

Dear ORPHE Participant:

In December, you received an update from the Virginia Retirement System on the planned changes coming to the Optional Retirement Plan for Higher Education (ORPHE). Let me take this opportunity to share an update on the changes and address some of the questions that we have received in the interim concerning the ORPHE.

As you are aware, VRS paused the planned implementation of changes to the ORPHE. VRS is working diligently to continue to provide participants with access to the current providers, TIAA and Fidelity, as well as an additional investment lineup, using ICMA-RC as the record keeper. VRS envisions that the options available under the new lineup will mirror what is offered in the other defined contribution plans administered by VRS, including the Commonwealth of Virginia 457 Deferred Compensation Plan.

During Open Enrollment (October 2016), VRS plans to offer participants the opportunity to select one of the following three options: TIAA, Fidelity, or the additional lineup. Any changes requested during Open Enrollment will become effective January 1, 2017. Should you choose to remain with your current provider, no action is required.

VRS is working to finalize new agreements with the existing providers (TIAA and Fidelity) and the new record keeper. In the meantime, we wanted to provide answers to some of the frequently asked questions we have received from participants.

- What happens to my existing investments?
  - Your existing investments will remain with your provider. In working with TIAA and Fidelity, VRS is requesting that the existing investment lineup remain available to participants.
- Can I choose to transfer my existing funds from one provider to another?
  - Yes. This is called a plan-to-plan transfer. Plan-to-plan transfers are permitted, subject to any fund-specific trading restrictions or short-term trading redemption fees. Please check with the provider regarding any restrictions or fees.
- Will I continue to be able to invest with my current provider (TIAA or Fidelity)?
  - VRS' goal is to retain the current providers, TIAA and Fidelity, as well as to offer an additional lineup, using ICMA-RC as the record keeper. VRS also hopes to continue to offer the same investment options from TIAA and Fidelity.
  - As in previous years, ORPHE participants may choose to change provider companies for ongoing contributions during the October open enrollment period held each year.
- Is my ORPHE account portable if I move to an employer covered under a different plan?
  - Yes. As required by Internal Revenue Code regulations, assets are always portable once a participant separates employment and becomes eligible for a distribution.

- Assets may be rolled over to a new employer's plan or to an Individual Retirement Account.
- If a new employer offers the same provider, the plan is administered under the new employer's contract with the provider, and different investment options may be available.

We appreciate your patience during this time and look forward to providing you with additional information as we get closer to open enrollment. Should you have any questions, please use the mailbox we have established for ORPHE ([orphe@varetire.org](mailto:orphe@varetire.org)).

Sincerely,

Patricia S. Bishop  
Director