

12-7-17 ILLUSTRATION: ALLOCATION OF FUTURE TRADITIONAL ACCOUNT INTEREST

Service cost	\$92K
Liquid EE ORP assets transferred	-0-
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Balance of service cost	\$92K
EE \$\$ in Traditional account	108K
ER \$\$ in Traditional account	47K
SRB bill	92K

Amount paid from non-ORP source 92K At this point the SRB has EE money to invest.

Therefore, earnings on the 92K remaining in the Traditional account should not get paid to SRB.

Allocation 92K is 85% of the EE account balance at this time. This should be recorded in the S60 database

Termination of Employment EE\$ in the Traditional Account now \$175. 85% of the current balance remains to the credit of the participant (175 x .85 = 148.75K)

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S-60 "surplus" in Traditional account 16K: SRB is entitled to this amount, but it is still in the Traditional account and SRB won't take equivalent from another source; SRB should get paid 16K + interest on this 16K when the assets are made available.

16/108 = 15%, so SRB 15% of the interest on the \$108K from the date that the \$92K is paid to the SRB. (175 x .15 = 26.25K)

ER \$\$ must be paid with ORP assets<sup>1</sup>

SRB is entitled to these assets and will not accept an equivalent amount from other sources, so the value increases in the Traditional account; SRB will get whatever is made available when the assets are made available, about \$66K.

It should be noted that the amounts available to the member and to the state may be reduced by a 2.5% surrender charge imposed by TIAA, unless the SRB will accept rollovers from TIAA.

11-3-17 Template

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<sup>1</sup> This is the SRB's reading of Section 60.