

Traditional Account 120-Day Asset Transfer Opportunity

MSERS members who:

1. changed plans under Section 60, and
2. the Dept. of Higher Education attempted to transfer ORP assets to the Retirement Board under Section 60, and
3. who left some or all of their ORP assets in the TIAA Traditional Account,

must remit all of their employer assets* and (possibly) some or all of their employee assets** to the Retirement Board before they can expect to draw a retirement income from the MSERS.

**Employer Assets* are all ORP assets attributable to the Commonwealth's Employer Contributions (contributions plus investment gain/interest).

***Employee Assets* are all ORP assets attributable to the participant's own Employee Contributions (contributions plus investment gain/interest).

Transfer Opportunity

When & How to Transfer Traditional Account Assets

Participants who still owe ORP assets held in the TIAA Traditional Account to the Retirement Board, and *who are terminating employment with the Commonwealth* (for any reason), may utilize the lump sum distribution that is available under the Traditional Account in order to convey these assets to the Board.

Upon termination of employment with the Commonwealth, the TIAA Traditional Account assets may be drawn from the ORP, by the participant, in a single lump sum.

Waived Surrender Charge: TIAA will waive the 2.5% surrender charge on all Section 60-related distributions.

120-Day Window for A Lump Sum

Participants must request the *lump sum distribution* within 120-calendar days of their termination of employment with the Commonwealth.

Participants terminating service as of May 31, and who receive the balance of their salary payments through the summer, would report their Termination Date as August 31.

Rolling Over the Distribution

This is a single lump sum that is distributable to the participant, which must be rolled over to another account, and then directly transferred to the Retirement Board. The rollover is a tax-free transaction.

The lump sum cannot be rolled over directly to the Retirement Board from the ORP.

The lump sum must be rolled over to either any existing deferred compensation plan operating under Internal Code Section 457(b), such as the Commonwealth's SMART Plan, or to any existing 403(b) Plan account.

One cannot open either a SMART Plan or 403(b) account under one of the state's two plans after termination of employment.

One cannot open one of these accounts with the rollover from the Traditional Account lump sum.

Opening an Account

One must open a SMART Plan account or a 403(b) Plan account with at least one contribution, which must be made through the payroll system before termination of employment.

It is imperative that the account exist prior to termination of employment and with enough lead time to ensure that at least one contribution can be made via the payroll system.

Anyone nearing termination who does not have one of these accounts is advised to pursue this now.

You may contact the state Treasurer's office about the SMART Plan at www.mass.gov/treasury/defind-contribution-plans.

You may learn about the 403(b) Plans on-line:

State Universities/Community Colleges Plan: www.mass.edu/403b

UMass Plan: <https://www.umassp.edu/employee-center/elective-deferral-retirement-plans>

Moving Money to the Retirement Board

Once the lump sum distribution from the ORP Traditional Account has been rolled over to either a 457(b) deferred compensation (SMART Plan) or 403(b) Plan account, then one must arrange for the tax-free, direct transfer of two separate sums from their SMART Plan/403(b) account to the Retirement Board.

One of the sums is equal to the entire amount of employer assets distributed from the Traditional Account.

The other sum is equal to the entire amount of employee assets distributed from the Traditional Account, minus the sum of 1, 2 and 3 below:

1. any amount of “rollover” funds transferred to the Retirement Board when the DHE made its initial attempt to transfer all ORP assets to the Board**;
2. any personal assets used to pay-down an amount billed by the Retirement Board for the Section 60 purchase;
3. any amount remitted to the Retirement Board via payroll deductions to pay down the amount billed by the Retirement Board for the purpose of purchasing Section 60 service.

What part of your rollover check is “Employer” and what part is “Employee”?

If you are not certain of the amounts of employer assets and employee assets comprising your lump sum distribution from the Traditional Account, then call TIAA’s Customer Service group (800-842-2472). They will provide the “source” breakdown (employer/employee) of the lump sum rollover check for you.

**If the DHE transferred some ORP assets to the Retirement Board from a participant’s account, then TIAA’s Customer Service group (800-842-2472) can identify the amount of any “rollover” money that was already moved to the Retirement Board on behalf of the participant. These funds are typically assets that participants originally transferred from the MSERS to the ORP upon their entry in the ORP.