

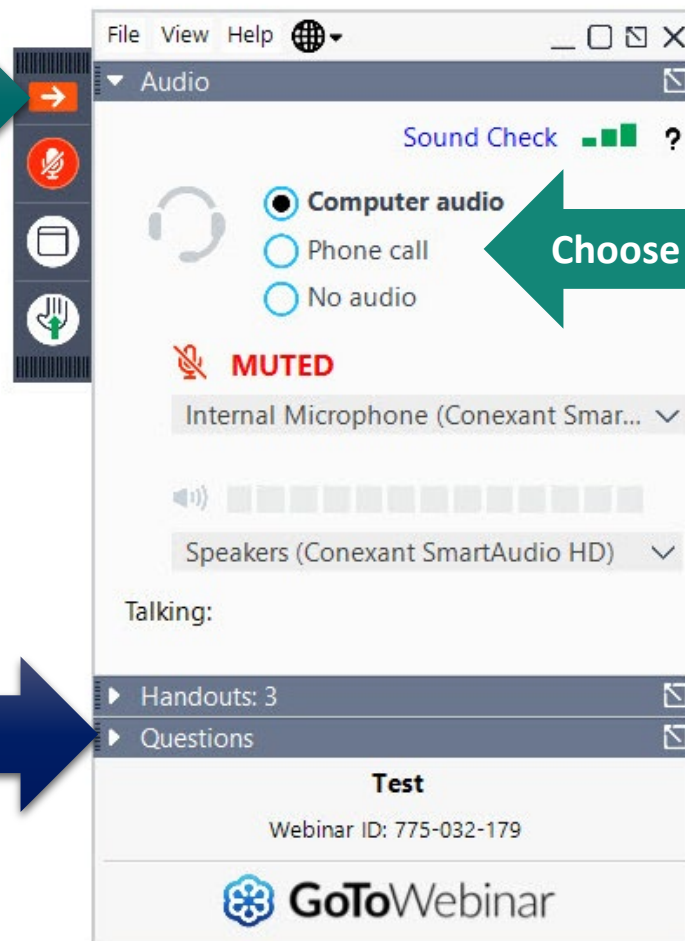
Optional Retirement Plan for Higher Education Annual Employer Update

September 19, 2023



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Virginia
Retirement
System

Patricia Bishop

Director

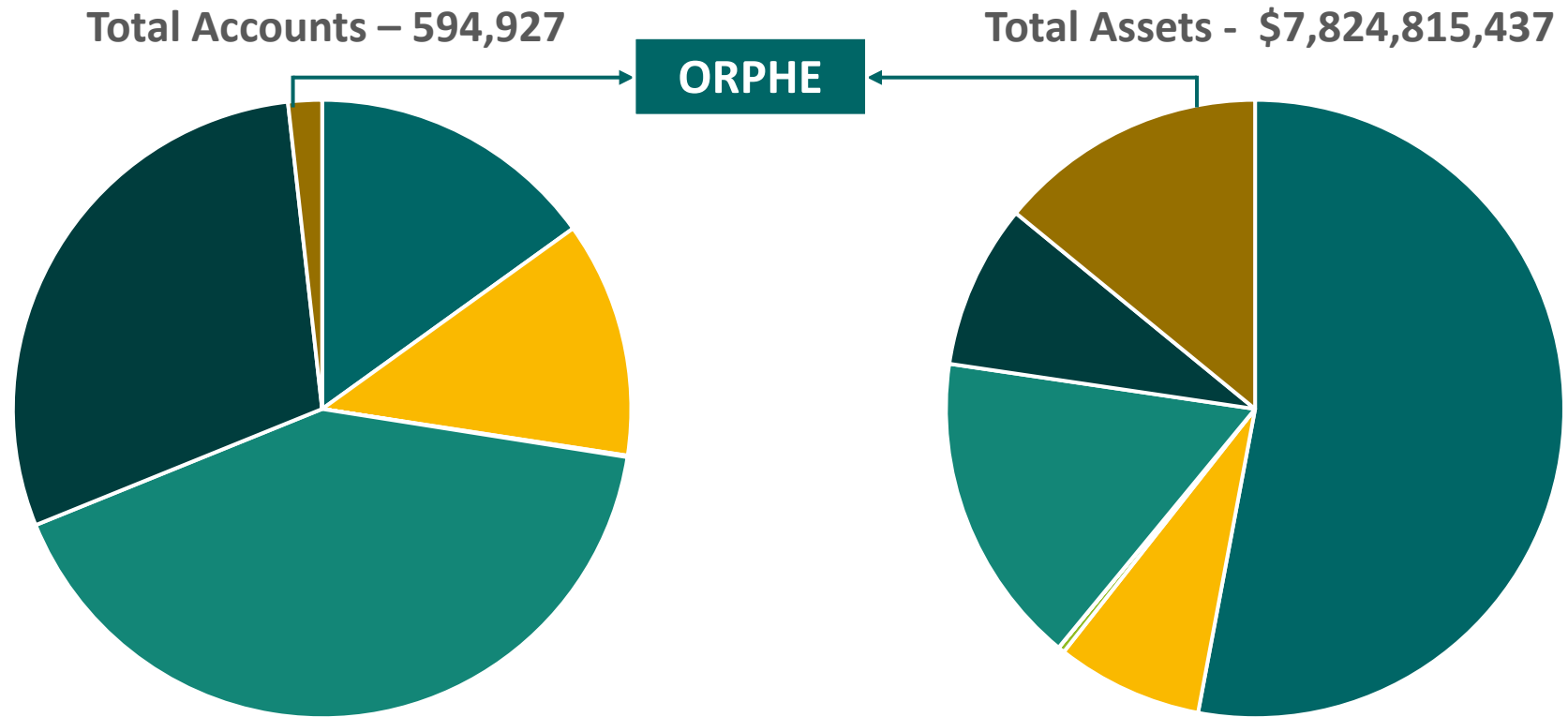
Virginia Retirement System



- Plan Summary and Review
- Administrative Update
- Open Enrollment Overview
- Participant Resources
- Questions

ORPHE Overview

VRS administers 8 separate defined contribution plans, including 3 ORPs.



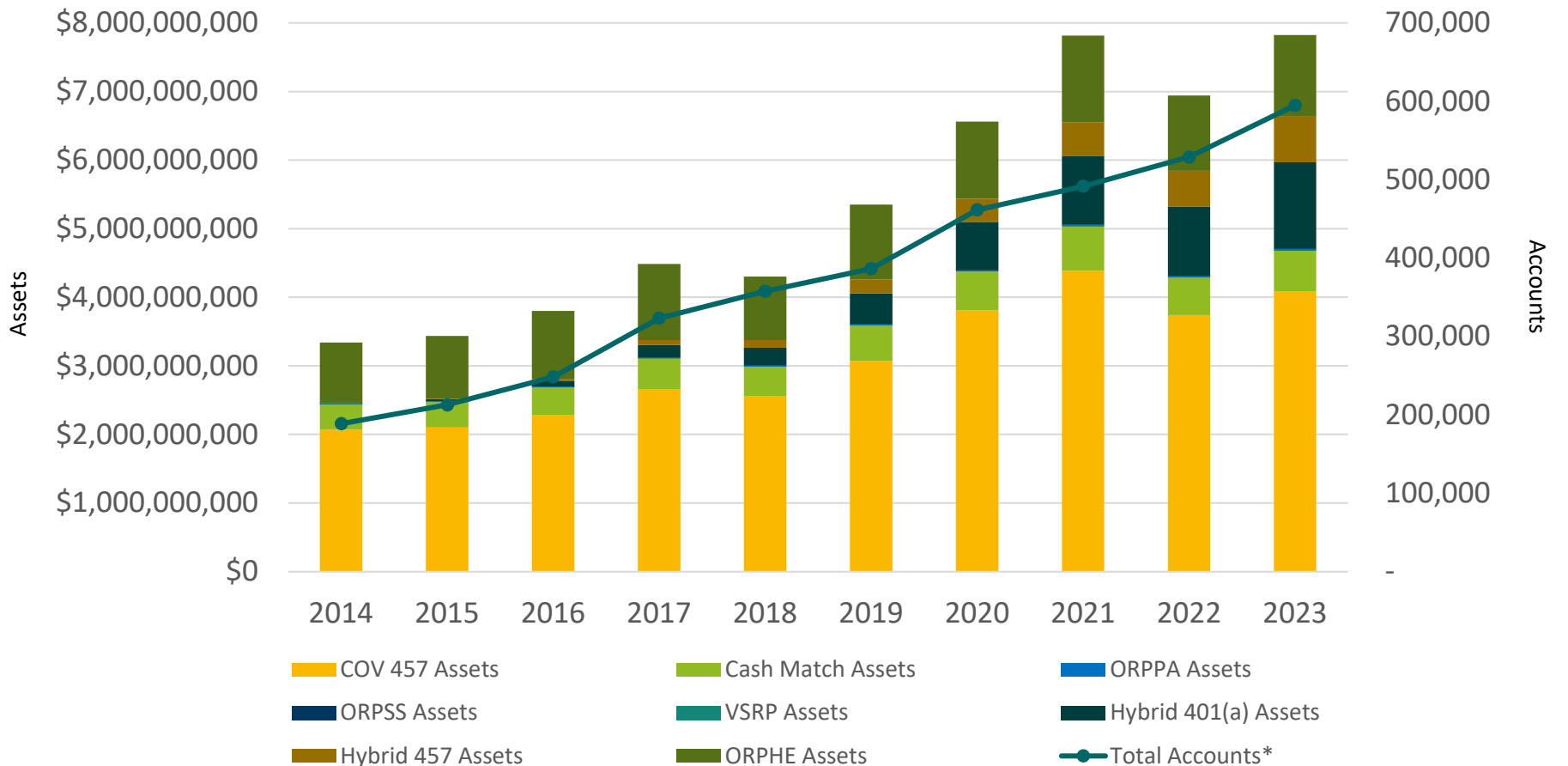
- COV 457
- Cash Match
- ORPPA
- ORPSS
- VSRP
- Hybrid 401(a)
- Hybrid 457
- ORPHE

Total Assets and Accounts Over Time



Totals as of 06/30/2023	Assets	Accounts
	\$7,824,815,437	594,927

Assets ↑ 6%
Accounts ↑ 1%
 since March 31, 2023



Note: All data except 2023 reflects totals as of calendar year end and includes ORPHE selected providers and MissionSquare participant, beneficiary, forfeiture & reserve accounts. 2023 is as of 6/30/2023.

*Does not indicate unique participants.

Administrative Summary

ORPHE

ORPHE Totals*			
	3/31/2023	06/30/2023	% Change
Assets	\$1,146,794,037	\$1,192,447,624	4%
Participants	10,585	10,528	-1%
Average Balance	\$108,341	\$113,264	5%



DCP	
	6/30/2023
Assets	\$154,517,577
Participants	2,297
Average Balance	\$67,269

33% of new hires Q2 2023 elected DCP as their provider.

TIAA**	
	6/30/2023
Assets	\$1,037,930,047
Participants	8,231
Average Balance	\$126,100

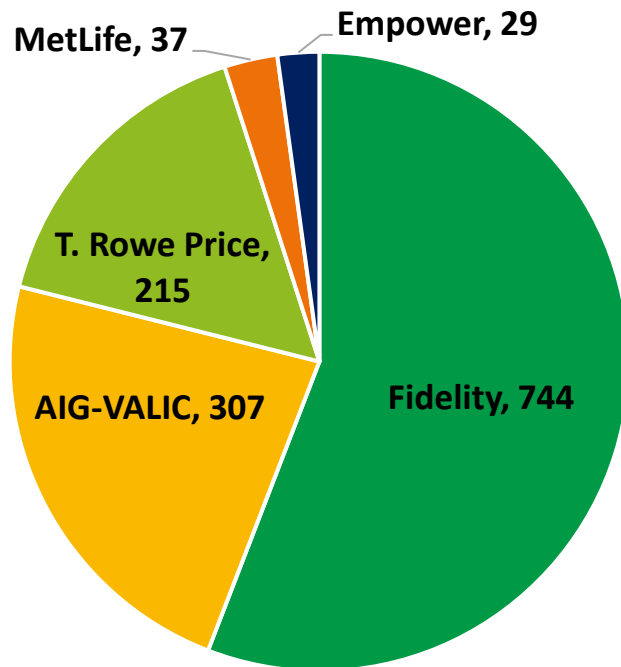
67% of new hires Q2 2023 elected TIAA as their provider.

*Excludes deselected providers.

**Includes assets in GRA/RA and RC contracts.

Deselected Providers Assets and Accounts

Accounts with Deselected Providers



Total Assets: \$140,856,949

Date	Total Accounts
6/30/2021	1,554
12/31/2021	1,470
6/30/2022	1,419
12/31/2022	1,376
6/30/2023	1,332

Annual ORPHE Fee Disclosure



Optional Retirement Plan for Higher Education Annual Fee Disclosure Notice

FEE DISCLOSURE OVERVIEW

Understanding retirement plan fees can be challenging; yet, the fees you pay for plan administration and the investments you have chosen for your Optional Retirement Plan for Higher Education (ORPHE) account impact the amount of money you have at retirement. Although not required for governmental plans, the Virginia Retirement System (VRS), as the ORPHE plan administrator, follows the spirit of the regulations issued by the U.S. Department of Labor (DOL) by providing this annual fee disclosure notice.

PROVIDERS AND INVESTMENTS

As an ORPHE participant, you have a choice of two providers: TIAA and DCP (record kept by MissionSquare Retirement). Each provides record-keeping and administrative services for a range of diversified and distinct investment options. Investment options are subject to market risk and return characteristics.

UNDERSTANDING RETIREMENT PLAN FEES

A portion of the operating costs associated with retirement plans, products and services are passed along as fees to plan participants. These fees may seem small, but over time they can have a major impact on your investment portfolio. The long-term cumulative effect of fees and expenses on retirement savings can be substantial. Consider how just a 1 percentage point difference in fees could affect your account balance over time:

3% Increase in Example

As the example shows, which may make a difference in your retirement savings. The provider or a particular investment option may not necessarily result with a higher expense.

FINANCIAL PLANNING AND WELLNESS RESOURCES

Financial planning services with CERTIFIED FINANCIAL PLANNER™ professionals are now available to members in our defined benefit and defined contribution plans. CFP® professionals offer guidance and support to situations as such debt reduction, budgeting help, saving for education, optimizing Social Security benefits, protecting your loved ones and estate planning. You can sign up for webinars and one-on-one consultations with CFP® professionals.



The nationally recognized myVRS Financial Wellness program aims to help VRS members make informed, everyday financial decisions on their own. Through their articles, videos, and webinars, they help you pursue your financial goals.

QUALIFYING FOR ORPHE RETIREE ANCILLARY BENEFITS

When you are no longer employed by a Virginia public employer, you may qualify for the State Retiree Health Insurance Program, VRS group life insurance and/or retiree health insurance credit, if you meet the eligibility requirements.

- State Retiree Health Insurance:** You must apply for the benefit within 31 days of your last date of employment or lose eligibility for coverage. You must also meet the age and service requirements for an immediate retirement benefit under the non-ORP Virginia Retirement System plan that you would have been eligible for on your date of hire had you not elected the ORP.
- VRS Group Life Insurance Program:** You qualify to continue your group life insurance in retirement if you meet the age and service requirements. If you are covered by ORPHE Plan 1 (employment date before July 1, 2010), you must be age 50 with 10 years of service or age 55 with five years of service. If you are covered by ORPHE Plan 2 (employment date July 1, 2010, or later) you must be age 60 with five years of service into retirement. While you plus service must equal 90 when you leave employment to retain group life insurance and doubled. In retirement, your group life insurance will reduce by 25 percent on January 1 following one calendar year of retirement and continue to reduce by 25 percent each January 1 until it reaches 25 percent of its original value.
- Retiree Health Insurance Credit:** You qualify for the health insurance credit if you have at least 15 years of service in ORPHE and/or VRS. If you are covered by ORPHE Plan 1, you must be at least age 50 to begin collecting the credit. If you are covered by ORPHE Plan 2, you must be at least age 60 to begin collecting the credit.

ADDITIONAL INFORMATION

For more detailed information about the plan, providers and other related topics, please visit the VRS ORPHE website at orphe.varetire.org. The website provides a glossary of terms to assist participants and beneficiaries in understanding plan options.

Annual ORPHE Fee Disclosure Notice

- Distributed middle to end of September.
- TIAA and MissionSquare will distribute directly to their participants.
- VRS will distribute to participants with a deselected provider.

Will also be available online at orphe.varetire.org

Optional Retirement Plan for Higher Education Annual Fee Disclosure Notice-DCP



Investment management and record-keeping fees are disclosed in the Investment Option table below. Expenses for investment services are disclosed in the Investment Option table below. Expenses for investment services are disclosed in the Investment Option table below. Expenses for investment services are disclosed in the Investment Option table below.

Investment management and record-keeping fees are disclosed in the Investment Option table below. Expenses for investment services are disclosed in the Investment Option table below. Expenses for investment services are disclosed in the Investment Option table below.

Investment Option	Investment Management & Other Investment-Related Expenses	Other Fees	Total Annual Expense Ratio	Total Annual Operating Expense per \$1,000	Short-Term Trading Redemption Fees/Restrictions	Annual Record-Keeping Fee (Flat Dollar)
BlackRock Short Term Investment Fund M	0.080%	n/a	0.08%	\$0.80	n/a	\$30.50
BlackRock U.S. Debt Index Fund M	0.230%	n/a	0.23%	\$2.30	n/a	A record-keeping plan administration fee of \$2.54 will be deducted from your account on a monthly basis.
BlackRock U.S. Treasury Inflation Protected Securities Fund M	0.300%	n/a	0.30%	\$3.00	n/a	\$30.50/year. If you participate in more than one VRS defined contribution plan, like the VRS ORPHE or Commonwealth of Virginia 457 Deferred Compensation Plan, only one annual fee of \$30.50 will be deducted from your account. Additional fees may be associated with the self-directed brokerage account.
BlackRock Russell 2500 Index Fund M	0.300%	n/a	0.30%	\$3.00	n/a	
BlackRock Mid-Cap Stock Fund	0.300%	n/a	0.30%	\$3.00	n/a	
BlackRock Small-Mid Cap Stock Fund	0.300%	n/a	0.30%	\$3.00	n/a	
International Stock Fund	0.080%	n/a	0.08%	\$0.80	n/a	

Optional Retirement Plan for Higher Education Annual Fee Disclosure Notice-TIAA



In the ORPHE plan, TIAA operates under a bundled plan structure. Bundled plans use one company for investment management, record-keeping, enrollment and marketing services. In addition to their company's proprietary investment options, a bundled plan provider's investment platform may include investment options from other fund companies. Plan administration and record-keeping fees are embedded within the TIAA proprietary fund expense ratios, also known as total fund annual operating expenses. In certain cases, TIAA may provide investment credits back to plan participants. The investment performance information below applies only to the Retirement Choice (RC) contract. VRS does not monitor or provide oversight of the investment options in the Retirement Annuity (RA) and Group Retirement Annuity (GRA) contracts. See below for additional detail.

Data as of June 30, 2022. For a full breakdown of fund-specific expenses, please view the fund profiles or prospectuses (if applicable) on TIAA's ORPHE website at ttaa.org/vrs. Investment fund performance information can also be obtained on the website.

Investment Option	Investment Management & Other Investment-Related Expenses	Administrative (Record-Keeping) Expenses	12B(1) Distribution Expense Fee	Other Expenses	Total Annual Expense Ratio	Total Annual Operating Expense (per \$1,000)	Short-Term Trading Redemption Fees/Restrictions	Annual Record-Keeping Fee (Flat Dollar)
BlackRock Short Term Investment Fund M	0.080%	n/a	n/a	n/a	0.08%	\$0.80	See footnote 4	\$30.50
BlackRock U.S. Debt Index Fund M	0.030%	n/a	n/a	n/a	0.03%	\$0.30	See footnote 4	All participants with a balance are assessed an annual fee of \$25, which is deducted quarterly at a rate of \$7 per quarter. The fee schedule will be published on the website when you view your account online.
BlackRock U.S. Treasury Inflation Protected Securities Fund M	0.030%	n/a	n/a	n/a	0.03%	\$0.30	See footnote 4	
BlackRock Equity Index Fund M	0.010%	n/a	n/a	n/a	0.01%	\$0.10	See footnote 4	
BlackRock Russell 2500 Index Fund M	0.030%	n/a	n/a	n/a	0.03%	\$0.30	See footnote 4	
BlackRock Mid-Cap Stock Fund	0.110%	n/a	n/a	n/a	0.11%	\$1.10	See footnote 4	
BlackRock Small-Mid Cap Stock Fund	0.050%	n/a	n/a	n/a	0.05%	\$0.50	See footnote 4	

ORP Correction Policy

We are in the process of updating our corrections policies to ensure alignment across all of our defined contribution plans, including ORPHE.

Updates include:

- Increase the Qualified Non-elective Employer Contribution (QNEC) from 50% to 100% for missed employee contributions.
- Employers must self-correct within 90 days or formal correction is required and a QNEC is assessed.

Updated policy is available online at orphe.varetire.org/employers

Record Keeper Transition

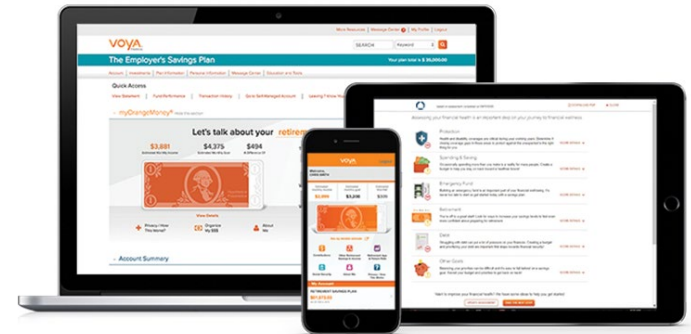
VRS Selects New Record Keeper for the VRS Defined Contribution Plans

- Voya will assume record keeper responsibilities effective January 2025.
 - Will serve in the same role as MissionSquare currently does today.
- No impact to accounts with TIAA.

MissionSquare
RETIREMENT



VOYA
FINANCIAL





Virginia
Retirement
System

Administrative Updates

Steve Cerreto, DC Plans Officer
Virginia Retirement System



Agenda

- Policy Update
 - 401(a)(17) Compensation Limit Changes
 - Contribution Funding
- ORPHE 2023 Open Enrollment
 - Open Enrollment Employer Acknowledgement
- myVRS Financial Wellness
- Savings Opportunities for Higher Education
- Questions

Policy Updates – Plan Year 2023

401(a)(17) Compensation Limit



Change in Time Period for calculation of the 401(a)(17) Compensation Limits to when contributions are **earned**.

Plan Year 2023: 401(a)(17) Compensation Limits

Contribution dates shifted forward by 1 payroll

Pay Period (Earned)	Pay Date
Start: 6/25/2023 to 7/9/2023	7/14/2023 (FY 2 nd pay date, July 2023)
End: 6/10/2024 to 6/24/2024	7/1/2024 (FY 1 st pay date, July 2024)

Policy Updates – Plan Year 2023

401(a)(17) Compensation Limit



Plan Year 7/14/2023 to 7/1/2024	ORPHE Plan 1	ORPHE Plan 2
\$330,000	\$330,000 X 10.4%=\$34,320 ER	\$330,000 X 8.5% = \$28,050 ER X 5.0% = \$16,500 EE
\$490,000*	\$490,000 X 10.4%=\$50,960 ER	N/A

*Annual Compensation Limit for Grandfathered Participants in governmental plans which followed 401(a)(17) limits (with indexing) on April 9, 1996. Date VRS received governance of the ORPHE from the Secretary of Administration.

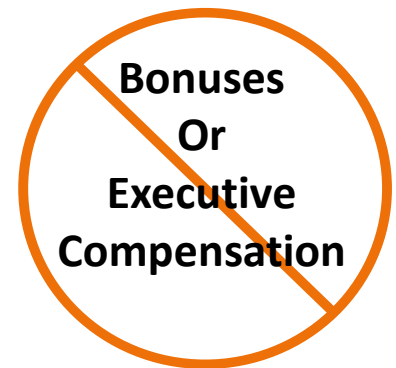
ORPHE Contributions

Code of Virginia § 51.1-126. Employees of institutions of higher education

Plan 1: 10.4% Employer Contribution

Plan 2: 8.5% Employer and 5% Employee Contribution

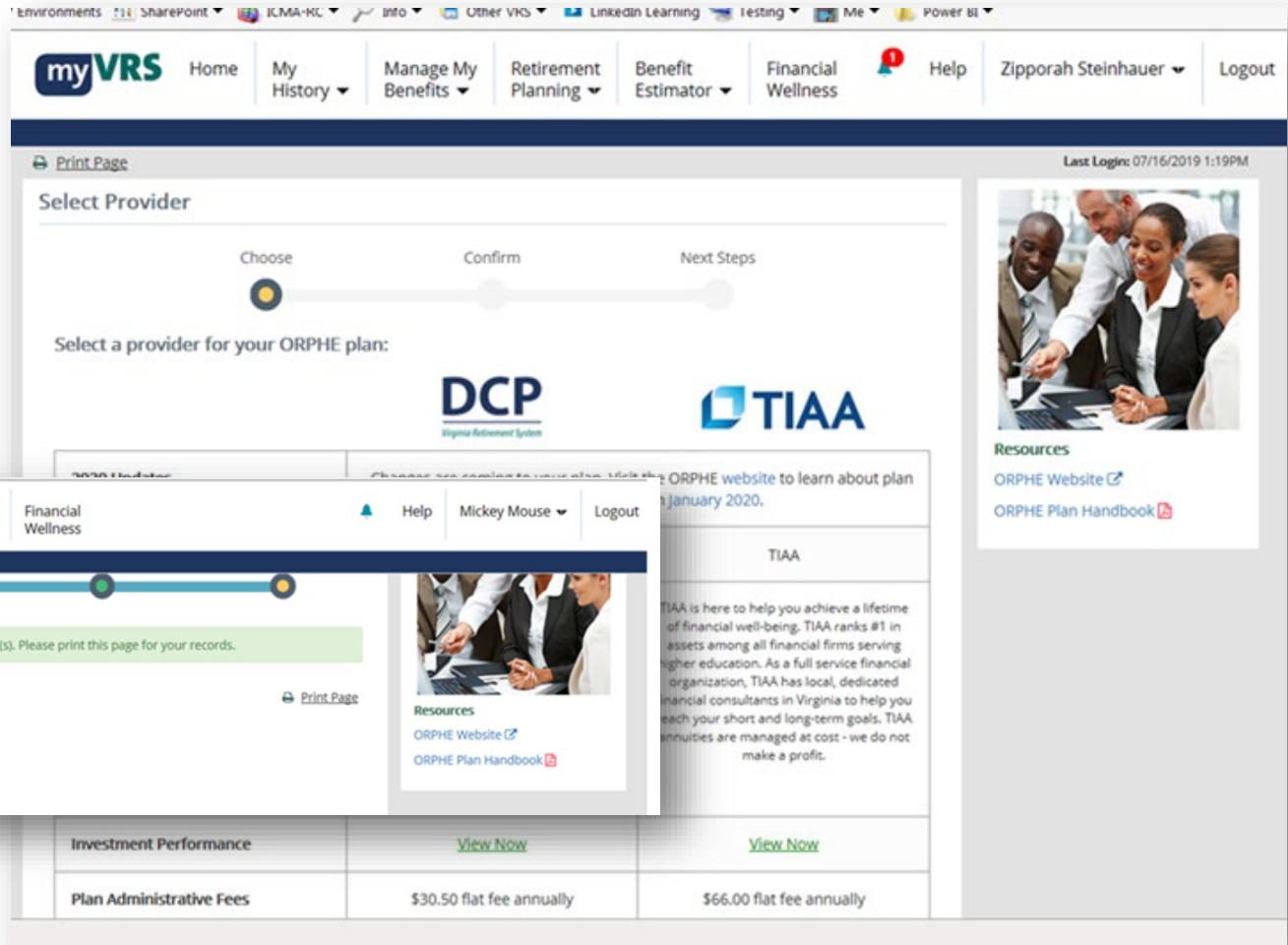
Compensation outside of what is allowed by the Code is not permitted in the plan. Balances from other qualified plans may be rolled into the plan, however.



Alternative plans for bonuses or board-approved executive compensation include supplemental retirement plans* like the VRS-administered COV 457* or a 403(b) plan administered by your college or university.

Speak to your benefits counsel for information regarding other options that may be available.

myVRS ORPHE 2022 Open Enrollment



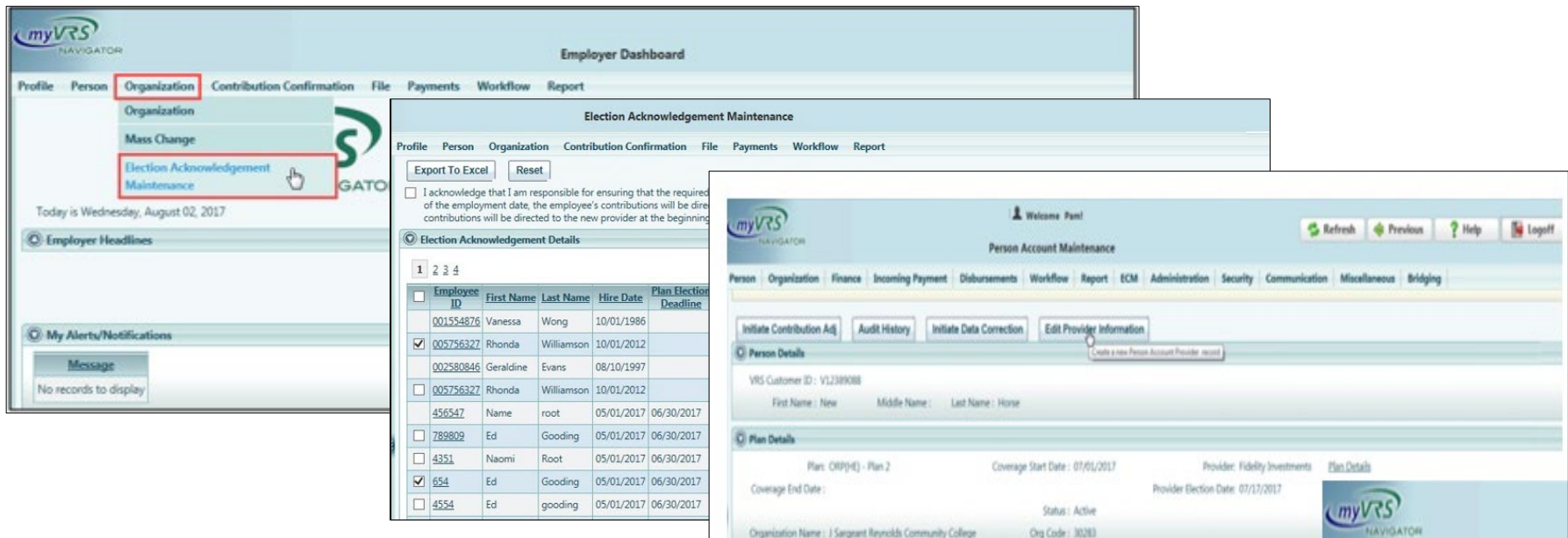
The screenshot displays the myVRS ORPHE 2022 Open Enrollment website. The main navigation bar includes links for Home, My History, Manage My Benefits, Retirement Planning, Benefit Estimator, Financial Wellness, Help, and a user profile for Zipporah Steinbauer. The main content area is titled "Select Provider" and features a progress bar with three steps: Choose, Confirm, and Next Steps. Below the progress bar, it says "Select a provider for your ORPHE plan:" and shows two options: DCP (Virginia Retirement System) and TIAA. A confirmation pop-up window is overlaid on the page, displaying a success message: "Success! Your employer will be notified of your selection(s). Please print this page for your records." The pop-up also shows a confirmation number (11319), the provider selected (TIAA), the transaction date (07/16/2019), and the effective date (01/01/2020). A table at the bottom of the page compares investment performance and plan administrative fees for DCP and TIAA.

	DCP	TIAA
Investment Performance	View Now	View Now
Plan Administrative Fees	\$30.50 flat fee annually	\$66.00 flat fee annually

Participant Inquiries and assistance with requests to transfer funds from an existing ORP balance to their new provider should be sent to orphe@varetire.org.

Employer Acknowledgement

- myVRS Provider change election will automatically update in myVRS Navigator.
- Records pending acknowledgement in myVRS Navigator based on provider change will indicate Provider Election Reason of 'Open Enrollment.'
- Provider change will automatically be sent to DOA/Cardinal for centralized payroll agencies on the January monthly file.



The screenshot displays the myVRS Navigator interface. The top navigation bar includes 'Profile', 'Person', 'Organization', 'Contribution Confirmation', 'File', 'Payments', 'Workflow', and 'Report'. The 'Organization' menu is expanded, showing 'Organization', 'Mass Change', and 'Election Acknowledgement Maintenance'. The 'Election Acknowledgement Maintenance' page shows a table of employee records with columns for Employee ID, First Name, Last Name, Hire Date, and Plan Election Deadline. The table contains the following data:

Employee ID	First Name	Last Name	Hire Date	Plan Election Deadline
<input type="checkbox"/>	001554876	Vanessa	Wong	10/01/1986
<input checked="" type="checkbox"/>	005756327	Rhonda	Williamson	10/01/2012
<input type="checkbox"/>	002580846	Geraldine	Evans	08/10/1997
<input type="checkbox"/>	005756327	Rhonda	Williamson	10/01/2012
<input type="checkbox"/>	456547	Name	root	05/01/2017 06/30/2017
<input type="checkbox"/>	789809	Ed	Gooding	05/01/2017 06/30/2017
<input type="checkbox"/>	4351	Naomi	Root	05/01/2017 06/30/2017
<input checked="" type="checkbox"/>	654	Ed	Gooding	05/01/2017 06/30/2017
<input type="checkbox"/>	4554	Ed	gooding	05/01/2017 06/30/2017

The 'Person Account Maintenance' page shows the 'Edit Provider Information' button and the following details:

VRS Customer ID: V1239908
First Name: New Middle Name: Last Name: Horse
Plan: ORP(H) - Plan 2 Coverage Start Date: 07/01/2017 Provider: Fidelity Investments Plan Details
Coverage End Date: Provider Election Date: 07/17/2017
Status: Active
Organization Name: | Sergeant Reynolds Community College Org Code: 3028

Provider Contacts (for employers)



DCP

Virginia Retirement System

Carolina LaMonica
Director, MissionSquare Client Services

777 N. Capitol Street, NE
Washington, DC 20002
clamonica@missonsq.org

Phone: 202-759-7128

The TIAA logo, consisting of a blue square icon with a white 'T' shape inside, followed by the letters 'TIAA' in a bold, blue, sans-serif font.

Sonya C. Bessong
Senior Relationship Manager

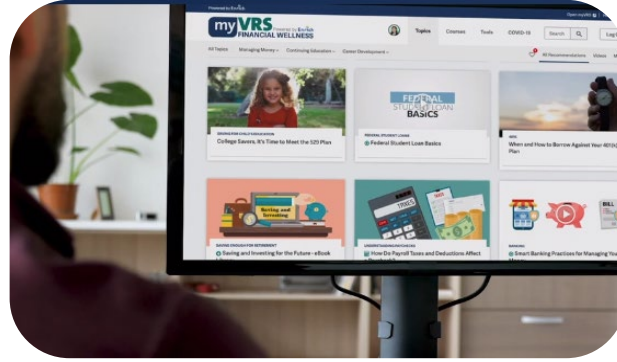
1410 Clarkview Road
Baltimore, MD 21209
sonya.bessong@tiaa.org

Phone: 513-263-2846

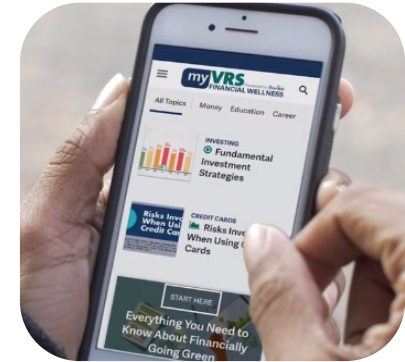
myVRS Financial Wellness



Interactive learning resources



Personalized content in myVRS, including videos to get you started



Easy access to courses for your needs and interests



Courses



Educational Games



Budgeting Tools



Calculators

varetire.org/myvrs



Feel confident about your financial security

Connect with a CERTIFIED FINANCIAL PLANNER™ professional who can help

GUIDE YOUR FINANCIAL JOURNEY

- Complements existing myVRS Financial Wellness program.
- Available to **all** VRS members and retirees, regardless of participation in a DC plan, through MissionSquare Retirement.

varetire.org/make-a-plan

Individual Consultation:

Comprehensive financial planning beyond retirement savings

- 30-minute phone or video consultation with a CFP®

Financial Plans

- Goal-Specific Plan
- Comprehensive Financial Plan

Financial Planning Webinars

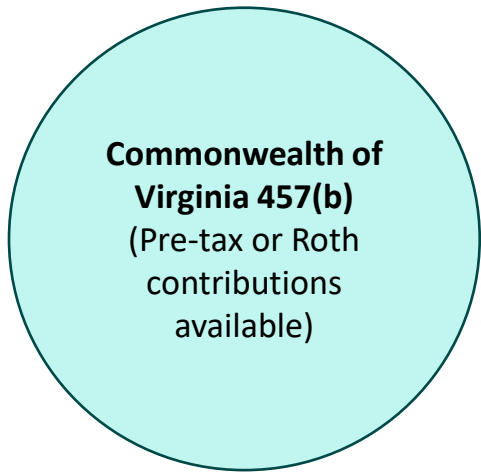
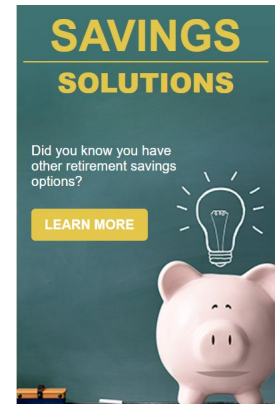
- Live CFP® led webinars

Higher Education Savings Opportunities

Communication Initiatives

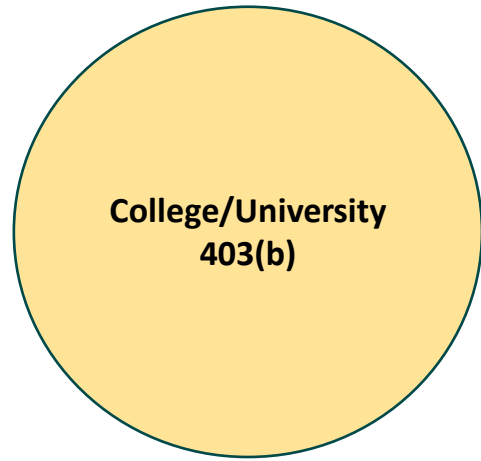
Commonwealth of Virginia 457(b) and College/University 403(b)

- Higher Education's Unique Saving Opportunities: varetire.org.457-ed
- Open to all higher education employees (Full-time or adjunct regardless of retirement plan (VRS, Hybrid, ORP))



2023 Limits

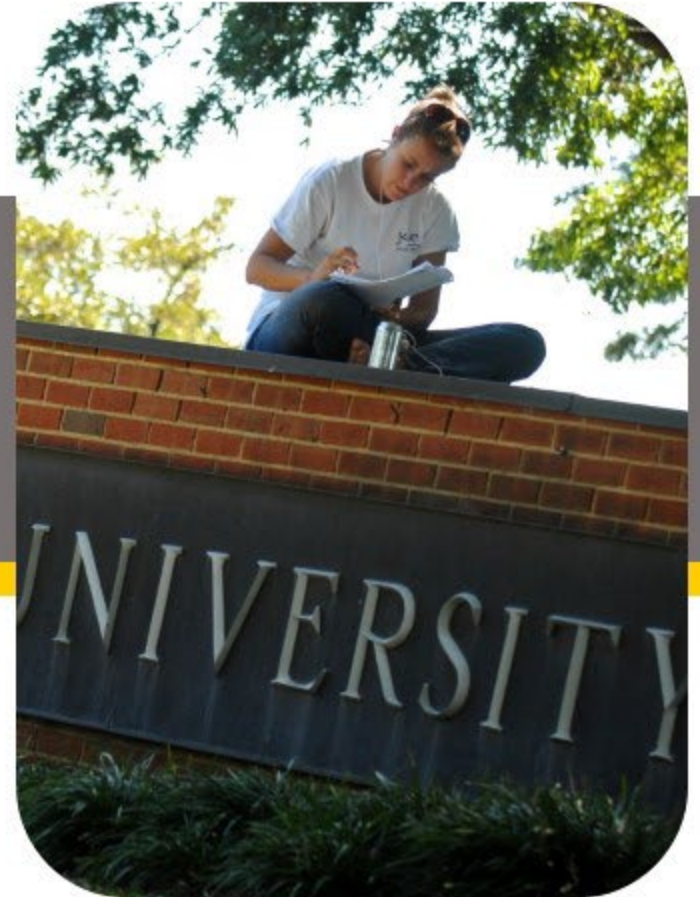
Deferral Limit <Age 50: \$22,500
Deferral Limit Age 50+: \$7,500 total \$30,000
Standard Catch Up: 22,500 (\$45,000 Total)



Cash Match (only one plan)*

*Not available for adjunct/wage employees
Hybrid employees must maximize voluntary contribution at 4%

Questions?



Rick Larson

Committee Member,
Defined Contribution Plans
Advisory Committee





Virginia
Retirement
System

Thank you for joining us!

Provider service review slides will be sent out to attendees separately.