



## S-60/ORP IMPLEMENTATION UPDATE #21 (8/10/16)

### PROGRESS REPORT

On August 5, 2016 MTA met with representatives of the Department of Higher Education and the State Retirement Board to review implementation of Section 60. Following is a summary of the main topics of discussion.

#### 1. Transfers of liquid ORP assets

The DHE's two full-time temporary employees have continued to work on transfer of liquid ORP assets, with good results. The total of liquid asset transfers is 797 as of August 5<sup>th</sup>, up from 671 in mid-July.

The DHE is now estimating that this phase of the ORP asset transfer process can be completed by May of 2017 with their current staffing. This may be the best result possible. Given the condition of the state budget, it appears that no supplemental appropriation will be available to fund additional positions. Moreover, even if additional funding could be provided in the next few months, hiring and training any new staff for this work will take time after that. In light of these circumstances, it does not seem to be productive to pursue additional DHE funds when the benefit might mean reducing the time for completion by only a month or two, if that.

#### 2. Transfer of non-liquid ORP assets: no answers yet

The SRB still has not decided whether TPA installments from TIAA Traditional accounts can be used to pay Section 60 costs. This uncertainty is preventing members from making informed plans about how to approach the problem of achieving a Section 60 transfer when all or some ORP assets are "locked" in TIAA Traditional accounts

#### 3. Clarifying the obligations of members in TIAA Traditional accounts

Section 60 members whose assets were, or are, entirely held in liquid accounts do not have to doubt the information on the bill they receive from the SRB. All of their ORP assets were, or will be, transferred in one transaction. Any bill they receive will accurately reflect the amount they owe to complete the Section 60 process.

It is a much different story for those with assets in a TIAA Traditional account.

Because some members with assets in a TIAA Traditional account also had enough money in liquid accounts to pay the service cost calculated by the SRB, they did not receive bills from the SRB. They do, however, still owe ORP assets to the state in order to complete the Section 60 process. The SRB did not tell them this.

Other members received bills from the SRB quoting the balance of their service cost, but not the amount of the other assets they have to pay to the state in order to complete the Section 60 process. They are under the mistaken impression that once they pay the balance on the bill, they are done with Section 60.

This failure to provide necessary information will continue as long as the agencies' current practices remain in place.

As of the meeting on August 5<sup>th</sup>, neither the SRB nor the DHE had developed a method of informing members of their total Section 60 payment obligations. MTA has offered recommendations to both agencies regarding communication of this crucial information.

#### **4. Correction of errors**

In the fall of 2014, when the first Retirement Plan Information Packages were sent, hundreds of thousands of dollars in overcharges in the cost of service were identified by members, resulting in 200 corrections. Since then, MTA has identified about \$100,000 in other overcharges to members, which we review with the SRB at our monthly meetings.

We recommend again that you check the MTA Estimator on the MTA website. It is in the S-60/ORP Toolkit.

The Toolkit is at [www.massteacher.org/issues\\_and\\_action/ongoing\\_issues/orp.aspx](http://www.massteacher.org/issues_and_action/ongoing_issues/orp.aspx).

If you have questions about using the Estimator, please send an email to [orp@massteacher.org](mailto:orp@massteacher.org).

Another area for possible error is the failure of a Provider to distinguish two categories of assets that should not be commingled with your contributions or with the employer's contributions. These are your pre-ORP MSERS transfer money and any rollover money from another retirement plan you might have had with a prior employer. If you cannot identify these assets when you examine your account records and would like to look at this in more detail, you can email questions to [orp@massteacher.org](mailto:orp@massteacher.org).

## 5. SRB and uncashed asset transfer checks

We discussed the recurring problem of uncashed checks. When a check from TIAA is not cashed within 60 days, TIAA sends a letter to the member using stress-inducing terms like “stop payment” and “Abandoned Property.” The SRB will look into ways to communicate with a member when a check is held up and to fix the problem before 60 days have elapsed.

If you do get a 60-day notice from TIAA, the SRB should be notified right away at [orpinfo@tre.state.ma.us](mailto:orpinfo@tre.state.ma.us).

The DHE should also be notified at [ORP@bhe.mass.edu](mailto:ORP@bhe.mass.edu).

It is advisable to stay in communication with your contacts at TIAA about this as well.

As a last resort, if the check does not clear within two weeks of the TIAA letter, contact the MTA at [orp@massteacher.org](mailto:orp@massteacher.org).

## 6. Conclusion

Repeating points made on previous occasions:

- You cannot use employer-funded ORP assets to pay your service cost
- If you have more in your employee-funded assets than the service cost calculated by the SRB, you must pay that “excess” amount as well as the amount of the service cost.

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](mailto: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 and transfer of assets. The email address is [ORP@bhe.mass.edu](mailto: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](mailto:orp@massteacher.org).