



S-60/ORP implementation update #11 (10/14/15)

PROGRESS REPORT

On October 8, 2015 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. Concerns about the transfer of ORP assets

MTA brought up member concerns about the lack of progress to date in transferring assets and the projected length of time it will take to complete all asset transfers. As of the end of September, only 52 asset transfers had been completed. 1,200 higher education employees have elected the MSERS and an additional 500 are likely to elect the MSERS. Even if the SRB and the DHE are able to accelerate the pace of the transfers, at their current staffing levels it would take over two more years to finish this project.

MTA agrees with members who feel that the process is already taking too long. MTA proposed that the SRB and the DHE change their procedures to allow the DHE to initiate the transfer of ORP assets without waiting for the SRB to update the service and cost calculations first. This would introduce additional steps in the process, but might help speed up transfers in the immediate short term. The SRB expressed willingness to consider this, but also reported that it had completed the first phase of recalculating service and cost for 650 new Section 60 MSERS members.

This revelation put the matter in a new light, and raises concerns about the capacity of the DHE to process this volume of cases in a reasonable time frame with its existing staff.

MTA made it clear that the next step will be to pursue means of obtaining additional resources for the SRB and the DHE to address the demands of Section 60.

2. RPIP's not yet sent

As of the meeting, 17 RPIP's were still due to be sent to ORP participants who had sent in a Notice of Interest last fall. The SRB has still been unable to address anomalies in employment histories for these individuals.

Additionally, about 64 current MSERS members have not received their cost estimates for purchasing past ORP time.

These cases further illustrate the agencies' difficulties in meeting all of the obligations paced on them by the Section 60 law.

3. GIC premiums for S-60 retirees

MTA reported on a meeting with GIC staff regarding the cost of GIC premiums for those retiring before their Section 60 process is completed. If nothing is done, such retirees would have to pay 100% of their GIC premiums while waiting for their pensions, which waiting period has taken a year or more in some cases.

Anyone contemplating retirement in the MSERS before all of the steps of the Section 60 process are completed should request a letter from the SRB to the GIC confirming that they are MSERS retirees entitled to the discounted retiree premium.