



S-60/ORP implementation update #5 (4-16-15)

PROGRESS REPORT

On 4/3/15 the MTA met with the Department of Higher Ed (DHE) and the State Retirement Board (MSRB) to review progress in implementing transfer from the ORP to the MSERS. These are the main points of that discussion.

1. Still Waiting for a Retirement Plan Information Package?

- a. The DHE has mailed out over 1450 RPIP's. About 550 more are to be sent, and it is expected that this phase of the Section 60 process will be completed by mid-May.
- b. For the DHE to compile the material in the RPIP, the Retirement Board must make a preliminary calculation of each ORP participant's cost to purchase service. The Retirement Board has more work in this area than it can quickly handle at this point.

2. Questions about Transfer of Assets

- a. Some new Section 60 MSERS members are asking why the transfer of assets to the MSERS for purchase of service is taking longer than 90 days.
- b. After an ORP participant mails all required documents from the Retirement Plan Information Package, if the participant has elected to join the MSERS, the DHE notifies the campus HR contact person. The campus sees to it that employee contributions to the ORP are stopped and employee contributions start going to the MSERS.
- c. The next step is an updating of service and cost by the Massachusetts State Retirement Board (MSRB), which is the prerequisite for the transfer of ORP assets by the DHE.
- d. The MSRB has been unable to keep up with the workload involved in computing service and cost updates along with addressing the initial service and cost calculations under Section 60 as well as the requests from MSERS members for service purchases unrelated to Section 60. As a result, the transfer of assets is taking longer than the 90 days originally estimated.
- e. The MSRB has added staff in order to improve the situation.

3. Questions about May 31, 2015 Retirement Dates

- a. Some ORP participants and new Section 60 MSERS members are asking whether they can apply for retirement on May 31, 2015 if they have not yet purchased their ORP and other service.
- b. The answer is "yes," but there are two caveats:

- i. An ORP participant must not withdraw any ORP assets after leaving employment. Doing so will make that ORP participant ineligible for transfer to the MSERS.
 - ii. A retiree does not start receiving retirement income immediately after the retirement date.
- c. After the retirement date, the MSRB must update service before determining the member's retirement income. In the case of a member whose service is not complicated by Section 60, this process can take two months. For those who transfer from the ORP to the MSERS under Section 60, this process is expected to take longer, especially if the Retirement Board is waiting for the purchase of service to be completed.
- d. Retirement income is retroactive to the retirement date.