



S-60/ORP IMPLEMENTATION UPDATE #19 (6/14/16)

PROGRESS REPORT

On June 3, 2016 MTA met with representatives of the State Retirement Board and the Department of Higher Education to review implementation of Section 60. Following is a summary of the main topics of discussion.

1. Transfers of liquid ORP assets: improvement on the way

The addition of two temporary FTE's at the DHE was able to complete 193 ORP (liquid) asset transfers since May 6th. This is a major improvement in the rate of ORP transfers. The result is that now the SRB has a backlog of checks from ORP Providers that have to be processed and credited to members' MSERS accounts.

As of the end of the day on June 3rd, the DHE had a backlog of 754 cases awaiting action.

MTA is working with the DHE on developing a request for a supplemental appropriation to allow the DHE to continue to employ temporary staff as asset transfers become more complicated.

2. Transfer of non-liquid ORP assets: further work to be done

The SRB and the DHE are still in discussion with TIAA about ways to transfer assets in Traditional accounts given the constraints on use of those assets. **[Further update: MTA participated in such a discussion on June 9th. The agenda addressed some of the many complexities of using TIAA's installments for paying Section 60 costs. No solutions were found. In light of the lack of solutions, MTA urged liquidation of TIAA Traditional accounts for all involved in Section 60. The TIAA representatives did not have the ability to respond to the MTA's recommendation.]**

Both the SRB and the DHE are aware of the need to ensure that anyone who pays an SRB bill for Section 60 service using non-ORP assets must not be charged again for that amount *if and when* Traditional assets are paid through a TPA.

When procedures have been agreed to, the SRB website and/or the DHE website will make information available.

3. The MTA Estimator: another \$18,000 SRB error caught

If you think that your cost of service is too high, you might find it worthwhile to enter your contribution numbers in the MTA Estimator in the S-60/ORP Toolkit on the MTA website. Recently, the MTA Estimator identified an overcharge of more than \$18,000. The SRB has adjusted the member's service cost accordingly.

The Toolkit is at www.massteacher.org/issues_and_action/ongoing_issues/orp.aspx.

4. Section 60 Estimated Cost calculations

MTA has learned that the explanation about subsequent increases in the Estimated Cost on the Section 60 Statement of Qualifying Service is incorrect.

The Section 60 Statement advises you, "Estimated costs as determined above will increase by the addition of each Employee Plan Contribution remitted to the ORP on or after (date) ."

The problem is that the date in on the form is closer to the mailing date of the Statement than to the actual pay period from which further ORP contributions will be added. The Section 60 statement does not typically provide the correct date. If you try to update your estimated costs based on the erroneous date, your projected cost will reflect a gap in service and contributions. This would lead you to expect a lower future cost than will prove to be the case.

The erroneous date has caused concern where it appears that the SRB is not counting all qualifying service. However, when the SRB updates service and cost numbers, the SRB does not use the date in the Section 60 Statement. The SRB updates from the actual pay period used in the initial calculations. The SRB's update will eliminate the gap in service and cost.

5. Conclusion

Another reminder: those of you who have TIAA Traditional ORP assets in excess of \$5,000 and who are not retiring before January 1, 2016 are urged to review the information in S-60/ORP Update #17.

Please let the Retirement Board know if you have questions about the 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.

Please let the Department of Higher Education know if you have questions about the aspects of the process handled by the DHE, i.e., information packages, 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.