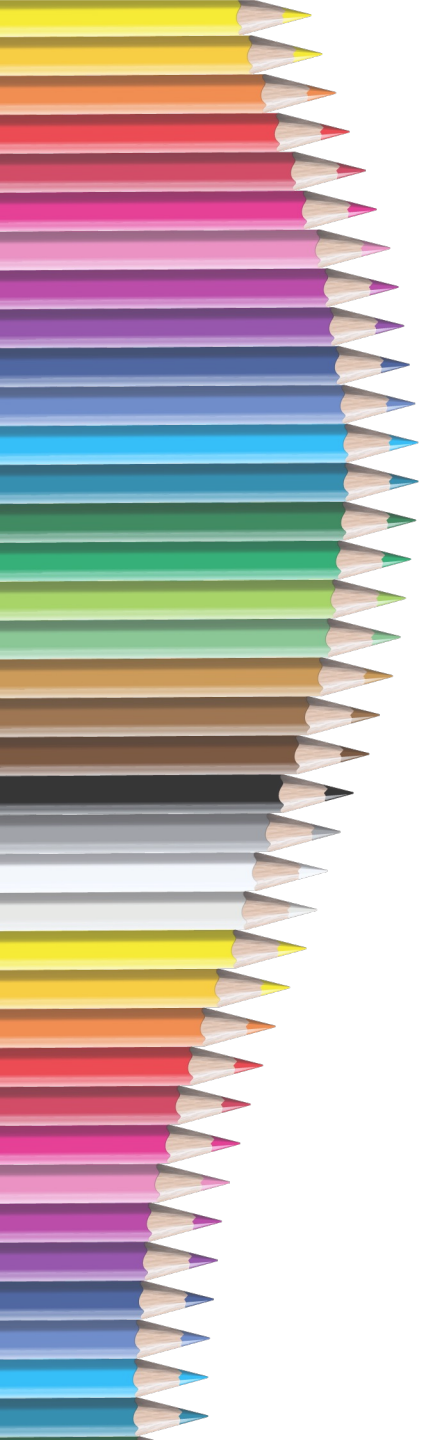


RetirementPlus (R+) Special Election for Eligible MTRS Members



Presented by
David Percoco
Director of Transfers, Refunds and Enrollments
Massachusetts Teachers' Retirement System

February 23, 2023



We know you have questions; this seminar will answer:

R+ General questions

- What is R+?
- What are the pros and cons?
- How do I decide if R+ is right for me?
- I thought I was already in R+?

Contribution rates

- How do I find my contribution rate and R+ status?
- I already contribute 11%, does that mean I'm enrolled in R+?
- I am contributing at "9% + 2%", which equals 11%. Am I all set?

Costs

- How can I estimate the potential cost?

Payments

- How can I pay?
- Can I pay in installments?
- Can I have the payment deducted from my paycheck?



RetirementPlus (R+) and You

Recent legislation, [Chapter 134 of the Acts of 2022](#), allows eligible members a final, one-time opportunity to elect to participate in the RetirementPlus (R+) program.

You have been identified as an active, eligible MTRS member who:

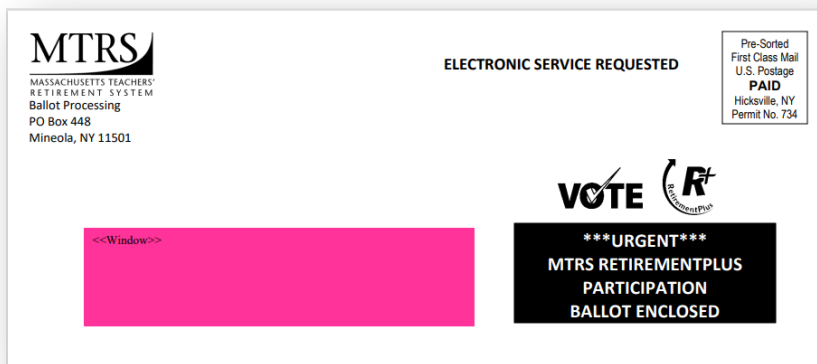
- transferred into the MTRS from **one of the other 103 Massachusetts public retirement systems between July 1, 2001 and June 30, 2022, AND**
- was not a part of the original election window in 2001, **AND**
- did not submit a RetirementPlus election form by 12/31/2022.

What do I need to do?

Ultimately, you need to VOTE!

- If you received a ballot, **you are NOT in R+ and **MUST** respond** by June 30, 2023*
- Any member who does not respond will **NOT** be enrolled in the R+ program*
- **Retiring members will be prioritized**, you should not delay filing a retirement application

***Even if you are already contributing at 11%**



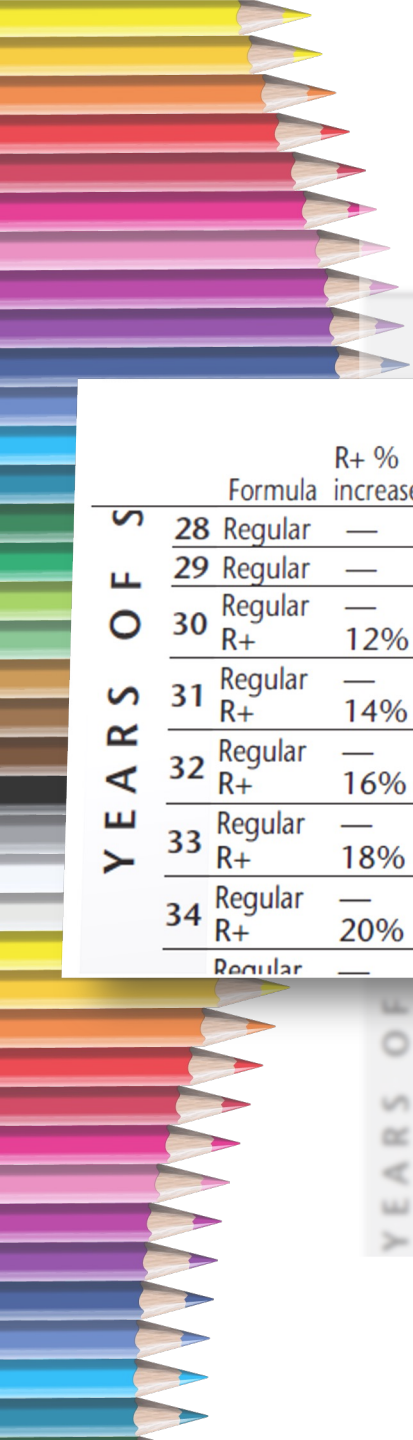
MTRS – Understand the Plan

- **“Defined benefit”** retirement plan
 - Vs. “Defined contribution”
- **Retirement benefit is determined by a set formula**
 - **Age – Service - Salary Average**
 - *Example:* A member with a **\$100,000 salary average** with a **maximum benefit of 80%** will provide an **annual pension of \$80,000**
- The amount is guaranteed regardless of fluctuations in the pension fund’s performance
- Payable for your lifetime



R+ Benefits

- R+ enhanced retirement benefits
 - **R+ gets you to 80% faster**
 - **Additional 12% for 30 years (Tier I)**
- Tier I and II [Retirement Percentage Charts](#)
- Member must be **eligible** and ***participating***
- Eligible for R+ after 30 years of service
 - At least 20 with membership in MTRS or Boston Retirement System as a teacher
- **R+ Contribution rate is a flat 11%**



		AGE AT RETIREMENT																				
		R+ %	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62			
10	Regular	—										15.0	16.0	17.0	18.0	19.0	20.0	21.0	22.0			
11	Regular	—										16.5	17.6	18.7	19.8	20.9	22.0	23.1	24.2			

AGE AT RETIREMENT

YEARS OF	R+ %		AGE AT RETIREMENT																
	Formula	increase	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
28	Regular	—			22.4	25.2	28.0	30.8	33.6	36.4	39.2	42.0	44.8	47.6	50.4	53.2	56.0	58.8	61.6
	R+	12%																	
29	Regular	—				26.1	29.0	31.9	34.8	37.7	40.6	43.5	46.4	49.3	52.2	55.1	58.0	60.9	63.8
	R+	14%																	
30	Regular	—					30.0	33.0	36.0	39.0	42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0
	R+	16%																	
31	Regular	—						34.1	37.2	40.3	43.4	46.5	49.6	52.7	55.8	58.9	62.0	65.1	68.2
	R+	18%																	
32	Regular	—							38.4	41.6	44.8	48.0	51.2	54.4	57.6	60.8	64.0	67.2	70.4
	R+	20%																	
33	Regular	—								42.9	46.2	49.5	52.8	56.1	59.4	62.7	66.0	69.3	72.6
	R+	22%																	
34	Regular	—									47.6	51.0	54.4	57.8	61.2	64.6	68.0	71.4	74.8
	R+	24%																	

RetirementPlus vs. regular formula

NO DIFFERENCE

MAXIMUM DIFFERENCE:

YEARS OF	R+ %		AGE AT RETIREMENT																
	Formula	increase	46	47	48	49	50	51	52	53	54	55	56	57	58	59	60	61	62
29	Regular	—				26.1	29.0	31.9	34.8	37.7	40.6	43.5	46.4	49.3	52.2	55.1	58.0	60.9	63.8
	R+	12%																	
30	Regular	—					30.0	33.0	36.0	39.0	42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0
	R+	14%																	
31	Regular	—						34.1	37.2	40.3	43.4	46.5	49.6	52.7	55.8	58.9	62.0	65.1	68.2
	R+	16%																	
32	Regular	—							38.4	41.6	44.8	48.0	51.2	54.4	57.6	60.8	64.0	67.2	70.4
	R+	18%																	
33	Regular	—								42.9	46.2	49.5	52.8	56.1	59.4	62.7	66.0	69.3	72.6
	R+	20%																	

RetirementPlus vs. regular formula

NO DIFFERENCE

MAXIMUM DIFFERENCE:



MTRS – How is my retirement funded?

The funding for your MTRS benefit comes from **three** sources:

- 1. Employee contributions:** Each month, a percentage of your wages are contributed to your retirement
- 2. State (“Employer”) contributions:** the Commonwealth contributes annually to help finance public employee retirement benefits
- 3. Investment earnings:** the earnings on the Pension Reserves Investment Trust (PRIT) Fund, which holds the assets of the system and is managed by the Pension Reserves Investment Management (PRIM) Board

MTRS member contribution rates

Date you established your current "effective membership date"	<u>Not</u> participating in RetirementPlus	<u>Participating</u> in RetirementPlus
April 2, 2012 and after	9% plus 2% on earnings over \$30,000/year; with 30 years of creditable service, contribution rate decreased to 6% plus 2% on earnings over \$30,000/year	11%; with 30 years of creditable service, contribution rate decreased to flat 8%, and no additional 2%
July 1, 2001 through April 1, 2012	9% plus 2% on earnings over \$30,000/year	11%
July 1, 1996 through June 30, 2001	9% plus 2% on earnings over \$30,000/year	
January 1, 1984 through June 30, 1996	8% plus 2% on earnings over \$30,000/year	
January 1, 1979 through December 31, 1983	7% plus 2% on earnings over \$30,000/year	
January 1, 1975 through December 31, 1978	7%	
Before January 1, 1975	5%	

The difference between 11% and 9%+2%

- The rate for R+ is a flat 11% on all gross earnings
- One of the lower, non-R+ rates is **9% with an additional 2% taken on earnings over \$30,000/year**
 - Commonly referred to as "9+2", or "9 and 2"
 - People hear the word "plus" and think it's R+
 - 9%+2% **does not equal** 11% for R+
 - The monetary difference is \$600/year
 - Even if you have been contributing at **11%** the entire time, you are **NOT in R+**

Example - Joe Teacher

For example: Joe Teacher recently transferred into the MTRS from another Massachusetts contributory retirement system. He has an annual salary of \$58,000 and is paid over 26 pays.

R+ Flat 11% Contribution Rate

If Joe decides to participate in R+, his bi-weekly contribution would be:

$$\$2,230.77 \times 11\% = \mathbf{\$245.38}$$

"9+2" Contribution Rate

If Joe decides to opt out of R+, his bi-weekly contribution would be:

$$\$2,230.77 \times 9\% = \mathbf{\$200.77}$$

2% contributions on earnings over \$30,000: **\$21.54**

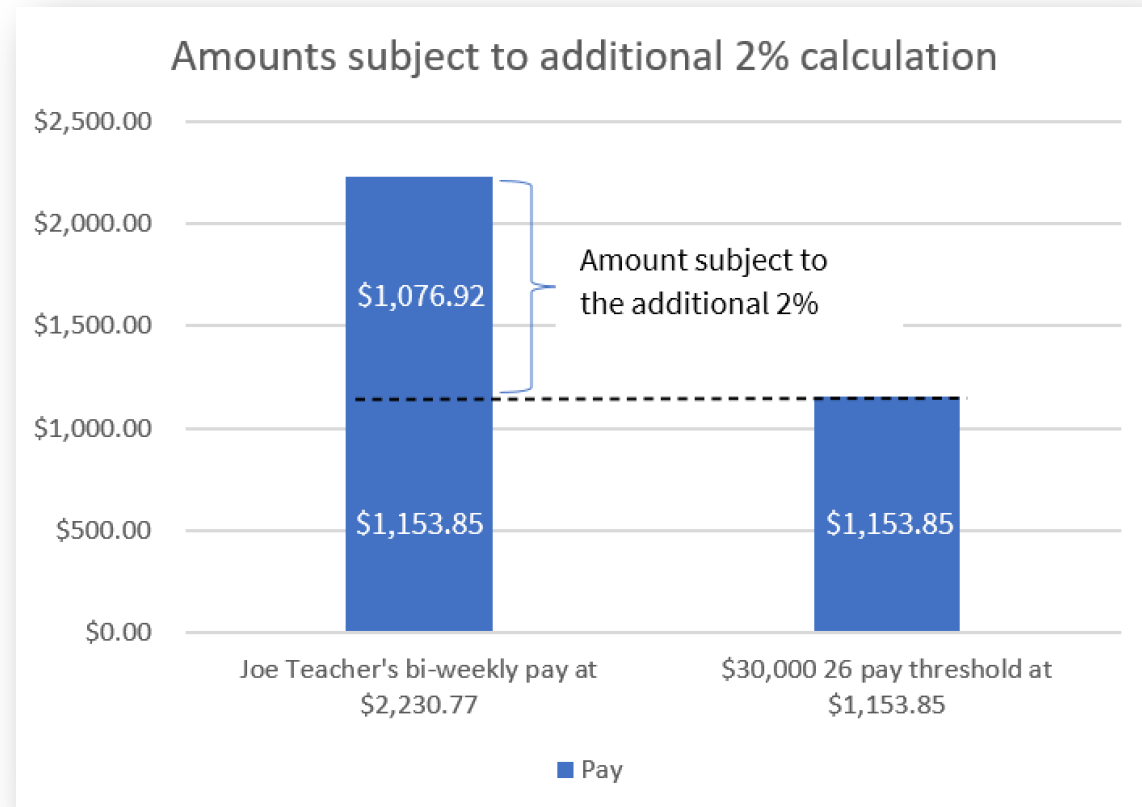
$$\$200.77 + \$21.54 = \mathbf{\$222.31}$$

(total "9+2")

- The difference for one pay period is \$23.07 (\$245.38 - \$222.31). The annual difference is \$600 (\$23.07 x 26 pays)
- The annual difference between 11% and "9+2" will always be \$600/year, unless something abnormal occurs with your pay or you make less than \$30,000 in one calendar year.

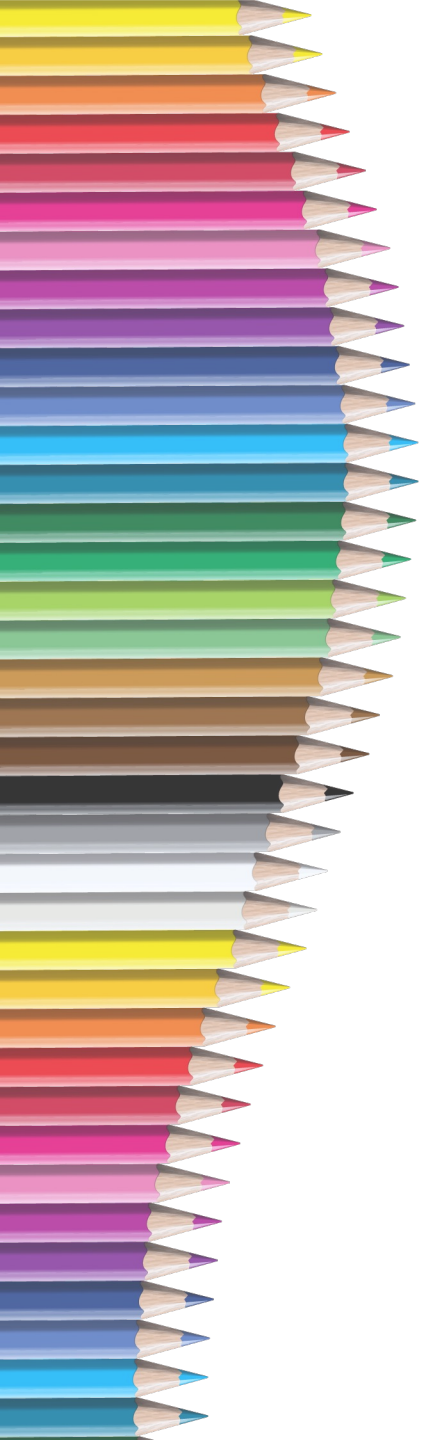
Joe Teacher

How is the additional “plus” 2% on earnings over \$30,000/year calculated?



The additional 2% must be calculated on a per pay period basis. Rather than subtracting \$30,000 from your entire salary, it must be done incrementally from each pay throughout the year. First, you must figure out the number of times you are paid each year.

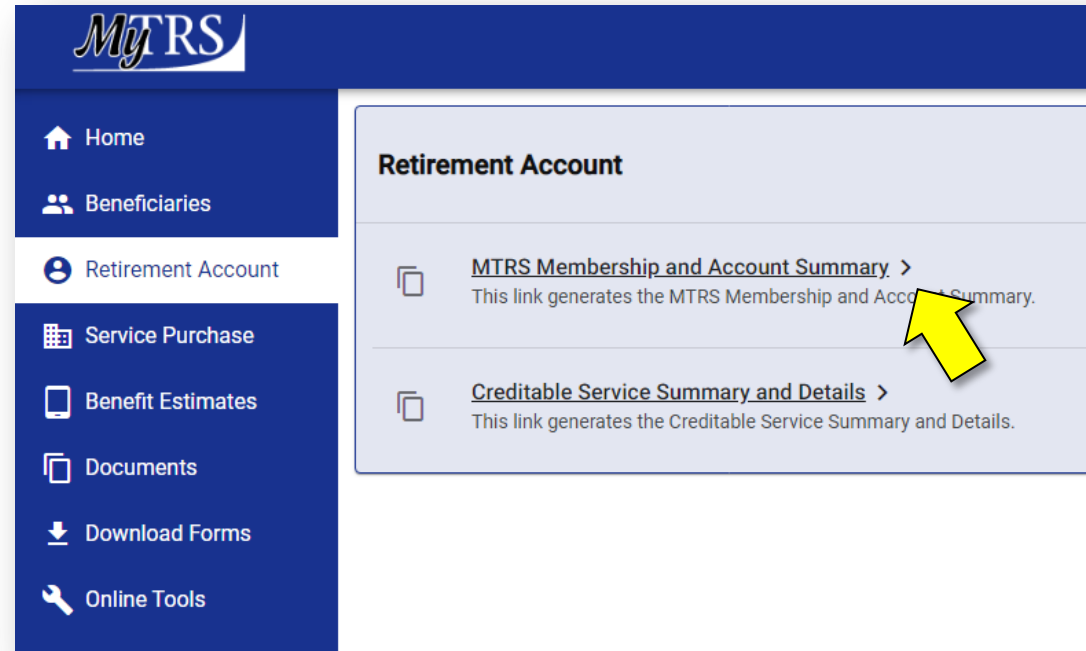
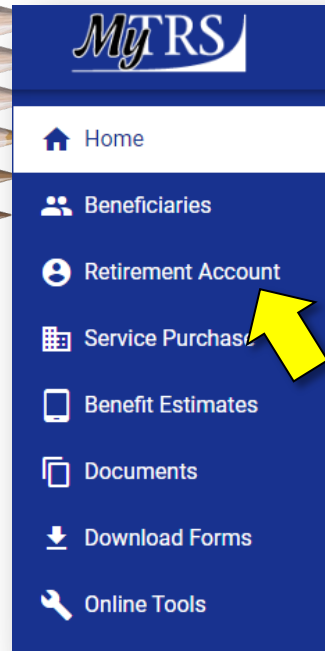
If Joe Teacher makes **\$58,000** per school year and is paid bi-weekly over 26 pays, his gross bi-weekly pay is **\$2,230.77**, the portion of which “above” \$30,000 is **\$1,076.92** ($\$30,000/26=\$1,153.85$; $\$2,230.77-\$1,153.85=\$1,076.92$)



Q&A

Checking your R+ status in MyTRS

- [MyTRS – Member Self Service \(MSS\)](#)



Checking your R+ status in MyTRS

- [MyTRS – Member Self Service \(MSS\)](#)

✓ [Click here to view "MTRS Membership and Account Summary"](#) ✕

MTRS Membership and Account Summary

Generated by: Paul Pencil
Generated on: 02/17/2023 10:38 a.m.

Membership information

Name	Paul . Pencil
Member Number	
Membership Status	Inactive
Membership Tier	Tier 1 (established membership before 4/2/2012)
RetirementPlus Status	Not Participating
Contribution Rate	9% plus 2% on earnings over \$30,000

Checking your contribution rate on your pay stub

- Check your paystub
 - Pay stubs may label retirement contributions in a variety of ways. Below are examples of 11% pay codes and contributions:

AMOUNT	DED TYPE	EMPLOYEE	EMPLOYER
		LOC: XXXX ORG: XXXXXX	
1,414.86			
	3000 FED TX	104.62	0.00
	4000 ST TAX	63.05	0.00
	7111 MSTR11	155.63	0.00
	8330 DENS42	1.59	0.00
	8433 HHM054	47.53	0.00
	9581 UTLT42	23.60	0.00
	9999 DIRDEP	999.04	0.00
	1100 MEDICR	19.80	19.80
1,414.86		1,414.86	19.80

AMOUNT	DED TYPE	EMPLOYEE	EMPLOYER
		LOC: XXXX ORG: XXXXXX	
2,276.81			
	7011 SCH11%	250.45	0.00
2,276.81		250.45	0.00

Check No: XXXXXX		Check Date: 02/12/2021		Trans Date: 02/13/2021		
3,300.35	XXXXXX	XXXXXX	32	*FM MEDICARE	48.22	0.00
42.31	XXXXXX	XXXXXX	466	*FT FEDERAL	185.61	0.00
				*ST STATE	131.34	0.00
				1529 11% SC RET	367.69	0.00
				2940 ST DISBLTY	17.03	0.00
				5039 UNION DUES	84.48	0.00
				9998 WORC CU	150.00	0.00
				9999 BAY STATE	2,358.29	0.00
3,342.66	Net Amt:	0.00	VOUCHER	Deductions:	3,342.66	0.00

Checking your contribution rate on your pay stub

- Check your paystub
 - Pay stubs may label retirement contributions in a variety of ways. Below are examples of "9+2" pay codes and contributions. Pay stubs may label additional 2% contributions as "RET2," "ADDL2%," "PLUS2," or some other variation

	2.08	N-	L	ERLIFE
	6.15	N-	O	ERLTD
	3996.83	N-	X	403BWG
	3996.83	N-	Y	457WG
	3996.83	N-	PLW	PFMLWG
2698.61	CK1	CHECK	359.71	P MTRB
56.86	Q	MTRB2	4.40	FLI MA FLI
8.31	MLI	MA MLI		

AMOUNT	DED TYPE	EMPLOYEE	EMPLOYER
		LOC: 5100	ORG: 10000
2,376.23			
	3001	FIT	126.90
	4001	STATE	110.35
	7119	STCH9%	213.86
	7123	SADD2%	24.45
	8350	STDUES	36.43
	9100	DIRDEP	1,829.78
	1101	SCHMED	34.46
2,376.23			2,376.23
			34.46

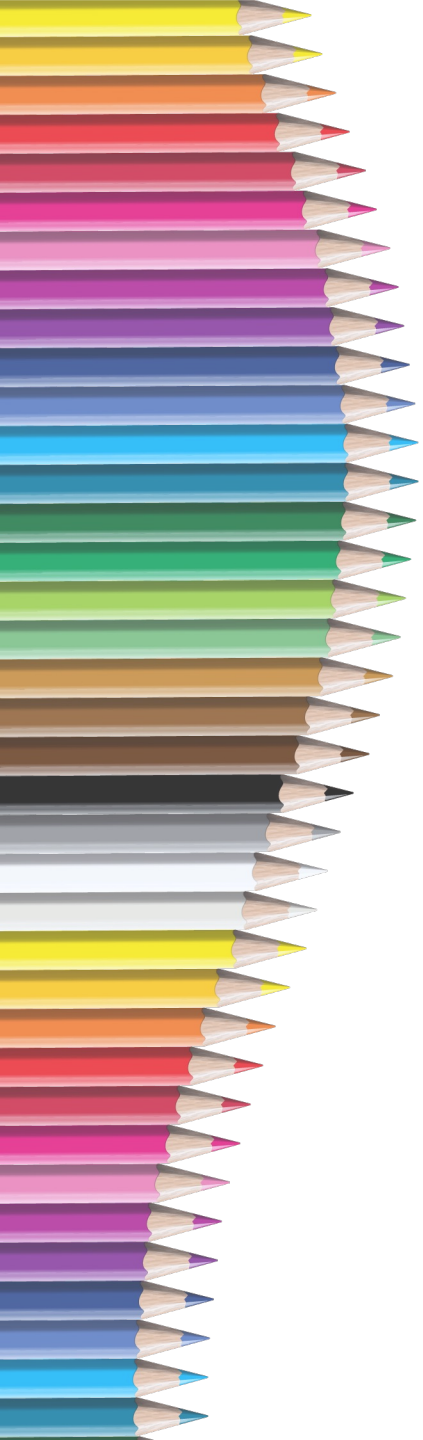
Earn Code	Earnings	Deductn Cd	Curr Dedn	Check Dt
REG	\$ 5,908.53	TPN9&2	\$ 624.94	10/14/22
REG	\$ 5,908.53	TPN9&2	\$ 624.94	10/31/22

Backing into the rate:

$$\$624.94 / \$5,908.53 = 10.58\%$$

9+2 breakdown:

$$\$531.77 + \$93.17 = \$624.94$$



Q&A



How should I decide whether to participate?

- **Will you work long enough to meet the service requirements for R+?**
 - At least 30 years of total creditable service, and
 - at least 20 of which must be as a member of the MTRS



How should I decide whether to participate?

- **Will you work long enough to meet the service requirements for R+?**
 - At least 30 years of total creditable service, and
 - at least 20 of which must be as a member of the MTRS

- If **“No”**
 - You will not be eligible for the R+ enhanced benefits, so you may want to elect to **Opt-out** of R+

- If **“Yes”**
 - Determine if R+ is better than regular retirement for you
 - Go to the [Retirement Percentage Chart](#) for your Tier (1 or 2), find your age and service combination when you plan to retire, and compare the percentage under regular retirement versus R+
 - Then, compare your cost to participate in R+ to the increase in benefits using the **R+ Decision Tree**

I will meet the requirements for R+, how much will it cost?

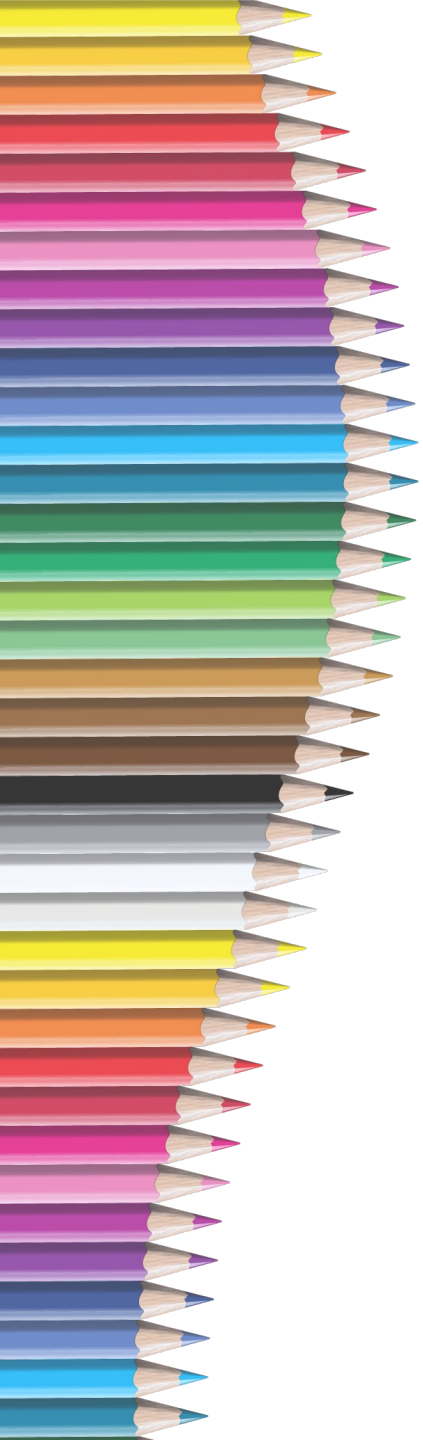


R+ Decision Tree

<https://mtrs.state.ma.us/rplus/>

a flat 11%	9%+2%	8%+2%
You will pay 11% on all of your future wages, and your retroactive cost will be \$600/year for each year of your MTRS service.		
For example*:		
If your Contribution Rate since you joined the MTRS is 9%+2%	And you have 5 years of prior MTRS service	You will owe: \$600 x 5 yrs = \$3,000
	And you have 10 years of prior MTRS service	You will owe: \$600 x 10 yrs = \$6,000
	And you have 15 years of prior MTRS service	You will owe: \$600 x 15 yrs = \$9,000
*these examples are for illustrative purposes only. All final costs will be calculated once you have made your election and have been issued an invoice.		

R+ Decision Tree



a flat 11%

9%+2%

8%+2%

You will continue to pay **11%** on all of your future wages, and your retroactive cost will be **\$0.00** as you have already been contributing at the rate R+ participation requires.

R+ Decision Tree

a flat 11%

9%+2%

8%+2%

You will pay **11%** on all of your future wages, and your retroactive cost will be **\$600/year** for each year of your MTRS service.

For example*:

If your Contribution Rate since you joined the MTRS is 9%+2%

And you have 5 years of prior MTRS service

You will owe:
\$600 x 5 yrs =
\$3,000

And you have 10 years of prior MTRS service

You will owe:
\$600 x 10 yrs =
\$6,000

And you have 15 years of prior MTRS service

You will owe:
\$600 x 15 yrs =
\$9,000

**these examples are for illustrative purposes only. All final costs will be calculated once you have made your election and have been issued an invoice.*

R+ Decision Tree

a flat 11%

9%+2%

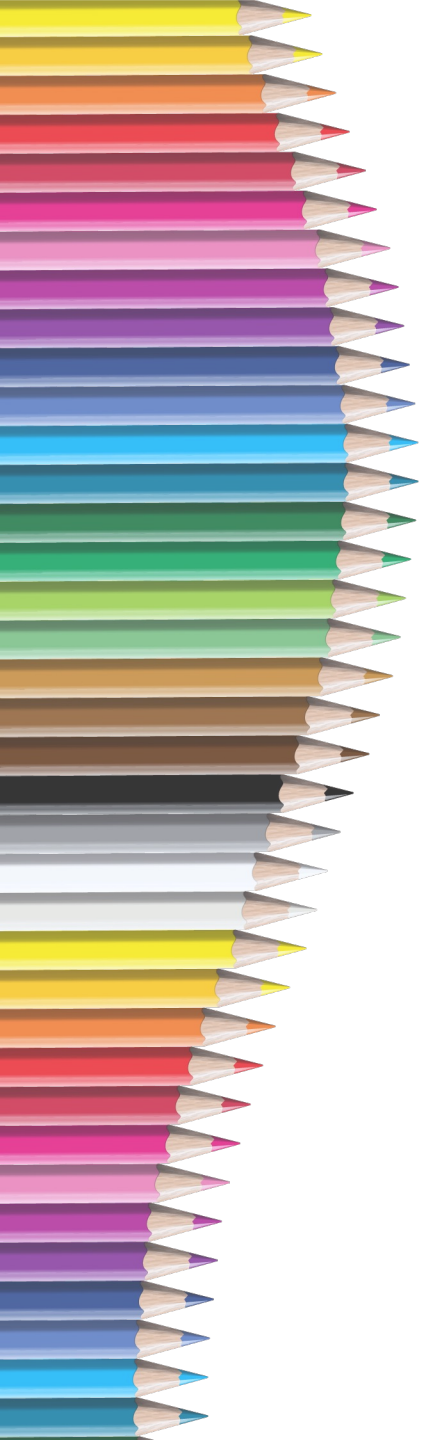
8%+2%

You will pay **11%** on all of your future wages, and your retroactive cost will depend on your wages during your prior MTRS service. For illustrative purposes, the chart below lists annual costs for average wages in \$10,000 increments:

For example*:

If your Contribution Rate since you joined the MTRS is	And your average salary during your MTRS membership was:	Then, for each year you have been a member of the MTRS, you will owe:
8% + 2%	\$40,000	\$1,000/year
	\$50,000	\$1,100/year
	\$60,000	\$1,200/year
	\$70,000	\$1,300/year
	\$80,000	\$1,400/year
	\$90,000	\$1,500/year
	\$100,000	\$1,600/year
	\$110,000	\$1,700/year
	\$120,000	\$1,800/year

For example*: Sarah Teacher has 10 years of prior MTRS service and her average wages during that service were \$70,000, thus, her retroactive cost would be \$13,000 ($\$1,300/\text{yr} \times 10 \text{ years} = \$13,000$).



Q&A



Previous rate changes and refunds from the MTRS

The MTRS may have requested a rate change and issued a refund in the past because you had not responded to your original opportunity to participate in R+, defaulting you out of the enhanced benefit.

All prior decisions made by the MTRS were made under the laws and regulations that were in effect at the time the decision was made, and prior to this new law change.

It is important to know that if you were in this situation, you will owe back these contributions to make your account whole.



How many years will I owe back for my retroactive cost?

- This answer will vary and is different for each member
- If the MTRS refunded your previous R+ contributions, you will owe back to when you first became a member of the MTRS
- If the MTRS did **not** refund your previous R+ contributions, you may only owe back to when the MTRS **requested for your rate to be changed**
 - E.g, your rate changed to a lower rate in February 2016 and you are still contributing at a lower rate, it is estimated you will owe \$4,200 through February 2023 (\$600/year x 7 years)
- Due to the volume of members receiving this election, approximately 8,000, the MTRS cannot estimate costs for each member

Scenario 1

- Paul Murray established public service as a Librarian at the age of 23 on July 1, 2010 and contributed to his local retirement system
 - Paul's rate is 9+2 (9% with 2% on earnings over \$30,000/year)
- On September 1, 2015, at age 28, he became a School Librarian and a member of the MTRS, contributing at 11%
- The MTRS received his transfer on 7/1/2017, and he did not respond to his election notices
- In January 2018, the MTRS requests that his school district switch his rate to 9+2
- Paul is now part of the special election and must make an election prior to 6/30/2023
- Does R+ make sense for Paul?

Scenario 1

- **Yes** – R+ makes sense for Paul because he can reach the service requirements. If he does not, he will receive a refund of excess contributions.
- Paul has 5 years with his other retirement system and will have 30 years of total service at the age of 53
 - Paul meets and exceeds the 20-year MTRS service requirement
- At age 58, Paul will reach the maximum benefit of 80% (vs. receiving a “regular” retirement at 63%)

Scenario 1

- Retirement Percentage Chart showing the difference between 30 years of service at the age of 53 and 35 years of service at the age of 58

		AGE AT RETIREMENT														
		R+ % increase	46	47	48	49	50	51	52	53	54	55	56	57	58	59
30	Regular	—					30.0	33.0	36.0	39.0	42.0	45.0	48.0	51.0	54.0	57.0
	R+	12%					42.0	45.0	48.0	51.0	54.0	57.0	60.0	63.0	66.0	69.0
31	Regular	—						34.1	37.2	40.3	43.4	46.5	49.6	52.7	55.8	58.9
	R+	14%						48.1	51.2	54.3	57.4	60.5	63.6	66.7	69.8	72.9
32	Regular	—							38.4	41.6	44.8	48.0	51.2	54.4	57.6	60.8
	R+	16%							54.4	57.6	60.8	64.0	67.2	70.4	73.6	76.8
33	Regular	—								42.9	46.2	49.5	52.8	56.1	59.4	62.7
	R+	18%								60.9	64.2	67.5	70.8	74.1	77.4	80.0
34	Regular	—									47.6	51.0	54.4	57.8	61.2	64.6
	R+	20%									67.6	71.0	74.4	77.8	80.0	80.0
35	Regular	—										52.5	56.0	59.5	63.0	66.5
	R+	22%										74.5	78.0	80.0	80.0	80.0

RetirementPlus vs. regular formula

NO DIFFERENCE

MAXIMUM DIFFERENCE: Member receives full

Scenario 2

- Mary Educator established public service at the age of 23 as a Paraprofessional on September 1, 1993 and contributed to her local retirement system
 - Mary's rate is 8+2 (8% with 2% on earnings over \$30,000/year)
- On September 1, 2013, at age 43, she became a Teacher and a member of the MTRS contributing at 11%
- The MTRS received her transfer on 7/1/2016, and she did not respond to her election notices
- In January 2017, the MTRS requests that her school district switch her rate to 8+2
- Mary is now part of the special election and must make an election prior to 6/30/2023
- Does R+ make sense for Mary?



Election Underway

- Election packets with ballot mailed 1/11/23 by our election processing vendor, *YesElections*
- Eligible members can vote **online** (must use the unique code and pin printed on ballot) or paper ballot using **only** the official ballot from *YesElections*
- Election period ends **June 30, 2023**
 - Online votes must be submitted by midnight on June 30
 - Paper ballots must be postmarked by June 30



Never received or need a replacement ballot?

- Email RetirementPlus@trb.state.ma.us
- MTRS will confirm election eligibility
- Allow up to **two weeks** for delivery of replacement ballot



MTRS Post Election Steps

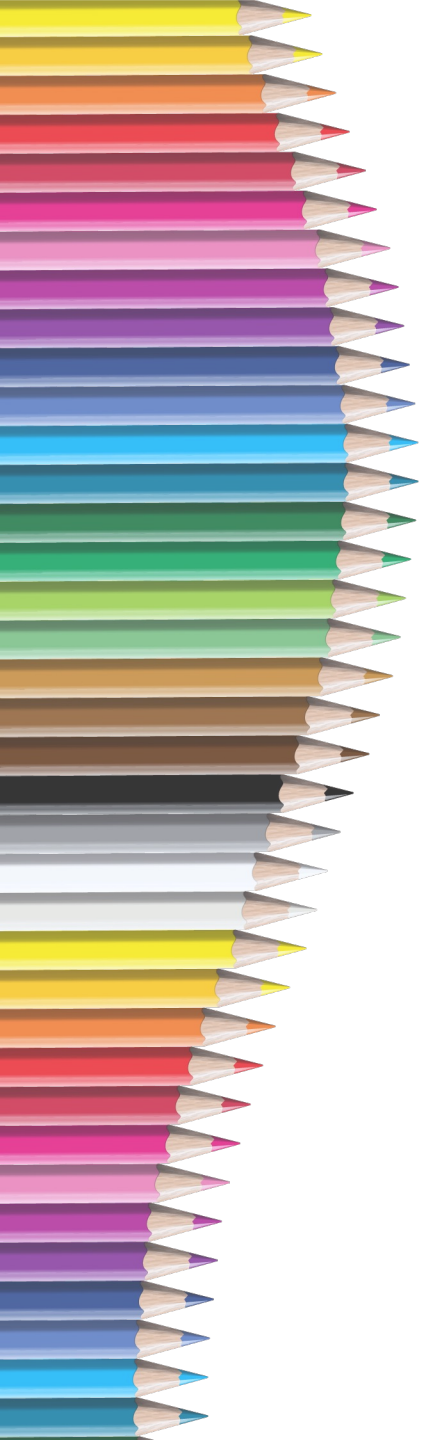
- If you elected to participate in R+ and **have always paid 11%**, we will simply send you a **confirmation**
- If you elected to participate in R+ and **have not paid 11%** during part, or all of your MTRS service, we will send you an **invoice with installment options** for amounts over \$1,000
- If you elect to opt-out of R+ and **have paid 11%** during any of your MTRS service, you will **receive a refund** of the excess contributions
- The MTRS will communicate rate changes to districts, please do not ask your HR/Payroll to make any changes to your contribution rate



Invoices and payment methods

How can I pay?

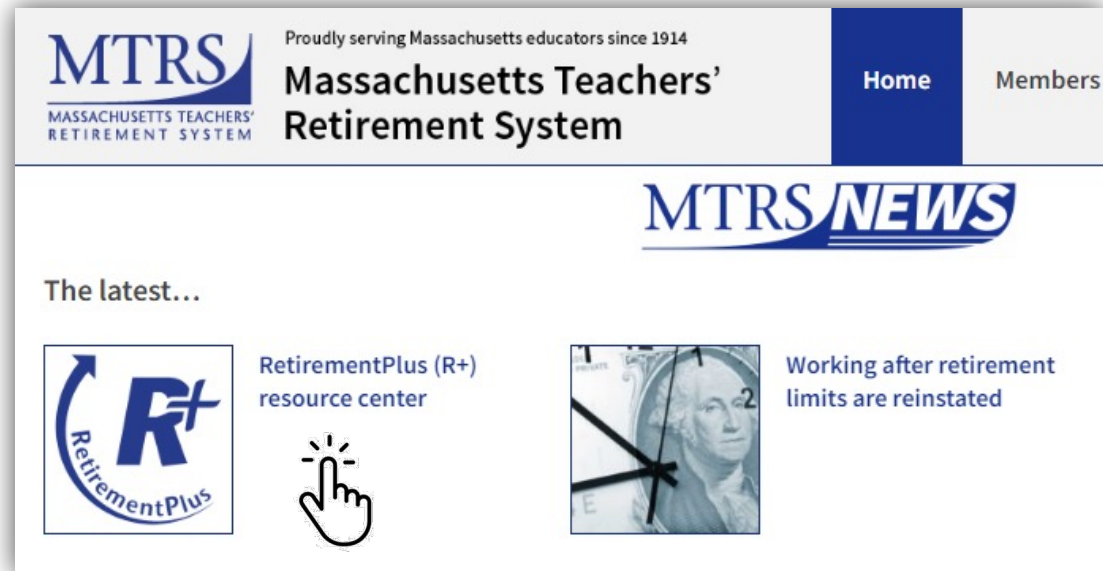
- The MTRS will invoice you once we confirm your rate has been changed
- No interest for the first 90 days
- Unfortunately, balances cannot be paid via paycheck deductions
- Balances must be paid in full prior to retirement
- Payment methods
 - Pay in full with a personal check
 - 5-year installment plan for amounts over \$1000
 - No card payments (credit or debit)
 - Rollover from a qualified retirement plan



R+ Resources for Members

RetirementPlus (R+) resource center

- <http://www.mass.gov/mtrs>



The screenshot shows the top portion of the MTRS website. The header includes the MTRS logo (Massachusetts Teachers' Retirement System) and the tagline "Proudly serving Massachusetts educators since 1914". Navigation links for "Home" and "Members" are visible. Below the header is a "MTRS NEWS" section titled "The latest...". Two news items are featured: "RetirementPlus (R+) resource center" with a hand cursor icon, and "Working after retirement limits are reinstated" with a clock icon.

MTRS
MASSACHUSETTS TEACHERS'
RETIREMENT SYSTEM

Proudly serving Massachusetts educators since 1914


**Massachusetts Teachers'
Retirement System**


Home Members

MTRS NEWS

The latest...

 RetirementPlus (R+)
resource center



 Working after retirement
limits are reinstated



RetirementPlus (R+) resource center

- R+ Special Election video overview
- Decision information (eligibility, benefits & costs)
- Detailed contribution rate information
- You can request a **replacement ballot**
 - MTRS will verify eligibility before sending
- **Direct all questions to the MTRS at**
 - **RetirementPlus@trb.state.ma.us**



Important items from Today

- Everyone who received a Special Election package is not currently in R+, and if you want to be in R+ **you must elect in**
- If you are already contributing a flat 11% and believe you are in R+, please **fill out and submit your election!**
- If you do not respond to the election, you will **not be in R+**
- The election window closes on **Friday, June 30, 2023**. All elections must be received online or postmarked by June 30, 2023
- **R+ Resource Center**
<https://mtrs.state.ma.us/rplus/>
- RetirementPlus@trb.state.ma.us



Thank you

Thank you for attending today!

Questions?

For more information...

- <https://mtrs.state.ma.us/rplus>
- RetirementPlus@trb.state.ma.us

