BENEFICIARY FOR LIFE INSURANCE BENEFITS

You can designate or change your beneficiary for life insurance benefits while you are an active or eligible deferred ORPHE participant, or after you retire. Register or log in to your myVRS account to designate or change your beneficiaries. You will not receive confirmation of receipt.

WHO CAN BE A BENEFICIARY?

You can name any living person or an entity, such as an eligible trust or charity, as your beneficiary.

Naming a Beneficiary for ORPHE and Tax-Deferred Savings Accounts

To designate a beneficiary for your ORPHE account, contact your plan provider:

- **DCP (record-kept by MissionSquare Retirement):**
877-327-5261, option 1
orphe.varetire.org/dcp
- **TIAA**
800-842-2252
tiaa.org/vrs

If you contribute to the Commonwealth of Virginia 457 Deferred Compensation Plan, use the Beneficiary Designation 457(b)/401(a) Plan form to designate a beneficiary for your account balance. You can also update your 457 Plan beneficiary online at varetire.org/457.

For information about designating a beneficiary for a 403(b) plan, contact your human resource office or the plan's record keeper.

Primary and Contingent Beneficiaries

- You can name more than one primary beneficiary to share in life insurance benefits.
- You can name a contingent beneficiary or beneficiaries. If your primary beneficiary or beneficiaries are deceased at the time of your death, your contingent beneficiary or beneficiaries will receive benefit payments according to your designation.

CHANGING YOUR BENEFICIARY

VRS is required by law to pay benefits according to the latest beneficiary designation in your VRS record. Review your beneficiary designation after a life event such as a change in marital status, the birth or adoption of a child, your beneficiary's death, or as you near retirement. Register or log in to your myVRS account to name or update beneficiaries. myVRS allows you to name multiple beneficiaries.

If not available in myVRS, you can request your current designation information from Securian Financial by calling 800-441-2258. Neither Securian nor VRS can provide this information over the phone. It will be mailed to you.

IF THERE IS NO BENEFICIARY DESIGNATION

If there is no valid beneficiary designation on file, or your primary beneficiary or beneficiaries are deceased at the time of your death and there is no contingent beneficiary or beneficiaries, VRS will pay benefits according to the following order of precedence, as required by law:

Order of Precedence

- First, to the spouse of the member.
- Second, if no surviving spouse, to the children of the member and descendants of deceased children, per stirpes.
- Third, if none of the above, to the parents of the member.
- Fourth, if none of the above, to the duly appointed executor or administrator of the estate of the member.
- Fifth, if none of the above, to other next of kin of the member entitled under the laws of the domicile of the member at the time of his death.

Note: Your myVRS account allows you to elect the order of precedence instead of designating a beneficiary. This order of precedence also applies to payment of your ORPHE account balance if there is no current beneficiary designation on file with your plan provider upon your death.

OPTIONAL GROUP LIFE INSURANCE PROGRAM

You may purchase additional coverage for yourself through the Optional Group Life Insurance Program. You will pay the premiums through payroll deduction. If you elect this coverage, you also may cover a spouse or dependent children. Optional group life insurance provides benefits for natural and accidental death or dismemberment. Once enrolled, you can increase, decrease or cancel coverage online with Securian Financial when you access your coverage information through myVRS.

COVERAGE OPTIONS

Yourself. You can select one of the eight coverage options shown below to cover yourself, up to a maximum of \$800,000.

Your spouse. You can cover your spouse for up to twice your creditable compensation, not to exceed \$400,000. Coverage for your spouse ends when your coverage ends or if you and your spouse divorce. If both you and your spouse are eligible to participate in the Optional Group Life Insurance Program, neither of you can buy additional coverage for the other.

Your dependent children. You can cover each dependent child who is at least 15 days old for \$10,000, \$20,000 or \$30,000, depending on the coverage option you select for yourself. Coverage for dependent children ends when your coverage ends or your child marries, becomes self-supporting, reaches age 21 or reaches age 25 as a dependent attending college full time. Coverage continues for dependent unmarried children who are disabled.

OPTIONAL GROUP LIFE INSURANCE COVERAGE OPTIONS

Your Insurance Amount	1x, 2x, 3x, 4x, 5x, 6x, 7x, or 8x your creditable compensation	Maximum: \$800,000
Spouse Insurance Amount	½x, 1x, 1 ½x, 2x your creditable compensation	Maximum: \$400,000
Insurance Amount per Dependent Child	\$10,000, \$20,000 or \$30,000	Children are eligible from 15 days to maximum age.

EVIDENCE OF INSURABILITY

Evidence of insurability (proof of good health) is not required if you enroll in the Optional Group Life Insurance Program within 31 days of your employment date. If you participate in the optional plan, you may add dependents within 31 days of a qualifying event, such as marriage or the birth or adoption of a child, without evidence of insurability.

Evidence of insurability (proof of good health) is required if:

- You apply after 31 days from your employment date.
- You wish to add your spouse or dependent child to your coverage after 31 days from your employment date or a qualifying event.
- You wish to purchase more than \$400,000 for yourself.
- You wish to increase your optional life insurance coverage for yourself or your spouse.
- Your spouse's insurance amount is more than half your creditable compensation.

ADDITIONAL INFORMATION ABOUT YOUR LIFE INSURANCE

Coverage while on leave without pay. If you go on leave without pay or go on military leave, your basic group life insurance coverage will continue for up to 24 months or for as long as you are on military leave, provided the premiums are paid. If you have optional life insurance, your coverage will continue as long as you pay the premiums and remain covered under the basic group life program.

Irrevocable assignment. You own your rights in your group life insurance coverage. You may transfer your ownership rights to another living person or entity. However, this is an irrevocable assignment; you cannot change it once it is made. Before making an irrevocable assignment, contact a legal advisor or Securian Financial toll-free at 800-441-2258 for assistance. Depending on your circumstances, you may want to consider the accelerated death benefit.

Loans prohibited. You may not borrow from or use your group life insurance coverage to secure a loan.

Imputed income taxes. Imputed income is based on the cost of life insurance in excess of \$50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes and is reflected in your W-2 you receive from your employer. When you retire, VRS will deduct FICA taxes and report taxable or imputed income for as long as your group life insurance benefit exceeds \$50,000.

Child support liens. The Department of Social Services may file child support liens against monthly retirement benefits or proceeds payable under the VRS Group Life Insurance Program. VRS is required to pay a portion of your monthly retirement benefit or, at your death, life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations.

Benefit Coverage in Retirement

See Chapter 4 – Leaving or Retiring From Your Position.

HEALTH INSURANCE

You are eligible to enroll in the state health insurance program upon employment. The program is administered by the Department of Human Resource Management (DHRM) and offers several plan options for you and select family members. You pay the employee portion of the premiums through a pretax salary reduction; your employer pays the remainder of the cost. For more information about the program, contact your human resource office or visit dhrm.virginia.gov.

COMMONWEALTH OF VIRGINIA VOLUNTARY GROUP LONG TERM CARE INSURANCE PROGRAM

The employee-paid Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program provides a maximum monthly benefit for covered long-term care expenses. VRS has contracted with Genworth Life Insurance Co. as the insurer for the program. If you are a state employee or faculty member of a Virginia public institution of higher education, you are eligible to apply for coverage for yourself and select family members.

You must be:

- Over age 18.
- Work at least 20 hours per week.

Eligible family members must be between the ages of 18 and 75. They include:

- Your spouse or surviving spouse.
- Adult children.
- Parents, parents-in-law, step parents and step parents-in-law.
- Siblings.
- Grandparents, grandparents-in-law, step grandparents and step grandparents-in-law.

Other program features:

- Reduced medical underwriting (proof of good health) for employees age 65 or under who apply within 60 days of employment. Full medical underwriting will be required after 60 days or if the employee is over age 65.
- At group rates, your premiums may be more affordable. You will pay your premiums directly to Genworth.
- You can choose one of three benefit increase options that will allow you to increase your coverage over time to help protect against the rising cost of care.

DEFERRED MEMBERS AND RETIREES

If you leave employment and become a deferred member with at least five years of service credit, or if you are receiving a VRS-administered benefit, you are eligible to apply for the COV Voluntary Group Long Term Care Insurance Program, provided you are age 75 or under. Your former employer is not required to have elected the program. Medical underwriting will be required.

For more information about the program, contact Genworth toll-free at 866-859-6060 or visit [genworth.com/cov](https://www.genworth.com/cov).

IF YOU GO ON EDUCATIONAL OR MILITARY LEAVE

EDUCATIONAL LEAVE

If you go on an authorized educational leave of absence receiving at least half your compensation, contributions to your ORPHE account will continue based on the salary you receive during the period of leave. The period of time you are on leave also will count toward eligibility for the health insurance credit in retirement. If you are receiving less than half your compensation, contributions to your ORPHE account will stop, and the period of time you are on leave will not count toward eligibility for the health insurance credit.



MILITARY LEAVE

If you volunteer for or are called to active duty military service, your employer will make up contributions for the period during which you are on military leave when you return to your position, as provided under the federal Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA). Uniformed services under USERRA include:

- U.S. Army, Navy, Air Force, Marines, Coast Guard and the reserve component of these services.
- Commissioned Corps of the Public Health Service.
- National Guard.
- Other categories designated by the U.S. President in a time of war or emergency.

USERRA defines active duty military service as active duty, active duty or initial active duty for training, inactive duty for training, examination to determine fitness for duty, funeral honors and full-time National Guard duty. To qualify for USERRA benefits, you must:

- Give your employer advance written or verbal notice of service.
- Have no more than five years of total absences from the employer for military service (the exception is service resulting from an order to active duty because of war or a national emergency declared by the U.S. President or the U.S. Congress).
- Not have been dishonorably discharged or released from service under other punitive conditions
- Return to your position according to the following schedule.
 - If you serve fewer than 31 days, by the first full work period on the first full calendar day following discharge.
 - If you serve between 31 and 180 days, by no later than 14 days following discharge.
 - If you serve 181 or more days, by no later than 90 days following discharge.



Do You Have a Power of Attorney?

The VRS Durable Power of Attorney (VRS-901) allows you to name a person as your agent to take actions on your behalf and in accordance with your wishes in the event you no longer can handle your own affairs. The VRS-901 is for VRS matters only. The form and more information are available at orphe.varetire.org.

If You Become Disabled

Most ORPHE-participating colleges and universities offer a plan of income protection or replacement during periods of disability. You may be required to pay a portion of the premiums. Contact your human resource office about disability coverage your employer may offer. As an ORPHE participant, you are not eligible for the Virginia Sickness and Disability Program (VSDP) or disability retirement under VRS.

If you cannot perform your job duties because of a disability and you leave employment, you can elect to begin receiving distributions from your ORPHE account or receive distributions at a later date. Your human resource office can assist you in deciding the option that will best meet your needs. You also may be eligible for Social Security Disability Insurance (SSDI) benefits. For more information, call the Social Security Administration at 800-772-1213 or visit ssa.gov.

4

Leaving or Retiring From Your Position

Taxes

Social Security

Group Life Insurance

State Retiree Health Benefits Program

Health Insurance Credit

Commonwealth of Virginia Voluntary
Group Long Term Care Insurance
Program

Leaving Employment Checklist

TAXES

Distributions from your ORPHE account paid directly to you, your survivor or your beneficiary are subject to federal and state income taxes. The Internal Revenue Service (IRS) also may impose an additional 10% tax penalty if you take a distribution before age 59½. If you leave your ORPHE position after reaching age 55 or you begin an annuity or a periodic distribution of equal amounts over your lifetime, this penalty will be waived. For more information, contact a tax advisor or the IRS at 800-829-1040 or [irs.gov](https://www.irs.gov).

SOCIAL SECURITY

You will be eligible for a full Social Security retirement benefit when you reach your normal Social Security retirement age. You may qualify for a reduced benefit as early as age 62. For more information, call the Social Security Administration at 800-772-1213, visit [ssa.gov](https://www.ssa.gov) or contact your local Social Security Administration office.

GROUP LIFE INSURANCE

BASIC GROUP LIFE INSURANCE PROGRAM

Some basic benefits under the VRS Group Life Insurance Program will continue into retirement, provided you are:

- Age 55 with a combination of at least five years of VRS defined benefit service credit and/or ORP participation, or age 50 with a combination of at least 10 years of VRS defined benefit service credit and/or ORP participation, if you are in ORPHE Plan 1; or
- Age 60 with a combination of at least five years of VRS defined benefit service credit and/or ORP participation, or when age and combined VRS defined benefit service credit and/or ORP participation equal 90, if you are in ORPHE Plan 2.

Service credit from an institution of higher education that does not participate in the VRS Group Life Insurance Program does not count toward qualifying for continued basic group life insurance coverage.

Benefits include:

Death benefit equal to your creditable compensation at retirement, rounded to the next highest thousand and then doubled. If you retire with 20 or more years of VRS defined benefit service credit and/or ORP participation, the death benefit will be based on your highest creditable compensation as a covered participant, even if your salary at retirement is lower.

Accelerated death benefit option. If you are diagnosed with a terminal condition and have fewer than 12 months to live, you can withdraw some or all of your life insurance proceeds to use for any purpose. Your beneficiary or survivor will receive any remaining amount upon your death.

The provisions that allow for double the natural death benefit for accidental death and dismemberment end upon retirement.

Life Insurance Coverage in Retirement. Your coverage begins to reduce on January 1 following one calendar year after your employment ends. The reduction rate is 25% each January 1 until it reaches 25% of the total life insurance benefit value at retirement. If you have at least 30 years of VRS defined benefit service credit and/or ORP participation, your coverage cannot reduce below an \$8,000 minimum established in 2015. This minimum will be increased annually based on the VRS Plan 2 cost-of-living adjustment calculation. You may end employment and defer retirement until a later date; however, the group life insurance will begin reducing based on the last month of employment.

THE VALUE OF YOUR LIFE INSURANCE

Reduction Timeline	Example
When you retire or defer retirement, your life insurance benefit is equal to your creditable compensation, rounded to the next highest thousand and then doubled.	You retire on July 1, 2024. Your compensation at retirement is \$49,780; for your life insurance coverage, that amount is rounded to \$50,000 then doubled to equal \$100,000.
On January 1 following one calendar year after your employment ends (January through December), your life insurance coverage reduces 25%.	On January 1, 2026, your life insurance coverage reduces to \$75,000.
On January 1 following two calendar years after your employment ends (January through December), your life insurance coverage reduces another 25%.	On January 1, 2027, your life insurance coverage reduces to \$50,000.
On January 1 following three calendar years after your employment ends (January through December), your life insurance coverage reduces a final 25% and remains at that value for the rest of your retirement.	Your final reduction will be on January 1, 2028, and your coverage will remain at \$25,000* for the rest of your retirement.

**The final amount of insurance will vary according to your creditable compensation when leaving employment.*

OPTIONAL GROUP LIFE INSURANCE COVERAGE

If you are enrolled in the Optional Group Life Insurance Program and meet the qualifications for retirement, you may continue a portion of your coverage upon leaving employment. You as well as your spouse and dependent children, if enrolled, must have been continuously covered during the 60 months preceding your retirement date. The accidental death benefit and dismemberment coverage end upon retirement. The value of your VRS optional life insurance reduces by 25% beginning with your normal retirement age under your plan, with additional reductions occurring at ages 70 and 75. All coverage ends at age 80. The maximum amount of optional group life insurance in retirement is \$300,000. You must elect to continue your coverage within 31 days of the last day of the month in which you leave your position by submitting the Retiree Optional Life Continuation (VRS-39R) to Securian Financial. This option is not available after 31 days.

IF YOU ARE NOT ELIGIBLE TO CONTINUE YOUR COVERAGE

If you are not eligible to continue your basic group life insurance coverage when you leave or retire, you can convert your coverage to an individual policy. Evidence of insurability will not be required; you will be billed for the premiums. Submit a Conversion of Group Life Insurance Enrollment (VRS-35) to Securian Financial within 31 days of the last day of the month in which you leave your position. The form is available at orphe.varetire.org. This option is not available after 31 days.

STATE RETIREE HEALTH BENEFITS PROGRAM

You are eligible to enroll in the State Retiree Health Benefits Program upon retirement. You must be eligible for coverage in the State Employee Health Benefits Program for active employees at the time of your separation. If you elect this coverage, you will pay the premiums directly to the health insurance carrier. You also can enroll your survivors (a spouse or dependent children).

You must work with your employer to enroll within 31 days of your retirement date. You must also meet the age and service requirements for an immediate retirement benefit under the VRS plan that you would have been eligible for on your date of hire had you not elected ORPHE. For more information about the program, visit the Department of Human Resource Management website at dhrm.virginia.gov.

In the Event of Your Death After You Retire

Your beneficiary or survivor should call your plan provider and Securian Financial at 800-441-2258. For more information, see *Losing a Loved One: Guide for Families* available at varetire.org.

Canceling coverage. You can cancel your coverage at any time after you retire by logging in to my.cardinal.virginia.gov or by sending a written request to VRS. Canceling your coverage also cancels coverage for your spouse and dependent children, if enrolled. Once you cancel coverage, you are not eligible to re-enroll in the program. However, you can be covered as a dependent of an active or retired state employee covered under VRS or an optional retirement plan who enrolls you in the program, or if you return to work and retire again as a state employee or ORP state participant. In the latter case, you will have 31 days from your subsequent retirement date to elect coverage.

MEDICARE BENEFITS

Medicare is a federal government-sponsored health insurance program. You become eligible for Medicare when you reach age 65. Medicare includes coverage for hospital care (Part A) at no cost to you and medical care (Part B), for which you pay a monthly premium. You also may elect coverage under the prescription drug plan (Part D). You should apply for Medicare at least three months before your 65th birthday.

If you elect the State Retiree Health Benefits Program, you will be eligible for Advantage 65, the state's Medicare supplement plan, when you apply for Medicare. The Advantage 65 plan includes Medicare Part D prescription drug coverage; there also is a Medical Only option that excludes prescription drug coverage.

HEALTH INSURANCE CREDIT

You are eligible for the health insurance credit if you:

- Retire with at least 15 years of VRS defined benefit service credit and/or ORP participation.
- Have reached the minimum age for service retirement under the corresponding VRS defined benefit plan.

This is a tax-free benefit paid directly to you that assists with health insurance premiums you pay for single coverage, excluding any portion of the premiums covering a spouse or dependents. As set by the General Assembly, eligible ORPHE retirees receive \$4 per year of service credit per month, not to exceed the individual premium amount. Direct deposit of the health insurance credit is not available.

The 15 years of service credit may be a combination of ORPHE and applicable service in a VRS defined benefit plan or the Hybrid Retirement Plan. The health insurance credit ends upon a retiree's death.

If you go on an educational leave of absence receiving at least half your compensation, this period of leave will count toward the 15 years of service credit needed to qualify for the health insurance credit.

IF YOU ARE ON DISABILITY

If you are receiving disability benefits under a program administered by your institution and had fewer than 30 years of VRS defined benefit service credit and/or ORP participation when your disability claim was approved, you are eligible for a health insurance credit of up to \$120 per month. If you had 30 or more years of service credit, you are eligible for \$120 per month or \$4 per year of service credit per month, whichever is higher. In each case, the health insurance credit cannot exceed the amount of the individual premiums.

If you retire from being on disability, you must have at least 15 years of service credit and satisfy the other provisions of the program to qualify for the health insurance credit as a retiree.

Qualifying Health Plans

- Individual health plans.
- Coverage as a dependent on a spouse's plan.
- Employer-sponsored health plans, including the State Retiree Health Benefits Program.
- Medicare Part B.
- Dental and vision plans.
- Prescription drug plans, including Medicare Part D.
- Long-term care insurance contracts.
- Long-term disability insurance.
- Hospital or accident indemnity policies.
- Supplemental policies for cancer or other specific illnesses.
- Medical discount programs.

The following are examples of plans not eligible for the health insurance credit:

- Health care sharing ministries or cooperatives.
- Direct primary care arrangements such as concierge medicine.
- Life insurance.

Applying for the Health Insurance Credit. If you are eligible for the health insurance credit upon retirement and VRS will be deducting your health insurance premiums, you do not need to apply for it; VRS will apply the credit automatically to your benefit payment. If VRS is not deducting your health insurance premium or you have eligible health insurance coverage in addition to your employer-sponsored coverage, register or log in to your myVRS account to manage your health insurance credit online, or complete and send the Request for Health Insurance Credit (VRS-45) to VRS. The form is available at varetire.org/forms.

Keep VRS Updated on Premium Changes. Keeping your information current ensures you receive the proper credit amount and are not at risk for receiving an overpayment, which would require you to reimburse VRS. For any premiums VRS will not be deducting, report a change or cancellation by logging in to myVRS or submitting a new Request for Health Insurance Credit (VRS-45) to VRS.

COMMONWEALTH OF VIRGINIA VOLUNTARY GROUP LONG TERM CARE INSURANCE PROGRAM

If you leave employment and are enrolled in the Commonwealth of Virginia (COV) Voluntary Group Long Term Care Insurance Program, you can continue your coverage through Genworth Life Insurance Co., the insurer. If you are not enrolled, you can apply for coverage if you are a vested, deferred member or a retiree, provided you are age 75 or under. Medical underwriting (proof of good health) will be required. For more information, contact Genworth toll-free at 866-859-6060 or visit genworth.com/cov.

LEAVING EMPLOYMENT CHECKLIST

Meet with your plan provider's representative to review your investment selections and discuss your distribution options. Also contact your human resource office or a VRS counselor at 888-827-3847 to discuss qualifying for benefits after you leave or retire.

- Submit a distribution form to your provider. Check and, if necessary, update your beneficiary designation for your ORPHE account. For more information, contact:
 - ✓ DCP: 877-327-5261, option 1; orphe.varetire.org/dcp
 - ✓ TIAA: 800-842-2252 (customer contact and IVR); tiaa.org/vrs
- Submit the following forms to your human resource office:
 - ✓ Termination Certification Form-Optional Retirement Plan for Higher Education (VRS-65D)
 - ✓ Name and Address Declaration for Deferred Members (VRS-3A)
 - ✓ State Health Benefits Program Enrollment Form for Retirees, Survivors and LTD Participants (T-20879) if you wish to enroll in the State Retiree Health Benefits Program.
 - ✓ Optional Retirement Plan Health Insurance Credit Employer Certification of Service (VRS-75) if you have at least 15 years of service credit (ORPHE service or a combination of ORPHE and VRS service).
- Check and, if necessary, update your beneficiary designations for life insurance and your 403(b) plan or the Commonwealth of Virginia 457 Deferred Compensation Plan, if you participate in these plans. For more information, see Chapter 1 – Welcome to the Optional Retirement Plan for Higher Education and Chapter 3 – Active Employee Benefits.

5

Working After Retirement

Non-Covered Employment
Critical Shortage Positions
If You Want to Work While Retired

After you retire, you can work for any employer that does not participate in VRS or an optional retirement plan administered or authorized by VRS and continue to receive distributions from your ORPHE account and other retiree benefits. If you return to covered employment that provides retirement benefits through a VRS-administered or VRS-authorized retirement plan, your ORPHE distributions and benefits will stop. **Exception:** If you elect to purchase an annuity with your ORPHE account balance, your annuity payments will continue even if you return to VRS- or ORP-covered employment.

If you return to covered employment, your human resource office will submit the Notice of Return to Covered Employment Optional Retirement Plan Retiree (VRS-7ORP) to notify your plan provider to stop your distributions.

NON-COVERED EMPLOYMENT

In some cases, you can work in a non-covered position with a VRS- or ORP-participating employer and continue to receive your retirement benefits. If you return to non-covered employment with the employer from which you retired, you must have a bona fide break in service of at least one full calendar month from your retirement date. This break must occur over a period you normally would work. Periods of leave with or without pay, summer breaks, intersession periods, educational leave or sabbaticals do not count toward satisfying this break in service. If you do not take the break in service, your retirement is void and any benefit payments received will have to be repaid.

The Commonwealth of Virginia, including all state agencies and public colleges and universities, is considered one employer. Public school divisions and political subdivisions are considered separate employers. Your employer can make no verbal or written offer of reemployment before you retire. You and your employer must certify on the retirement application that there has been no verbal or written offer of reemployment after retirement.

What Is Non-Covered Employment?

Non-covered employment is a part-time hourly or wage position, such as an adjunct faculty position, with a VRS- or ORP-participating employer, which does not provide eligibility for benefits. Part-time positions typically require 80% or less of the hours of a comparable full-time, permanent position. Some full-time positions may be considered non-covered if they are temporary and paid on an hourly basis.

CRITICAL SHORTAGE POSITIONS

K-12 CRITICAL SHORTAGE POSITIONS

You may be eligible to teach or serve as a principal or assistant principal in a critical shortage position in a Virginia public school. You do not have to retire as a teacher or school administrator as long as you become licensed by the Virginia Board of Education for the position you will hold. Positions are full time and temporary (non-covered) for the current school year; and if you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

- Be retired from a VRS-covered position. Members of the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible.
- Be hired by a Virginia public school division in a designated teacher critical shortage position.
- Hold a Virginia Board of Education license for the position.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a critical shortage position. This break in service means not working in any full-time, part-time or volunteer position, including coaching and substitute teaching, with any VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

For more information on critical shortage designations and how to apply, visit the Department of Education website at doe.virginia.gov or contact the school system where you would like to work.

SPECIALIZED STUDENT SUPPORT POSITIONS

You may be eligible to return to work full time in a specialized student support position at a Virginia public school. Positions are full-time and temporary (non-covered) for the current school year. If you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

To be considered for a specialized student support position, you must:

- Be retired from an eligible VRS-covered position. Members of the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible.
- Be hired in a designated specialized student support critical shortage position for a Virginia public school division. Retirees in these positions are employed by the school board and include school social workers, school psychologists, school nurses, licensed behavior analysts, licensed assistant behavior analysts, and other licensed health and behavioral positions, such as speech-language pathologists, as determined by the Virginia Department of Education.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a specialized student support critical shortage position. This break in service means not working in any full-time, part-time or volunteer position with a VRS-participating employer, or working for a contractor with any VRS-participating employer.

- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

For more information on critical shortage designations and how to apply, visit the Department of Education website at doe.virginia.gov or contact the school system where you would like to work.

BUS DRIVER CRITICAL SHORTAGE POSITIONS

You may be eligible to return to work full time as a bus driver in a critical shortage position at a Virginia public school. Positions are full-time and temporary (non-covered) for the current school year. If you qualify, you will continue to receive your retirement benefits but you will not earn additional service credit.

To be considered for a bus driver critical shortage position, you must:

- Be retired from an eligible VRS-covered position. Members of the State Police Officers' Retirement System, the Virginia Law Officers' Retirement System and the Judicial Retirement System are not eligible.
- Be hired in a designated bus driver critical shortage position for a Virginia public school division.
- Have a break in service of at least six consecutive months between your retirement date and the date you wish to work in a bus driver critical shortage position. This break in service means not working in any full-time, part-time or volunteer position with a VRS-participating employer, or working for a contractor with any VRS-participating employer.
- Not have retired with a reduced VRS benefit under an early retirement incentive program (ERIP).
- Not have retired under the Transitional Benefits Program or the Workforce Transition Act with an enhanced monthly VRS benefit.
- Not be on VRS disability retirement.
- Not have a prearranged commitment, either verbal or written, with the school division before your retirement date.

For more information on critical shortage designations and how to apply, visit the Department of Education website at doe.virginia.gov or contact the school system where you would like to work.

IF YOU WANT TO WORK WHILE RETIRED

If you want to work while retired, contact your plan provider or previous employer to determine the impact of employment on your retirement benefits. Also contact the Social Security Administration at 800-772-1213 or visit ssa.gov for information on the effect of earnings during retirement on your eligibility for Social Security benefits.

6

Frequently Used Terms

Active Participant

You are an active participant if you are working in a covered position with an employer that participates in the Virginia Retirement System (VRS) for retirement under the defined benefit plan or an optional retirement plan administered or authorized by VRS.

Approved Domestic Relations Order (ADRO)

An Approved Domestic Relations Order (ADRO) is a court order related to marital property rights as a result of a divorce. If you divorce, your ORPHE account may be regarded as marital property in a property settlement. The order must meet plan requirements and be approved by VRS.

Asset Allocation

Asset allocation is an investment strategy that involves dividing your money among different asset classes.

Asset Classes

Asset classes refer to the categories of financial securities, such as stocks, bonds and cash equivalents.

Beneficiary

A beneficiary is someone you designate to receive a payment of your ORPHE account balance, 403(b) account balance or 457 Plan account balance and life insurance benefits upon your death.

Bona Fide Break in Service

A bona fide break in service is a break of at least one full calendar month from your retirement date or last day of employment. This break must occur over a period you normally would work. Periods of leave with or without pay, summer breaks, intersession periods, educational leave or sabbaticals do not count toward satisfying this break in service.

Capital

Capital is money available for investment.

Capital Gain or Loss

A capital gain or loss is an increase or decrease in the value of a capital asset. A capital gain or loss is realized when the asset is sold.

Child Support Liens

The Department of Social Services may file child support liens against monthly retirement benefits or proceeds payable under the VRS Group Life Insurance Program. VRS is required to pay a portion of your monthly retirement benefit or, at your death, life insurance proceeds to the Department of Social Services to satisfy any outstanding child support obligations.

Covered Employment

Covered employment is a full-time permanent, salaried position with an employer that participates in VRS or provides an optional retirement plan administered or authorized by VRS. Some part-time permanent, salaried state positions, excluding adjunct faculty positions, are also covered under VRS or the ORPHE.

Creditable Compensation

Creditable compensation is your current annual base salary excluding overtime; extraordinary pay; bonus pay; housing and moving expenses; mobile device and internet costs; vehicle allowances; termination pay for leave; non-permanent shift differentials; payments of a temporary nature including but not limited to acting pay (if not permanently confirmed for the position); or payments for extra duties, such as pay for teachers who serve as coaches. Your election to defer salary to a deferred compensation plan, such as a 403(b), a 457(b) or a 125 plan, may only be included in creditable compensation if you voluntarily elect the deferral, the deferral is not conditional or performance based, and the deferral would otherwise be included in your gross income. Other exclusions apply.

Contributions to your ORPHE account are based on your creditable compensation before reduction for any pretax contributions to purchase health insurance, pay for a qualified transportation benefit plan offered by your employer or participate in a 403(b) plan or the Commonwealth of Virginia 457 Deferred Compensation Plan.

Defined Benefit Plan

A defined benefit plan provides a monthly benefit during retirement based on age, total service credit and average final compensation.

Defined Contribution Plan

The defined contribution plans administered or authorized by VRS include the Commonwealth of Virginia 457 Deferred Compensation and Cash Match Plans; the Hybrid 457 Deferred Compensation Plan and Hybrid 401(a) Cash Match Plan; the Optional Retirement Plan for Political Appointees, Optional Retirement Plan for School Superintendents and Optional Retirement Plan for Higher Education; and the Virginia Supplemental Retirement Plan for certain school employees. The benefit under a defined contribution plan is based on contributions and net investment gains on contributions.

Distribution

A distribution is a lump-sum payment, a periodic payment or an annuity from your ORPHE account. If you participate in the Commonwealth of Virginia 457 Deferred Compensation Plan, you can request a lump-sum payment, a periodic distribution or a combination of these methods upon retiring or leaving employment.

Diversification

Diversification is an investment strategy that involves spreading your dollars among different securities, sectors, industries and strategies within a number of asset classes.

Earnings

Earnings are a company's or fund's profit after paying all costs, expenses and taxes.

Full-Time Employment

Full-time employment is typically 40 hours a week. Thirty-two hours a week is considered the minimum number for full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.

Hybrid Retirement Plan

A hybrid retirement plan is a combination of two types of plans: a defined benefit plan and a defined contribution plan. Contributions are made to both the defined benefit and defined contribution components of the retirement plan. At retirement, members receive a monthly benefit that is paid from the defined benefit component of the plan and are eligible to receive distributions from the defined contribution component.

Imputed Income

Imputed income is based on the cost of life insurance in excess of \$50,000, as determined by the Internal Revenue Service (IRS). It is subject to FICA and income taxes. VRS deducts FICA taxes and reports taxable or imputed income for as long as your group life insurance benefit exceeds \$50,000.

Index

An index is an unmanaged group of securities whose overall performance is used as a benchmark against which financial or economic performance can be measured.

Interest

Interest is the money a borrower pays to a lender as the cost of using its money, expressed as a percent per period of time. The period of time is usually one year, in which case it is called an annual rate of interest.

Investment Income

Investment income is interest, dividends or capital gains earned from an investment. Investment income is automatically reinvested in your plan account.

Irrevocable Assignment

Irrevocable assignment means assigning your ownership rights in your life insurance coverage to another person or entity, such as an eligible trust or charity. You cannot change this assignment once it is made.

Liquidity <hr/>	A market is liquid when it has a high level of trading activity, allowing buying and selling with a minimum of price disturbance. A liquid asset is easily turned into cash.
Market Capitalization (Market Cap) <hr/>	Market capitalization refers to the current value or price of a stock multiplied by the number of shares outstanding. For example, if a company has 10 million shares available and the price is \$50 per share, the market cap is \$500 million.
Membership Date <hr/>	Membership is based on the date you are first reported to VRS in a covered position. If you have previous VRS service but took a refund, your membership is the date you return to covered employment.
Non-Covered Employment <hr/>	Non-covered employment is a part-time hourly or wage position, such as an adjunct faculty position, with a VRS- or ORP-participating employer. Non-covered positions do not provide eligibility for benefits. A part-time position typically requires 80% or less of the hours of a comparable full-time, permanent position. Some full-time positions may be considered non-covered if they are temporary and paid on an hourly basis.
Normal Retirement Age <hr/>	Under ORPHE Plan 1, normal retirement age is age 65. Under ORPHE Plan 2, normal retirement age is your normal Social Security retirement age.
Order of Precedence <hr/>	If there is no valid beneficiary designation on file or your beneficiary is deceased at the time of your death, VRS is required by law to pay benefits according to an order of precedence.
Part-Time Employment <hr/>	Part-time employment is typically less than 80% of full-time employment. Employers, not VRS, classify positions as full time or part time and define the hours applicable to each classification.
Plan 1 <hr/>	You are covered under ORPHE Plan 1 if you have an ORP or VRS membership date before July 1, 2010.
Plan 2 <hr/>	You are covered under ORPHE Plan 2 if you have an ORP or VRS membership date after July 1, 2010.
Plan Providers <hr/>	The plan providers under ORPHE are DCP (record-kept by MissionSquare Retirement) and TIAA.

Plan Provisions

Plan provisions are the requirements that govern the plans or programs under which you are covered based on your current position of employment. ORPHE plan provisions are stated in the plan document.

Plan-to-Plan Transfer

If you were covered under the VRS defined benefit plan and have member contributions in your VRS member account, you may transfer these contributions to your ORPHE account. This is a plan-to-plan transfer.

Power of Attorney

Under a power of attorney, you can name someone as your agent to take actions on your behalf and in accordance with your wishes if you no longer can take care of your own affairs. To name an agent for VRS matters, submit a VRS Durable Power of Attorney (VRS-901).

Principal

Principal is the original amount invested, not including interest or dividends on that amount.

Required Minimum Distribution

Required minimum distributions must begin if you have not arranged to receive payments from your ORPHE account, your 457 Plan account or a 403(b) account by age 73 or when you leave a position with an employer providing the plan, whichever is later.

Rollover

A rollover is a contribution of a pretax lump-sum payment from or to an Individual Retirement Account (IRA) or another qualified plan. A rollover allows you to defer income taxes until you withdraw the money from your plan.

Service Credit

Service credit is credit for service earned as a VRS defined benefit member. Members earn service credit for each month they are reported in a covered position. Service credit also may include credit for prior service a member may have purchased or additional service credit granted by an employer. Service credit is one of the factors used to calculate the VRS retirement benefit and determine eligibility for retiree benefits.

ABOUT VRS

Plan: The Virginia Retirement System (VRS) is administered based on the plan year July 1 to June 30. VRS is governed by the provisions of Title 51.1 of the *Code of Virginia* and other applicable law. Changes to the law can be made only by an act of the General Assembly.

Administration: VRS is an independent state agency. As provided under the *Constitution of Virginia*, VRS funds are separate from other state funds and can be used only to administer and pay benefits for members, retirees and beneficiaries. The Board of Trustees administers and is trustee of the funds of the Virginia Retirement System Trust, including Plan 1, Plan 2, the defined benefit component of the Hybrid Retirement Plan, and Plan 1 and Plan 2 hazardous duty benefits for political subdivision employees; the State Police Officers' Retirement System Trust, including Plan 1 and Plan 2; the Virginia Law Officers' Retirement System Trust, including Plan 1 and Plan 2; the Judicial Retirement System Trust, including Plan 1 and Plan 2, and the defined benefit component of the Hybrid Retirement Plan for judges; the Virginia Sickness and Disability Program (VSDP) Trust for state employees, including VSDP long-term care; the Virginia Local Disability Program (VLDP) Trust for eligible school division and political subdivision employees, including VLDP long-term care; a disability retirement option for certain members not covered under VSDP or VLDP; the Hybrid 457 Deferred Compensation Plan; the Hybrid 401(a) Cash Match Plan; the Optional Retirement Plan for Political Appointees, the Optional Retirement Plan for School Superintendents and the Optional Retirement Plan for Employees of Higher Education (ORPHE); the Commonwealth of Virginia 457 Deferred Compensation Plan; the Virginia Cash Match Plan; the Virginia Supplemental Retirement Plan; the Group Life Insurance Program; the Retiree Health Insurance Credit Program; and the Line of Duty Death and Health Benefits Trust Fund.

In addition, the Board administers or has substantial oversight responsibilities for the Benefit Restoration Plan, the Commonwealth of Virginia Voluntary Group Long Term Care Insurance Program, and the Volunteer Firefighters' and Rescue Squad Workers' Service Award Fund Program, as well as benefit eligibility determinations under the Line of Duty Act in Title 9.1. of the *Code of Virginia*.

Nine members serve on the VRS Board of Trustees. Their appointment is shared between the executive and legislative branches of state government. The Governor appoints five members, including the chairman. The Joint Rules Committee of the Virginia General Assembly appoints four members. The General Assembly confirms all appointments. Of the nine Board members, four must be investment experts; one must be experienced in employee benefit plans; one must be a local government employee; one must be an employee of a Virginia public institution of higher education; one must be a state employee; and one must be a public school teacher. The public employee members may be active or retired.

The Board appoints the director of the Virginia Retirement System, who serves as chief administrative officer, as well as the chief investment officer and the internal audit director.

Visit varetire.org/about for a current listing of VRS executive staff and the individual members who serve on the Board of Trustees.

Investment Policy. The Board establishes the investment policy for the Optional Retirement Plan for Higher Education. The Investment Policy Statement is available online at orphe.varetire.org.

Defined Contribution Plans Advisory Committee. The Board has appointed the Defined Contribution Plans Advisory Committee (DCPAC) to provide the Board advice on defined contribution plan administration, plan design and investments. The DCPAC is comprised of nine members, two of whom are members of the Board. Of the remaining seven, one must be a participating faculty member or employee of a state-supported institution of higher education that participates in an optional retirement plan administered or authorized by VRS; two must demonstrate expertise in the management and administration of employee defined contribution plans; two must demonstrate expertise in the management, analysis or supervision of investments; one must be an active employee or retiree of a local government who demonstrates expertise in administration of retirement benefits; and one must be an active employee or retiree of a school division who demonstrates expertise with the administration of retirement benefits.

Amendment or Cancellation of the Plan. The VRS Board of Trustees can amend the ORPHE at any time, provided the amendment complies with the provisions of the *Code of Virginia* and the Internal Revenue Code and its regulations. The Commonwealth of Virginia also can amend or terminate the plan at any time by action of the General Assembly. In the event of amendment or termination, participants will remain entitled to their full ORPHE account balance.



Virginia Retirement System
1200 East Main Street • P.O. Box 2500
Richmond, VA 23218-2500

varetire.org

888-827-3847

TDD: 804-289-5919

©Virginia Retirement System
ORPHEHB 07-2023

The VRS and myVRS logos are
registered trademarks of the
Virginia Retirement System.