



S-60/ORP IMPLEMENTATION UPDATE #22 (5/26/17)

The State Retirement Board has not provided information to MTA about pending matters such as payment of Section 60 costs from TIAA Traditional accounts, what the interest rate will be on unpaid balances, and the extent to which non-ORP assets can be used to pay the equivalent of employer-funded ORP assets or “surplus” employee-funded assets.

The Department of Higher Education has updated its website with new information about Section 60 procedures. See www.mass.edu/forfacstaff/orp/section60.asp. There is additional information at www.mass.edu/forfacstaff/orp/section60fags.asp.

1. Transfers of liquid ORP assets

The DHE’s work on transferring liquid assets has slowed as the result of the departure of two full-time staff members in the DHE’s retirement office. About 130 of those who enrolled in the MSRS under Section 60 are waiting for action on the transfer of their ORP assets.

2. Transfer of non-liquid ORP assets: access to Traditional accounts

About 750 of those who enrolled in the MSERS under Section 60 still have ORP assets in a TIAA Traditional ORP account.

They are still in transition, most of them waiting for further information from the SRB. At present, the SRB has not agreed that TIAA Traditional assets can be transferred to the SRB through TPA’s or SWAT’s.

Meanwhile, the DHE website has important information about how to move assets out of the Traditional account, which can be done within 120 days of terminating state employment. See www.mass.edu/forfacstaff/orp/whatsnew.asp. This does not address the immediate concerns of those who will not be terminating their employment (through retirement or for other reasons) in the short term.

3. Assets in both plans

Because hundreds of those who have completed the Section 60 transfer or are in transition have assets in the MSERS as well as assets remaining in the ORP, it is important to be aware of the beneficiaries in each plan.

Sadly, several individuals have died while in this situation, having unintentionally named different beneficiaries in each plan.

The protracted Section 60 process (as well as the fact that some ORP assets may remain in the ORP) means that the beneficiary issue will affect many others.

(Of course, this cautionary note also applies to other retirement plans or other types of accounts for which beneficiaries are designated.)

4. Assets that can remain in the ORP

An ORP account may contain three types of assets that do not have to be paid to the SRB:

- (1) That portion of the updated service cost that might have been paid from non-ORP assets (although there may currently be a question about who is entitled to the increase in value);
- (2) pre-ORP MSERS transfer money;
- (3) any rollover money that might have been added from another retirement plan.

These assets can be kept in the ORP unless they are needed to make up a shortfall in required employee-funded assets (i.e., based on contributions from mandatory employee payroll deductions plus net investment gains and interest on those contributions) needed to pay the service cost.

It is recommended that those who still have ORP assets review their accounts and, if necessary, contact the DHE about revising their authorization to pay transfer and/or rollover money to the SRB.

Questions about this can be sent to orp@massteacher.org.

5. SRB and uncashed asset transfer checks

For the past two years the SRB has had trouble cashing asset transfer checks on time. This has caused crises and frustration for members.

Anyone who gets a notice from an ORP Provider about an uncashed check is advised to contact the SRB at orpinfo@tre.state.ma.us and the DHE at ORP@bhe.mass.edu immediately as well as the ORP Provider.

If the check does not clear within two weeks of receipt of the notice, the MTA should be alerted at orp@massteacher.org.

6. Conclusion

The State Retirement Board is the place to bring questions about those aspects of the process handled by the SRB, i.e., service and cost calculations, bills and methods of payment. The email address is orpinfo@tre.state.ma.us.

The Department of Higher Education handles other aspects of the Section 60 process, i.e., information packages and transfer of assets. The email address is ORP@bhe.mass.edu.

If you are unable to get an answer, or are confused about an answer or where to direct a question, please contact the MTA at orp@massteacher.org.