

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP) INTRODUCTION (Page 1)

To: Eligible Employees

The Massachusetts Bay Transportation Authority (MBTA) is re-offering a retirement incentive for eligible employees. Based on information provided to Public Agency Retirement Services (PARS) by the MBTA, you may be eligible to participate in the MBTA's Voluntary Retirement Incentive Program (VRIP). The MBTA will provide this benefit, which you will receive in addition to and separately from your respective MBTA Retirement Fund or Plan allowance. The MBTA is implementing the program through PARS. Details of the VRIP are contained in the attached materials.

The attached Benefit Illustration (page 2) was prepared specifically for you. Please review the Benefit Illustration and accompanying enrollment materials carefully to ensure that you understand your rights and responsibilities should you choose to participate in the VRIP.

If you are interested in participating in this program review the "Assumptions Table" on the Benefit Illustration. To change any inaccurate assumptions, submit a Correction Form (page 4) to PARS via fax, e-mail or in the enclosed return envelope for a revised Benefit Illustration.

To enroll in the program and receive benefits as shown on the attached Benefit Illustration, you must meet all the Eligibility and Participation Requirements outlined in the Program Summary (page 3).

The Program Enrollment Deadline is April 3, 2017*.

* Forms must be received in the PARS office by 8:00 p.m. (ET) on April 3, 2017 (not-postmarked).

Identical group orientation meetings have been scheduled. Please refer to the enclosed orientation flyer for the date, times and locations of the meetings. The meetings are designed to answer questions about the VRIP. If you are interested in participating in the VRIP, please attend one of the meetings. Spouses, domestic partners and your financial advisors are welcome.

If you have questions about the VRIP, please contact the PARS Plan Support Department at (800) 731-7884 or via email at plansupport@pars.org.

Sincerely,
Plan Support Department
PARS, Public Agency Retirement Services

Massachusetts Bay Transportation Authority

Voluntary Retirement Incentive Program (VRIP)

PROGRAM SUMMARY (page 3 – side A)

TYPE OF PROGRAM

This VRIP is a voluntary retirement incentive program. The Massachusetts Bay Transportation Authority (MBTA) has agreed to pay all costs necessary to provide a benefit.

BENEFIT DESCRIPTION

- The MBTA is providing a benefit equal to **20% of your Base Salary** through a 401(a) tax qualified plan.
- Base Salary shall be defined as the following:
 - For employees paid on a weekly basis, Base Salary is calculated by multiplying the standard hourly rate times the standard hours for the position as of January 1, 2017, excluding additional payments such as overtime, benefits, on-call pay, detail, differential pay, or any other potential compensation.
 - For employees paid on a biweekly basis, Base Salary is your annual rate paid in 26 biweekly installments (regardless of hours worked) as of January 1, 2017, excluding additional payments such as overtime, benefits, on-call pay, detail, differential pay, or any other potential compensation.
- The basic benefit shall be a **Lump Sum Option** paid by the Trustee, U.S. Bank.
- You may elect from alternate forms of payment equal to the present value of the basic benefit payable through an annuity contract held at Pacific Life Insurance Company. The following monthly benefit payment options are calculated based on current annuity rates obtained through Pacific Life Insurance Company at the time of purchasing the annuity.
 - **Lifetime Option (Option 1):** a monthly cash payment for your lifetime only.
 - **Joint-and-100% Survivor Option (Option 2):** a modified monthly lifetime payment; upon your death, the payment continues at the same level for the lifetime of your one named beneficiary, upon your beneficiary's death, the payment ends. If your beneficiary is a non-spouse more than 10 years younger than you, the monthly benefit payable to your beneficiary may be further reduced based on the age of your beneficiary.
 - **Life or Ten-Year Option (Option 3):** a modified monthly payment paid for the greater of 10 years or your lifetime. In the event of death within 10 years of your resignation, monthly payments will continue to be paid to your beneficiary or estate at the same level until a total of 120 payments have been received. If you live beyond 10 years of your resignation, the benefit will end at the time of your death.
 - **Fixed Payment Options: (Options 5-15):** a higher monthly payment, but for a fixed period of time, ranging from 5 to 15 years; upon your death, if you have not received all of the payments due, payments will continue to your beneficiary or estate until the total number of payments have been received.
- The Lump Sum Option and Options 5-9 may be rolled over into an IRA or to an eligible employer plan that accepts the rollover.
- The projected benefit amounts illustrated on the Benefit Illustration for Options 1, 2, 3 and 5-15 are based on annuity rates at the time the illustration was printed. The final amount of the benefit option you select will be determined prior to your first distribution based on current annuity rates at the time of purchasing the annuity.
- VRIP benefit amounts will ultimately be determined based on the provisions of the program and are subject to verification of all relevant assumptions.
- Choice of VRIP benefit option and designation of beneficiary for Option 2 will become final as of the April 3, 2017 enrollment deadline and cannot be changed thereafter.
- Resignation from MBTA employment and participation in the VRIP cannot be rescinded after April 3, 2017.

Massachusetts Bay Transportation Authority

Voluntary Retirement Incentive Program (VRIP)

PROGRAM SUMMARY (page 3 – side B)

BENEFIT PAYMENT

- Individual requests for separation dates earlier than April 30, 2017 may be considered on a case-by-case basis with approval of the department head in consideration of operational impact.
- The MBTA will exercise its sole discretion in determining separation dates earlier than April 30, 2017.
- In such rare cases, the MBTA reserves the right to stagger and sequence separation dates as it may deem appropriate to maintain service delivery and minimize disruption to operations and the organization.
- Provided that you qualify for the VRIP and have submitted all required PARS enrollment materials, MBTA Letter of Resignation, and MBTA Release Agreement to PARS by April 3, 2017, your VRIP benefit(s) are due to commence on June 1, 2017.
- Participants will be deemed permanently retired as an employee from the MBTA and will otherwise be required, after 2 years from the date of retirement, to comply with all applicable post-employment restrictions under Massachusetts State Ethics Law. Failure to comply will result in forfeiture of the VRIP benefit.

ELIGIBILITY REQUIREMENTS

In order to participate in this program, you must meet the following criteria set forth by the MBTA:

1. Be employed by the MBTA as of March 1, 2017 and remain employed in good standing through April 30, 2017
2. Be retirement eligible under your respective MBTA Retirement Fund or Plan as of March 1, 2017*
3. Resign from the MBTA effective on April 30, 2017 (as approved by the MBTA)
4. Retire under your respective MBTA Retirement Fund or Plan effective on May 1, 2017

*Below are the general eligibility requirements for retirement under the following plans. Please confirm final eligibility with your respective MBTA Retirement Fund or Plan.

MBTA Retirement Fund (Main Fund)

- Age 65 and no minimum Years of Service;
- No age and 23 Years of Service; or
- Age 55 and 20 Years of Service

MBTA Police Association Retirement Plan

- Age 65 and no minimum Years of Service;
- Age 52 and 23 Year of Service; or
- Age 50 and 20 Years of Service

MBTA 401(a) Deferred Compensation Savings Plan & Trust

- Age 65 and no minimum Years of Service; or
- Age 55 and 20 Years of Service

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP) ENROLLMENT PACKET

ENROLLMENT INSTRUCTIONS

- To enroll in the VRIP, please submit all required enrollment materials to PARS.
- Forms must be received **in the PARS office** by 8:00 p.m. (ET) on April 3, 2017. You may send your enrollment packet directly to PARS via the following channels:
 - Scan and email to plansupport@pars.org
 - Fax to (877) 734-6220
 - Mail in the enclosed return envelope to be received by April 3rd (not-postmarked)
 - Attend a PARS workshop (refer to enclosed flyer for dates, times and locations) to hand in to a PARS representative
 - Bring to the MBTA Human Resources Department (located in Room 4810 at 10 Park Plaza, Boston, MA) for assistance on sending to PARS
- You will receive a call from PARS confirming the receipt of your enrollment packet.
- This packet is for the VRIP only. Submit a separate application to your respective MBTA Retirement Fund or Plan before your MBTA retirement date. Contact your respective MBTA Retirement Fund or Plan to confirm the deadline for submission of your retirement application.

REQUIRED MATERIALS CHECKLIST

- Correction Form (page 4 - if necessary)**
- Enrollment Form (page 5 - required)**
- Beneficiary Form (page 6 - required)**
- Tax Withholding Form (page 7 - required)**
- Direct Deposit/Rollover Form (page 8 - optional)**
- Employee Proof of Age (required)**
(a legible photocopy of a Driver's License, Passport or State ID card)
- Beneficiary Proof of Age (required for Option 2 only)**
(a legible photocopy of a Driver's License, Passport or State ID card)
- MBTA Letter of Resignation (required)**
- MBTA Release Agreement (required)**

FOR FURTHER INFORMATION

Please contact the PARS Plan Support Department with any questions at
(800) 731-7884 or via email at plansupport@pars.org.

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP) CORRECTION FORM (page 4 – if necessary)

SECTION 1: General Information

- **ONLY complete and return this form to PARS if:**
 - Any assumptions listed on your Benefit Illustration (page 2) are incorrect.
 - You are interested in Option 2 (Joint & Survivor) and want a more accurate estimate.
- For Base Salary corrections, PARS will ask the MBTA to confirm if any adjustments need to be made.
- If corrections are made that change any of the dollar amounts on your Benefit Illustration, PARS will send you a revised copy via email or regular mail.

SECTION 2: Personal Information

Name: _____ Social Security #: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone #: () _____ E-mail: _____

SECTION 3: Correction of Assumptions (Does anything need to be corrected on your Benefit Illustration?)

Employee Name Correction: _____

Employee Date of Birth Correction: _____

Base Salary Correction (as defined on your Benefit Illustration): _____

If you are interested in Option 2 (Joint & Survivor): **(Does NOT apply to any other Benefit Option.)**

Beneficiary Date of Birth Correction : _____ Spouse Non-Spouse

SECTION 4: Acknowledgement

I have reviewed the relevant assumptions on my Benefit Illustration (page 2) and have corrected the items that are inaccurate.

I understand that my benefit will ultimately be determined based on the provisions of the VRIP and that it is subject to verification of all the relevant assumptions.

Employee Signature: _____ **Date:** _____

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP) ENROLLMENT FORM (page 5)

SECTION 1: Personal Information

Participant Name: _____

Address: _____

City: _____ State: _____ Zip: _____

Phone #: Work: () _____ Home: () _____

Date of Birth: _____ Gender: _____ Social Security #: _____

E-mail Address: _____

SECTION 2: Benefit Option Selection

Please select one of the following VRIP Options and indicate it in the space provided below:

Lump Sum Option; Option 1; Option 2; Option 3; or one of the Options 5 –15

VRIP BENEFIT OPTION: _____

(Your choice of VRIP Option cannot be changed after the enrollment deadline.)

SECTION 3: Enrollment Statement

I am employed by the MBTA as of March 1, 2017 and will remain employed in good standing through April 30, 2017. I will be retirement eligible under my respective MBTA Retirement Fund or Plan as of March 1, 2017. I will resign from the MBTA effective on April 30, 2017 (as approved by the MBTA). I will retire under my respective MBTA Retirement Fund or Plan effective on May 1, 2017. I hereby apply for the benefits for which I qualify under the Massachusetts Bay Transportation Authority (MBTA) Voluntary Retirement Incentive Program (VRIP).

To enroll in the VRIP, I must submit an Enrollment Form, Beneficiary Form, Tax Withholding Form, Proof(s) of Age, MBTA Letter of Resignation, and MBTA Release Agreement to the PARS office by April 3, 2017. My resignation from MBTA employment and participation in the VRIP cannot be rescinded after the April 3, 2017 enrollment deadline.

I understand that the projected monthly benefit amounts illustrated on my Benefit Illustration for Options 1, 2, 3 and 5-15 are based on annuity rates at the time the illustration was printed. The final amount of the benefit option I select will be determined prior to my first distribution based on the most current annuity rates at the time of purchasing the annuity.

The benefit amount is subject to verification of the relevant assumptions and will ultimately be determined according to the provisions of the VRIP. If I elect Option 3 or one of the Options 5-15 and I die before I have received the number of payments due, the payments will continue to the beneficiary I designate or to my estate until that total number of payments has been received.

My choice of VRIP benefit option and beneficiary for Option 2 is final as of April 3, 2017 and cannot be changed thereafter.

Neither the MBTA nor PARS, Public Agency Retirement Services, offers tax, accounting or legal advice, and I will consult my own tax, accounting or legal advisors for information on the consequences of my resignation. Per the suggestion of the MBTA and PARS, I will consult my MBTA Retirement Fund or Plan for official calculations of my MBTA retirement allowance.

I have reviewed the entire contents of this enrollment packet. **I agree with the assumptions used to calculate my VRIP benefit.**

Participant Signature: _____ **Date:** _____

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP)

BENEFICIARY FORM (page 6)

SECTION 1: Participant Information

Participant Name: _____ **Social Security #:** _____
Marital Status: Single Married Widowed Other _____

SECTION 2: Complete ONLY if Electing the Lump Sum Option or Option 1 (Lifetime)

I have elected the Lump Sum Option or the lifetime payment, Option 1. I understand this option does not pay out to a beneficiary.

Participant Signature: _____ Date: _____

SECTION 3: Complete ONLY if Selecting Option 2, Option 3 or one of the Options 5-15

Rules for Designating of Beneficiary

1. The VRIP requires that if you are married, your surviving spouse will be your sole primary beneficiary, unless your spouse waives this right.
2. If you wish to designate a person other than your spouse as your sole primary beneficiary, you must obtain notarized consent from your spouse in the shaded area below. Failure to obtain your spouse's consent in this instance will render this designation invalid. Any consent by a spouse applies only to that spouse and not to any future spouse.
3. You are considered married if you are under decree of separate maintenance or decree of legal separation.
4. If the location of your spouse is unknown, you must contact PARS for an additional Affidavit to complete.
5. You may not change your beneficiary designation for Joint-and-Survivor (Option 2) after the enrollment deadline.

Beneficiary: percentage = _____ % **Primary** **Secondary**

Beneficiary Name: _____ Social Security #: _____

Address: _____ City: _____ State: _____ Zip: _____

Date of Birth: _____ Sex: _____ Relationship: _____ Phone #: _____

Beneficiary: percentage = _____ % **Primary** **Secondary**

Beneficiary Name: _____ Social Security #: _____

Address: _____ City: _____ State: _____ Zip: _____

Date of Birth: _____ Sex: _____ Relationship: _____ Phone #: _____

(To designate additional beneficiaries, attach a separate sheet providing the same information requested above)

Participant Signature: _____ **Date:** _____

Spousal Consent (Complete ONLY if your spouse will NOT be your 100% primary beneficiary.)

I hereby consent to the above beneficiary designation of my spouse, a participant of the VRIP. I understand that in consenting to the designation of anyone except myself as beneficiary, I am waiving my rights to a survivor benefit that I may be entitled to at a later date.

**** Signature must be witnessed by a Notary Public****

Spouse Signature: _____ **Date:** _____

State of: _____ County of: _____

Sworn to and subscribed in my presence this _____ day of _____, 20_____

Written Signature: _____

Printed Name: _____

Notary Public, State: _____

My Commission Expires: _____

Notary Stamp:

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP)

TAX WITHHOLDING FORM (page 7)

SECTION 1: General Information

1. Complete Section 2 ONLY if you have selected one of the Options 1, 2, 3 or 10-15.
2. Complete Section 3 ONLY if you have selected the Lump Sum Option or one of the Options 5-9.
3. If electing to withhold a specific dollar amount, you must enter an amount, NOT a percentage or number of exemptions.

SECTION 2: To Determine Tax Withholding On Options 1, 2, 3 or 10 – 15

- If you elect not to have federal or state income tax withheld, you are liable for payment on the taxable portion of your benefits. You may also be subject to a tax penalty under the "estimated tax" payment rules if your withholding, plus any estimated tax payments, are not at an adequate level.

Part A: Federal Income Tax Withholding

- Do NOT withhold federal income tax.
- Withhold federal income tax in the amount of \$_____.

Part B: State Income Tax Withholding

- Do NOT withhold state income tax. (You are only allowed to opt out of MA state income tax if you opt out of federal income tax.)
- Withhold state income tax based on my completed M-4P form. (If you do not submit the M-4P form, a mandatory 5.1% MA state income tax will be withheld.)
- I have established residency in the state of _____.
Withhold state income tax in the amount of \$_____.

SECTION 3: To Determine Tax Withholding On Lump Sum Option or Options 5 – 9

- If you select the Lump Sum Option or one of the Options 5-9, a mandatory 20% federal income tax withholding and any mandatory or voluntary state income tax withholding (as determined by your state of residency), tax withholding will be deducted from your benefit(s) unless you elect a direct rollover to an IRA or to an eligible employer plan that accepts the rollover. Withholding requirements for distributions from qualified plans vary by state. The income tax withholding requirement of your state of residency will dictate if different than your selection below.

Part A: Federal Income Tax Withholding

- Withhold ONLY the mandatory 20% federal income tax.
- IN ADDITION TO the mandatory 20% federal income tax withholding, withhold \$_____.
(Enter an amount, NOT a percentage or number of exemptions.)
- I elect a direct rollover to an IRA or other eligible retirement plan; therefore I do not want federal taxes withheld from my benefit payment(s).*

Part B: State Income Tax Withholding

- Withhold state income tax based on my completed M-4P form. (If you do not submit the M-4P form, a mandatory 5.1% MA state income tax will be withheld.)
- I have established residency in the state of _____.
Withhold state income tax in the amount of \$_____.
- I elect a direct rollover to an IRA or other eligible retirement plan; therefore I do not want state taxes withheld from my benefit payment(s).*

*For MA residents only: If you are electing a direct rollover and do not submit a Direct Deposit/Rollover Form providing PARS with your rollover account information, your benefit payment(s) will be mailed to your home less the mandatory 20% federal and 5.1% for Massachusetts state income tax withholding.

SECTION 4: Authorization

I certify that I have received, read and understand the Special Tax Notice Regarding Plan Payments on the taxation of distributions from qualified pension plans.

Participant Name (print): _____

Social Security #: _____

Participant Signature: _____

Date: _____

PARS does not provide tax, accounting or legal advice. Please contact your tax consultant, accountant or attorney for advice.

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP)

DIRECT DEPOSIT/ROLLOVER FORM (page 8 – optional*)

SECTION 1: General Information

- If you are electing a direct deposit, complete Section 3 to have your benefit payment(s) directly deposited into a checking or savings account.
 - The payment(s) are made via EFT (Electronic Funds Transfer) around the first business day of every month.
- If you are electing a direct rollover, complete Section 4.
- You will NOT receive statements from PARS; contact your financial institution to confirm that deposits are credited to your account.
- If this form is not received by PARS by the enrollment deadline, a physical check will be mailed to your mailing address less any applicable taxes.
- If you are electing a direct rollover and do not submit a Direct Deposit/Rollover Form providing PARS with your rollover account information, your benefit payment(s) will be mailed to your home less the mandatory 20% federal and 5.1% for Massachusetts state income tax withholding.

*This is not a required form. Please fill this out only if you would like your benefit payment(s) set up as a direct deposit or direct rollover.

SECTION 2: Personal Information

Participant Name: _____ Social Security #: _____

SECTION 3: To Elect a Direct Deposit into a Checking or Savings Account

Financial Institution Name: _____

Transit Routing/ABA Number: _____

CHECKING: _____ Account Number: _____

SAVINGS: _____ Account Number: _____

SECTION 4: To Elect a Direct Rollover (only available for Lump Sum Option or one of the Options 5-9)

Financial Institution Name: _____

DIRECT ROLLOVER: _____ Account Number: _____

Type of Rollover: IRA Roth IRA 403(b) 457 Other: _____

If you are selecting the Lump Sum Option, the rollover payment will be mailed directly to you at your mailing address. If you are selecting one of the Options 5-9, your monthly rollover payments will be mailed directly to your financial institution. Please contact them to verify the best address to use and provide the mailing address below.

Mailing Address: _____ City: _____ State: _____ Zip: _____

SECTION 5: Authorization

The undersigned participant (Participant) hereby authorizes and directs the Plan Insurer or Trustee to transfer funds for benefit payments to which the Participant may be entitled under the terms of the Voluntary Retirement Incentive Program (VRIP) as they become due and payable, in accordance with the written direction of the Plan Administrator, and will directly deposit said funds by electronic transfer or check to the account maintained by the Participant at the "Financial Institution" identified above. Said funds shall be in full payment, satisfaction and discharge of amounts due the Participant under the VRIP. The Participant authorizes and directs the Financial Institution to refund any payments to the Plan Insurer or Trustee to which the Participant or the Participant's successors or estate, would not have been entitled under the VRIP as a result of the Participant's death or otherwise, and the same to the Participant's Account designated above. Both Participant and any co-tenant on the Participant Account agree on behalf of themselves, their heirs, executors, successors, and any trustee of his or her trust (if any) to reimburse the Plan Insurer or Trustee for such payments. This authorization is to remain in full force and effect until the Plan Insurer or Trustee has received written notice from the Participant of its termination. Direct Deposit shall be effective for all payments made by the Plan Insurer or Trustee on behalf of the Participant as soon as administratively possible upon receipt of this authorization.

Participant Signature: _____ **Date:** _____

Massachusetts Bay Transportation Authority Voluntary Retirement Incentive Program (VRIP) MBTA LETTER OF RESIGNATION

I, (print name) _____, understand that I am expected to resign from the Massachusetts Bay Transportation Authority (MBTA) effective on April 30, 2017 and retire under my respective MBTA Retirement Fund or Plan effective on May 1, 2017.

I have met the eligibility requirements and will meet the participation requirements established by the MBTA for participation in the Voluntary Retirement Incentive Program (VRIP). I will submit this MBTA Letter of Resignation, the MBTA Release Agreement and all other required PARS enrollment materials to be received in the PARS office by the April 3, 2017 enrollment deadline.

I understand that my resignation from MBTA employment and participation in the VRIP is irrevocable as of the April 3, 2017 enrollment deadline.

I have reviewed and understand the provisions of the MBTA's Voluntary Retirement Incentive Program.

Participant's Signature	Date		
Address	City	State	Zip
Home Phone #	Social Security #		