

# Optional Retirement Plan

*Serving participating teaching and administrative faculty of Mississippi's universities since 1990*



*The Optional Retirement Plan for Institutions of Higher Learning in the State of Mississippi is administered by the Public Employees' Retirement System of Mississippi.*

The Optional Retirement Plan (ORP) was established by the Mississippi Legislature in 1990 to help attract qualified and talented institutions of higher learning faculty. This defined contribution plan is designed to be portable and transferable to accommodate university faculty who move from one state to another throughout their careers.

Administered by the Public Employees' Retirement System of Mississippi (PERS), ORP has nine participating employers:

- Alcorn State University
- Delta State University
- Jackson State University
- Mississippi State University
- Mississippi University for Women
- Mississippi Valley State University
- The University of Mississippi
- The University of Mississippi Medical Center
- The University of Southern Mississippi

As an eligible employee of one of the forementioned employers, you have the option to choose whether to participate in ORP, a defined contribution plan, or in PERS, a defined benefit plan.

By participating in a defined contribution plan such as ORP, you are afforded the power to choose how to invest your funds within the plan's investment options. You also either bear the risk or enjoy the benefits, based on the performance of your individual investments. Ultimately, your retirement benefit is based on the balance in your account when you retire.

In a defined benefit plan such as PERS, your funds are invested for you, but the employer/plan sponsor bears the investment risk and provides a guaranteed monthly retirement benefit based on a formula rather than on your account balance.

*See pages 2 and 3 of this brochure for a detailed comparison between ORP and PERS to help you decide which plan will best serve your needs.*

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**An employee is automatically a member of PERS unless that employee elects ORP within 30 days of initial employment in an ORP-eligible position. Once made, the election is irrevocable.**

## ORP or PERS?

Consider the following:

- Your need for retirement plan portability
- Your willingness to assume investment risk
- Your remaining time before retirement
- Your age and the years of service you plan to give to your organization
- Your need for survivor benefits and disability protection

## If you choose ORP, you must...

Complete Form 4E, *ORP Election/Vendor Selection* ([www.orp.ms.gov](http://www.orp.ms.gov)), and return it to your Human Resources Department within your first 30 days of employment.

*ORP is a governmental defined contribution plan qualified under Section 401(a) of the Internal Revenue Code.*

## Comparing ORP and PERS - Plan Design and Function

|                                | Optional Retirement Plan  | Public Employees' Retirement System   |
|--------------------------------|---|---|
| Type                           | Defined Contribution Plan   | Defined Benefit Plan  |
| <b>Employee Contribution</b>   | You are required to pay a mandatory contribution based on a set percentage of your earned compensation. Percentage amounts are the same for ORP and PERS. See PERS Board Regulation 60, <i>Contribution Rates</i> ,* and ORP Plan Document.**   | You are required to pay a mandatory contribution based on a set percentage of your earned compensation. Percentage amounts are the same for ORP and PERS. See PERS Board Regulation 60, <i>Contribution Rates</i> .*  |
| <b>Employer Contribution</b>   | Your employer is required to pay a mandatory contribution based on a set percentage of earned compensation. A percentage is allocated to PERS to offset unfunded accrued liability and cost of administering ORP. See PERS Board Regulation 60, <i>Contribution Rates</i> ,* and ORP Plan Document.**   | Your employer is required to pay a mandatory contribution based on a set percentage of earned compensation. See PERS Board Regulation 60, <i>Contribution Rates</i> .*  |
| <b>Investments</b>             | You are responsible for deciding how to invest your funds and for building your portfolio using ORP's three retirement plan providers, Voya, TIAA-CREF, and VALIC.**  | You are not responsible for deciding how to invest your funds. PERS investment managers manage the investment program in a manner that attempts to maximize return while taking an acceptable level of risk.  |
| <b>Vesting</b>                 | You are immediately vested in plan contributions.   | Your vesting period for service, non-duty-related disability, and non-duty-related survivor benefits is eight years (four years if joined PERS before July 1, 2007).  |
| <b>Refunds and Portability</b> | Your account is 100 percent vested on day one; so, you may transfer your balance to a similar plan if you are reemployed in another state. If you terminate employment and wish to close your account, you are entitled to the entire balance (employer and employee contributions plus investment experience). Generally, income taxes must be paid on account withdrawals. A 10 percent federal tax penalty may apply to withdrawals prior to age 59 1/2. | Benefits are only payable after termination of employment. If termination is before retirement eligibility, you may refund all employee contributions with respective interest (not employer contributions with interest) or leave your contributions in anticipation of returning to covered employment and/or receiving benefits after eligible retirement. Generally, income taxes must be paid on account withdrawals. A 10 percent federal tax penalty may apply to withdrawals prior to age 59 1/2. |
| <b>Service Credit</b>          | Because service credit is not a factor in determining your retirement benefit, no credit is available for military service, unused leave, professional leave, or out-of-state employment.   | You may receive additional service credit to apply toward your years of service based on previous military service (at no cost), unused leave (at no cost), professional leave (for purchase), and out-of-state public employment (for purchase).   |

\* Information can be found at [www.pers.ms.gov](http://www.pers.ms.gov).  
 \*\* Information can be found at [www.orp.ms.gov](http://www.orp.ms.gov).

## Comparing ORP and PERS - Benefits and Coverage

|   | Optional Retirement Plan   | Public Employees' Retirement System  |
|---|--|--|
| Type  | Defined Contribution Plan  | Defined Benefit Plan   |
| <b>Retirement Benefit</b>                       | Your retirement benefit will be determined based solely on the value of your investment account at the time of retirement with no guaranteed benefit or annual post-retirement adjustment. However, all three ORP providers offer a guaranteed stable value investment option that provides a minimum lifetime rate of return and is based on the claims-paying ability of the providers' general account. | Your retirement benefit is guaranteed and will be determined based on a formula that factors your years of service and the average of your four highest years of compensation.   |
| <b>Cost-of-Living Adjustment</b>                | You will not receive a Cost-of-Living Adjustment (COLA).   | You will receive an annual Cost-of-Living Adjustment (COLA) after your first fiscal year in retirement.  |
| <b>Survivor Benefit</b>                         | Your survivors, should you die before retiring, will receive benefits based on the cash value of your account at death with no minimum benefit guarantee. However, assets held within a legacy annuity account may contain minimum guaranteed death benefits. For details, contact an ORP provider.  | Your survivors, should you die before retiring, will receive either a lump-sum refund of contributions (before vesting) or a guaranteed monthly benefit (after vesting). Coverage for duty-related death benefits begins on the first day of employment and is available to your spouse and/or dependent children regardless of your vesting status. |
| <b>Disability Benefit</b>                       | You will, should you become disabled before retiring, receive disability benefits based on the cash value of your account at the time of your disability with no minimum benefit guarantee.  | You will, should you become disabled, receive a guaranteed monthly non-duty- or duty-related disability retirement benefit (whichever is applicable).  |
| <b>Beneficiaries</b>                            | You may name as many beneficiaries or trustees as you wish; but, their benefits are based solely on the cash value of your account at death with no minimum benefit guarantee. However, assets held within a legacy annuity account may contain minimum guaranteed death benefits. For details, contact an ORP retirement plan provider.**   | You may name as many beneficiaries or trustees as you wish. Their benefits will vary depending upon the retirement option you choose.  |
| <b>Tax-Deferred Annuity 403(b)</b>              | You are eligible to participate in any available employer-sponsored tax-deferred annuity, which can provide a supplemental source of retirement income.  | You are eligible to participate in any available employer-sponsored tax-deferred annuity, which can provide a supplemental source of retirement income.  |
| <b>Mississippi Deferred Compensation 457(b)</b> | You are eligible to participate in Mississippi Deferred Compensation Plan & Trust, which can provide a supplemental source of retirement income. For details, visit <a href="http://www.mdcpplan.com">www.mdcpplan.com</a> .   | You are eligible to participate in Mississippi Deferred Compensation Plan & Trust, which can provide a supplemental source of retirement income. For details, visit <a href="http://www.mdcpplan.com">www.mdcpplan.com</a> .   |



## **For more information about ORP and PERS:**

*www.orp.ms.gov*  
*www.pers.ms.gov*  
800-444-7377  
601-359-3589

## **For information about ORP retirement plan providers:**

**Voya**  
*www.msorp.com*

**TIAA-CREF**  
*www.tiaa-cref.org/msorp*

**VALIC**  
*www.valic.com/msorp*

*This overview was revised September 2, 2014.*

## **Disclaimer**

This brochure is published to provide a general overview of the Optional Retirement Plan for Institutions of Higher Learning in the State of Mississippi (ORP) and is subject to periodic revision as laws, policies, and rules change. The Public Employees' Retirement System of Mississippi (PERS) Board of Trustees administers ORP and maintains the ORP Plan Document, which can be viewed in its entirety at [www.orp.state.ms.us/pdf/Updates/ORP\\_Plan\\_Document.pdf](http://www.orp.state.ms.us/pdf/Updates/ORP_Plan_Document.pdf).

This brochure is meant to serve as a general reference for eligible covered employees needing to decide between ORP or PERS coverage. This brochure should neither be used as a legal reference nor as a complete statement of the laws or administrative rules related to retirement. If any conflict exists between the information in this brochure and any applicable laws or administrative rules, the laws and administrative rules shall prevail.