

Massachusetts State Employees Retirement System

Massachusetts Optional Retirement Program

Section 60 Implementation

May 30, 2014



MASSACHUSETTS
Department of
Higher Education

Section 60: Overview

Eligibility: Two Populations

1. Active ORP Participants

Change Plans and Purchase Qualifying Service

2. Active MSERS Members who are Inactive ORP Participants

Purchase ORP Participation as Service under the MSERS

- Eligibility as of Oct. 5, 2013 Pay Period End Date
- Effective Date: May 1, 2014

Section 60: Overview

Five-Step Procedure: Changing Plans

1. Notice of Eligibility
2. Notice of Interest (180 days)
3. Retirement Plan Information Package (180 days)
4. Plan Election Form (180 days)
5. Transferring ORP Assets to the MSERS (90 days)

Qualifying Service & Cost

Qualifying Service: 2 Components

1. Period in the MSERS Immediately Prior to ORP Enrollment
2. Time as a Participant in the ORP

Employees Must Purchase All Qualifying Service

“Other Service” Purchased After Becoming MSERS Member

Cost to Purchase Qualifying Service

Employee Contributions to Each Plan With 8% Interest
Accruing to December 31, 2013

Retirement Plan Information Pkg.

- Cover Letter
- **Statement of Qualifying Service** (service and cost)
- Plan Election Form
- MSERS Enrollment Form

- DHE and SRB Must Mail Within 180 Days of Receiving the Notice of Interest (starting May 1, 2014)

Paying For Qualifying Service

THREE PHASES

1. ORP “Employee Assets” First (DHE transfers*)

Your required ORP Contributions & Earnings (mandatory transfer)

May use original MSERS to ORP Transfer and other Rolled Funds

2. Other Lump Sum Assets (you transfer):

SMART Plan

403(b) Elective Deferral Plans

Other Retirement Plans

Personal Assets

3. Payroll Deductions: 6 months to 5 years

*Employer Contributions & Earnings Transferred to Pension Reserve

Paying For Qualifying Service

Fixed Annuity Liquidity and Lump Sums

- VALIC: Portfolio Director Annuity

 - Five-Year Installment Requirement Waived

- TIAA Traditional Account

 - Group Retirement Annuity*: 9 Year & 1 Month Installments

 - Two Installments Immediately (10% of Assets)

 - Directly to the Retirement Board

 - Retirement Choice Annuity*: 84 Monthly Installments

 - TIAA Dedicated Counseling Group for Section 60

Immediate Retirees

- Segregated Throughout the Process
- Become a Deferred Retiree Under the ORP
 - Do Not Draw Funds from the ORP: maintain S60 eligibility
 - Purchase GIC Insurances (full premium)
- Member Retires From the MSERS
 - Retirement Board Completes a Full Service Review
 - Waive the "Two Year" Rule
- TIAA Traditional Holdings: Full Lump Sum (waive the exit fee)
 - Direct Transfer to the MSERS (via DHE)

Section 60 Preparation

- Think Carefully About Your Own Plans & Expectations
- Learn About Both Plans' Features and Provisions
- Which Plan Better Matches Your Needs
- Use Your Time Wisely

QUESTIONS?