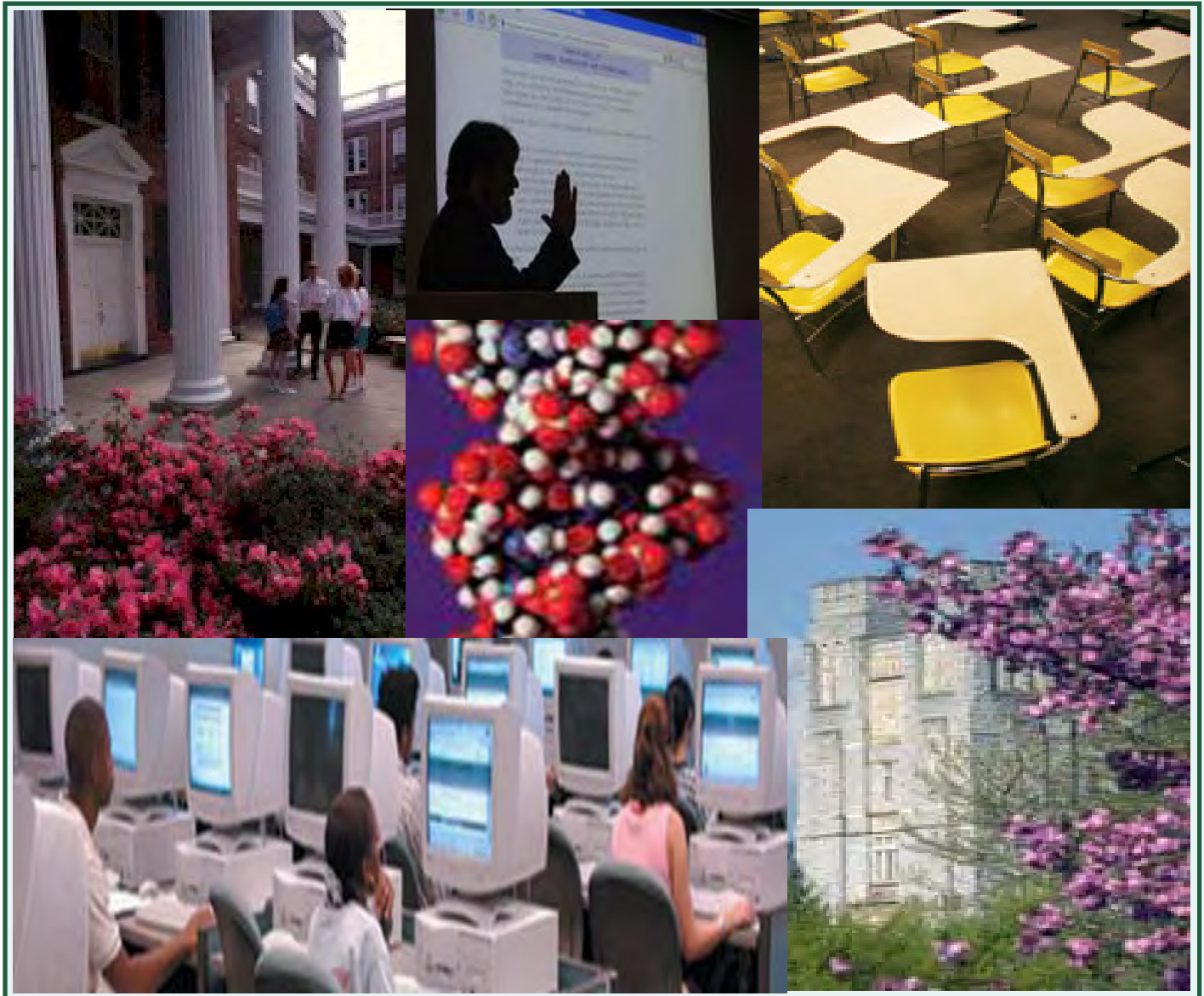


Virginia Retirement System Optional Retirement Plan for Higher Education

Choosing Your Retirement Plan



Virginia Retirement System Choosing Your Retirement Plan Guidelines and Provider Information

This publication is for employees of colleges and universities who are eligible to choose between the Virginia Retirement System defined benefit retirement plan and the Optional Retirement Plan for Higher Education, a defined contribution retirement plan.

September 2008



Introduction

As a new Virginia college or university faculty, engaged in teaching, administration or research, you are allowed to select your retirement plan. (You also have this choice if you have changed from a classified to a faculty position.) You must choose a retirement plan **within 60 days** of your employment date.

Your choices are the Virginia Retirement System (VRS), which is a defined benefit plan, and the Optional Retirement Plan (ORP), which is a defined contribution plan.

If you do not select the ORP within 60 days of employment, you will be covered by the VRS defined benefit plan.

If you already have service with VRS, it is suggested that you look closely at the effect on your retirement income if you select the ORP. As a defined benefit plan, VRS is structured to reward long service. You may request an estimate of your VRS benefit from your employer or by logging on to myVRS at www.varetire.org/myVRS. On myVRS you can:

- View your member information, including service credit and compensation reported to VRS by your employer.
- Check the status of an application for retirement, purchase of prior service or refund.
- Estimate your retirement benefit using current information.
- View and update your personal contact information online.

Remember: You have 60 days from the date you are employed or you transfer for the first time into a position eligible for the ORP to make your choice and to complete the required forms. If you do not elect the ORP, you will be automatically enrolled in VRS.

If you transfer from a faculty position at one public institution in Virginia to another with no break in service you must continue in the Plan you originally chose.

Choosing your retirement plan

The choice of a retirement plan is a critical one because of its impact on your financial security. As a college or university employee with academic rank, you have the choice between two retirement plans that are distinctly different.

Defined Benefit Plan

The Virginia Retirement System (VRS) is a **defined benefit plan**. That means that your retirement benefit is determined by the following: the amount of service you accumulate in VRS-covered positions (including certain types of service that you purchase); your age at retirement; and the average of your 36 consecutive months of highest creditable compensation. **Your employer guarantees this lifetime benefit.** In a defined benefit plan your benefit increases with each year that you work and with your pay increases. In general, a defined benefit plan tends to produce a larger benefit for those who have longer service.

A characteristic of a defined benefit plan is that actuarial reductions are applied to your benefit if you do not qualify for an unreduced retirement. To qualify for unreduced retirement from VRS, you must have 30 years of service and be at least 50 years old, or have at least five years of service at age 65. To receive reduced lifetime monthly payments, you must be vested (have a minimum of five years of service on record with VRS) and be at least age 55 or have 10 years of service and be at least age 50. For VRS purposes, vesting means you are eligible for a lifetime benefit.

More detail on VRS benefits is contained in the VRS Handbook for Members available at www.varetire.org or from your institution's Human Resources office.

Defined Contribution Plan

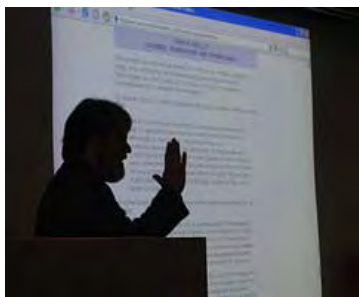
The Optional Retirement Plan (ORP), on the other hand, is a **defined contribution plan** where vesting is immediate. For purposes of the ORP, vesting means the total balance in your account is available to you when you leave employment with the Commonwealth. Your retirement benefit is based on employer contributions and the investment gains and losses on those contributions. **Your employer bears no responsibility for the outcome of your investment choices.** You choose your investments from a range of funds offered under the plan and assume all risks associated with those choices. Your investment choices should be based on long-term goals and risk tolerance. Risk varies by investment.

In general, a defined contribution plan such as the ORP works best for people who have multiple employers during their careers and who prefer the plan's portability.

More detail on ORP benefits is contained in the ORP for Higher Education Participant Handbook available at www.varetire.org under Members/Benefits/Other VRS Administrative Plans/ Optional Retirement Plan for Higher Education.

Listing of Funds, Asset Class', and Benchmarks (page 13) lists the investment choices currently available to Plan participants.

Comparing VRS to ORP Benefits Illustration (pages 15 – 18) is an illustration of benefits in the two plans based on stated assumptions.



Comparing Plans

The following summary gives you a general comparison of the two plans:

	VRS	ORP
IRS Code Section	IRC Section 401(a)	IRC Section 401(a)
Type of Plan	Defined Benefit: Benefit at retirement is based on a formula, which uses the consecutive 36 months of highest creditable compensation, amount of service credit (including service credit you purchased) and age at retirement.	Defined Contribution: Benefit at retirement is based on contributions, net investment earnings and age (the length of time your benefit will be paid). Participants may choose between investments offered.
Contributions	<p>The institution makes the total contribution for you.</p> <p>Five percent of creditable compensation is placed in your member contribution account in your name. Your member contribution account earns interest at 4% on an annual basis.</p> <p>The employer also makes a contribution to an employer pool account that is based on a rate established every two years by the VRS actuaries and approved by the General Assembly. Both member and employer contributions and earnings on those contributions fund future lifetime retirement benefits and guaranteed cost-of-living adjustments after retirement. These monies are invested by the VRS Investment Department with Board of Trustees oversight.</p>	<p>The institution makes the total contribution for you.</p> <p>Each pay period 10.4% of your creditable compensation goes into an account on your behalf with the provider you select. This rate is reviewed every 6 years to keep Virginia institutions competitive with others in the region.</p>
Vesting	Immediate for member contribution account; 5 years for lifetime benefit	Immediate for account balance

	VRS	ORP
IRS Code Section	IRC Section 401(a)	IRC Section 401(a)
Termination before Retirement	<p>Upon termination of employment you may choose to leave your account with VRS or take a refund of your member account balance including accrued interest. If you do not take a refund you retain the service credit and right to any benefit you have earned. If you take a refund you lose the service credit represented by the amount refunded and your right to a lifetime benefit.</p> <p>Refund is subject to federal and state income tax and may be subject to a 10% excise tax if taken before age 59 ½ (unless you separate from service after age 55). Taxation may be deferred if rollover is available.</p>	<p>Account balance may be left with chosen provider, rolled over or taken as a distribution.</p> <p>Distribution is subject to federal and state income taxes, and may be subject to a 10% excise tax if taken prior to age 59 ½ (unless you separate from service after age 55 or take essentially equal payments over your lifetime). Taxation may be deferred if rollover is available.</p>
Taxation of Retirement Benefit	<p>No tax paid until distribution. Monthly benefit is taxed as ordinary income for both federal and state income tax.</p>	<p>No tax paid until distribution. Distribution is subject to federal and state income taxes, as well as an early distribution penalty 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 over your lifetime. Taxation may be deferred if rollover is available.</p>
Portability	<p>Participation continues if employed in one of approximately 800 Virginia public employers that provide retirement benefits through VRS including Virginia public colleges and universities, Virginia local governments, all Virginia public schools and Virginia state government agencies. Many types of public service and leave may be purchased to enhance the benefit.</p>	<p>Continued participation if employed at a Virginia public college or university participating in the Plan. ORP participation must continue if you transfer to a Virginia public college or university that sponsors its own ORP.</p> <p>If you leave public employment in Virginia your account balance may be rolled over to a subsequent employer's qualified plan or an IRA.</p>
Employee Retirement Savings Plans	<p>Participation in 403(b) tax sheltered accounts and the Commonwealth's 457 Plan is available regardless of the retirement plan selected.</p> <p>New hires are subject to Automatic Enrollment in the 457 Plan unless they self enroll, contribute to a 403(b) Plan with their institution, or opt-out of 457 Plan participation.</p>	<p>Participation in 403(b) tax sheltered accounts and the Commonwealth's 457 Plan is available regardless of the retirement plan selected.</p> <p>New hires are subject to Automatic Enrollment in the 457 Plan unless they self enroll, contribute to a 403(b) Plan with their institution, or opt-out of 457 Plan participation.</p>

	VRS	ORP
IRS Code Section	IRC Section 401(a)	IRC Section 401(a)
Investment Risks	Benefit is guaranteed as long as the Commonwealth continues to make contributions to the plan.	The investment risk is borne by employee. Benefit is based on contributions and gains and losses on investments. Risk varies according to investments chosen.
Investment Costs	Fund management cost paid by employer, included in VRS rate.	Fund management costs borne by employee.
Inflation Risk (Pre-retirement)	Benefit is related to pay and standard of living just prior to retirement; therefore, initial benefit keeps pace with pre-retirement inflationary trends.	Participant may choose from a variety of investments to address inflation risk.
Inflation Risk (Post-Retirement)	Provides cost-of-living adjustments starting on July 1 of the second calendar year after your retirement. Adjustments are tied to the CPI-urban and may not exceed 5% per year under current law.	Cost-of-living adjustments are not available unless you purchase an annuity with this feature. Retirees may also make systematic withdrawals from investment accounts allowing the remainder to continue to be invested.
Eligibility for Benefit Payout	Unreduced benefit with 30 years service and at least age 50 or at age 65 with at least 5 years service. Retirement at age 55 with 5 years of service or at age 50 with 10 years of service produces an actuarially reduced benefit.	May begin receiving benefits at termination of employment, regardless of age. Amount of benefit is determined by contributions, earnings and losses on account and the length of time the benefit is to be paid.
Disability	Covered by the Virginia Sickness & Disability Program (VSDP). Provides replacement income ranging between 100% and 60% of salary in the event of short-term or long-term disability. If you were covered by VRS prior to January 1, 1999 and retained the traditional sick leave/disability retirement benefit, you will continue to be covered by the traditional plan.	Generally not available, except through Social Security. Institutions may provide disability coverage or make it available for purchase. Contact your Human Resources office for information on programs that may be available to you. When employment ends as a result of a disability a distribution from the plan may begin.

	VRS	ORP
IRS Code Section	IRC Section 401(a)	IRC Section 401(a)
Group Life Insurance (GLI)	<p>For natural death, death benefit is equal to salary rounded to next \$1,000, times two. This amount is doubled for accidental death. Life insurance is retained in retirement provided the member is age 55 with at least 5 years of service, or age 50 with at least 10 years of service. The coverage amount reduces 25% annually until it reaches 25% of the original value. The reduction begins on January 1 of the first full year following the date the member separates from service. Accidental death benefits cease at retirement.</p> <p>Additional Optional Life Insurance is available to employees and dependents.</p>	<p>Life insurance benefit is the same regardless of the retirement plan chosen.</p>
Group Life Insurance (GLI) – Educational Leave	<p>Reported for GLI at full salary while on educational leave and on ½ pay or more.</p> <p>Not reported for GLI while on educational leave and less than ½ pay.</p>	<p>Reported for GLI at full salary while on educational leave and on ½ pay or more.</p> <p>Not reported for GLI while on educational leave and less than ½ pay.</p>
Life Insurance Conversion	<p>Members leaving employment and not eligible to continue GLI may convert to a private policy</p>	<p>ORP participants leaving employment and not eligible to continue GLI may convert to a private policy.</p>
Death in Service	<p>If member dies in service, any beneficiary may receive a lump sum distribution of the member contribution account.</p> <p>If beneficiary is the spouse, minor child, mother or father of deceased, they may choose either a lump-sum payout of the member’s account or a monthly benefit.</p>	<p>All contributions and investment earnings are payable to the participant’s named beneficiary.</p> <p>Beneficiary may choose method of payment.</p> <p>No special death in service benefit is available.</p>
Death in Line of Duty	<p>If member dies in the line of duty, surviving spouse, minor child, mother or father will receive half the member’s average final compensation (AFC) or 1/3 AFC if survivor qualifies for Social Security death benefits (offset by Workers’ Compensation) The Member contribution account is refunded to the named beneficiary.</p>	<p>All contributions and investment earnings payable to participant’s named beneficiary.</p> <p>Beneficiary may choose method of payment.</p> <p>No special line-of-duty death benefits available.</p>

	VRS	ORP
IRS Code Section	IRC Section 401(a)	IRC Section 401(a)
Educational Leave of Absence with ½ Pay or More	You will be reported to VRS at the full rate of pay.	Participants will receive 10.4% of the salary earned while on educational leave.
Educational Leave of Absence with Less Than ½ Pay	You may purchase up to four years of service credit for any approved official educational leave of absence from a VRS-covered position.	Participants will receive 10.4% of the salary earned while on educational leave.
Health Insurance	<p>State employee health insurance is available while employed.</p> <p>State retiree health benefit is available if retirement benefit payment begins immediately upon leaving salaried State employment.</p>	<p>State employee health insurance is available while employed.</p> <p>At retirement you are eligible for the state retiree health benefit if you are receiving an immediate periodic payment from the ORP. This can be accomplished by the purchase of an immediate annuity from a plan provider.</p>
Health Credit - Service Retirement	Eligible with 15 years of VRS creditable service. To qualify you must receive a retirement benefit and incur cost for your own health insurance. Benefit is \$4.00 per year of service not to exceed the out of pocket cost for the individual retiree's premium. The credit ceases at your death.	Eligible with 15 years of VRS and/or ORP service. To qualify must receive periodic distribution from the ORP and incur cost for your own health insurance. Benefit is \$4.00 per year of service not to exceed the out of pocket cost for your premium. The credit ceases at your death.
Health Credit – Educational Leave	<p>Educational leave with less than ½ pay does not count toward creditable service for the health insurance credit.</p> <p>Educational leave with ½ pay or more counts as creditable service for the health insurance credit.</p>	<p>Educational leave with less than ½ pay does not count toward creditable service for the health insurance credit.</p> <p>Educational leave with ½ pay or more counts as creditable service for the health insurance credit.</p>
Health Credit - Disability	<p>Receive the higher of \$120 or \$4 per year of service at the time of Disability Retirement or VSDP Long-term Disability.</p> <p>Credit payment may not exceed the out of pocket cost for the individual retiree's premium.</p>	<p>Receive the higher of \$120 or \$4 per year of service at the time of disability if receiving payment from institution sponsored long-term disability plan. Otherwise, 15 years of service required to qualify with credit being \$4 per year of service. Credit payment may not exceed the out of pocket cost for the individual retiree's premium.</p>

	VRS	ORP
IRS Code Section	IRC Section 401(a)	IRC Section 401(a)
Pay Out Options	<p>Basic Benefit: For lifetime of member only.</p> <p>Survivor Options: Reduced lifetime benefit so that survivor continues to receive benefit after member dies.</p> <p>Partial Lump Sum Option: By working 1-3 years beyond eligibility for unreduced retirement, members may receive portion of lifetime benefit as a lump-sum payment at retirement. The monthly benefit is reduced going forward to provide for the lump sum payment. This option may also be combined with a survivor option.</p> <p>Advanced Pension Option: Larger benefit in early years of retirement with reduced benefit later.</p>	<p>Varies according to the provider(s) chosen.</p> <p>The following are generally available: annuity, including survivor options; systematic withdrawal; lump sum withdrawal, partial lump sum, rollover to another plan or IRA.</p>
Change of Payout Option	<p>Basic Benefit, Partial Lump Sum and Advance Pension Options may not be changed after retirement. Survivor options may be changed if: survivor dies first; survivor is divorced before 20 years of marriage (provided there is no approved court order requiring former spouse to receive survivor benefit); or survivor waives benefit.</p>	<p>Varies according to the provider and option chosen.</p>
Required Minimum Distribution	<p>You must begin a distribution from VRS at the later of age 70 ½ or when you terminate public employment in Virginia.</p>	<p>You must begin a distribution from the plan at the later of age 70 ½ or when you terminate public employment in Virginia.</p>

Selecting a Plan

Your selection of a retirement plan is irrevocable. Because this choice cannot be changed at a later time, it should be made with great care. You have 60 days from the date you are employed in a faculty position to make your choice, notify your Human Resources office and complete the necessary forms. If you do not elect the ORP within 60 days of becoming employed in an eligible position you will automatically be covered by VRS.

If you choose VRS

If, after reviewing the features of VRS and the ORP, you conclude that the VRS defined benefit plan better meets your needs, you should advise your Human Resources office of your decision. There is no enrollment form to complete. However, your employer may require that you complete a form indicating your choice.

To designate the beneficiary, other than the order of precedence, for your VRS Member Contribution Account and Group Life Insurance obtain the Designation of Beneficiary (VRS-2) from your Human Resources office or from the VRS Web site at www.varetire.org under Members/Forms. Refer to Member Handbook for more details on the Order of Precedence.

You may learn more about VRS by visiting the VRS Web site at www.varetire.org. Direct contact information is as follows:

Virginia Retirement System
P.O. Box 2500
Richmond, VA 23218-2500
1-888-VARETIR (1-888-827-3847)

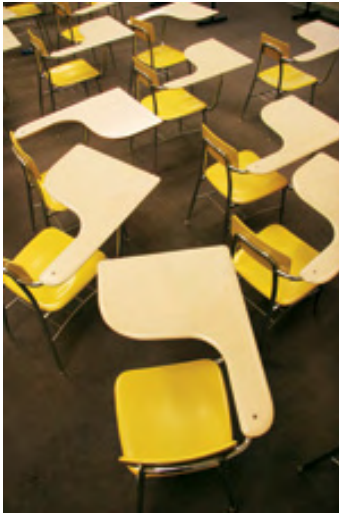
If you choose the ORP

If you decide a defined contribution plan such as the ORP will serve you better, there are three actions you must take:

1. Complete the Election to Participate in Optional Retirement Plan for Higher Education (VRS-65) and return it to your Human Resources office. The form is available on the VRS Web site.
2. Select the investment provider to which you want your contributions sent. Enroll with that provider using the prescribed method and select from the investments available.
3. Designate the beneficiaries you wish to receive your account in the event of your death.
4. To designate a beneficiary for your Group Life Insurance obtain the Designation of Beneficiary (VRS-2) from your Human Resources office or from the VRS Web site at www.varetire.org under Members / Forms.

Contributions may go to one provider only. However, you may spread your contributions among the investment options available through that provider. Contributions will be retroactive to your hire date.

You can change your provider during open enrollment, which occurs in October each year. Your changes will become effective the following January.



ORP Providers

Investment providers available to plan participants are:

Fidelity Investments
1(800) 343-0680
www.fidelity.com/atwork

TIAA-CREF
1(800) 842-2776
www.tiaa-cref.org/

In addition to fund management fees, Fidelity charges a \$12.00 annual participant fee, which is deducted from accounts quarterly

Fund management fees vary based on the investments chosen.

Benefit Illustrations

Attachment B provides benefit illustrations between the estimated value of annual benefits provided under VRS versus the ORP for various age and service combinations using different assumptions. Please read the Glossary of Terms and Methodology carefully when reviewing these illustrations.

Final Comments

Please note that provision of an optional plan does not constitute a recommendation for such plan, nor acceptance by the Commonwealth of any responsibility for its financial condition or future benefit payments. The Commonwealth reserves the right to amend or terminate the plan at any time and without the consent of any other party.

The Commonwealth of Virginia reserves the right to change the providers or investments available to plan participants. A change of investment providers or available funds may affect all accounts held under the Plan or may effect only future contributions depending on the decision made and the circumstances at the time.



Listing of Funds, Asset Class', and Benchmarks - 8-20-2008

FIDELITY INVESTMENTS		
Fund Name	Asset Class	Benchmark
Fidelity Freedom Funds Fact Sheets	Asset Allocation - Lifecycle	Blended Index Based on Strategy (see Fidelity Freedom Funds Composite Index Weightings table) ¹
Fidelity Dividend Growth Fund FDGFX	Equity – Domestic	S&P 500 Index
Fidelity Low-Priced Stock Fund FLPSX	Equity – Domestic	Russell 2000® Index
Fidelity Spartan Extended Market Index Fund FSEMX	Equity – Domestic	Dow Jones Wilshire 4500 Completion Index
Fidelity Worldwide Fund FWWFX	Equity – Global	MSCI World Index
Fidelity Diversified International Fund FDIVX	Equity – International	MSCI World Ex-U.S. Index
Fidelity Managed Income Portfolio	Stable Value	3-Year Constant Maturity Yield
Fidelity U.S. Bond Index Fund FBIDX	Fixed Income	Lehman Brothers Aggregate Bond Index
Fidelity High Income Fund SPHIX	Fixed Income - High Yield	Merrill Lynch High Yield Master II Index (Constrained)
Fidelity Inflation Protected Bond Fund FINPX	Fixed Income - Treasury Inflation Protected (TIPs)	Lehman Brothers U.S. Inflation Notes Index
Fidelity Retirement Government Money Market Portfolio FGMXX	Money Market	Lehman Brothers 3-Month T-Bill
Fidelity Real Estate Investment Portfolio FRESX	Real Estate	Dow Jones Wilshire Real Estate Securities Index

Fidelity Freedom Funds Composite Index Weightings ^{1*}

	Freedom Income FFFAX	Freedom 2000 FFFBX	Freedom 2005 FFFVX	Freedom 2010 FFFCX	Freedom 2015 FFVFX	Freedom 2020 FFFDX	Freedom 2025 FFTWX	Freedom 2030 FFFEX	Freedom 2035 FFTHX	Freedom 2040 FFFEX	Freedom 2045 FFFGX	Freedom 2050 FFFHX
DJW 5000	20.00%	23.87%	38.60%	39.89%	42.92%	52.76%	55.79%	63.98%	65.41%	67.16%	67.61%	68.98%
MSCI EAFE	0.00 %	0.36%	8.90%	9.95%	11.08%	13.43%	14.46%	16.40%	17.13%	17.48%	17.91%	20.45%
LB Aggregate Bond	35.00%	31.83%	34.10%	34.91%	33.19%	25.52%	22.26%	11.97%	9.86%	5.50%	4.37%	0.43%
ML High Yield Master II Constrained	5.00%	4.96%	5.00%	5.03%	5.55%	7.44%	7.49 %	7.65%	7.60%	9.86%	10.10%	10.15%
LB 3 Mo T-Bill	40.00%	38.97%	13.40%	10.22%	7.25%	0.86%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

TIAA-CREF

Fund Name	Asset Class	Benchmark
Vanguard Asset Allocation Fund VAAPX	Asset Allocation	Custom Composite Index (65% S&P 500 Index and 35% Lehman Long Treasury Index)
CREF Stock Account Fact Sheet	Equity – Domestic	Custom Benchmark (80% Russell 3000® and 20% MSCI EAFE + Canada Index)
CREF Equity Index Account Fact Sheet	Equity – Domestic	Russell 3000® Index
CREF Global Equities Account Fact Sheet	Equity – Global	MSCI World Index SM
DFA International Small Company Portfolio (Date Closed: 12/31/2005) DFISX	Equity – International	S&P Citigroup Extended Market - EPAC Index
American Funds EuroPacific Growth Fund RERFX	Equity – International	MSCI EAFE® Index
TIAA Traditional Annuity Fact Sheet	Fixed Account	Merrill Lynch 7-10 Year AAA Index
CREF Bond Market Account Fact Sheet	Fixed Income	Lehman Brothers Aggregate Bond Index
CREF Inflation-Linked Bond Account Fact Sheet	Fixed Income - Treasury Inflation Protected (TIPs)	Lehman Brothers U.S. Inflation Notes Index
CREF Money Market Account Fact Sheet	Money Market	Lehman Brothers 3-Month T-Bill
TIAA Real Estate Account Fact Sheet	Real Estate	Custom (75% Russell/NCREIF Property Index, 20% LB 3-Month T-Bill, and 5% Dow Jones Wilshire REIT Index)

¹ The Fidelity Freedom Funds Composite Index Weightings table is an example of the benchmark construction as of July 1, 2008 effective through December 31, 2008. Underlying weights of each custom benchmark may be changed semi-annually (January & July) to correspond to the changing weighting of the Funds.

You should read all Plan investment related materials carefully, because you alone will be responsible for your investment direction, and VRS, its Board of Trustees, the Committee, the Commonwealth and your institution are relieved from any liability or responsibility for your investment choices.

The Investment Policy Statement is available for your review at www.varetire.org under Member/Benefits Plans/Defined Contribution Plans/ORP for Higher Education.



VRS v. ORP

Benefit Illustrations

Glossary of Terms

•**Annual Benefit**

Amount payable for life to the participant at retirement

Under ORP it is assumed that:

- A life annuity is purchased with the account balance.
- An annual COLA is included in the annuity contract
- The yield on the annuity contract is equal to the assumed ORP rate of return.

•**Average Final Compensation**

The average of the 36 consecutive months of highest creditable compensation in the member's VRS salary history

Used to calculate benefits under VRS benefit formula

•**COLA**

An increase in the monthly benefit given in the second calendar year after retirement. Increases, if any, are made yearly thereafter. The amount of the COLA is equal to the first 3 percent of the increase in the Consumer Price Index (CPI-Urban), plus half of each percentage increase from 3 percent to 7 percent.

•**Creditable Compensation** The full compensation payable annually to an employee working full-time in a VRS-covered position. Annual salary does not include overtime pay, extraordinary pay, bonus pay, non-permanent shift differentials or termination pay for annual or sick leave.

•**ORP Return**

Assumed rate of return on employee directed investments in ORP
Rate of return not guaranteed.

•**ORP Contribution**

Annual percent of pay contributed on behalf of each participant in the ORP

•**Salary Increases**

Assumed annual rate of increase from date of hire until retirement

Methodology

•The following benefit illustrations are intended to provide an estimate of the relative value of the benefits provided under VRS versus ORP for various age and service combinations. They were developed based on current plan provisions and the stated assumptions as to annual salary increases, current salary level, annual return on ORP account balances, and future cost of living adjustments (COLA).

•The estimated annual benefits from VRS are based on a single life annuity form of payment with annual increases based on the COLA assumption.

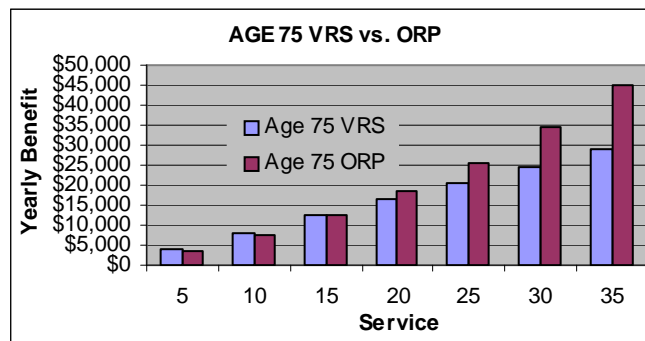
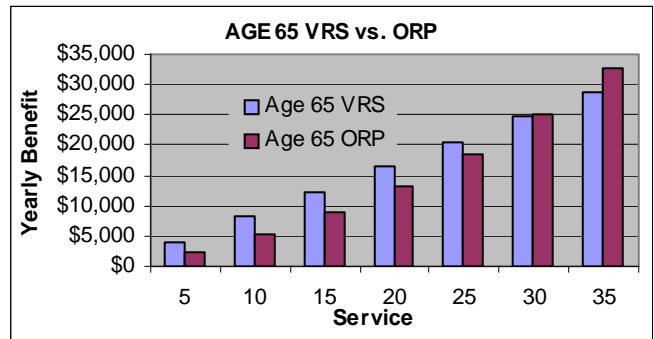
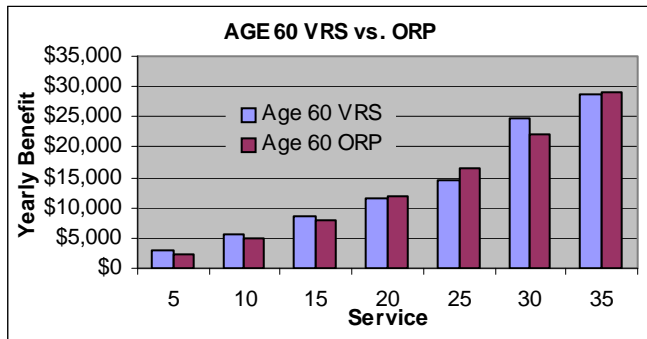
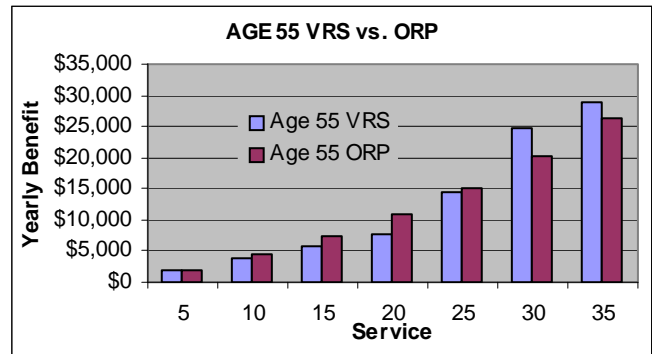
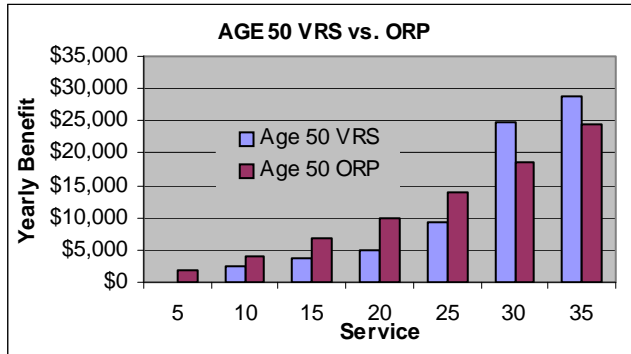
•The estimated annual benefits from the ORP are based on the single life annuity that could be provided by the account balance with annual increases based on the COLA assumption, the stated annual rate of return, and normal life expectancy.

•Keep in mind that these estimates are for illustrative purposes only. Actual benefits will be based on actual plan provisions, salary history, investment returns, and form of payment elected at retirement and could be higher or lower than the benefits illustrated.

Comparing VRS to ORP Annual Benefits Illustration

Assumptions			
Salary Increases	3.00%	COLA	2.00%
ORP Annual Rate of Return	7.00%	Final Salary	\$50,000
ORP Contribution	10.40%	Average Final Compensation	\$48,500

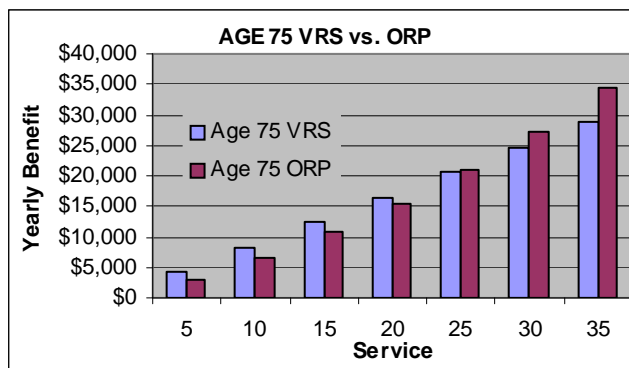
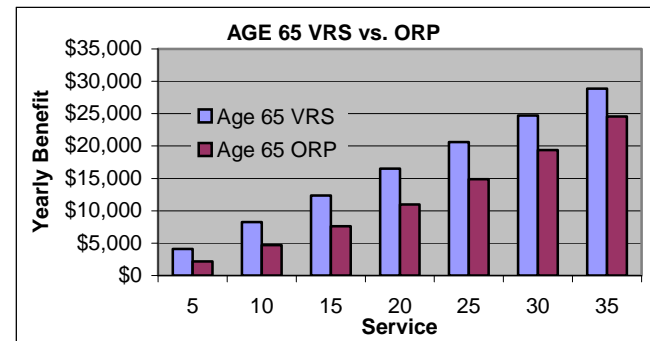
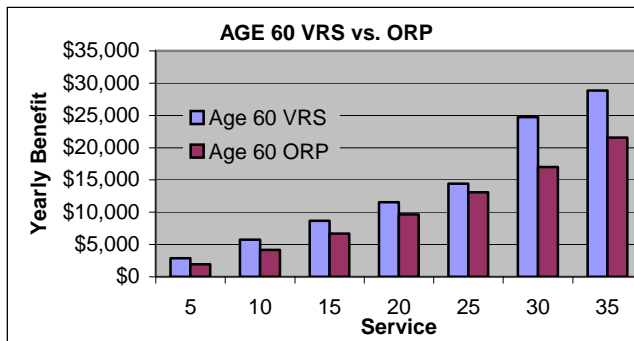
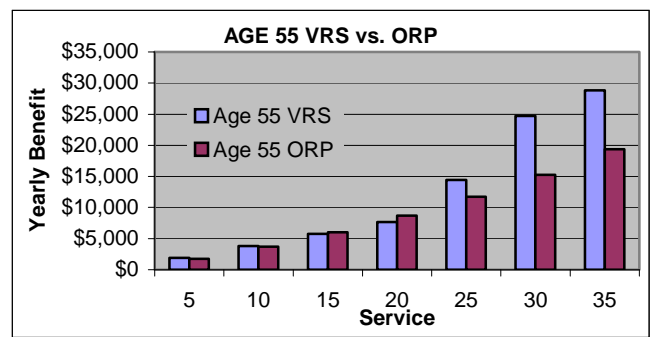
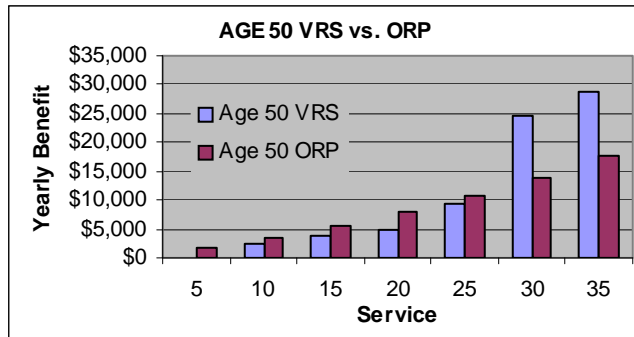
Age at Retirement	VRS Service							ORP Service						
	5	10	15	20	25	30	35	5	10	15	20	25	30	35
Age 50 Yr. Benefit	*	2,471	3,707	4,943	9,321	24,735	28,858	1,837	4,059	6,747	10,000	13,935	18,695	24,455
Difference	(1,837)	(1,588)	(3,040)	(5,057)	(4,614)	6,040	4,403	1,837	1,588	3,040	5,057	4,614	(6,040)	(4,403)
Age 55 Yr. Benefit	1,913	3,826	5,739	7,651	14,429	24,735	28,858	1,982	4,380	7,281	10,791	15,037	20,175	26,391
Difference	(69)	(554)	(1,542)	(3,140)	(608)	4,560	2,467	69	554	1,542	3,140	608	(4,560)	(2,467)
Age 60 Yr. Benefit	2,886	5,772	8,657	11,543	14,429	24,735	28,858	2,182	4,822	8,017	11,881	16,557	22,214	29,057
Difference	704	950	640	(338)	(2,128)	2,521	(199)	(704)	(950)	(640)	338	2,128	(2,521)	199
Age 65 Yr. Benefit	4,123	8,245	12,368	16,490	20,613	24,735	28,858	2,455	5,424	9,017	13,364	18,623	24,985	32,683
Difference	1,668	2,821	3,351	3,126	1,990	(250)	(3,825)	(1,668)	(2,821)	(3,351)	(3,126)	(1,990)	250	3,825
Age 75 Yr. Benefit	4,123	8,245	12,368	16,490	20,613	24,735	28,858	3,374	7,456	12,395	18,370	25,599	34,346	44,927
Difference	749	789	(27)	(1,880)	(4,986)	(9,611)	(16,069)	(749)	(789)	27	1,880	4,986	9,611	16,069



Comparing VRS to ORP Annual Benefits Illustration

Assumptions			
Salary Increases	3.00%	COLA	2.00%
ORP Annual Rate of Return	6.00%	Final Salary	\$50,000
ORP Contribution	10.40%	Average Final Compensation	\$48,500

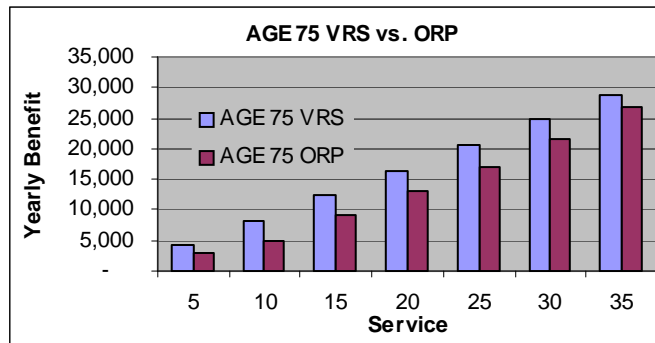
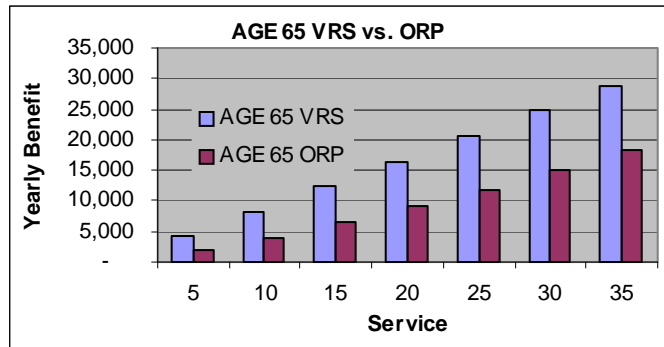
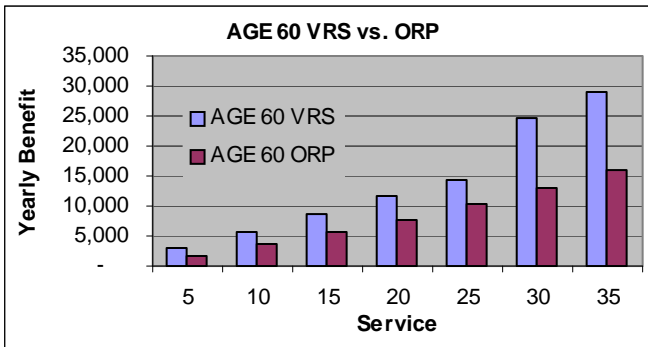
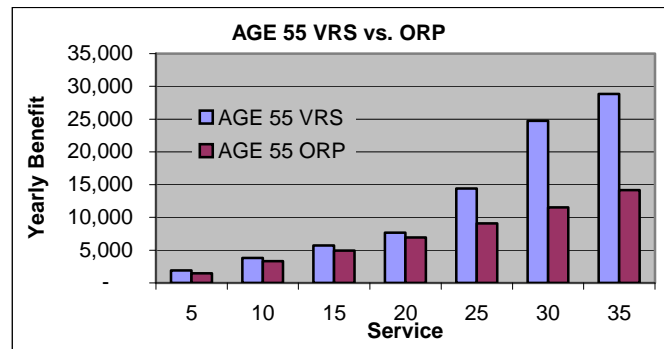
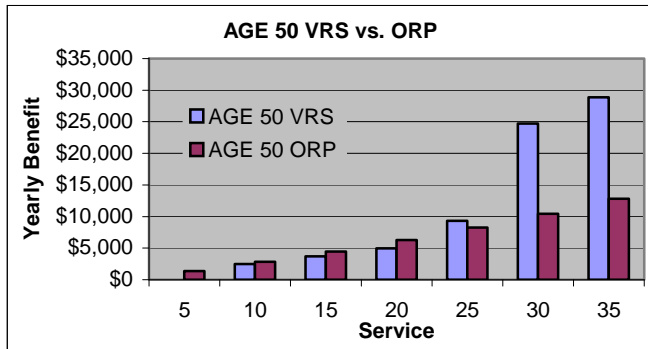
Age at Retirement	VRS Service							ORP Service						
	5	10	15	20	25	30	35	5	10	15	20	25	30	35
Age 50														
Yr. Benefit	*	2,471	3,707	4,943	9,321	24,735	28,858	1,581	3,407	5,514	7,947	10,755	13,996	17,738
Difference	(1,581)	(936)	(1,807)	(3,004)	(1,434)	10,739	11,120	1,581	936	1,807	3,004	1,434	(10,739)	(11,120)
Age 55														
Yr. 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														
Yr. 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														
Yr. 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														
Yr. 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



Comparing VRS to ORP Annual Benefits Illustration

Assumptions			
Salary Increases	3.00%	COLA	2.00%
ORP Annual Rate of Return	5.00%	Final Salary	\$50,000
ORP Contribution	10.40%	Average Final Compensation	\$48,500

Age at Retirement	VRS Service							ORP Service						
	5	10	15	20	25	30	35	5	10	15	20	25	30	35
Age 50														
Yr. Benefit	*	2,471	3,707	4,943	9,321	24,735	28,858	1,347	2,830	4,463	6,261	8,240	10,419	12,818
Difference	(1,347)	(359)	(756)	(1,318)	1,081	14,316	16,040	1,347	359	756	1,318	(1,081)	(14,316)	(16,040)
Age 55														
Yr. Benefit	1,913	3,826	5,739	7,651	14,429	24,735	28,858	1,490	3,310	4,935	6,923	9,111	11,520	14,173
Difference	423	516	804	728	5,318	13,215	14,685	(423)	(516)	(804)	(728)	(5,318)	(13,215)	(14,685)
Age 60														
Yr. Benefit	2,886	5,772	8,657	11,543	14,429	24,735	28,858	1,682	3,533	5,572	7,816	10,286	13,006	16,001
Difference	1,204	2,239	3,085	3,727	4,143	11,729	12,857	(1,204)	(2,239)	(3,085)	(3,727)	(4,143)	(11,729)	(12,857)
Age 65														
Yr. Benefit	4,123	8,245	12,368	16,490	20,613	24,735	28,858	1,940	4,076	6,428	9,017	11,897	15,005	18,460
Difference	2,183	4,169	5,940	7,473	8,716	9,730	10,398	(2,183)	(4,169)	(5,940)	(7,473)	(8,716)	(9,730)	(10,398)
Age 75														
Yr. Benefit	4,123	8,245	12,368	16,490	20,613	24,735	28,858	2,806	4,895	9,296	13,041	17,163	21,701	26,698
Difference	1,317	3,350	3,072	3,449	3,450	3,034	2,160	(1,317)	(3,350)	(3,072)	(3,449)	(3,450)	(3,034)	(2,160)



Comparing VRS to ORP Annual Benefits Illustration

Assumptions			
Salary Increases	3.00%	COLA	2.00%
ORP Annual Rate of Return	4.00%	Final Salary	\$50,000
ORP Contribution	10.40%	Average Final Compensation	\$48,500

Age at Retirement	VRS Service							ORP Service						
	5	10	15	20	25	30	35	5	10	15	20	25	30	35
Age 50														
Yr. Benefit	*	2,471	3,707	4,943	9,321	24,735	28,858	1,134	2,325	3,574	4,886	6,262	7,706	9,222
Difference	(1,134)	146	133	57	3,059	17,029	19,636	1,134	(146)	(133)	(57)	(3,059)	(17,029)	(19,636)
Age 55														
Yr. Benefit	1,913	3,826	5,739	7,651	14,429	24,735	28,858	1,274	2,610	4,013	5,485	7,030	8,651	10,353
Difference	639	1,216	1,726	2,166	7,399	16,084	18,505	(639)	(1,216)	(1,726)	(2,166)	(7,399)	(16,084)	(18,505)
Age 60														
Yr. Benefit	2,886	5,772	8,657	11,543	14,429	24,735	28,858	1,460	2,992	4,600	6,288	8,059	9,917	11,868
Difference	1,426	2,780	4,057	5,255	6,370	14,818	16,990	(1,426)	(2,780)	(4,057)	(5,255)	(6,370)	(14,818)	(16,990)
Age 65														
Yr. Benefit	4,123	8,245	12,368	16,490	20,613	24,735	28,858	1,710	3,504	5,388	7,364	9,439	11,616	13,901
Difference	2,413	4,741	6,980	9,126	11,174	13,119	14,957	(2,413)	(4,741)	(6,980)	(9,126)	(11,174)	(13,119)	(14,957)
Age 75														
Yr. Benefit	4,123	8,245	12,368	16,490	20,613	24,735	28,858	2,546	5,218	8,023	10,966	14,055	17,297	20,700
Difference	1,577	3,027	4,345	5,524	6,558	7,438	8,158	(1,577)	(3,027)	(4,345)	(5,524)	(6,558)	(7,438)	(8,158)

