



## Virginia Retirement System Optional Retirement Plans Leaving Employment Guide

### Moving on from your Virginia employment?

You have options for the money in your defined contribution plan.

When moving on to a new employer, or retiring, choosing what to do with your retirement savings account is an important decision. This guide lays out the options to consider once your covered employment ends for the following Virginia Retirement System Defined Contribution Plans:

- Optional Retirement Plan for Higher Education (ORPHE)
- Optional Retirement Plan for School Superintendents (ORPSS)
- Optional Retirement for Political Appointees (ORPPA)

Although you can choose one or a combination of the following options, keep in mind distribution rules can be complex and there may be tax consequences. Before you make any final decisions, we encourage you to speak with a tax advisor or financial professional. You can also call the VRS Defined Contribution Plans Service Center at **877-327-5261** and speak with a Call Center Associate or a DC Plans Education Specialist,<sup>1</sup> who will review your options and answer your questions.

No matter what you decide, it's important to keep your retirement savings working so that you stay on track to reach your retirement income goals.

## Option 1

### Keep your savings in your DCP Account<sup>2</sup>

There are several advantages to this option:

- You'll continue to enjoy the tax-deferred growth potential of the plan. You pay no federal income taxes on the money in your account and the earnings—until you receive it.
- You pay one low monthly plan record-keeping fee, totaling \$35.50 a year, no matter how many VRS Defined Contribution Plans you participate in.
- Your money will remain invested in the fund(s) that you selected, taking advantage of professional oversight and competitive pricing without any hidden fees.
- The flexible distribution options discussed in this guide are available to you once you become eligible for a distribution, allowing you to choose when to take withdrawals in the future.
- You'll continue to have access to your **DCP Account** through [dcp.varetire.org/login](https://dcp.varetire.org/login) and the **Voya Retire**<sup>®</sup> mobile app, along with all of the plan's financial education resources and tools, including your local DC Plans Education Specialist<sup>3</sup> and **myOrangeMoney**<sup>®</sup>.

Keep in mind, 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.

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.

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### Required Minimum Distributions

If you still have a balance in the plan in the year you turn 73, you must take a Required Minimum Distribution (RMD) each year. Your first RMD must be taken no later than April 1 of the year after you turn 73 or terminate employment from the employer sponsoring your plan; whichever is later. RMDs are paid to you in cash through a check payment or through a linked bank account. Please call the VRS Defined Contribution Plans Service Center at **877-327-5261** for more information.

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## Option 2

### Roll over your account balance to another plan

You can request a direct rollover of your account balance into a 401(a), 401(k), 403(b), governmental 457(b), traditional IRA or Federal Employees Thrift Savings Plan that accepts such rollovers. Rollovers into plans other than another 457 plan may be subject to a 10% early withdrawal penalty if you are under age 59½. Note if you transfer to a faculty position outside Virginia, your new employer's retirement plan may accept a rollover of your ORPHE account balance. Always check with the plan you intend to roll money into to make sure it accepts rollovers.

No taxes will be withheld for a direct rollover and your money will continue to have the potential to grow tax-deferred until you withdraw funds from the new plan or IRA.

## Option 3

### Request a cash distribution

Your account balance can be paid directly to you. Distributions of your before-tax contributions and any earnings on those contributions are considered taxable income in the year you take the distribution.

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### Rollover/distribution flexibility

If you go with option 2 or 3 above, you have some flexibility in how you structure your rollover or distribution:

- **Partial:** Take a portion of your plan account balance as a direct rollover or direct distribution and leave the rest in the plan.
  - **Full:** Request a lump-sum distribution or rollover of your entire account balance.
  - **Installments:** Have your distribution paid to you over time — either monthly, quarterly, semi-annually or annually. Your installment schedule can be changed, and a lump-sum distribution can be requested at any time.
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## Option 4

### Request an annuity

You may take all or a portion of your account balance and purchase an annuity, which is a type of insurance contract that pays you a monthly income, typically for life. Annuities can be quite complex and may have some hidden fees. VRS has a group annuity contract with MetLife<sup>5</sup>. Contact MetLife at **866-438-6477** for additional information on the options available or to arrange for the purchase of an annuity. You may also choose to purchase an annuity with an alternative provider you select. Consult with a financial advisor and tax professional to see if an annuity is right for you.

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### Before taking money out of your plan, be sure to:

- Familiarize yourself with any possible tax implications.
  - Consult with a DC Plans Education Specialist to review your options.<sup>1</sup>
  - Evaluate the fees and services of VRS DCP against those of other plans being considered.
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## Option 5

### Purchase VRS service credit

- **ORPPA:** Participation is not available for purchase and cannot be used in the calculation of a VRS retirement benefit. If you continue employment with the Commonwealth of Virginia in a position not eligible for the ORPPA with no break in service, you may use your ORPPA account balance to purchase VRS service credit. Otherwise, the funds must remain in ORPPA until you terminate employment with all VRS-participating employers.
- **ORPSS:** Participation is not available for purchase and cannot be used in the calculation of a VRS retirement benefit. Funds must remain in ORPSS until the participant terminates employment with all VRS-participating employers.
- **ORPHE:** Participation is not available for purchase and cannot be used in the calculation of a VRS retirement benefit. Funds must remain in ORPHE until the participant terminates employment with all VRS-participating employers.

Visit **varetire.org** to review your plan handbook for more details.

### Special Tax Notice

See the Special Tax Notice for more information about your options and how they will be taxed. Some distribution requests can be processed through the plan website at **dcp.varetire.org/login**. You may also request a distribution by calling **877-327-5261** and speaking to a customer service associate weekdays from 8 a.m. to 9 p.m. ET, excluding stock market holidays. Spanish-speaking associates are available.



## Looking for more help

We offer three levels of retirement planning and financial wellness support depending on the level of assistance you need. These options include:



### Self-Service

myOrangeMoney<sup>®4</sup>

Voya Learn<sup>™</sup>

myVRS Financial Wellness



### Guided

DC Plans Education Specialists<sup>1</sup>

Point-in-time Advice<sup>6</sup>

Financial Snapshot<sup>7</sup>



### Managed

Managed Accounts<sup>6</sup>

Holistic financial plan<sup>7</sup>

Local Certified Financial Planner<sup>™</sup> CFP<sup>®7</sup>

Be Ready Program<sup>7</sup>

Go to [dcp.varetire.org/education](https://dcp.varetire.org/education) to learn more about all the available education and support options.

## Need additional information

**Website:** [dcp.varetire.org](https://dcp.varetire.org)

**Email:** Log in to your DCP Account at [dcp.varetire.org/login](https://dcp.varetire.org/login) to send a secure message.

**VRS Defined Contribution Plans Service Center:** 877-327-5261

Hours: Monday-Friday, 8 a.m. to 9 p.m. ET. For the deaf and hard of hearing: 800-579-5708.

**DC Plans Education Specialists:** 877-327-5261

Hours: Monday - Friday | 8:30 a.m. - 5 p.m. ET

Visit [dcp.varetire.org/education/dc-plans-specialists](https://dcp.varetire.org/education/dc-plans-specialists) to schedule an appointment online.

<sup>1</sup>Information from registered Plan Service Representatives is for educational purposes only and is not legal, tax, or investment advice. Local Plan Service Representatives are registered representatives of Voya Financial Advisors, Inc., member SIPC.

<sup>2</sup>You can keep your savings in your DCP account as long as your balance is over \$200.

<sup>3</sup>Distributions are generally subject to federal income tax and state income tax, depending on the state in which you reside at the time of distribution. In addition, withdrawals from the Hybrid 401(a) Cash Match Plan may be subject to a 10% early withdrawal penalty if you are under the age of 59½.

**<sup>4</sup>IMPORTANT:** The illustrations or other information generated by the calculators are hypothetical in nature, do not reflect actual investment results, and are not guarantees of future results. This information does not serve, either directly or indirectly, as legal, financial, or tax advice, and you should always consult a qualified professional legal, financial, and/or tax advisor when making decisions related to your individual tax situation.

<sup>5</sup>MetLife is a separate entity and not a corporate affiliate of Voya Financial®.

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