Virginia Commonwealth University
Retirement Plan Comparison Guide

for Faculty, Postdoctoral Scholar-Fellows, and Eligible University and Academic Professionals

This publication is for employees of Virginia Commonwealth University (VCU) who are:

- hired or rehired ***January 1, 2014 or later***; and are
- eligible to choose between the VCU Optional Retirement Plan (ORP), a ***defined contribution*** retirement plan; and the Virginia Retirement System (VRS), a ***hybrid*** retirement plan.





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Introduction

As a new faculty member or postdoctoral scholar-fellow, or as a new University and Academic Professional meeting the definition of "Non-Faculty Professional or Administrator" set forth in the Optional Retirement Plan document, you are eligible to choose between the Virginia Commonwealth University Optional Retirement Plan 2 (VCU ORP), a defined contribution plan, and the Virginia Retirement System (VRS) Hybrid Retirement Plan. If you do not elect the VCU ORP within 60 days of your hire date in your first ORP-eligible position, you will be covered by the VRS Hybrid Retirement Plan.

If your hire date in your first ORP-eligible position is on or after January 1, 2014, you must elect the VCU ORP or the VRS Hybrid Retirement Plan unless you have prior service credit under VRS Plan 1 or VRS Plan 2 from previous VRS-covered employment. If you have prior service credit under VRS Plan 1 or VRS Plan 2, you are not eligible to elect the VRS Hybrid Retirement Plan and will select between VRS Plan 1 or VRS Plan 2 (as applicable) or the VCU ORP.

To see an estimate of your VRS member benefits if you have prior service under VRS Plan 1 or VRS Plan 2, create a secure *my*VRS account at *www.varetire.org*. Your *my*VRS account shows your total service, funds in your member contribution account and a projected monthly retirement benefit based on your VRS service.

If you move from one ORP-eligible position to another without a bona fide break in service, you must continue in the plan you originally chose. If you have a bona fide break in service, you have to choose between the two retirement plans again. A bona fide break in service is a break of at least one full calendar month from the last date of employment during a period the employee normally would work. Periods of leave with or without pay do not count toward satisfying this break in service. For academic year employees, summer breaks, intersession periods, educational leave and sabbaticals also do not count toward satisfying this break.

If you move from a position where you were covered by VRS (VRS Hybrid, VRS Plan 1, or VRS Plan 2) and are choosing the VCU ORP, you may transfer the funds in your VRS defined benefit member contribution account to your VCU ORP account.

If you move from one VRS-participating employer to another and elect VRS as your retirement plan in both positions, your VRS creditable service continues.

If you move from a position where you elected the VCU ORP and become covered under the VRS Hybrid Retirement Plan, your VCU ORP account remains in place, and you may not take a direct distribution or rollover until you leave covered employment.

Choosing Your Retirement Plan

Preparing for retirement is about having enough income to live comfortably after you retire. Most financial planning experts recommend 80 percent of your current earnings as a retirement income target. As a new faculty member, postdoctoral scholar-fellow, or eligible University and Academic Professional, you have the option to choose between two retirement plans.

Defined Contribution Plan: VCU ORP

The VCU ORP is a defined contribution plan where vesting is immediate: the total balance in your account is available to you when you leave covered employment and are not re-employed by a VRS-participating employer offering retirement benefits under Title 51.1 of the *Code of Virginia*. For the VCU ORP Plan 2, your benefit is based on contributions from both you and your employer, adjusted for gains, losses and fees. You choose how the contributions will be invested from a range of options. You bear the investment risk, and the amount of your benefit depends on the net investment earnings.

If you have an existing balance in a Commonwealth of Virginia ORP (the VCU ORP or another Commonwealth of Virginia ORP) or a Virginia Retirement System defined benefit member account accrued prior to July 1, 2010, you may be eligible for the VCU ORP Plan 1. In the VCU ORP Plan 1, all contributions are made by the employer, however you still choose how the contributions will be invested and you still bear the investment risk. The amount of your benefit depends on the net investment earnings.

There are a number of factors to consider when selecting a plan:

- How long do you plan to work for a VRS-participating employer?
- Is portability important to you?
- What is your estimated defined benefit under the defined benefit component of the VRS Hybrid Retirement Plan?
- Are you comfortable with the idea of being responsible for investing?

For more information, visit http://www.hr.vcu.edu/current-employees/benefits/a-z-list-of-benefits/retirement/optional-retirement-plan.

VRS Hybrid Retirement Plan

The Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. The plan applies to most members hired on or after January 1, 2014. The defined benefit is based on your age, creditable service and average final compensation at retirement using a formula. The benefit from the defined contribution plan depends on the contributions made to the plan and the investment performance of those contributions. In addition to the monthly benefit payment payable from the defined benefit plan at retirement, you may start receiving distributions from the balance in your defined contribution account, reflecting the contributions, investment gains or losses and any required fees.

Your retirement benefit is funded through mandatory and voluntary contributions made by you and your employer to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of your creditable compensation and are required from both you and your employer. Additionally, you may choose to make voluntary contributions of more than the mandatory amount to the defined contribution component of the plan, and your employer is required to match those voluntary contributions according to specified percentages.

Under the defined benefit component, vesting is the minimum length of service needed to qualify for a retirement benefit. Once you are vested, you are eligible for a retirement benefit if you meet the age and service requirements for your plan. You become vested under the defined benefit component when you have at least five years (60 months) of service credit. For more details, please refer to the Vesting section in Comparing Plans.
Under the defined contribution component, vesting is the minimum length of service members need to be eligible to withdraw employer contributions from that component of the plan. You are always 100 percent vested in the contributions that you make. For more details, please refer to the Vesting section in Comparing Plans.

Normal retirement age under the VRS Hybrid Retirement Plan is your normal Social Security retirement age for the purpose of the defined benefit component. You become eligible for an unreduced retirement benefit at your normal Social Security retirement age with at least five years (60 months) of creditable service or when your age and service equal 90. You may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service. To determine your reduced benefit, VRS applies an early retirement reduction factor to the benefit you would receive if you retired with an unreduced benefit. For the defined contribution component, you are eligible to receive distributions upon leaving employment, subject to restrictions.

For more information, see the *Virginia Retirement System Hybrid Retirement Plan Handbook for Members* available at www.varetirement.org/hybrid.

If you are eligible for membership in VRS Plan 1 or VRS Plan 2 because you are an existing member of one of these plans (from previous VRS-covered employment) at the time of hire, please visit www.varetire.org for more information about your plan.

Comparing Plans

The description below provides a general overview and comparison of the two plans based on stated assumptions. Consult actual plan documents for all terms, conditions and limitations of coverage. In the event of a claim, the actual plan documents in force at the time will prevail.

	VCU ORP	VRS Hybrid Plan
Type of Plan	**The VCU ORP is a defined contribution plan. Your retirement benefit depends on the contributions provided to the plan and the investment performance of those contributions. At retirement, a participant may start receiving distributions from the balance in his or her account, reflecting the contributions, investment gains or losses, and any required fees.**	**The VRS Hybrid Retirement Plan combines the features of a defined benefit plan and a defined contribution plan. The plan applies to most members hired on or after January 1, 2014 and to VRS Plan 1 and VRS Plan 2 members who opted into the plan during a special election window.** ● **The defined benefit is based on your age, creditable service and average final compensation at retirement using a formula** ● **The benefit from the defined contribution plan depends on the contributions made to the plan and the investment performance of those contributions.** ● **In addition to the monthly benefit payable from the defined benefit plan at retirement, you may start receiving distributions from the balance in your defined contribution account, reflecting the contributions, investment gains or losses, and any required fees.**

	VCU ORP	VRS Hybrid Plan

Contributions	**Your retirement benefit is based on employer and employee contributions and the investment gains and losses on those contributions. Each pay date, VCU contributes to your account an amount equal to 8.5% of your compensation. You contribute an additional 5% of your compensation to your account, for a total contribution in the amount of 13.5% of your compensation each pay date going into your plan. The rate is reviewed every six years to keep Virginia institutions competitive with others in the region.** **The contribution rate is set by statute. Available investments are chosen by the VCU Investment Policy Advisory Committee with oversight from the Board of Visitors. You are responsible for selecting the investments from those available and you bear the investment risk.**	**Your retirement benefit is funded through mandatory and voluntary contributions made by you and by VCU to both the defined benefit and the defined contribution components of the plan. Mandatory contributions are based on a percentage of your monthly creditable compensation and required from both you and VCU. Additionally, you may choose to make voluntary contributions of more than the mandatory amount to the defined contribution component of the plan, and VCU is required to match those voluntary contributions according to specified percentages.**

Contribution Limits	**Internal Revenue Code Section 401(a)(17) specifies that the compensation on which you and VCU may make contributions may not exceed the compensation limit for the plan year in which the compensation is paid. The ORP plan year runs from January 1 to December 31. Contact the VCU Benefits office for information on the current year's limit.**	**The Internal Revenue Code Section 401(a)(17) states that compensation used to calculate your benefit may not exceed the compensation limit for the plan year in which the compensation was earned. This is an annual limit, which may be adjusted each year, depending on the amount of increase in the Consumer Price Index. Contact the VCU Benefits office for information on the current year's limit.** **Additionally, voluntary contributions go into the Hybrid 457 Deferred Compensation Plan. The IRS imposes an annual contribution limit on 457 plans, which includes the Hybrid 457 Deferred Compensation Plan and the Commonwealth of Virginia 457 Deferred Compensation Plan.**

	VCU ORP	VRS Hybrid Plan
Vesting	**Immediate for account balance, including both employer and employee contributions. You may take all or a portion of your account balance when you leave employment and qualify for a distribution.**	**Defined Benefit: Vesting is the minimum length of service you need to qualify for a future retirement benefit. You are vested under the defined benefit component of the Hybrid Retirement Plan when you reach five years (60 months) of creditable service. VRS Plan 1 or VRS Plan 2 members with at least five years (60 months) of creditable service who opted into the Hybrid Retirement Plan will stay vested in the defined benefit component.** **Defined Contribution: Vesting is the minimum length of service members need to be eligible to withdraw employer contributions from the defined contribution component of the plan. You are always 100% vested in the contributions that you make.** **Upon retirement or leaving covered employment, you are eligible to withdraw a percentage of VCU's contributions. Distribution is not required by law until age 72.** ● **After two years, you are 50% vested and may withdraw 50% of employer contributions.** ● **After three years, you are 75% vested and may withdraw 75% of employer contributions.** ● **After four or more years, you are 100% vested and may withdraw 100% of employer contributions.**

	VCU ORP	VRS Hybrid Plan
Leaving Employment	**You may take a distribution from your ORP account when you are no longer employed by an employer that provides you a retirement benefit through a plan administered or authorized by VRS. Your account balance may be left in the plan, rolled over or taken as a distribution.** **See "Taxation of Retirement Benefit" for more information on this topic.**	**Defined Benefit: If you leave covered employment and do not retire, you can take a refund of your member contributions and interest, or leave your member contribution account balance with VRS and become a deferred member. If you are vested before becoming a deferred member, you may be eligible for a future retirement benefit if you meet the age and service requirements. If you are vested before taking a refund, you will receive a full refund of your member account balance. If you are not vested, you will receive a refund of the member account balance excluding any member contributions made by VCU and the interest on those contributions. Taking a refund cancels your membership and eligibility for any future VRS benefits.** **Defined Contribution: There are a variety of distribution options available to you upon termination of employment, including partial or lump-sum payments, periodic payments, or a combination of both. You may also choose to roll your money to another employer's plan or to an IRA.** **See "Taxation of Retirement Benefit" for more information on this topic.**

Portability	**If you leave public employment in Virginia, your account balance may be rolled over to a subsequent employer's qualified plan or an IRA.**	**Participation continues if you are employed by one of approximately 800 employers that provide retirement benefits through VRS, including all Virginia state government agencies, all Virginia public colleges and universities, all Virginia public schools and most Virginia local governments.** **Creditable service representing many types of public service and leaves of absence may be purchased to enhance the benefit.** **If you leave public employment in Virginia, your defined benefit member account and/or your vested defined contribution account balance(s) may be rolled over to a subsequent employer's qualified plan or an IRA.**

Investment Risks	**You choose how the contributions will be invested from a range of options. You bear the investment risk, and the amount of your benefit depends upon the amount you contribute and net investment earnings.**	**Defined Benefit: Your contributions are invested by the Virginia Retirement System and your benefit is calculated using a formula.** **Defined Contribution: You choose how the contributions will be invested from a range of options. You bear the investment risk, and the amount of your benefit depends upon the amount contributed and net investment earnings.**
Investment Costs	**Investment management and record-keeping costs are paid by the employee.**	**Defined Benefit: Investment management costs are paid by earnings on contributions to VRS.** **Defined Contribution: Investment management and record-keeping costs are paid by the employee.**

Consolidating Retirement Savings Plans	**Distributions from retirement plans other than VRS cannot be rolled into the VCU ORP. If you are an existing member of VRS Plan 1, VRS Plan 2 or the VRS Hybrid Plan at the time you join the VCU ORP, you may transfer your VRS defined benefit member account balance to the VCU ORP. Doing so cancels your VRS membership and eligibility for a future VRS defined benefit.** **Payouts from other retirement plans can be rolled into the VCU 403(b) Tax Deferred Savings Plan ("TDA"), the Commonwealth of Virginia 457 Deferred Compensation Plan ("457"), or the 401(a) Virginia Cash Match Plan (Virginia Cash Match). If you rolled funds from another retirement plan into the 457 plan or the Virginia Cash Match, you may withdraw those funds while you are still employed. Withdrawals made prior to age 59½ may be subject to a 10% penalty, plus state and federal income tax withholding.**	**You may be eligible to purchase service credit for other periods of public or military service, including time covered by VRS and refunded service. You may not roll money from other plans into VRS except to purchase approved creditable service.** **You may roll payouts from other retirement savings plans into the VCU 403(b) Tax Deferred Savings Plan ("TDA"), the Hybrid 457 Deferred Compensation Plan, the Commonwealth of Virginia 457 Deferred Compensation Plan ("457") or the 401(a) Virginia Cash Match Plan ("Virginia Cash Match").** **If you rolled funds from another retirement plan into the 457 or the Virginia Cash Match, you may withdraw those funds while you are still employed. Withdrawals made prior to age 59½ may be subject to a 10% penalty, plus state and federal income tax withholding.**
Cost-of-Living Adjustment (COLA)	**Cost-of-living adjustments are not available in this plan unless you purchase an annuity.**	**Defined Benefit: The cost-of-living adjustment matches the first 2% increase in the CPI-U and half of any additional increase (up to 2%) for a maximum COLA of 3% for the defined benefit component.** **Defined Contribution: The COLA is not applicable to the defined contribution component.**

Supplemental Retirement Savings Plans	**You may enroll in the VCU 403(b) Tax Deferred Savings Plan ("TDA") and/or the Commonwealth of Virginia 457 Deferred Compensation Plan ("457"). New faculty, postdoctoral employees, and University and Academic Professionals are automatically enrolled in the TDA after 60 days of employment if they have not already actively enrolled in the TDA or the 457.**	**You may enroll in the VCU 403(b) Tax Deferred Savings Plan ("TDA") and/or the Commonwealth of Virginia 457 Deferred Compensation Plan ("457"). New faculty, postdoctoral employees, and University and Academic Professionals are automatically enrolled in the TDA after 60 days of employment if they have not already actively enrolled in the TDA or the 457.**
Taxation of Retirement Benefit	**No tax is due until you take a distribution from the plan. The amount distributed directly to you is subject to federal income taxes as well as state income taxes if you live in a state that taxes income. Distributions may also incur an early distribution excise if taken prior to age 59 1⁄2. An exception applies if you separate from service after age 55, receive an annuity or take essentially equal payments during your lifetime. Taxation may be postponed if you roll over the distribution to another employer's plan or to an IRA.**	**Defined Benefit: No tax is due until you begin receiving your retirement benefit. Your retirement benefit is subject to federal income taxes as well as state income taxes if you live in a state that taxes income. No early retirement excise tax is due on a lifetime benefit.** **Defined Contribution: No tax is due until you take a distribution from the plan. The amount distributed directly to you is subject to federal income taxes as well as state income taxes if you live in a state that taxes income. Distributions from the Hybrid 401(a) Cash Match Plan may incur an early distribution excise tax if taken prior to age 59½. An exception applies if you separate from service after age 55, receive an annuity or take essentially equal payments during your lifetime. Taxation may be postponed if you roll over the distribution to another employer's plan or to an IRA.**
Educational Leave of Absence With Half Pay or More	**Employee and employer contributions will continue to be paid on the salary earned while on educational leave.**	**You will be reported to VRS at the applicable rate of pay.**

Educational Leave of Absence With Less Than Half Pay	**No contributions are made to the ORP. No make-up contributions are made when you return to employment.**	**No employee or employer contributions are paid. You may purchase up to four years of service credit for any approved official educational leave of absence from a VRS-covered position when you return to employment.**
Disability	**VCU provides long-term disability insurance to faculty members, postdoctoral employees, and University and Academic Professionals that replaces 60 percent of salary (up to $20,000/ month) during long-term disability after a 180-day waiting period. This insurance also continues contributions to the ORP during an approved disability claim.** **When employment ends as a result of a disability, a distribution from the ORP may begin.**	**You are covered by the Virginia Sickness & Disability Program (VSDP). Faculty members may opt out of the VSDP and instead select a traditional sick leave plan within 60 days of faculty hire date.** **For non-work related claims, VSDP provides replacement income in the event of short-term or long-term disability after the completion of one continuous year of covered employment. Work-related claims are covered by the VSDP as of hire date.** **Faculty members who opt out of the VSDP must purchase voluntary long-term disability insurance through VCU by payroll deduction or provide proof of other disability coverage.**

Order of Precedence	**You may choose the order established by law to provide payment of your benefits or you may designate specific beneficiaries to receive your benefits in the event of your death. Beneficiary designations are made by you directly with the investment company that administers your ORP account.**	**You may choose the order established by law to provide payment of your benefits or you may designate specific beneficiaries to receive your benefits in the event of your death. The order or precedence is as follows:** ● **First, to the member's spouse;** ● **If no spouse, to the member's children and descendants of the member's deceased children;** ● **If none of the above, to the member's parents equally or to the surviving parent;** ● **If none of the above, to the duly appointed executor or administrator of the member's estate;** ● **If none of the above, to the next of kin under the laws of the state where the member resided at the time of death.**
Death-in-Service	**The ORP account balance is payable to your named beneficiary. If you have not named a beneficiary, the balance is paid according to the order of precedence. The beneficiary may choose from a variety of payment methods.**	**Defined Benefit: A death-in service benefit is a lump-sum payment of the balance in your member contribution account, if any, to your named beneficiary. If your named beneficiary is your spouse, your natural or legally adopted minor child or your parent, he or she may elect a lump-sum payment or a monthly benefit. The death-in-service benefit is in addition to any life insurance benefit you may have.** **Defined Contribution: The defined contribution account balance is paid to your named beneficiary. If you have not named a beneficiary, the balance is paid according to the order of precedence. The beneficiary may choose from a variety of payment methods.**

Death-in-Service: Work Related	**The ORP account balance is payable to your named beneficiary. If you have not named a beneficiary, the balance is paid according to the order of precedence. The beneficiary may choose from a variety of payment methods.** **No work-related death-in-service benefit is available.**	**Defined Benefit: If you die while you are an active member from a work-related cause, your named beneficiary will be eligible for a lump-sum payment of any funds remaining in your member contribution account. In addition, your spouse, natural or legally adopted minor child or parent will be eligible for a monthly benefit. If this individual is also your named beneficiary, he or she will receive both benefits. If your beneficiary is eligible for Social Security survivor benefits, the VRS work-related benefit will be equal to 33 1⁄3% of your average final compensation (AFC) at the time of your death. If he or she is not eligible, the VRS benefit will be equal to 50% of your AFC. If your beneficiary is eligible for a workers' compensation survivor benefit, the VRS work-related benefit is offset by the workers' compensation benefit.** **Defined Contribution: The account balance is payable to your named beneficiary.If you have not named a beneficiary, the balance is paid according to the order of precedence. The beneficiary may choose from a variety of payment methods. No work-related death in-service benefit is available.**

Health Insurance Credit: Service Retirement	**If you retire and you are age 60 with at least 15 years of VRS service credit and/or ORP participation, you are eligible for the health insurance credit. To qualify, you must incur a cost for your own health insurance. The monthly benefit is $4 per year of service not to exceed the out-of-pocket cost for your individual premium. The credit ceases at your death. Note that the date you choose to begin your distribution from the ORP may affect your eligibility for the retiree health insurance credit. The health insurance credit benefit ends if you leave employment and take a full distribution from the ORP.**	**If you retire with at least 15 years of VRS service credit and/or ORP participation, you are eligible to apply for the health insurance credit. If you qualify, you will begin receiving your health insurance credit when you begin receiving your retirement benefit and incur a cost for your own health insurance. The monthly benefit is $4 per year of service not to exceed the out-of-pocket cost for your individual premium. The credit ceases at your death.**

Health Insurance Credit: Educational Leave	**Educational leave with less than half pay does not count toward creditable service for the health insurance credit.** **Educational leave with half pay or more counts as creditable service for the health insurance credit.**	**Educational leave with less than half pay does not count toward creditable service for the health insurance credit.** **Educational leave with half pay or more counts as creditable service for the health insurance credit.**
Forfeiture of Benefits	**Your VRS-administered benefits may be forfeited if you are convicted of a felony related to your covered employment.**	**Your VRS-administered benefits may be forfeited if you are convicted of a felony related to your covered employment.**
Eligibility for Benefit Payout	**You may begin receiving benefits when you leave public employment in Virginia, regardless of age. The amount of the benefit is determined by contributions to your ORP account, adjusted for gains, losses and fees on investments, and the length of time the benefit will**	**Defined Benefit: Normal Social Security retirement age, or when age and service equal 90.** **Defined Contribution: You are eligible to receive distributions upon leaving employment, subject to restrictions.**

	be paid.	

Benefit Payout Options	**The following options are generally available:** • **Systematic payments** • **Full lump-sum distribution Partial lump-sum distribution** • **Annuity purchase to produce a lifetime benefit, with or without survivor option** • **Rollover to another plan or IRA** **You may use a combination of these payout methods.**	**Defined Benefit: When you retire, your benefit is paid first from your member contribution account. After these funds have been paid out, your benefit is funded from a separate contribution VCU makes to VRS and investment earnings. You receive your retirement benefit in the form of a monthly benefit according to a payout option you choose when you apply for service retirement. The payout option you select at retirement is irrevocable, with the exception of the Survivor Option (see "Change of Payout Option").** **Defined Contribution: The following options are generally available:** • **Systematic payments** • **Full lump-sum distribution** • **Partial lump-sum distribution** • **Annuity purchase to produce a lifetime benefit, with or without survivor option** • **Rollover to another plan or IRA** **You may use a combination of these payout methods.**

Change of Payout Option	**Distribution options may be changed for balances remaining in the plan. Generally, once purchased, the annuity option cannot be changed.**	**Defined Benefit: Selecting the Basic Benefit, PLOP or Advance Pension is irrevocable. For the Survivor Option, you may name a new survivor or revert to the Basic Benefit if your survivor dies; you divorce your survivor with fewer than 20 years of marriage; you divorce after 20 or more years of marriage and your spouse dies, remarries or consents in writing to a change in benefit; or you provide VRS a written consent from your survivor giving up claim to a benefit along with proof of your survivor's good health.** **Defined Contribution: Distribution options may be changed for balances remaining in the plan. Generally, once purchased, the annuity option cannot be changed.**

Creditable Service	**Participation in the ORP does not count toward the calculation of a benefit under the VRS defined benefit plan; however, ORP participation as well as VRS defined benefit plan service count toward eligibility for group life insurance coverage and the health insurance credit in retirement.** **NOTE: Plan determination is based on creditable defined benefit service and years of participation in an eligible optional retirement plan (ORP).**	**Defined Benefit: Under the defined benefit component, creditable service includes active service, You earn creditable service for each month you are employed in a covered position and make your required member contribution. It may also include credit for prior service you may have purchased or additional creditable service that you were granted. Your total creditable service is one of the factors used to determine your eligibility for retirement and to calculate your retirement benefit. It also counts toward eligibility for the health insurance credit in retirement.** **Defined Contribution: Under the defined contribution component, creditable service is used to determine vesting for the employer contribution portion of the plan.**

Basic Group Life Insurance **IMPORTANT NOTE: Group life insurance benefits end if you leave employment and take a refund from the VRS hybrid defined benefit component.**	**Your group life insurance coverage is the same as the coverage provided under the VRS Hybrid Retirement Plan (see column at right). To qualify, you must meet the age and service requirements for retirement under the VRS plan that was available to you at the time you elected the ORP.**	**You are covered under the basic plan from the first day of faculty employment. VCU pays the premium. The natural death benefit is equal to your compensation rounded to the next highest thousand and then doubled. The accidental death benefit is double the natural death benefit. Some basic group life insurance benefits will continue into retirement. Your coverage will end if you have not met the age and service requirements for retirement or if you take a refund of your member contributions and interest. Group life insurance coverage will begin to reduce by 25% on January 1 following one calendar year of retirement, and will continue to reduce by 25% each January 1 until it reaches 25% of its original value. The provisions that allow for double the natural death benefit for accidental death end upon retirement. Additional optional life insurance is available to employees and their dependents.**

Basic Group Life Insurance: Educational Leave	**While on educational leave, you are reported for group life insurance at full salary, if you are receiving half pay or more. You are not reported for group life insurance while on educational leave receiving less than half pay.**	**While on educational leave, you are reported for group life insurance at full salary, if you are receiving half pay or more. You are not reported for group life insurance while on educational leave receiving less than half pay.**

Life Insurance Conversion	**Employees, their spouses and dependent children, if enrolled, can convert their coverage to an individual policy within 31 days of the last day of the month in which the employee leaves his or her covered position. This option is not available after 31 days.** **Conversion occurs only at the time of leaving employment and not retirement. In retirement, basic life insurance follows the member.**	**Employees, their spouses and dependent children, if enrolled, can convert their coverage to an individual policy within 31 days of the last day of the month in which the employee leaves his or her covered position. This option is not available after 31 days.** **Conversion occurs only at the time of leaving employment and not retirement. In retirement, basic life insurance follows the member.**
Required Minimum Distribution	**You must begin a minimum distribution from the plan at age 72 or when you leave public employment in Virginia in a position with retirement benefits through a plan administered or authorized by VRS, whichever is later.**	**Defined Benefit: If you are separated from employment and you do not apply for retirement by April 1 following the calendar year in which you turn 72, VRS will pay you a retirement benefit using the Basic Benefit option, as required by law.** **Defined Contribution: You must begin a minimum distribution from the plan at age 72 or when you leave public employment in Virginia in a position with retirement benefits through a plan administered or authorized by VRS, whichever is later.**

Normal Retirement Age	**You may begin receiving benefits at termination of your covered employment, regardless of age. The amount of the benefit is determined by contributions to your ORP account, adjusted for gains, losses and fees on investments, and the length of time the benefit is to be paid.** **See "Taxation of Retirement Benefit" for additional information on this topic.**	**Defined Benefit: Normal Social Security retirement age.** **Defined Contribution: You are eligible to receive distributions upon leaving employment, subject to restrictions. Distribution is not required by law until age 72. The amount of the benefit is determined by contributions to your defined contribution accounts (including money you may have rolled into the plan), adjusted for gains, losses and fees on investments, and the length of time the benefit is to be paid.**

		See "Taxation of Retirement Benefit" for additional information on this topic.
Earliest Unreduced Retirement Eligibility	**Not applicable (see "Normal Retirement Age")**	**Defined Benefit: You become eligible for an unreduced retirement benefit when you reach your normal Social Security retirement age and have at least five years (60 months) of creditable service, or when your age and service equal 90. Example: Age 60 with 30 years of creditable service.** **Defined Contribution: You are eligible to receive distributions when you leave employment, subject to restrictions.**

Earliest Reduced Retirement Eligibility	**Not applicable (see "Normal Retirement Age")**	**Defined Benefit: You may retire with a reduced benefit as early as age 60 with at least five years (60 months) of creditable service.** **Defined Contribution: You are eligible to receive distributions upon leaving employment, subject to restrictions.**

Purchase of Prior Service	**ORP participation is not available for purchase and cannot be used in the calculation of a VRS retirement benefit. Funds must remain in the ORP until the participant terminates employment covered by the ORP and/or VRS.**	**Purchase of prior service applies to the defined benefit component. You may be able to purchase service credit for previous public employment, active duty military service, an eligible period of leave or VRS-refunded service as creditable service in your plan. Prior creditable service counts toward vesting, eligibility for retirement, and the health insurance credit. Only active members are eligible to purchase prior service. You may also be eligible to purchase periods of leave without pay; contact VCU Human Resources for more information. You are not eligible to purchase prior service if you are employed in a non-covered position, are a deferred member or are a retiree. See "Purchase of Prior Service" at www.varetire.org/hybrid for more information.**
Average Final Compensation	**Not applicable**	**Your average final compensation is the average of your 60 consecutive months of highest compensation as a covered employee. It is used in the retirement formula for the defined benefit component of the plan.**
Service Retirement Multiplier	**Not applicable**	**A retirement multiplier is a factor that determines how much of your average final compensation will be used to calculate the defined benefit component of your retirement benefit. Your retirement multiplier is 1.0%.**

Health Coverage	**State employee health benefits coverage is available while employed.** **At retirement, you are eligible for the state retiree health benefits program if you meet the age and service requirements for retirement under the VRS plan that was available to you at the time you elected the ORP.**	**State employee health benefits coverage is available while employed.** **State retiree health benefits program participation is available if retirement benefit payments under the defined benefit component of your plan begin immediately upon leaving salaried state employment.**



Selecting a Plan

If You Choose the VCU ORP:

You have 60 days from your hire date in your first eligible position to elect the ORP. The election is irrevocable. You must:

- Complete the Election of Retirement Plan – Optional Retirement Plan for Higher Education form (VRS-65) and return it to VCU Human Resources.
- Complete the appropriate online provider enrollment to establish your account with either TIAA or Fidelity Investments. As part of this enrollment, you will choose the funds in which you want your ORP contributions invested.
- Designate the beneficiaries you wish to receive your plan account in the event of your death using the beneficiary forms or online designation specific to your investment provider. Contact

the provider for assistance.

- To designate a beneficiary for your group life insurance, use *myVRS* system at https://myvrs.varetire.org.
- If VCU does not receive the completed form VRS-65 from you within 60 days from your hire date in your first ORP-eligible position, you automatically will be covered by the VRS Hybrid Retirement Plan, or by VRS Plan 1 or VRS Plan 2 if you have an existing member account in VRS Plan 1 or VRS Plan 2.

If You Choose VRS Hybrid Retirement Plan

If you conclude that VRS Hybrid Retirement Plan better meets your needs, then mark your election on the Election to Participate – Optional Retirement Plan for Higher Education (VRS-65) and return it to VCU Human Resources.

To designate a beneficiary for your VRS Hybrid Retirement Plan accounts, you must access the beneficiary designation menu in *myVRS* at https://myvrs.varetire.org. If you do not designate a beneficiary, at your death your benefit will be paid according to the order of precedence. For more information, see the *Virginia Retirement System Hybrid Retirement Plan Handbook for Members* at *www.varetire.org/hybrid*.

Investment Options

Investment providers available to VCU ORP plan participants are:

Fidelity Investments
1(800) 343-0860
Contact Center & IVR
www.netbenefits.com/vcu

Fund management fees vary based on the investments chosen.

TIAA
1(800) 842-2776 Contact Center 1(800) 842-2252 IVR
www.tiaa.org/vcu

Fund management fees vary based on the investments chosen.

VRS Hybrid Retirement Plan members may review investment options online at *www.varetire.org/hybrid/investments.html*.

VCU Investment Committee and Investment Policy Statement

As a part of its fiduciary responsibilities, the University established a VCU Investment Committee of faculty and senior administrators who review the investment companies and administer the ORP and the investment options offered. The committee conducts an annual review of the plan and the investment options, based on the VCU ORP Investment Policy Statement. To review a copy of the VCU Investment Policy Statement and the current roster of VCU Investment Committee members, visit https://hr.vcu.edu/current-employees/benefits/a-z-list-of benefits/retirement/optional-retirement-plan/.

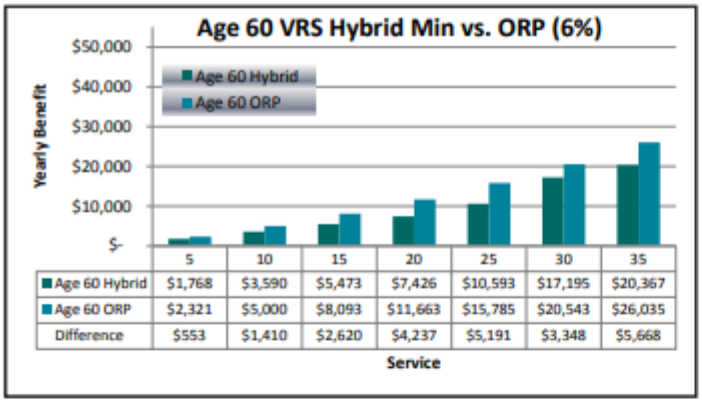
Your Selection

Providing a choice of plans does not constitute a recommendation for either plan. Virginia Commonwealth University and/or the Commonwealth of Virginia reserve(s) the right to amend or terminate the VCU ORP at any time and without the consent of any other party. Virginia Commonwealth University reserves the right to change investment providers or investment funds available to ORP participants. The Commonwealth of Virginia reserves the right to change investment providers or investment funds available to VRS participants. A change of investment providers or available funds may affect all accounts held under these plans or future contributions.

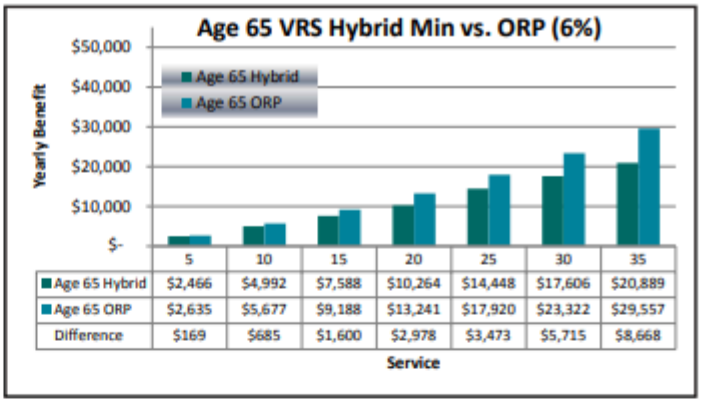


ORP Plan 2* vs. VRS Hybrid Annual Benefits Illustrations

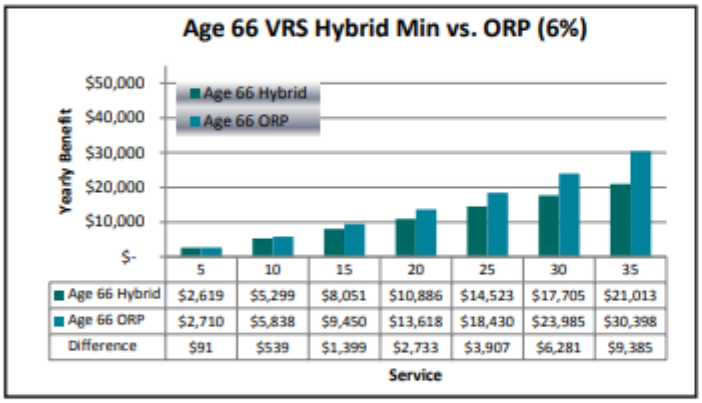
Minimum Hybrid Voluntary Contribution Assumptions			
Salary Increases	3.00%	COLA	2.25%
ORPHE Plan 2 & VRS Hybrid (DC Component) Annual Rate of Return	6.00%	Final Salary	$50,000
ORPHE Plan 2 Contribution	13.50%**	Average Final Compensation	$47,171
VRS Hybrid Employee Contribution	1.00%	VRS Hybrid Employer Contribution	1.00%



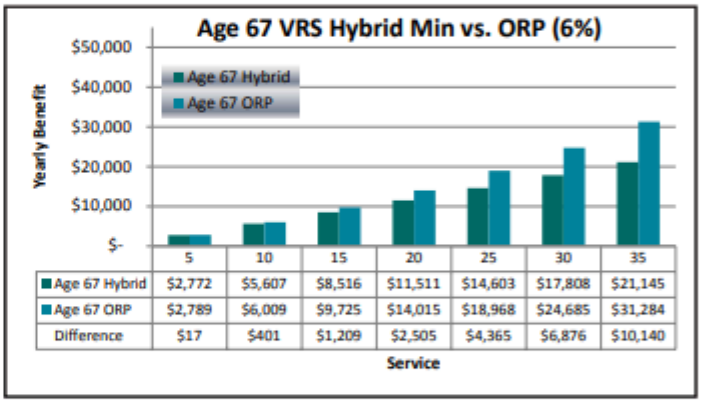
	5	10	15	20	25	30	35
Age 60 Hybrid	$1,768	$3,590	$5,473	$7,426	$10,593	$17,195	$20,367
Age 60 ORP	$2,321	$5,000	$8,093	$11,663	$15,785	$20,543	$26,035
Difference	$553	$1,410	$2,620	$4,237	$5,191	$3,348	$5,668



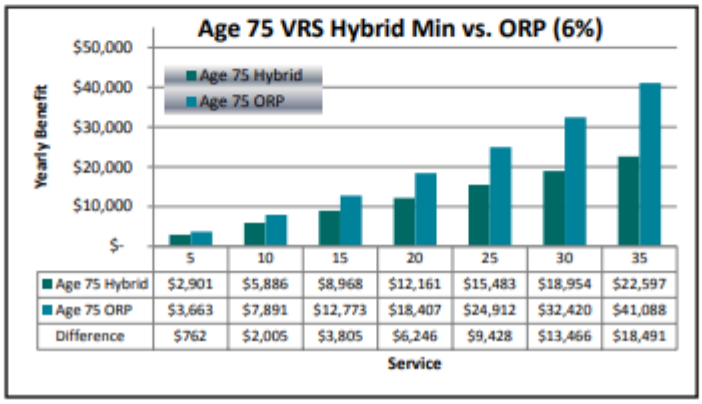
	5	10	15	20	25	30	35
Age 65 Hybrid	$2,466	$4,992	$7,588	$10,264	$14,448	$17,606	$20,889
Age 65 ORP	$2,635	$5,677	$9,188	$13,241	$17,920	$23,322	$29,557
Difference	$169	$685	$1,600	$2,978	$3,473	$5,715	$8,668



	5	10	15	20	25	30	35
Age 66 Hybrid	$2,619	$5,299	$8,051	$10,886	$14,523	$17,705	$21,013
Age 66 ORP	$2,710	$5,838	$9,450	$13,618	$18,430	$23,985	$30,398
Difference	$91	$539	$1,399	$2,733	$3,907	$6,281	$9,385



	5	10	15	20	25	30	35
Age 67 Hybrid	$2,772	$5,607	$8,516	$11,511	$14,603	$17,808	$21,145
Age 67 ORP	$2,789	$6,009	$9,725	$14,015	$18,968	$24,685	$31,284
Difference	$17	$401	$1,209	$2,505	$4,365	$6,876	$10,140



	5	10	15	20	25	30	35
Age 75 Hybrid	$2,901	$5,886	$8,968	$12,161	$15,483	$18,954	$22,597
Age 75 ORP	$3,663	$7,891	$12,773	$18,407	$24,912	$32,420	$41,088
Difference	$762	$2,005	$3,805	$6,246	$9,428	$13,466	$18,491

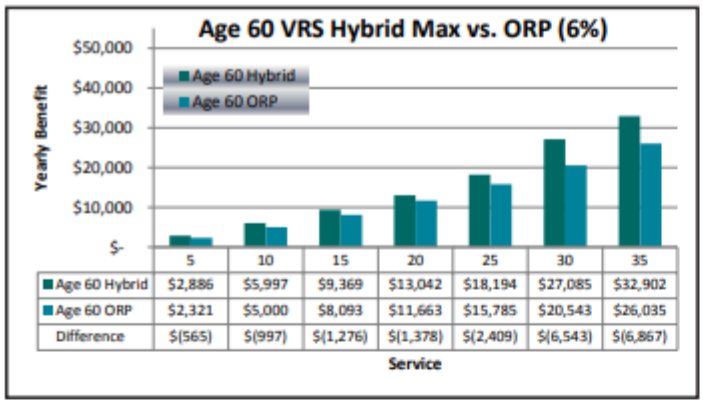
* Participants with no pre-January 2014 balance in a Virginia Retirement System defined benefit member account or Commonwealth of Virginia ORP participate in the VRS Hybrid Plan. Participants with no pre July 2010 balance in a Virginia Retirement System defined benefit member account or a Commonwealth of Virginia Optional Retirement Plan participate in ORP Plan 2.

**13.5% contribution consists of mandatory 5% employee contribution and 8.5% employer contribution. These illustrations are prepared by the Virginia Retirement System. The original source is published at http://www.varetire.org/pdf/standalone/hybrid/orpchoosehe-hybrid.pdf. Used by permission.

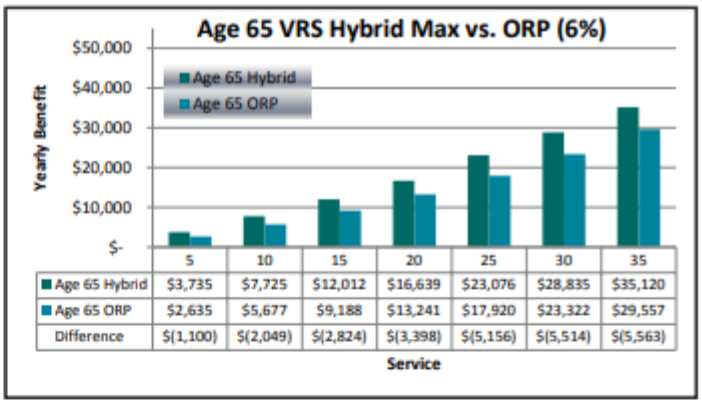
ORP Plan 2* vs. VRS Hybrid Annual Benefits Illustrations

Maximum Hybrid Voluntary Contribution Assumptions			
Salary Increases	3.00%	COLA	2.25%

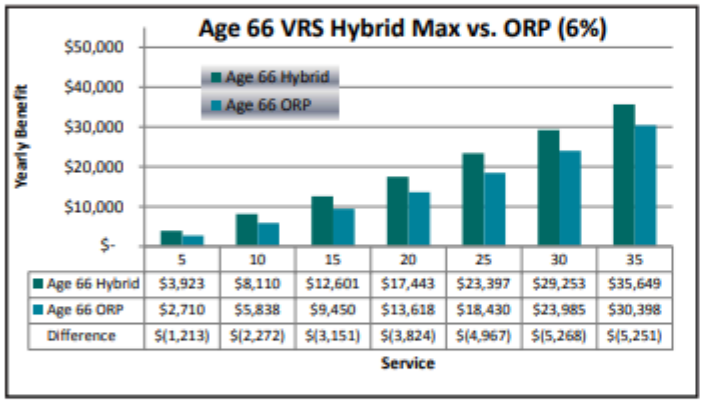
ORPHE Plan 2 & VRS Hybrid (DC Component) Annual Rate of Return	6.00%	Final Salary	$50,000
ORPHE Plan 2 Contribution	13.50%**	Average Final Compensation	$47,171
VRS Hybrid Employee Contribution	5.00%	VRS Hybrid Employer Contribution	3.50%



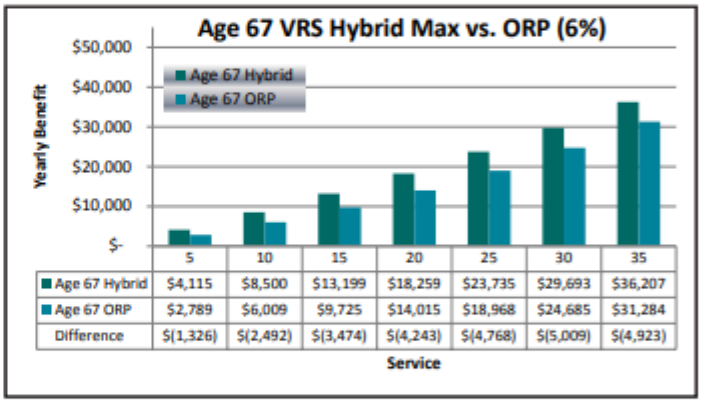
	5	10	15	20	25	30	35
Age 60 Hybrid	$2,886	$5,997	$9,369	$13,042	$18,194	$27,085	$32,902
Age 60 ORP	$2,321	$5,000	$8,093	$11,663	$15,785	$20,543	$26,035
Difference	$(565)	$(997)	$(1,276)	$(1,378)	$(2,409)	$(6,543)	$(6,867)



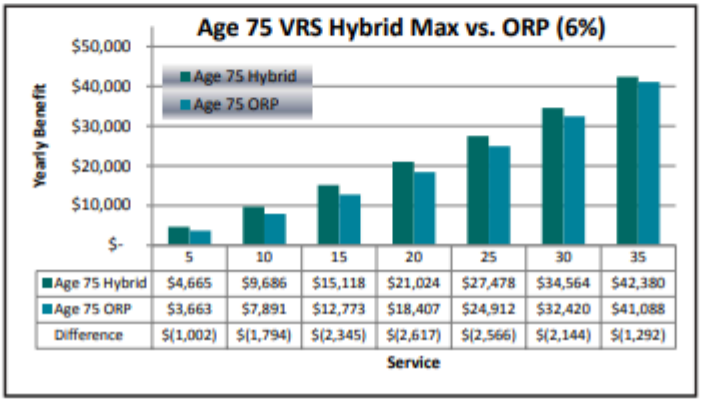
	5	10	15	20	25	30	35
Age 65 Hybrid	$3,735	$7,725	$12,012	$16,639	$23,076	$28,835	$35,120
Age 65 ORP	$2,635	$5,677	$9,188	$13,241	$17,920	$23,322	$29,557
Difference	$(1,100)	$(2,049)	$(2,824)	$(3,398)	$(5,156)	$(5,514)	$(5,563)



	5	10	15	20	25	30	35
Age 66 Hybrid	$3,923	$8,110	$12,601	$17,443	$23,397	$29,253	$35,649
Age 66 ORP	$2,710	$5,838	$9,450	$13,618	$18,430	$23,985	$30,398
Difference	$(1,213)	$(2,272)	$(3,151)	$(3,824)	$(4,967)	$(5,268)	$(5,251)



	5	10	15	20	25	30	35
Age 67 Hybrid	$4,115	$8,500	$13,199	$18,259	$23,735	$29,693	$36,207
Age 67 ORP	$2,789	$6,009	$9,725	$14,015	$18,968	$24,685	$31,284
Difference	$(1,326)	$(2,492)	$(3,474)	$(4,243)	$(4,768)	$(5,009)	$(4,923)



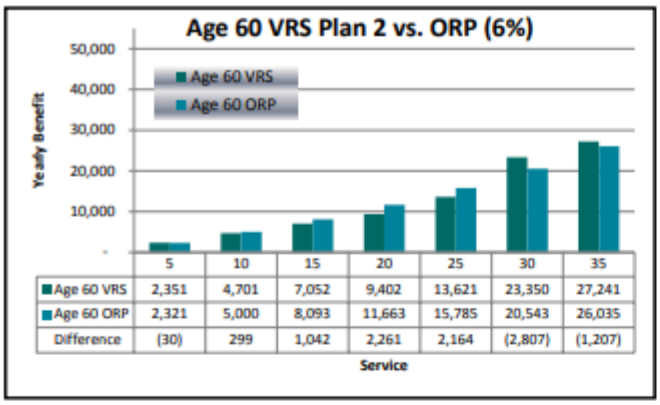
	5	10	15	20	25	30	35
Age 75 Hybrid	$4,665	$9,686	$15,118	$21,024	$27,478	$34,564	$42,380
Age 75 ORP	$3,663	$7,891	$12,773	$18,407	$24,912	$32,420	$41,088
Difference	$(1,002)	$(1,794)	$(2,345)	$(2,617)	$(2,566)	$(2,144)	$(1,292)

* Participants with no pre-January 2014 balance in a Virginia Retirement System defined benefit member account or Commonwealth of Virginia ORP participate in the VRS Hybrid Plan. Participants with no pre July 2010 balance in a Virginia Retirement System defined benefit member account or a Commonwealth of Virginia Optional Retirement Plan participate in ORP Plan 2.

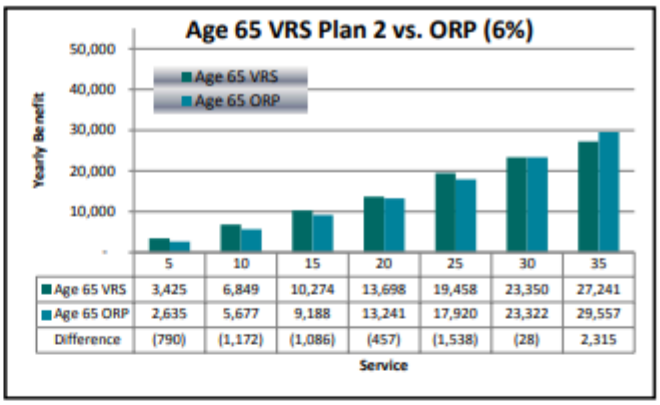
**13.5% contribution consists of mandatory 5% employee contribution and 8.5% employer contribution. These illustrations are prepared by the Virginia Retirement System. The original source was published at http://www.varetire.org/ pdf/standalone/hybrid/orpchoosehe-hybrid.pdf. Used by permission.

Comparing VRS Plan 2 to ORP Plan 2 Annual Benefits Illustrations*

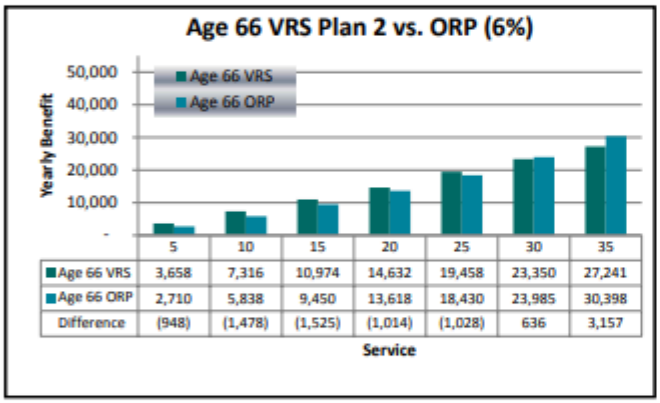
Plan 2 Assumptions			
Salary Increases		COLA	2.25%
ORP Annual Rate of Return	**6.00%**	Final Salary	$50,000
ORP Contribution	13.50%**	Average Final Compensation	$47,171



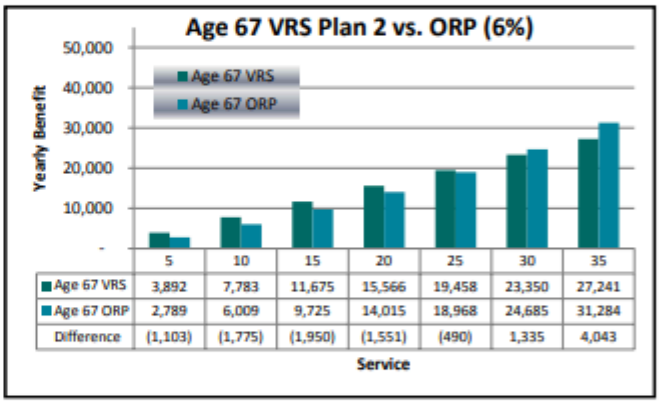
	5	10	15	20	25	30	35
Age 60 VRS	2,351	4,701	7,052	9,402	13,621	23,350	27,241
Age 60 ORP	2,321	5,000	8,093	11,663	15,785	20,543	26,035
Difference	(30)	299	1,042	2,261	2,164	(2,807)	(1,207)



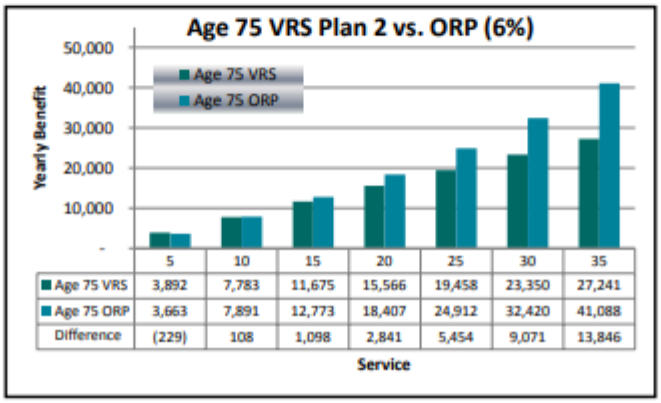
	5	10	15	20	25	30	35
Age 65 VRS	3,425	6,849	10,274	13,698	19,458	23,350	27,241
Age 65 ORP	2,635	5,677	9,188	13,241	17,920	23,322	29,557
Difference	(790)	(1,172)	(1,086)	(457)	(1,538)	(28)	2,315



	5	10	15	20	25	30	35
Age 66 VRS	3,658	7,316	10,974	14,632	19,458	23,350	27,241
Age 66 ORP	2,710	5,838	9,450	13,618	18,430	23,985	30,398
Difference	(948)	(1,478)	(1,525)	(1,014)	(1,028)	636	3,157



	5	10	15	20	25	30	35
Age 67 VRS	3,892	7,783	11,675	15,566	19,458	23,350	27,241
Age 67 ORP	2,789	6,009	9,725	14,015	18,968	24,685	31,284
Difference	(1,103)	(1,775)	(1,950)	(1,551)	(490)	1,335	4,043



	5	10	15	20	25	30	35
Age 75 VRS	3,892	7,783	11,675	15,566	19,458	23,350	27,241
Age 75 ORP	3,663	7,891	12,773	18,407	24,912	32,420	41,088
Difference	(229)	108	1,098	2,841	5,454	9,071	13,846

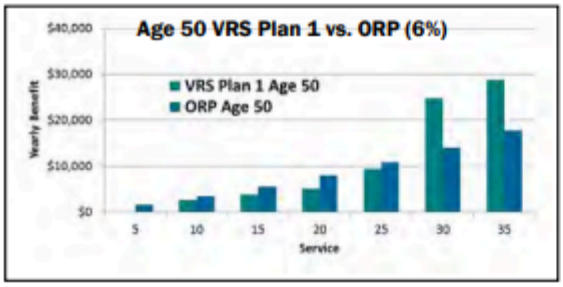
* Participants with no pre-January 2014 balance in a Virginia Retirement System defined benefit member account or Commonwealth of Virginia ORP participate in the VRS Hybrid Plan. Participants with no pre July 2010 balance in a Virginia Retirement System defined benefit member account or a

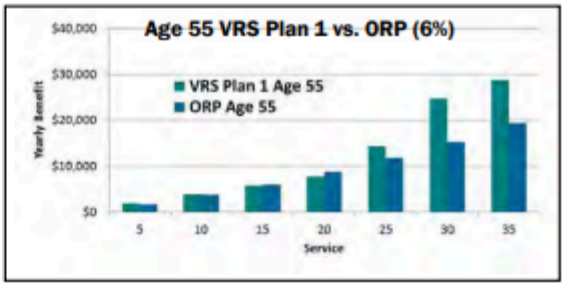
Commonwealth of Virginia Optional Retirement Plan participate in ORP Plan 2.
**13.5% contribution consists of mandatory 5% employee contribution and 8.5% employer contribution. These illustrations are prepared by the Virginia Retirement System. The original source was published at http://www.varetire.org/ pdf/standalone/hybrid/orpchoosehe-hybrid.pdf. Used by permission.

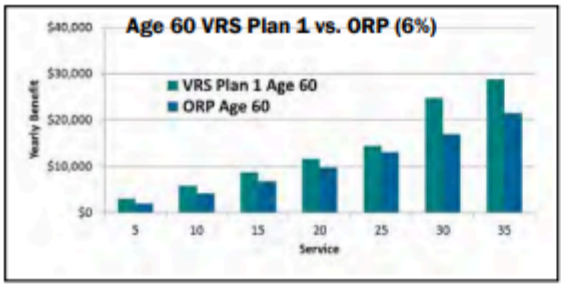
Comparing VRS Plan 1 to ORP Plan 1 Annual Benefits Illustrations*

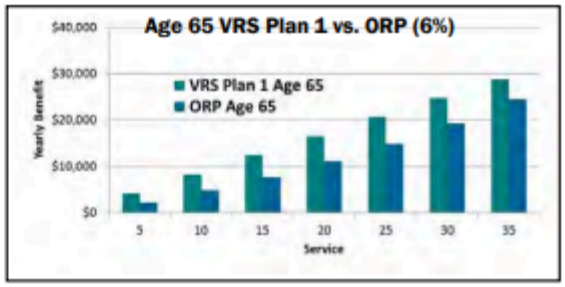
Plan 1 Assumptions			
Salary Increases		COLA	2.00%
ORP Annual Rate of Return	**6.00%**	Final Salary	$50,000
ORP Contribution		Average Final Compensation	$48,500

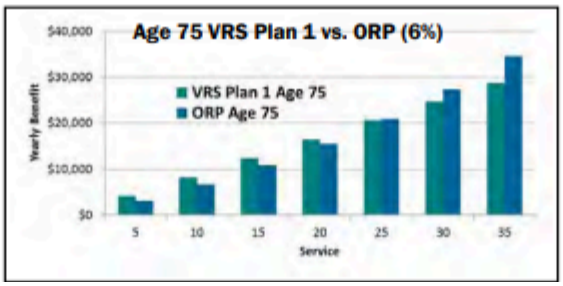
	VRS Service							ORP Service						
Age at Retirement	**5**	**10**	**15**	**20**	**25**	**30**	**35**	**5**	**10**	**15**	**20**	**25**	**30**	**35**
Age 50														
Annual Benefit	*	$2,471	$3,707	$4,943	$9,321	$24,735	$28,858	$1,581	$3,407	$5,514	$7,947	$10,755	$13,996	$17,738
Difference	*(1,581)*	*(936)*	*(1,807)*	*(3,004)*	*(1,434)*	10,739	11,120	1,581	936	1,807	3,004	1,434	*(10,739)*	*(11,120)*
Age 55														
Annual Benefit	$1,913	$3,826	$5,739	$7,651	$14,429	$24,735	$28,858	$1,726	$3,718	$6,018	$8,672	$11,737	$15,275	$19,358
Difference	187	108	*(279)*	*(1,021)*	2,692	9,460	9,500	*(187)*	*(108)*	279	1,021	*(2,692)*	*(9,460)*	*(9,500)*
Age 60														
Annual Benefit	$2,886	$5,772	$8,657	$11,543	$14,429	$24,735	$28,858	$1,923	$4,142	$6,704	$9,661	$13,075	$17,016	$21,565
Difference	963	1,630	1,953	1,882	1,354	7,719	7,293	*(963)*	*(1,630)*	*(1,953)*	*(1,882)*	*(1,354)*	*(7,719)*	*(7,293)*
Age 65														
Annual Benefit	$4,123	$8,245	$12,368	$16,490	$20,613	$24,735	$28,858	$2,188	$4,715	$7,631	$10,997	$14,883	$19,369	$24,547
Difference	1,935	3,530	4,737	5,493	5,730	5,366	4,311	*(1,935)*	*(3,530)*	*(4,737)*	*(5,493)*	*(5,730)*	*(5,366)*	*(4,311)*
Age 75														
Annual Benefit	$4,123	$8,245	$12,368	$16,490	$20,613	$24,735	$28,858	$3,082	$6,640	$10,746	$15,487	$20,960	$27,277	$34,569
Difference	1,041	1,605	1,622	1,003	*(347)*	*(2,542)*	*(5,711)*	*(1,041)*	*(1,605)*	*(1,622)*	*(1,003)*	347	2,542	5,711











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*To qualify for Virginia Retirement System Plan 1, a participant must have a pre-July 2010 balance in a VRS defined benefit plan and have been vested in that VRS defined benefit plan as of December 31, 2013. To qualify for ORP Plan 1, a participant must have a pre-July 2010 balance in a Virginia Retirement System defined benefit plan or a Commonwealth of Virginia ORP. The 10.4% contribution to ORP Plan 1 is an employer contribution.