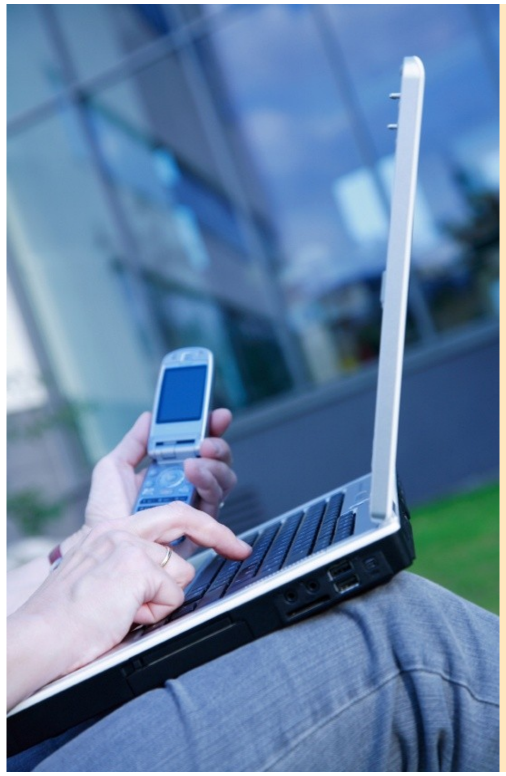

Important ORP Contacts

Optional Retirement Program
Department of Higher Education
One Ashburton Place, Room 1401
Boston, MA 02108
Peter H. Tsaffaras, Esquire
Plan Administrator
617-994-6935
orp@bhe.mass.edu

ORP Enrollment Issues
617-994-6960

ORP Financial Issues
617-994-6954

State Board of Retirement
617-367-7770
800-392-6014 (Outside of Massachusetts)
www.mass.gov/treasury/srb.htm

Group Insurance Commission
617-727-2310
www.mass.gov/gic

ORP Providers

- *AIG Retirement*
  800-428-2542 (Toll Free)
  603-594-3840 (Local)
  www.aigretirement.com
- *Lincoln Financial Group*
  866-381-8001 (Toll Free)
  781-648-3653 (Local)
  www.LFG.com
- *TIAA-CREF*
  800-842-2776 (Toll Free)
  www.tiaa-cref.org

Visit the ORP website at www.mass.edu/orp for answers and general information on the Optional Retirement Program.

Massachusetts Department of Higher Education
One Ashburton Place, Room 1401
Boston, MA 02108-1696

Massachusetts Department of Higher Education

Optional Retirement Program *Newsletter*

Spring/Summer 2008 ISSUE 2

Changes in Education Governance

In January 2008, Governor Deval L. Patrick filed legislation designed to improve coordination of policy across all sectors of education.
The legislation was passed by the House and Senate in February and took effect on March 10, 2008.

With its passage, the structure of education in Massachusetts includes the new Executive Office of Education, with Dr. Paul Reville serving as Secretary of Education.

Continued on page 3

Did You Know??

The newly revised Summary Plan Description (SPD) is now available in hard copy in your campus Human Resource office or by request at (617) 994-6960, and online at

http://www.bhe.mass.edu/shared/documents/orp/SPD.pdf

Contents

ORP "Retiree" Checklist for GIC Insurance

Premiums for "Retiree Insurance" benefits from the Group Insurance Commission (GIC) are generally deducted from your retirement income under the ORP each month. Coordinating this process requires you to:

1) Select the insurance benefits you want during retirement; and,

2) Initiate your "Retiree Income" from the Optional Retirement Program.

A "Retiree Checklist" has been developed and is available on the ORP web pages at http://www.mass.edu/foremployees/orp/gicretiree.asp.

Step 1
Insurance Selection and Reporting

Selection: Determine the types and amounts of "Retiree Insurance" you will need from GIC. For information and rates check the GIC website (www.mass.gov/gic) or GIC publications available at your campus Human Resource Office or through the GIC .

Visit us at www.mass.edu/orp.

Reporting: You must report your "Retiree" status and insurance elections to the GIC by completing the GIC Form-1. The form is available on the GIC website. Once you complete and sign Form-1, you must have it authorized by either your campus Benefits Administrator or the ORP Plan Administrator.

Continued on Page 3

Distribution Guidelines

Distributions from the ORP are payable to participants anytime after termination of employment with the Commonwealth. The plan provides a wide variety of payment methods; ensuring that participants may draw from the plan in a form that best meets their needs.

Payment methods include: lifetime annuities; systematic withdrawals; payments for a fixed period; interest-only payments; full and partial lump sums. Please remember that lump sum payments are restricted for participants younger than age 55.

Also, please remember that if you are 55 years or older and have ten years of service you are eligible for GIC Retirement Benefits but must keep enough money in your plan to cover health insurance premiums. You can request an estimate on how much money you need to leave in your retirement account to maintain eligibility for GIC Retirement Benefits.

You can find detailed information about the payment methods, including lump sums, on our web pages and through your Provider. See "Important ORP Contacts" on page 4. □

Ride out the ups and downs of the market

Retiree Information

Information about the ORP and answers to frequently ask questions can be found on our web pages at www.mass.edu/orp.

Minimum Distribution

If you are retired from an ORP covered position you must take your initial required minimum distribution from your ORP account no later than April 1st of the year after you turn $70^1/_2$.

If you continue working for the Commonwealth past the age $70^1/_2$, in an ORP covered position, you do not have to take this minimum distribution until April 1st of the year after you retire.

Loans and In-service Withdrawals

The ORP is designed to provide you with retirement income. Therefore, you may not borrow or take in-service "hardship" withdrawals from your account.

Preview of the next issue…

- *What can happen to my retirement account if I get divorced?*
- *Updated Summary Plan Description*
- *How much disability coverage do I have?*

Providers' Corner | AIG Retirement

Market Volatility

Plan Administrator's Note: Each issue of the ORP newsletter features an article from one of the ORP providers. This issue's article was provided by AIG Retirement.

If your retirement investments have been affected adversely by a volatile stock market, you've probably wondered what to do about your long-term investments. You can take some comfort in the fact that you aren't alone. The market fluctuations of the past several years have challenged many retirement plan investors. They learned the hard way that the stock market can indeed be volatile and, in the short term, may not always rise.

But experienced long-term investors with suitably allocated portfolios know to keep short-term activity in proper perspective. As temping as it might be to do otherwise, they ride out uncertainties and stay the course toward their long-term financial goals.

Asset allocations can also help you weather the ups and downs of the market.

To strategically create a mix of investments comprising different markets sectors, company sizes and investment management styles can help better manage risk. That is, when one investment does not perform to expectations another might exceed expectations - thus offsetting the downside risks.

Perhaps the best advice is simply to maintain your perspective. If you are investing for retirement don't let the headlines distract you from your long-term goals. As long as your investments remain aligned with your objectives, you needn't be unduly concerned with the market's day to day fluctuations.

There is also a positive side to down markets. The potential buying opportunities. This is why, for the long-term investor, time can be the best ally in the face of market volatility - along with investment techniques such as dollar-cost averaging and asset allocations.

Dollar-cost averaging could help short-term market fluctuations work in your favor. This strategy involves putting the same amount in the same investment at regular intervals over an extended period of time. When stock prices fall, the same amount of money buys more shares. This could over time, increase your account value if the share price rises.

Remember, though, neither dollar-cost averaging nor asset allocation guarantees a profit or protects against losses in declining markets. You also should consider your ability to continue investing through periods of high and low price levels. □

Local Office:
AIG Retirement
20 Trafalgar Square, Suite 103
Nashua, NH 03063

View of the Campus Center at UMass Boston

ORP "Retiree" Checklist/Guide for GIC Insurance

(Continued from Page 1)

Step 2
Total Monthly Premiums

You must determine the TOTAL amount of your "Retiree Insurance" premiums, including all of the following:

- Total Monthly Health Care Premiums
- Total Monthly Life Insurance
- Total Monthly (GIC) Dental

After deciding the type of insurance coverage you will require during retirement, add the monthly premiums for each coverage selected. This amount is the base for determining your monthly minimum "Retiree Income."

Step 3
Retiree Income

You must draw a monthly "Retiree Income" from the ORP to be eligible for retiree insurance benefits from the GIC. There are two key factors in determining your monthly "Retiree Income."

- Income Type: Your monthly income from the ORP must be drawn as either a lifetime annuity or systematic withdrawals that are structured for your life expectancy.
- Minimum Amount: Your total monthly retiree insurance premiums (Step 2) must not be greater than 70% of your gross monthly retiree income from the ORP. If your income is not adequate, then the GIC will bill you directly.

Contact your provider for assistance in establishing your "Retiree Income."

Step 4
Application

Complete your Provider's application for retiree income and the ORP "Retire Checklist" from the website. Send the entire original package (application and checklist) to the ORP Plan Administrator for authorization.

If there is a problem with your application, you will be contacted by an ORP representative. If there are no problems, the Plan Administrator will sign and authorize your application and it will be forwarded directly to your Provider for implementation. In addition, a copy will be sent to you by first-class mail. □

New Name for the Board of Higher Education

(Continued from Page 1)

Secretary Reville's office will serve in a coordinating role in order to create a more seamless system among the four existing branches of education in Massachusetts:

- Department of Early Education and Care
- Department of Elementary and Secondary Education (new name for the Department of Education)
- Department of Higher Education (new name for the staff of the Board of Higher Education)
- University of Massachusetts

The Boards overseeing each of the branches were also reconfigured, with Secretary Reville taking a post on each. The Board of Higher Education was increased from 11 to 13 members and, at this time, awaits appointments for three vacancies.

The Board of Higher Education is also conducting a search for a new Commissioner of the Department of Higher Education, as current Commissioner Patricia F. Plummer will leave the post to take a position as special advisor to University of Massachusetts President Jack M. Wilson in September 2008. □