

Massachusetts Community College Council

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Optional Retirement Plan versus State Retirement Plan

As a new faculty member, within the first 90 days of your employment you are required to make the very important decision of whether to join the defined benefit State Retirement Plan (State Plan) or the defined contribution Optional Retirement Plan (ORP). Here are some points to consider when making your choice:

1. **See a Financial Planner:**

It is important and advisable to seek the advice of an independent, qualified financial planner before you make this decision. College/University representatives and Union representatives are not qualified to advise you regarding which choice is better for you.

2. **Once you choose the ORP, you cannot join the State Plan:**

Under the law, once your choice to join the ORP is finalized (90 days after you start working for the State), you will not be allowed to return to the State Plan. You are not allowed to “buy back” into the State Plan (i.e. you cannot retroactively pay back all of the money that you would have contributed to the State Plan and get back in).

3. **The ORP is highly portable, the State Plan is not as Portable:**

Once you are vested in the State Plan (i.e. after you have worked as a state employee for 10 years), you cannot re-invest the funds in your State Plan in another fund like you can with the ORP. In the event that your employment with the State of Massachusetts ends, your State Plan is frozen at this point.

4. **Early Retirement laws do not apply to members of the ORP:**

From time to time the Massachusetts Legislature passes an Early Retirement law that awards state employees 5 additional years of age or creditable service in the event they retire by a certain date. These Early Retirement laws only apply to members of the State Plan.

5. **Talk to your new colleagues about the two plans:**

There are many other variables to consider when making this important retirement decision. There are differences in survivor benefits, ability to transfer prior creditable service, disability benefits, social security implications and many other differences between the two plans. Before you make your decision, we suggest you talk to your new colleagues about their experience with both plans and call the retirement office at the Massachusetts Teachers Association at (617) 742-7950, Extension 8240 for assistance.

In addition, because this choice is of crucial importance to your financial security in your retirement, we strongly urge you to see an independent financial planner for assistance.