Implementation of RetirementPlus (R+) Election Changes for Employers

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February 2023

MTRS
MASSACHUSETTS TEACHERS' RETIREMENT SYSTEM

Agenda

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Part 1

The need for Chapter 134 of the Acts of 2022

R+ Benefits

- Enhanced retirement benefits
- Defined benefit plan
  - 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.
  - 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***
- Eligibility after 30 years of service
  - At least 20 with membership in MTRS or Boston Retirement System as a teacher

The need for Chapter 134 of the Acts of 2022

- As of 7/1/2001, all new MTRS members mandated into R+, EXCEPT those transferring into MTRS from one of the other 103 retirement systems (e.g., teacher aide who became a teacher)
- MTRS instructed employers to withhold 11% for ALL new hires until the transferring members made their R+ election, but
  - Many members do not know what retirement system they were in during prior service, so transfers not requested in timely manner
  - MTRS' R+ regulation provided 180 days from the date we received the transfer from other system

The need for Chapter 134 of the Acts of 2022

- Members thought they were automatically in R+ due to contributing at 11% since the start of their MTRS membership
- Transfers to the MTRS may not have occurred for years after establishing membership:
  - Untimely Enrollment
  - Not notifying the MTRS of other service

The need for Chapter 134 of the Acts of 2022 (continued)

- No responses to election notices counted as "No" election; defaulting members **out** of R+
- Members very upset when they apply for retirement and find out not in R+; hundreds of appeals
- Number of members affected would continue to grow without legislative action

Q&A

Part 2

Special Election
for Transfers received by the MTRS
between 7/1/2001 and 6/30/2022

Eligibility for R+ Special Election

- Members **eligible** for the election:

  The new law provides a final, one-time opportunity to participate in the R+ program only to those members who:

  - were not a part of the original election window prior to July 1, 2001, **AND**
  - transferred into the MTRS from one of the other 103 Massachusetts public retirement systems between July 1, 2001 and June 30, 2022, **AND**
  - did not yet submit an election.

- Members **not eligible** for the election

  - Any person that was a member prior to 7/1/01 and received an election opportunity during the original R+ election

Members who receive the R+ special election packet are not in R+

- In order to be in R+, **members must complete and submit their election**
  - Even if member has been contributing at 11% the entire time, they are **NOT in R+**
  - **Our instructions and yours:** if a member does not respond to the election, they will **not be in R+**
  - You and Members can review the eligibility criteria and more on the MTRS **R+ resource center**
- **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**

Steps for Successful Implementation of R+ Special Election

- **MTRS responsibilities**
  - Communication to Employers and Members
    - **Member** communications
      - Email to all MTRS members (Oct. 7, 2022)
      - Email to all Special Election eligible members (Oct. 31, 2022)
      - Letter mailed to members without email (Nov. 10, 2022)
    - **Employer** R+ broadcasts
      - Sept. 1, Oct. 31, Nov. 28, 2022
    - Emailed each **Superintendent** a list of election eligible members in their district (Jan. 12, 2023)
    - Reminder to **eligible members** who have not submitted their special election (late March 2023)
    - Webinar for **eligible members**. School vacation week – Thursday, February 23, 2023, 9:30 AM
    - **Employers** notified of rate changes (TBD)

Steps for Successful Implementation of R+ Special Election

- **Employer steps**
  - Direct all member questions to MTRS and promote the **R+ resource center**
  - Remind members to respond to election
  - Review list of eligible employees and update MTRS on any changes to the district list
  - Make rate changes once notified by MTRS
    - Please do not make any rate changes at the member's request

Steps for Successful Implementation of R+ Special Election

- **MTRS Post Election Steps**
  - Confirm rate change after processing district's deduction report
    - If member elected to participate in R+ and **has always paid 11%**, we will simply send member a **confirmation**
    - If member elected to participate in R+ and **has not paid 11%** during part, or all of their MTRS service, we will send them an **invoice with installment options** for amounts over $1,000
    - If member elected to opt-out of R+ and **has paid 11%** during any of their MTRS service, the member will **receive a refund** of the excess contributions

Steps for Successful Implementation of R+ Special Election

- **MTRS Post Election Steps, Continued**
  - Election notices sent to 8,000 members and it will take **at least 6 months after the end of the election period on 6/30/2023** to complete the steps listed on the previous slide
  - **Retiring members will be prioritized**, they should not delay filing a retirement application
  - **MTRS** and **Employers**, we're in this together. Consistent messaging is key– don't hesitate to reach out to us!

Q&A

Part 3

New Election Process for Transfers received on or after 7/1/2022 with membership service prior to 7/1/2022

New Election Process for Transfers received on or after 7/1/2022 with membership service prior to 7/1/2022

- **Opt-Out** Provision
  - Members enrolled in the MTRS with service in another MA Contributory Retirement System prior to 7/1/22 who have service transferred to the MTRS on or after 7/1/22 must now **opt out of R+**
    - 180 days from the date the MTRS receives the transfer
    - The **opt in** provision has been **eliminated**.
  - If they fail to elect out, they are **defaulted into R+**
  - If they do not meet the requirements of R+ at the time of retirement, they will receive a refund of their additional R+ retirement contributions
  - **Please continue to take 11% contributions for all new members you register for the MTRS**
    - R+ status and rate can be viewed in MyTRS

Q&A

Part 4

Elimination of Election for Transfers with prior membership service beginning on or after 7/1/2022

Members who establish membership service in a local retirement system on or after 7/1/22 and subsequently transfer to MTRS

- R+ election provision **eliminated**
  - Members will be **mandated into R+**, just like all new hires with no prior service in a retirement system
  - Like newly hired members, if they do not meet the requirements for R+ at the time of retirement, they **will not receive a refund of the difference between 11% and the lower rate withheld** from their prior retirement system
  - **Please continue to take 11% contributions for all new members you register for the MTRS**

MTRS Membership Date	Date the MTRS receives the transfer from the other MA public retirement system	RetirementPlus Election
Between 7/1/2001 and 6/30/2022	**Between 7/1/2001 and 6/30/2022**	• If we did not receive a Member's R+ election by **12/31/2022**, they are included in the special R+ election period ending 6/30/2023. • If we do not receive a Member's response to the special R+ election period by **6/30/2023**, they will **not participate** in R+.
On or after 7/1/2001 with service starting in the other MA public retirement system **prior to 7/1/2022**	**On or after 7/1/2022**	• A Member will automatically be enrolled in R+ unless they **opt-out** within 180 days. • If Members participate in R+ but do not qualify for the benefit at the time of retirement, they will receive a refund of excess contributions.
On or after 7/1/2022 with service starting in the other MA public retirement system **on or after 7/1/2022**	**On or after 7/1/2022**	• Participation in R+ is **mandatory**, just as for all new teachers. • If a Member does not qualify for the R+ at the time of retirement, they will not be eligible for a refund.

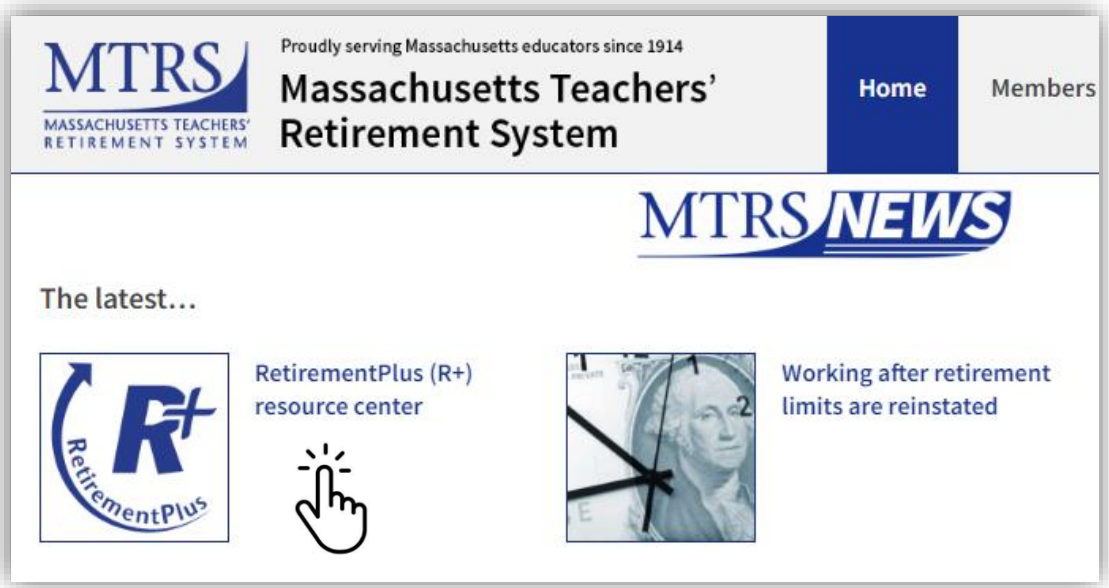
Q&A

Part 5

R+ Resources for Employers and Members

RetirementPlus (R+) resource center

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



RetirementPlus (R+) resource center

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

Important items from Today

- **Direct all member questions to the MTRS**
  - **RetirementPlus@trb.state.ma.us**
- Everyone who received a Special Election package is not currently in R+, and if they want to be in R+ **they must elect in**
- If the member believes they are already in R+, please tell them to **fill out and submit their election**
- If member does not respond to election, they will **not be in R+**
- **Do not change any rates until we notify you** about any rate changes, and then please adjust the rate on your next monthly MTRS deduction report
- The election window closes on **Friday, June 30, 2023**. All elections must be received online or postmarked by June 30, 2023

Q&A

Thank you for attending today!

Questions?

For more information…

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