

4/3/17

The information below is of vital importance to those of your members who transferred from the ORP to the state system and who have any ORP assets in a TIAA Traditional account.

CRITICAL S60 TRANSFER TIMING: 120-day Window

To MSERS Members with *TIAA Traditional Account* Assets Who are Retiring or Otherwise Terminating Employment:

With the end of the academic year approaching, those MSERS members who have changed plans under Section 60 and who still hold assets in the TIAA Traditional Account must consider their termination of employment (with the Commonwealth) as the best opportunity to remit any funds that remain in the Traditional Account and are still due the Retirement Board, in a single sum. [Click here](#) for detailed information about this important matter.

Section 60 Status: To-date, the DHE and Retirement Board have completed Section 60 asset transfers for 1,331 participants. The total amount of ORP assets transferred to the Retirement Board is \$270M.

The Retirement Board has completed its updated calculations of service and cost for an additional 104 participants. The DHE is currently working to research and submit requests for asset transfers to the respective Providers for these participants. These cases are managed chronologically, by the date the Retirement Board enters its updated service and cost calculation results in the Section 60 database that the two agencies share.

Currently, 28 of the 104 pending transfers are delayed for a variety of reasons, including paperwork issues*, source allocation corrections with Providers, and revisions to service and/or cost calculations at the Retirement Board.

*“Paperwork issues” include replacing lost forms or forms that were never received; forms that require edits to ensure the correct amount of “rollover” funds are transferred; and the most common reason: signatures on TIAA’s Direct Transfer forms that have become stale. Participants may hear from the DHE for any of these “paperwork issues.”

TIAA Traditional Account Update: As all participants using TIAA should know, assets held in the TIAA Traditional Account cannot be transferred to the Retirement Board in a single sum. Hence, assets in the Traditional Account remain in the ORP.

However, some or all of these Traditional Account assets are still due the Commonwealth under the terms of Section 60. Accordingly, the Retirement Board reports that it can, and will, withhold a MSERS member’s pension where these assets remain due but unpaid at the time of an individual’s retirement.

Under the terms of Section 60, participants who change plans must forfeit all rights to ORP assets attributable to the Commonwealth’s Employer Contributions. This approach obviates the accrual of employer-funded benefits under two plans for the same period of service.

Additionally, all ORP assets attributable to each participant’s own Employee Contributions must be remitted to the Retirement Board. These employee assets conveyed from the Traditional Account to the Retirement Board would be net of other, personal funds used to complete one’s

S60 service purchase at and after the DHE's initial attempt to transfer ORP assets to the Board. Additional information about this will be included in the FAQ section.

When & How to Transfer Traditional Account Holdings: The Retirement Board is currently working to determine "if, when and how" the TIAA Traditional Account assets can be remitted to the Board.

At this time, the Board is not positioned to receive installment remittances from the TIAA Transfer Payout Annuity.

Consequently, it appears that in most cases, payment of TIAA Traditional assets may not be possible until the member's termination of employment with the Commonwealth. At that time, a lump sum distribution of the Traditional Account assets is available to each participant.

This method of accessing these assets requires careful planning and timing. [Click here](#) for more information about this matter.

Additional information about this will be included in the FAQ section. Members should monitor the Retirement Board's web site for updated information about transferring Traditional Account assets to the Board under Section 60.

"Employer Assets" Reminder: Under the terms of Section 60, ORP assets attributable to the Commonwealth's Employer Contributions *cannot be used to purchase service*. These assets must be remitted to the state's Pension Reserve Fund, which pays the Commonwealth's share of each MSERS Retiree's monthly pension.

2/12/16

To Members in the Section 60 Process:

This may be redundant for most of you.

It is a reminder for some of you, and for some of you it will come as a surprise—you cannot use the money the employer contributed to your ORP account or the earnings on that money to purchase service when you transfer to the MSERS.

When you look at your ORP account statement, you should be able to identify which assets are based on your contributions, and which are based on the employer's contributions. Only the assets based on your contributions can be used to pay for your ORP time in order to add that time to your MSERS creditable service.

And the Section 60 law does not permit you to keep the assets based on the employer's contributions.

The employer's contributions plus net investment gains and interest on those contributions will be paid to the Pension Reserve Fund according to Section 60.

I am sending this message because I still hear that some former ORP Participants are shocked to find this out.

Please email me if you have questions about this or about other aspects of Section 60.

I can be reached at orp@massteacher.org.

Donna Sirutis

12/3/15

TO: Members Transferring to MSERS

Are your ORP assets still in the ORP?

The slow rate of transfer of ORP assets to the MSERS is an ongoing problem. At the rate of the past two and a half months, it would take about 7 years to complete this process.

Sounds like it must be a joke, but it's not.

The two agencies responsible for asset transfers, the State Retirement Board and the Department of Higher Education, do not have the capacity to significantly accelerate the process.

MTA has brought this to the attention of the Treasurer of the Commonwealth, Deborah Goldberg. We are scheduled to meet on December 14th with members of Treasurer Goldberg's staff to talk about directing additional resources to the State Retirement Board and the Department of Higher Education.

Do you have enough ORP assets to pay for service?

Remember, the money in your ORP account that came from the employer cannot be used to pay for your service. That includes the employer's contributions as well as the net investment gains and interest on those contributions.

Who gets the employer-funded assets in the ORP when you leave the ORP to go into the MSERS?

The state gets it. According to the Section 60 law, those assets are to be transmitted to the Pension Reserve Fund. Assets in this fund do not purchase creditable service for the individual member.

Is a loan realistic?

If you do not have sufficient employee-funded assets to pay for your service, and if you do not have other resources that you can make available, it might be worthwhile to check into the loan program worked out between MTAB and Berkshire Bank. These are unsecured loans, so the interest rates reflect that. However, the cost of these loans should be compared to the cost of using a state payroll deduction plan.

Please note that these loan programs have been extended through February 29, 2016. You would need to act before then if you think you might want to take advantage of one of these loans.

More information is available on the MTA website in the S-60 Toolkit at

www.massteacher.org/issues_and_action/ongoing_issues/orp.aspx.

Errors in the Section 60 Statement of Qualifying Service?

Many will remember how the SRB made 200 errors last fall in calculating the cost of purchasing ORP time.

Those were not the only errors.

It is worth using the MTA Estimator on the MTA website to check the cost provided on the Section 60 Statement of Qualifying Service. The Estimator can be found at

www.massteacher.org/issues_and_action/ongoing_issues/orp/Section_60_purchase_of_service_estimator.aspx.

The MTA Estimator identified errors in the cost calculations for two members. Each error would have cost the member \$17,000 or \$18,000 more than the amount the member actually owed.

Questions, concerns, complaints about the move from the ORP to the MSERS?

Write to orp@massteacher.org.

I look forward to hearing from you.

Donna Sirutis
Massachusetts Teachers Association

8/24/15

The Price of Transferring

I continue to hear that ORP participants who are considering transferring to the MSERS do not understand the full “price” of the transfer. I use the word “price” in order to differentiate it from the Total Estimated Cost that appears on the ORP participant’s Section 60 Statement of Qualifying Service.

The “price” of transferring has two separate components.

1. The amount that has to be paid to purchase ORP time and any earlier MSERS time. This amount is determined in one of two ways. It is the larger of the two:

- The Total Estimated Cost that appears on the Section 60 Statement of Interest

OR

- The value of the ORP participant's contributions to the ORP plus investment gains and interest on those contributions.
2. The amount that the employer, i.e., the Commonwealth, has contributed to the ORP account and the investment gains and interest on that amount. This amount does *not* help pay for service; it is transferred to the Pension Reserve Fund to benefit the MSERS in general.

Any questions about this should be sent to me at orp@massteacher.org.

Evaluating the Estimated Cost on the Section 60 Statement of Qualifying Service

The State Retirement Board calculates the Total Estimated Cost.

The State Retirement Board is not infallible.

I urge everyone to go to the MTA website and do an independent calculation with the MTA Estimator in the S-60/ORP Toolkit.

The MTA Estimator will use the amount originally transferred from the MSERS to the ORP (from a statement provided at the time of the transfer), the amount of employee ORP contributions each year (which can be obtained from W-2's), and the 8% annual actuarial assumed interest to calculate a total cost. Match the end date for the Estimated Cost to the end date in the MTA Estimator to make sure the numbers are calculated using the same date. The total dollars should be close. If not, I suggest that this be brought to my attention at orp@massteacher.org right away. If we can reconcile the numbers, there would be no need to contact the State Retirement Board. If not, the discrepancy should be communicated to the State Retirement Board at orpinfo@tre.state.ma.u.

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The MTA Estimator is at www.massteacher.org/issues_and_action/ongoing_issues/orp/section_60_purchase_of_service_estimator.aspx.

Other Question

Questions and concerns about any stage of the Section 60 process can be sent to me at orp@massteacher.org.

Thank you.

Donna Sirutis
Massachusetts Teachers Association

