



Retirement Essentials

Westfield
STATE UNIVERSITY



Benefits Overview for Retirement

2025-2026



DISCLAIMER

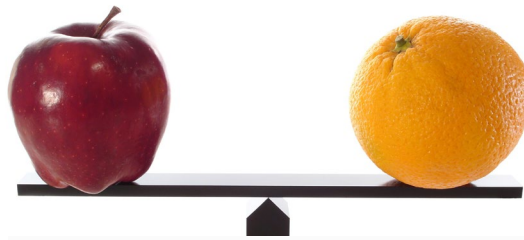
- This presentation provides a general overview of benefits and is not a guarantee of coverage or eligibility.
- Information is subject to change at any time. In case of conflicts or discrepancies, the official plan documents and agency determinations prevail.
- For complete and authoritative details, refer to the plan documents or contact the plan administrators.

Comparison of Key Features



MSERS

Massachusetts State Employees Retirement System
Administered by State Retirement Board



ORP

Optional Retirement Plan
Administered by Board of Higher Education

Comparison of Key Features

ORP vs. MSERS

The Basics

| DESCRIPTION | ORP | MSERS |
|-------------------------------|---|---|
| Plan Type | Defined contribution | Defined benefit (pension) |
| Internal Revenue Section Code | 401(a) | 401(a) |
| Vesting | Immediate 100% | After 10 years of creditable service |
| Criteria to Join | Faculty, librarians, and salaried staff within higher education <ul style="list-style-type: none">At least 50% FT benefited position180 days election period | All employees auto enrolled <ul style="list-style-type: none">At least 50% full time benefited positionCertain employees may choose ORP as an alternative to the pension |

Comparison of Key Features

ORP vs. MSERS

Contributions, Investments and Service

| DESCRIPTION | ORP | MSERS |
|------------------------------------|--|--|
| Contribution Rate | Employee Contribution: 9% of annual regular salary to \$30,000, then additional 2% > \$30,000 ---Rates differ prior to 07/01/1996 | Employee Contribution: 9% of annual regular salary to \$30,000, then additional 2% > \$30,000 ---Rates differ prior to 07/01/1996 |
| Contribution from the Commonwealth | Employer Contribution: 5% of regular salary minus mandatory insurance and fees = net 4.3% | Commonwealth ensures full funding for promised benefits |

Comparison of Key Features

ORP vs. MSERS

Contributions, Investments and Service

| DESCRIPTION | ORP | MSERS |
|--------------------------------------|---|--|
| Plan Investments | Participants select and manage their own investments | Commonwealth manages all investments |
| Ability to Purchase Years of Service | Not applicable. ORP accepts rollovers from other retirement accounts to increase benefits | Members may purchase eligible past service years to increase their retirement income |

Comparison of Key Features

ORP vs. MSERS

Retiring

| DESCRIPTION | ORP | MSERS |
|---------------------------------------|--|--|
| Eligibility to Begin Benefit Payments | Any time after terminating employment with the Commonwealth | Any time after terminating employment and eligible to retire |
| Benefit Amounts | Benefit amount is based upon account balance and payment method selected | Amount of income is based on: <ul style="list-style-type: none">- age- length of creditable service- level of salary- group classification- payment option |

Comparison of Key Features

ORP vs. MSERS

Retiring

| DESCRIPTION | ORP | MSERS |
|-----------------|---|--|
| Payment Options | <p>Variety of payment options* ranging from lifetime income to lump sums</p> <p><i>*Married participants must draw benefits under a Joint & Survivor Annuity providing at least 50% of the benefit for their spouse. Spouses may waive their rights to this benefit; enabling use of other payment methods.</i></p> | <p>Lifetime income, payable under options which can provide survivor benefits</p> <p><i>*Spouse must sign as witness for the benefit chosen by the retiring employee</i></p> |

Comparison of Key Features

ORP vs. MSERS

Retiring

| DESCRIPTION | ORP | MSERS |
|--------------------------------------|---|---|
| <u>Exempt from Massachusetts Tax</u> | Yes, when paid to retirees residing in Massachusetts or reciprocal states | Yes, when paid to retirees residing in Massachusetts or reciprocal states |
| <u>Cost-of-Living Adjustments</u> | None from employer or the Commonwealth | Adjustments may be provided by legislative act each year |

Comparison of Key Features

ORP vs. MSERS

Retiring

| DESCRIPTION | ORP | MSERS |
|--------------------------------|--|--|
| Re-employment After Retirement | Participants who become re-employed by any of the Commonwealth's institutions of higher education in any non-benefited position may draw funds from the Plan. | <p>Members may continue their retirement income with maximum workload requirements.</p> <p>Members may discontinue their retirement income to work without limitation of their hours.</p> |

Comparison of Key Features

ORP vs. MSERS

Additional Benefits

| DESCRIPTION | ORP | MSERS |
|---|--|--|
| Retiree Health Care, Dental & Life Insurances | Eligible after 10 yrs participation at age 60, or 20 yrs at any age <i>Retirees must draw and maintain sufficient funds in their accounts</i> | Eligible for GIC retiree benefits when collecting pension payments |
| Disability Benefits | Mandatory long-term disability (LTD) insurance provided as part of the ORP | Disability pensions are payable to vested participants. Benefits are payable to non-vested participants if they are disabled on the job. <i>Optional long-term disability (LTD) insurance available via GIC</i> |

Comparison of Key Features

ORP vs. MSERS

Additional Benefits

| DESCRIPTION | ORP | MSERS |
|-------------------------------|---|--|
| Pre-retirement Death Benefits | <p>Your ORP account balance* and ORP life insurance proceeds are payable to your beneficiaries. Participants may also purchase optional life insurance through the GIC.</p> <p><i>*Married participants' spouses are deemed to be the beneficiary for at least 50% of one's retirement account. However, spouses may waive this right</i></p> | <p>Depending on your vested status, lifetime income or lump sum benefits can be payable to your spouse or survivors.</p> <p><i>Members may also purchase optional life insurance through the Group Insurance Commission.</i></p> |

Comparison of Key Features

ORP vs. MSERS

Additional Benefits

| DESCRIPTION | ORP | MSERS |
|--------------------------------|---|--|
| In-service Withdrawals & Loans | Not available | Not available |
| Portability | Participant accounts may remain in the plan or be rolled into either another employer's plan or a Rollover IRA. Employer-funded benefits are not forfeited at termination of employment. | Non-vested members may withdraw their contributions to roll into another employer's plan or a Rollover IRA. Vested members may rollover all funds into another employer's plan or a Rollover IRA, but would forfeit their rights to an employer-funded pension. |



Questions and Short Break

MSERS Benefits Overview



MSERS

Massachusetts State Employees Retirement System
Administered by State Retirement Board



MSERS Topics



Introduction

MSRB Operations
Defined Benefit Plan



Eligibility & Plan Rules

Contribution Rates
Creditable Service
Types of Retirement
Eligibility for Retirement
Option D



Retirement Options

Options A, B, or C
Calculate Estimated Pension



Post Retirement

COLA
Taxes
Working in Retirement



Closing

MSRB Contact Info

Introduction



- MSRB Operations
- Defined Benefit Plan



MSRB Operations

- MSRB = Mass. State Retirement Board
 - Offices **closed** to the public
 - Phone lines open **8am-5pm**
 - Limited drop off hours **10am-3pm** at the Boston and Springfield offices
 - **Virtual** 1:1 via Teams or **Phone** Appointments can be requested and MSRB will schedule
- Check website for updates at mass.gov/retirement



(service x age factor)

x

salary average

DEFINED BENEFIT PLAN

- The State Retirement Board guarantees a specific retirement benefit amount based on the above formula and meeting of eligibility rules

Eligibility & Plan Rules



- Contribution Rates
- Creditable Service + Purchases
- Types of Retirement
- Eligibility for Retirement
- Option D

Contribution Rates

- **Mandatory** for all in-service members
 - *in lieu of social security tax*
 - via **pre-tax** payroll deductions
 - from regular salary for most employees
- Since July 1, 1996, the contribution rate is
 - 9% on your 1st \$30,000, then
 - 11% over \$30,000

9%

+

2%

Creditable Service

- Full time employees earn 1 year of creditable service for each year completed.
 - Pro-rated for less than full time basis
 - Employees whose work years are less than 52 weeks and *are not salaried*, may qualify for a full year of service if designated as seasonal school employees.
 - Special rules apply and MSRB makes final determination.



Creditable Service Purchases

- You may be eligible to buyback service to increase your pension benefit.
 - Refunded prior service
 - Service to another Massachusetts public retirement system
 - Out of State teaching
 - Contract service
 - Military service





Types of Retirement

- **Superannuation** – regular retirement (most common)
- **Accidental Disability** – incapacitating work-related injury or illness
- **Ordinary Disability** – incapacitating injury or illness
- **Termination Allowance** – involuntarily terminated
 - Only for eligible members entering service prior to 04/02/12

Eligibility for Retirement

If hired before April 2, 2012:

- Must be *at least* **age 55** with a minimum of 10 years creditable service, or
- Be any age with a minimum of 20 years creditable service.
- Average of highest **36** consecutive months **base salary**.

If hired on or after April 2, 2012:

- Group 1 must be *at least* **age 60** with a minimum of 10 years creditable service. (Group 2, age 55*)
- Average of highest **60** consecutive months **base salary**.

* Must have worked the duties of the Group 2 position for at least 12 months immediately prior to termination or retirement.



Option D

Active Employees Survivor Benefits

- Option D would provide your beneficiary with a **lifetime pension** benefit equal to the **full Option C allowance** you, the member, would have received if you had retired on your date of death.
 - If you, the member, died prior to turning 55, the benefit will be calculated as though you were 55 on your date of death.
 - If you are older than age 55 when you pass, your actual age would be used.
- Active employees can complete a form naming ONE beneficiary, either spouse, unmarried former spouse, child, parent or sibling;
- An eligible spouse has first-right option to accept the benefit or waive their rights to it.

Retirement Options



- Options A, B, or C?
- Calculate Estimated Pension

Choose Your Retirement Option

Option A

No Survivor Benefits

- **Maximum benefit**
- **Factors last birthday**
- **All benefits cease upon death**
- **Final check at time of death will be payable to estate depending on time of month**

Option B

Protects Your Annuity

- **1-5% reduction in benefit**
- **Factors last birthday**
- **Protects annuity (members contribution)**
- **You may choose more than one person as beneficiary**
- **Beneficiary does not need to be related**
- **You may change your beneficiary at any time**

Option C

Joint Survivor Allowance

- **7-15% reduction in benefit**
- **Automatic “pop-up” to Option A if beneficiary dies**
- **Factors nearest birthday**
- **Eligible beneficiaries under Option C include: spouse, parent, unmarried former spouse, sibling or child**

Note: If both employee & beneficiary die together, payments stop.

Calculate Estimated Pension



- ONLINE CALCULATOR
- **CHARTS:** BEFORE 04/02/12 or ON OR AFTER 04/02/12
- PAPER FORM

Post Retirement



- COLA
- Taxes
- Working in Retirement

Cost of Living Adjustment (COLA)

Retirees will be eligible for a COLA on July 1st of the SECOND fiscal year following the year in which their retirement benefit took effect, and each year thereafter, if a COLA is approved annually by the legislature.



Up to 3% increase of first \$13,000
of pension
(Currently \$32.50 p/mo/\$390 annually)

Taxes on your MSERS Pension

No **State** Taxes in Massachusetts (6.25%)

Federally Taxable

Reciprocal agreements
with 15 states:

Alabama

Alaska

Florida

Hawaii

Illinois

Michigan

Mississippi

Nevada

New Hampshire

Pennsylvania

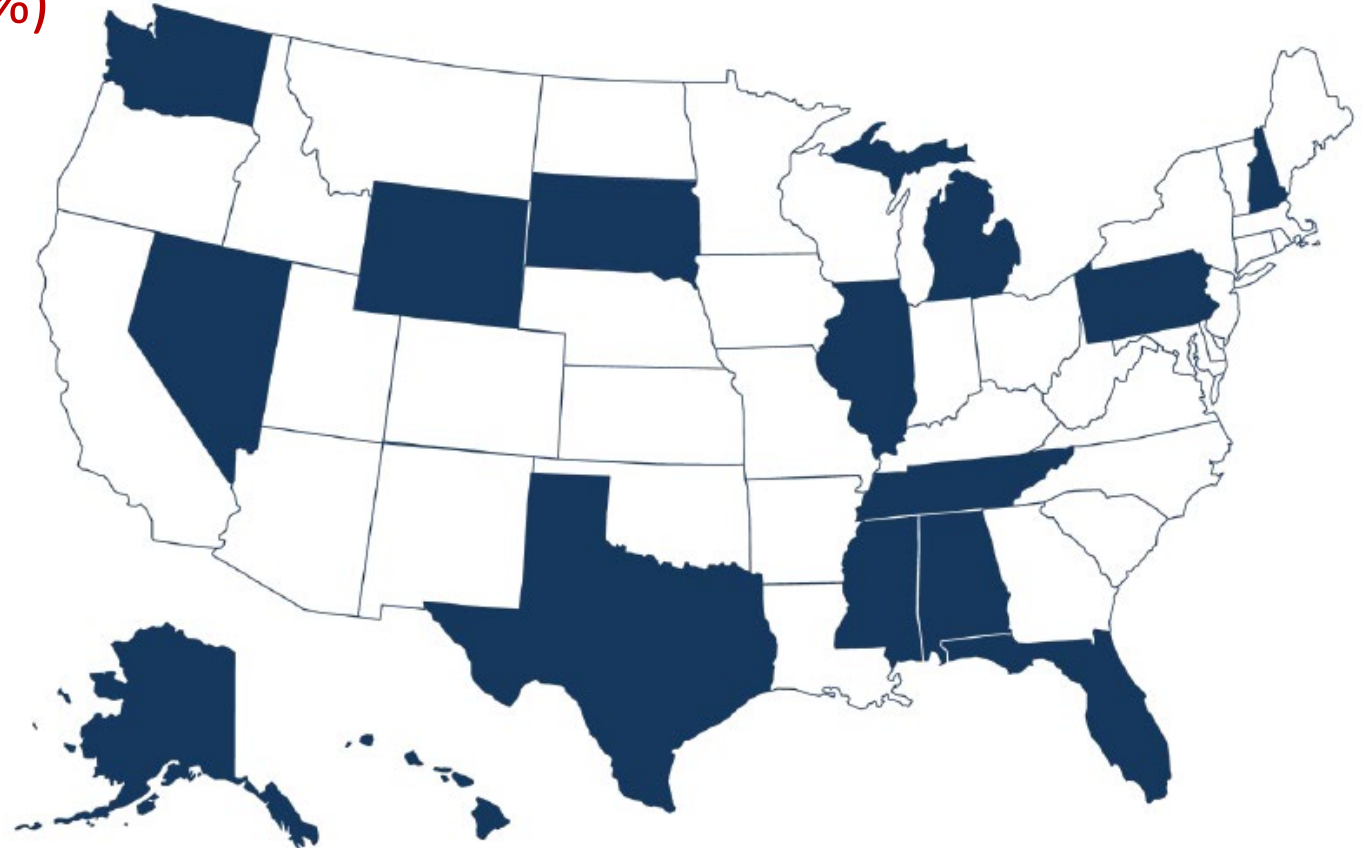
South Dakota

Tennessee

Texas

Washington

Wyoming



Working In Retirement

PUBLIC SECTOR

- Eff. 07/01/21: Limited to **1,200** hours per calendar year and/or
- Your total earnings per calendar year **cannot exceed** the difference between your retirement allowance and the current salary of the position from which you retired.
- After you have been retired one full calendar year, you may earn an **additional \$15,000** per year beyond the limitations listed above.

PRIVATE SECTOR

- Unlimited earnings for standard superannuation retirement.
- Restrictions do apply to other types of retirement such as a disability.



Closing



- MSRB Contact Info

MSRB Contact Info



PHONE

MAIN OFFICE

One Winter Street, 8th Floor
Boston, MA 02108
Tel. (617) 367-7770

REGIONAL OFFICE

436 Dwight Street, Room 109A,
Springfield, MA 01103
Tel. (413) 730-6135



ADDRESS

Toll free (within MA only) – (800) 392-6014

Email: srb@tre.state.ma.us

www.mass.gov/retirement



E-MAIL



WEBSITE



Questions and Short Break

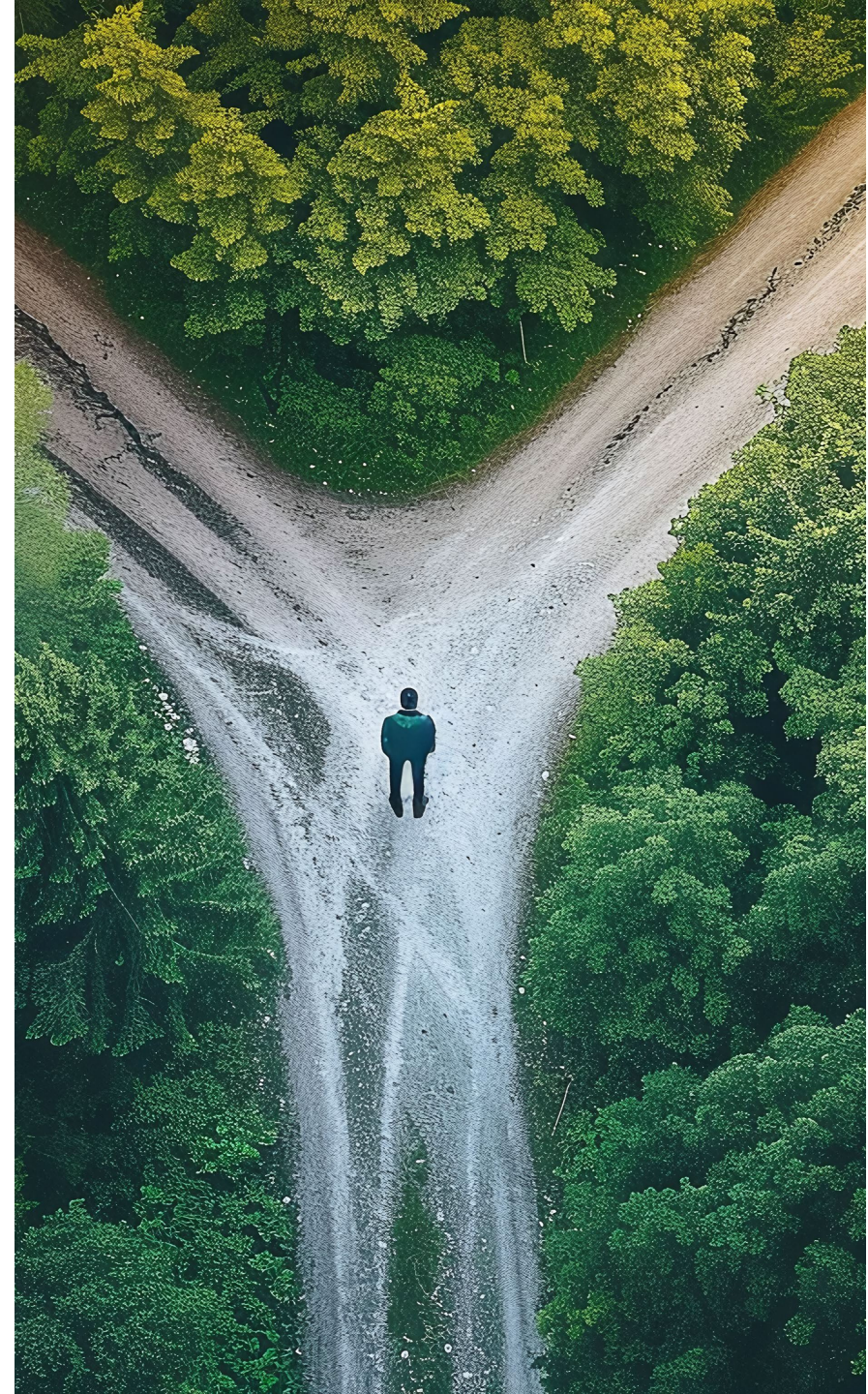
ORP Benefits Overview



ORP

Optional Retirement Plan

Administered by Board of Higher Education



ORP Topics



Introduction

About the ORP
Defined Contribution Plan



Eligibility & Plan Rules

Contribution Rates – EE
Contribution Rates – ER
Insurance Benefits
Rollovers Accepted



Retirement Options

Retiree Income
Benefit Payment Methods
Taxes



Closing

BHE/ORP Contact Info

Introduction



- About the ORP
- Defined Contribution Plan

About the ORP

- The Optional Retirement Plan (ORP) is a **flexible and portable** retirement plan for employees at the Commonwealth's public institutions of higher education and the Department of Higher Education.
- Alternative to the MSERS (pension).
- The Department of Higher Education is the ORP plan administrator.
- Website: www.mass.edu/orp





Defined Contribution Plan

Defined Contribution Plan

- A defined contribution plan provides retirement income is based on your account balance at retirement.
- Contributions are fixed by the plan, but retirement income is not guaranteed.

Investment Responsibility

- You choose investments from options provided by your plan provider.
- You bear the investment risk—performance affects your retirement outcome.



Defined Contribution Plan

Account Growth Factors

- Includes employer and employee contributions.
- Investment earnings and interest compound over time.
- Strong performance = higher retirement benefits; poor performance = lower benefits.

Retirement Income Distribution

- Derived from benefits drawn from your account balance at retirement.
- Default benefit payment method for married participants is a Joint & Survivor Annuity with 50% payable to the Survivor. The “Survivor” is the spouse.
 - Spouse may waive to allow for other payment methods.

Eligibility & Plan Rules



- Contribution Rates - Employee
- Contribution Rates - Employer
- ORP Insurance Benefits
- Rollovers Accepted

Contribution Rates - Employee

- **Mandatory** for all in-service members
 - *in lieu of social security tax*
 - via **pre-tax** payroll deductions
 - from regular salary for most employees
- Since July 1, 1996, the contribution rate is
 - 9% on your 1st \$30,000, then
 - 11% over \$30,000

9%

+

2%



Contribution Rates - Employer

- Commonwealth employer contribution
 - 5% of regular salary
 - Minus mandatory fees for:
 - Life and LTD insurance
 - Administrative overhead
 - Net employer contribution = 4.3%

5% Gross
- fees
= 4.3% Net

- Contributions are sent to employees chosen plan provider:
 - TIAA or Fidelity

ORP Insurance Benefits

Life and Long-Term Disability Insurance

- Mandatory
- Cost covered by fees deducted from employer 5% contribution
- **The Standard** is the plan administrator



These benefits have been designed to provide survivor benefits and income protection for plan participants; supplementing your retirement account benefits prior to retirement.

ORP Insurance Benefits

Life Insurance Benefit

- A multiple of annual earnings based on age, up to max \$400,000:

| Age | Life Insurance Amount |
|---------------------|----------------------------|
| Less than 35 | 3.0 times annual earnings |
| 35 but less than 40 | 2.5 times annual earnings |
| 40 but less than 45 | 2.0 times annual earnings |
| 45 but less than 50 | 1.5 times annual earnings |
| 50 but less than 55 | 1.0 times annual earnings |
| 55 but less than 60 | 0.67 times annual earnings |
| 60 and older | 0.45 times annual earnings |



Exclusion: No Life Insurance Benefit will be paid if death results from suicide or other intentionally self-inflicted injury, will sane or insane.

ORP Insurance Benefits

Long Term Disability Insurance

Monthly Income Benefit (MIB)

- 60% of monthly wage not to exceed \$10k
- Offsets when other income

Monthly Annuity Premium Benefit

- Pays premiums to employee's retirement acct
- Intended to keep retirement plan acct growing during a period of disability

Benefits Start

- 1st day of month after either 6 months or when sick leave or other paid leave is discontinued.





ORP Insurance Benefits



Disability Retirement Benefits

Benefit

- Provides access to discounted GIC retiree benefits (health, life, and dental)

Eligibility

- Must be member of ORP + employment ended
- If disability **not job related**, must have 10 or more years of participation
- If disability **is job related**, no service requirement and claim with Workers Comp

Monthly Income Benefit (MIB)

- Must be sufficient to pay GIC retiree benefits; if not, GIC will bill you directly
- MIB typically ends at age 65, then you draw retirement income from your ORP



Rollovers Accepted

ORP **accepts** rollovers from plans operating under the following sections of the Internal Revenue Code:

- 401(a)
- 403(b)
- 457(b) i.e. SMART Plan
- 408(a)
- 408(b) – IRA's

Not accepted: Roth IRA's



Any funds rolled into the ORP are subject to the ORP's provisions.

Retirement



- Retiree Income
- Payment Methods
- Taxes



Retiree Income

Income Payment Amount

- Must draw an **adequate monthly income** from ORP to be an eligible GIC retiree and purchase retiree benefits (health, life, dental/vision)
- **Minimum** \$100 per month
- If plan assets cannot support retiree income for the participant's life expectancy (or joint life expectancy for self + family), will ***lose their eligibility*** for retiree benefits from GIC.

Spousal Consent

- Any married participant electing non-annuity payment methods **MUST** obtain their spouse's **consent to waive their rights** to the default payment method of a Joint and Survivor Annuity.



Benefit Payment Methods

The ORP provides many different benefit payment methods, allowing participants great flexibility in crafting their retirement benefits to meet their personal financial needs.

NORMAL FORM OF PAYMENT

- Annuity income provides a stream of income (usually monthly) for the life of the plan participant
- Added features will decrease amount of monthly income
- Married participants – joint and survivor annuity; spouse must waive to choose other payment methods
- Single participants – single life annuity



Benefit Payment Methods

SYSTEMIC WITHDRAWALS

- Automatic withdrawals of a fixed amount, usually monthly
- Frequency and amounts can be stopped or changed at any time
- Continues until account is exhausted or participant dies
- Survivor benefits are typically any remaining account balance
- Spousal waiver required to use this payment method, if applicable

LUMP SUM or “CASH” PAYMENTS

- Participants may draw all or part of their ORP balances in a lump sum
- Spousal waiver required to use this payment method, if applicable



Benefit Payment Methods

FIXED PERIOD PAYMENTS

- Installment annuities paid by insurance companies to pay agreed amounts
- Usually from 2-30 years and cannot exceed life expectancy
- Survivor benefits can vary; generally an actuarially-determined value (discounted) of un-paid installments; not simply the remaining balance
- Spousal waiver required to use this payment method, if applicable



Benefit Payment Methods

INTEREST ONLY PAYMENTS

- May draw only investment income and/or interest from the account
- Often used in conjunction with estate tax planning efforts
- Survivor benefits can vary; generally an actuarially-determined value (discounted) of the future payments; not simply the un-paid acct balance
- Spousal waiver required to use this payment method, if applicable

Taxes on your ORP

No **State** Taxes in Massachusetts (6.25%)

Federally Taxable

Reciprocal agreements
with 15 states:

Alabama

Alaska

Florida

Hawaii

Illinois

Michigan

Mississippi

Nevada

New Hampshire

Pennsylvania

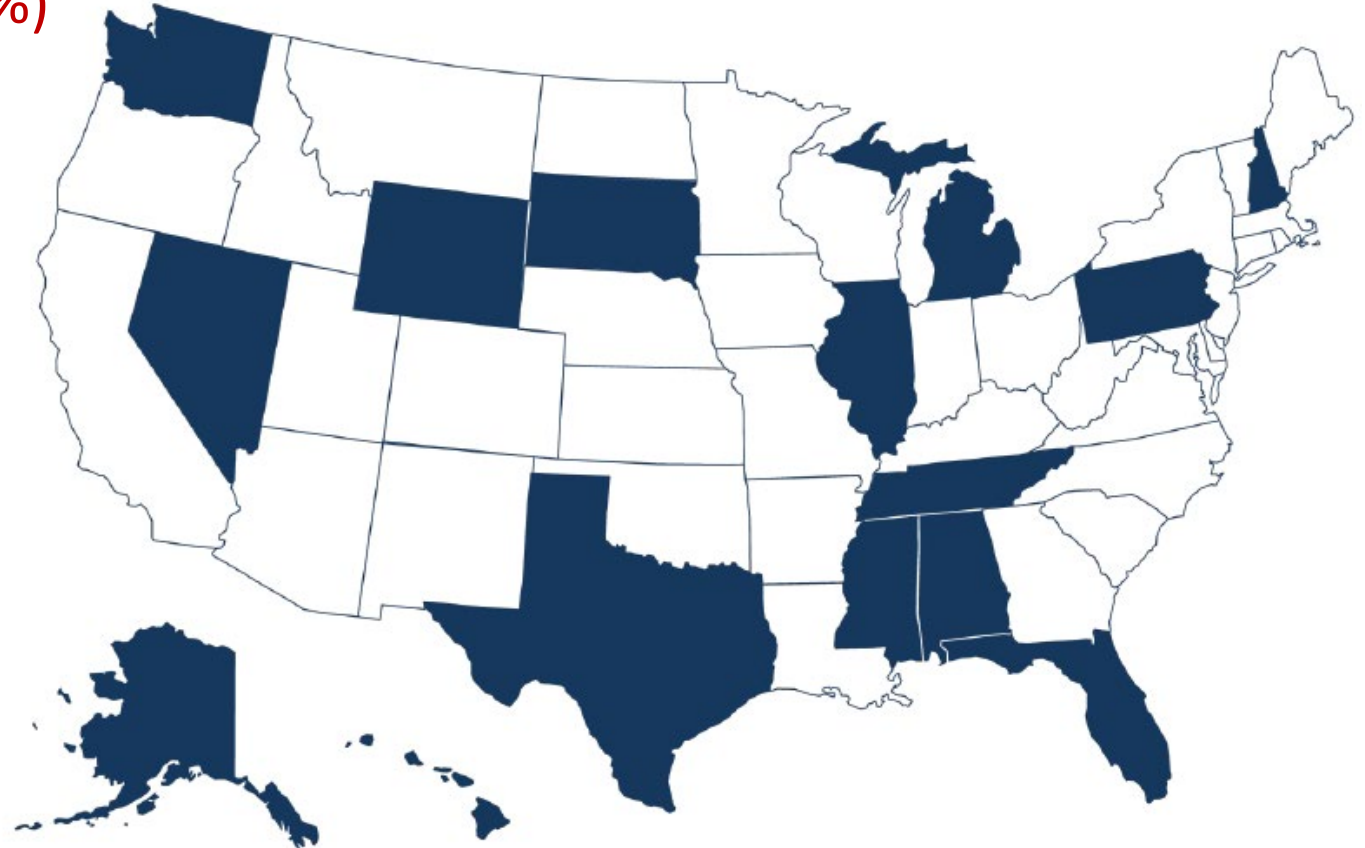
South Dakota

Tennessee

Texas

Washington

Wyoming



Closing



- BHE/ORP Contact Info

BHE/ORP Contact Info



PHONE

ORP Plan Administrator
Massachusetts Department of Higher Education
One Ashburton Place, Room 1401
Boston, MA 02108

Email: orp@dhe.mass.edu

Phone: (617) 994-6950

Website: www.mass.edu/orp



ADDRESS



E-MAIL



WEBSITE



Questions or Feedback?

Retirement Amplified!

Planning for retirement is one of the most important financial decisions you will make. While mandatory retirement savings plans provide a solid foundation, they may not be sufficient to ensure a comfortable and secure retirement.

Consider connecting with representatives from the SMART Plan (457b) and (403b) plans to discuss the voluntary retirement savings options available to you, how to maximize your benefits, and answer questions you may have.

How are you amplifying your retirement!?





Thank you

RETIREMENT ESSENTIALS