

SENATE No. 1912

The Commonwealth of Massachusetts

PRESENTED BY:

Marc R. Pacheco

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to the enrollment into the state retirement system of higher education employees in the optional retirement plan.

PETITION OF:

NAME:

DISTRICT/ADDRESS:

Marc R. Pacheco

Jay R. Kaufman

15th Middlesex

SENATE No. 1912

By Mr. Pacheco, a petition (subject to Joint Rule 12) (accompanied by bill, Senate, No. [BILL NUMBER]) of Marc R. Pacheco and Jay Kaufman for legislation relative to the enrollment into the state retirement system of higher education employees in the optional retirement plan. Public Service.

The Commonwealth of Massachusetts

In the Year Two Thousand Eleven

An Act relative to the enrollment into the state retirement system of higher education employees in the optional retirement plan.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Subdivision (1) of Section 4 of Chapter 32 of the General Laws is
2 hereby amended by inserting at the end thereof the following new paragraph:-

3 (t) Notwithstanding any general or special law to the contrary, any active member of
4 the optional retirement system established pursuant to subsection (3) of section 40 of Chapter
5 15A of the General Laws, or optional retirement plan enrollee on an approved leave of absence,
6 shall have one opportunity to transfer to the state employees retirement system, governed by
7 Chapter 32 of the General Laws, with creditable service allowed for any such time they were
8 active participants of the optional retirement program. Any such employee choosing to transfer
9 will also be allowed creditable service for any years of participation, or portions thereof, in the
10 state employee retirement system immediately prior to their enrollment in the optional retirement
11 program.

12 (i) Eligibility for creditable service for time spent in the optional retirement
13 program and service relinquished in the state retirement system by enrollment in the optional
14 retirement program shall be conditioned upon the payment, in one lump sum or in installments
15 upon such terms as the state retirement board may provide, of an amount equal to the
16 contributions such employee would have otherwise paid into the state employees retirement
17 system had they been a member, plus actuarial-assumed interest for the years spent as an actively
18 contributing member in the optional retirement plan, plus all employer contributions to the
19 employee's optional retirement plan account. Any employee in the optional retirement program
20 who elects to participate in the state retirement system must transfer all assets, or pay an amount
21 equal to all such assets, accrued under the Massachusetts optional retirement plan to the state
22 retirement system, providing that such assets shall be credited toward the purchase of creditable
23 service.

24 (ii) Within thirty (30) days of enactment of this legislation, the Department of
25 Higher Education shall notify active members of the optional retirement program, or those
26 members on an excused leave of absence of two years or less, of their eligibility for this one-time
27 transfer opportunity to the state employee retirement system. Eligible employees who choose to
28 transfer to the state retirement system must make application for such transfer to the state
29 retirement board within one hundred eighty days (180) days of notification by the state of their
30 eligibility for this transfer. Any elections under this section shall apply to current and future
31 active members of the optional retirement plan and those on an approved leave of absence of two
32 years or less on the effective date of this act, and shall be for one time, only, provided, however,
33 that any such current or future faculty member who is not tenured on the effective date of this
34 act, shall be permitted to postpone election to participate in the state employee retirement system

35 until acquisition of tenure, with timelines set out in this section to commence from the date of
36 such member's tenure acquisition. No further changes in participation, either into the state
37 retirement plan or out of the optional retirement plan, will be permitted.

38 (iii) Within 30 days of application for transfer to the state retirement system, such
39 employees, subject to the rules and regulations of the state board of retirement, shall be notified
40 by the state retirement board of their eligibility for transfer and the cost of such transfer. If
41 eligible, such members shall have one hundred (180) days from notification to (1) transfer all
42 assets, or an amount equal to all such assets, held in the optional retirement program and (2) pay
43 in one lump sum or enter into an installment agreement with the state retirement board to pay
44 any amount owed for purchase of creditable service not covered by the transfer of assets. Any
45 money remaining in an optional retirement plan account following the transfer of an employee to
46 the state retirement system and the complete payment for such transfer, as set forth above, will
47 belong to the transferred employee and no longer be a part of the Massachusetts optional
48 retirement system, providing that remaining funds will still operate as pre-tax retirement account
49 established between the employee and the former plan provider and subject to the rules and
50 regulations thereof.

51 (iv) Employees who elect to transfer to the state retirement system will no longer be
52 members active or otherwise in the Massachusetts optional retirement system, but shall
53 henceforth be required to make contributions to the state employee retirement system at the same
54 rate the member contributed to the optional retirement plan. The Massachusetts Department of
55 Higher Education and the State Board of Retirement shall take such actions that are required or
56 appropriate to ensure that the optional retirement program and the state employees' retirement

57 system, as hereby amended, continue to be tax-qualified plans in accordance with the Internal
58 Revenue Code of 1986, as amended.