

A photograph of a woman and a young boy looking at a bird's nest with two eggs. The woman is on the left, smiling and looking down at the nest. The boy is on the right, also smiling and looking at the nest. The nest is made of twigs and is situated in a tree with autumn leaves. The entire image has a warm, reddish-orange tint.

Your Retirement Plan

A Member Handbook for Michigan's
Public School Employees

Public School Employees' Retirement System

State of Michigan

May 2017

About the Office of Retirement Services

The Office of Retirement Services (ORS) is a division of the State of Michigan Department of Technology, Management and Budget. ORS administers retirement programs for more than half a million Michigan state and public school employees, judges, state police, and Michigan National Guard.

About This Publication

The intent of this publication is to summarize basic plan provisions under Michigan's Public Act 300 of 1980, as amended. Current laws, rates, and factors are subject to change. Should there be discrepancies between this publication and the actual law, the provisions of the law govern.

This publication can be made available in alternative formats to meet the needs of our customers with visual or physical limitations. Please contact ORS if you require this service.

Your Retirement Plan

A Member Handbook

for members of the

Michigan Public School Employees' Retirement System
who first worked *before* July 1, 2010.



**MICHIGAN OFFICE OF
RETIREMENT SERVICES**

State of Michigan

Contents

I. About This Publication	6
II. About Your Plan	7
<i>Member Investment Plan (MIP)</i>	7
<i>Basic Plan</i>	7
<i>Administration of the Plan</i>	7
<i>Who Is a Member?</i>	8
III. Contributing to the Plan	11
<i>About DB Pension and Retiree Healthcare Contributions ..</i>	14
<i>Monitor Your Account</i>	15
<i>If You Leave Public School Employment</i>	15
IV. The Basics of Your Plan	16
<i>How You Earn Service</i>	16
<i>Qualifying for Your Pension</i>	18
<i>How Much Will You Get?</i>	20
V. Enhancing Your Pension	23
<i>Why Boost Your Years of Service?.....</i>	23
<i>Considering a Purchase?.....</i>	24
<i>Types of Service Credit.....</i>	26
<i>The Cost of Service Credit.....</i>	27
<i>How to Purchase.....</i>	28

Contents

VI. Additional Benefits for You and Your Dependents ..	30
<i>If You Become Disabled</i>	<i>30</i>
<i>Insurance in Retirement</i>	<i>31</i>
<i>Upon Your Death</i>	<i>33</i>
VII. Reaching Your Retirement Goals	38
<i>Log in to miAccount</i>	<i>38</i>
<i>Educate Yourself</i>	<i>39</i>
<i>Other Savings</i>	<i>39</i>
<i>Picture. Plan. Follow Through</i>	<i>40</i>
VIII. We're Here to Help	42
Other ORS Publications	43
Appendix A: Basic Plan At-A-Glance	44
Appendix B: MIP At-A-Glance	45
Index	48

I. About This Publication

Because it is so essential to plan for your retirement early in life, this handbook aims to give you enough general information about your pension so that, between your pension, social security, and personal savings, your retirement is all you hope it will be.



Besides some general history about the system and its administration, this book explains how and when you will qualify for a pension and how your pension will be calculated. It includes guidelines on how to enhance your retirement by purchasing service credit. You'll also find information you'll need if you leave public school employment, as well as an overview of the plan's disability protection, insurance, and survivor benefits.

Take charge of your retirement! Your pension is one of your most valuable assets—it is important that you monitor its value throughout your career so you can plan for additional sources of income in retirement.

Manage your plan with miAccount, our online account access tool, where you can track your DB pension contributions and service totals, designate a pension beneficiary, estimate your pension, and more. Go to www.michigan.gov/orsmiaccount today to register and access your account.

II. About Your Plan

The Office of Retirement Services (ORS) offers two Defined Benefit (DB) pension retirement plans within the Michigan Public School Employees' Retirement System for members who first worked under the system before July 1, 2010. In addition to a pension benefit, members in these plans also have access to retiree healthcare plans and death and disability benefits. If you're unsure of your benefit structure or retiree healthcare plan, log in to miAccount to find out.

Members in the DB plan are either in the Member Investment Plan (MIP) or the Basic Plan.

Member Investment Plan (MIP)

You're in the Member Investment Plan (MIP) if you elected MIP during enrollment periods, or if you first worked within the retirement system on or after January 1, 1990, but before July 1, 2010. There are five benefit structures in the MIP: *MIP Fixed*, *MIP Graded*, *MIP Plus*, *MIP 7%*, and *MIP DC Converted*. For an overview of MIP features, go to Appendix B: Member Investment Plan (MIP) At-A-Glance.

Basic Plan

You're in the Basic Plan if you began public school employment before January 1, 1990, and did not elect the MIP during the MIP enrollment periods. There are three benefit structures in the Basic Plan: *Basic*, *Basic 4%*, and *Basic DC Converted*. For an overview of Basic Plan features, go to Appendix A: Basic Plan At-A-Glance.

Administration of the Plan

The operation of the Michigan Public School Employees' Retirement System is controlled by the Michigan Public School Employees Retirement Act (Public Act 300 of 1980), as amended. Any changes to the act require passage by the Michigan Legislature.

The plan is administered by ORS with the oversight of a 12-member board. One board member represents state government; the remaining members are appointed by the governor to represent active and retired public school employees.

Throughout your working career, your employer takes care of your pension plan deductions, wage and service records, and plan contributions. Regular reports are sent to ORS to become part of your personal pension record. When it's time to retire, your employer provides final reports to ORS, and we become your partner in retirement.

Who Is a Member?

You become a member in the DB plan and begin accruing service toward a pension on the first day you work in a participating Michigan educational institution.

Members include employees of:

- K-12 public school districts.
- Intermediate school districts.
- District libraries.
- Public school academies/charter schools.
- Tax-supported community colleges.

In some instances, membership includes certain employees who began working for Central, Eastern, Northern, and Western Michigan Universities, Ferris State and Lake Superior State Universities, and Michigan Technological University, before January 1, 1996.

Note: The terms *members* and *schools* throughout this handbook are referring to employees and employers who participate in the Michigan Public School Employees' Retirement System.

Two types of members.

Members in the retirement system are classified in one of the following categories:

- **Active Member.** You are on the payroll of one of the participating Michigan educational institutions described earlier in this section. You remain an active member for up to one year while laid off, or as long as an employee-employer relationship exists while on a leave of absence that does not exceed two years. If you work as a substitute employee, you are only considered an active member on the actual days you are working.

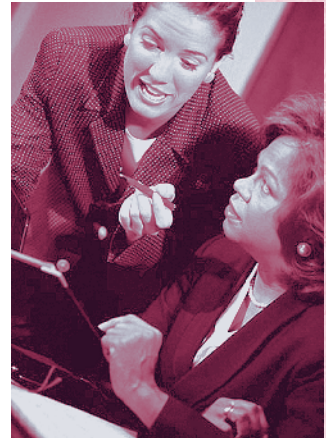
- **Deferred Member.** You leave public school employment after you are vested but before you're old enough to draw your pension. You are vested for your pension—meaning you have sufficient service to qualify for a benefit but don't yet meet the age requirement—when you have the equivalent of 10 years of full-time employment. You remain in deferred status, as long as your contributions remain on account, until you apply for your pension at age 60 and become a retiree.

Membership exclusions.

The following employees are not members of the Michigan Public School Employees' Retirement System:

- A person who retired from the system and is receiving a pension (even if he or she returns to public school employment).
- A person employed by a public school while enrolled as a full-time student in that system.
- A person under age 19 employed in a temporary, intermittent, or irregular seasonal or athletic position, whether a student or not.
- An instructor or administrator of a community college or eligible university who elected an optional retirement plan (such as TIAA/CREF) offered under Public Act 156 of 1967, as amended.
- An employee of a library or museum hired after it separated from the school district.
- A person working in the public school system only through a program resulting from the Federal Work Force Investment Act of 1998; Michigan Community Service Corps (Public Act 259 of 1983); Senior Community Service Employment Program (Public Law 89-73); or Work First Program.

Note: Administrators of these programs, who were previously members of the retirement system and remain employed by the school, may retain membership in the retirement system.



- A person working in a public school who is contracted by an outside company, rather than hired directly by the school.
- A person working in a public school who is self-employed as an independent contractor.
- An employee enrolled in a transitional public employment program.
- A person enrolled in a federally-funded neighborhood youth corps program or similar training program operated by an intermediate school district to prevent or rehabilitate high school dropouts.
- A person working for a school for the sole purpose of a political election.



III. Contributing to the Plan

The retirement system is funded by public school employer and employee contributions and by the investment earnings on those contributions. All contributions are a funding source for pensions and healthcare. They do not result in additional individual benefits.

When your pension payments begin, payments are first made from the personal contributions you paid into the system during your career. After these funds are exhausted, payments are made from the pension trust throughout the rest of your life.

If you're a participant in the Defined Contribution (DC) plan or you have the Personal Healthcare Fund, you and your employer also contribute to the State of Michigan 401(k) and 457 Plans. For more information about those contributions, go to <http://stateofmi.voyaplans.com>.

Who Contributes What

Employer DB pension contributions.

Each year, an actuary determines how much public schools need to contribute to fund their portion of member benefits. These contributions are not refundable to you or your employer.

Your DB pension contributions.

As a Basic 4%, MIP Fixed, MIP Plus, MIP Graded, or MIP 7% member, you also contribute a percentage of your salary to the pension fund. Basic, Basic DC Converted, and MIP DC Converted members do not contribute to the pension fund.

Basic 4%. As a Basic 4% member, you contribute 4 percent of your pretax salary to the pension fund starting February 1, 2013.* You will continue to contribute 4 percent until you terminate your public school employment unless you chose to stop your contributions at 30 years of service.

**The date your plan changes took effect was based on your transition date. The exact date depends on your school district's payroll cycle.*

If you chose to stop your contributions at 30 years of service:

- You'll contribute 4 percent until you reach 30 years of service.
- You'll switch back to the Basic Plan upon attaining 30 years of service, and your contribution level will return to zero until you terminate your public school employment.

Note: You might have other DB pension contributions on account from earnings before July 1, 1977, or from purchased service credit on account.

MIP Fixed, MIP Graded, and MIP Plus. Your contribution rate depends on when you first began working for a Michigan public school reporting unit.

- **MIP Fixed.** If you chose the MIP before January 1, 1990, **or** were a Basic Plan member who enrolled in the MIP by January 1, 1993, you contribute 3.9 percent of your pretax salary.
- **MIP Graded.** If you first worked between January 1, 1990, and June 30, 2008, **or** are a returning member who did not work between January 1, 1987, and December 31, 1989, you contribute pretax contributions based on the following chart:

COMPENSATION (school fiscal year earnings)	MIP GRADED CONTRIBUTIONS
\$0 to \$5,000	3% of compensation (up to \$150 total)
\$5,000.01 to \$15,000	\$150, plus 3.6% of compensation from \$5,000.01 up to and including \$15,000 (up to \$510 total)
\$15,000.01 and over	\$510, plus 4.3% of compensation over \$15,000

- **MIP Plus.** If you first worked on or after July 1, 2008, you contribute pretax contributions based on the following chart:

COMPENSATION (school fiscal year earnings)	MIP PLUS CONTRIBUTIONS
\$0 to \$5,000	3% of compensation (up to \$150 total)
\$5,000.01 to \$15,000	\$150, plus 3.6% of compensation from \$5,000.01 up to and including \$15,000 (up to \$510 total)
\$15,000.01 and over	\$510, plus 6.4% of compensation over \$15,000

MIP 7%. As a MIP 7% member, you contribute 7 percent of your pretax salary to the pension fund starting February 1, 2013.* You will continue to contribute 7 percent until you terminate your public school employment unless you chose to reduce your contributions at 30 years of service.

If you chose to reduce your contributions at 30 years of service:

- You'll contribute 7 percent until you reach 30 years of service.
- You'll switch back to the MIP Fixed, MIP Graded, or MIP Plus upon attaining 30 years of service. Your contribution rate will return to the level in place for you before February 1, 2013,* until you terminate your public school employment (see the respective MIP contribution charts above for effective rates, depending on when you first began working for a Michigan public school reporting unit).

Note: You might have other DB pension contributions on account from earnings before July 1, 1977, or from purchased service credit.

Retiree Healthcare contributions.

If you are a member with the Premium Subsidy retiree healthcare benefit, you contribute 3 percent of your compensation to the Retiree Healthcare Fund to retain eligibility for the retiree health insurance premium subsidy offered by the state upon your retirement. A separate retirement allowance of healthcare contributions you paid to the Retiree Healthcare Fund is payable in certain cases:

- If you leave public school employment and do not qualify for any premium subsidy and are at least age 60.
- If you die before becoming eligible for the subsidy benefit and your beneficiary is not eligible for a premium subsidy.
- If you die with retiree healthcare fund contributions still on account, and no survivor benefits are payable, we will refund any remaining contributions to your refund beneficiary or your estate.

If you or your beneficiary are eligible for a refund of Retiree Healthcare Fund contributions, the refund will be issued upon request in equal monthly installments over a 60 month (5 year) period. Contact ORS to request a Retiree Health Care Fund Refund application.

**The date your plan changes took effect was based on your transition date. The exact date depends on your school district's payroll cycle.*

About DB Pension and Retiree Healthcare Contributions

By law, we must keep your DB pension and Retiree Healthcare Fund contributions separate in order to pay for your pension and, if you qualify, healthcare benefits. Your contributions are always paid out first.

Because we keep detailed account balances and provide them to plan members, they often think that they'll get this amount over and above their pension when they retire. This is not so. It is only when you leave the system before you're eligible for a pension or if you die while receiving a benefit with contributions still on file, that your DB pension contributions could be refunded. When your payments begin, payments are first made from the DB pension contributions you paid into the system during your career. Once your DB pension contributions have been exhausted (usually in two years after retirement or less) there would be no money left to refund. Your pension is a lifetime benefit and will continue to be paid from the pension system after your DB pension contributions are exhausted.

You earn interest on your pension contributions.

As your employer forwards your DB pension contributions to ORS, we credit your account. At the close of each school fiscal year, we also credit you with interest on your DB pension contributions on account for a full year. The interest rate on these contributions varies because it is statutorily determined each year based on the rate of investment return. A history of the interest rate DB plan contributions have received is available on our website.

If you purchased service credit or have any post-tax contributions (from before 1974), we will keep track of those contributions separately. These funds earn 6 percent interest after they have been on account for a full year. Interest is posted at the end of each school fiscal year.

Some additional notes about how your contributions affect your pension:

- **Taxability.** DB pension contributions you make on a tax-deferred basis will become taxable when you receive payments. We need to tell the IRS how much of your pension is taxable at retirement, and how much you've already paid taxes on.
- **Refunds.** If you leave the retirement system before you're eligible for a pension, you can ask for a refund of your DB pension contributions, forfeiting all corresponding service credit and insurance subsidy eligibility.

Monitor Your Account

A detailed and up-to-date record of your account is available through your secure online account management tool, miAccount. When you log in to miAccount, you will have access to service and contribution totals, beneficiary information, pension estimates, and much more. miAccount allows you to monitor your account throughout the year and perform a number of transactions.

For more information on what miAccount has to offer, see Section VII—Reaching Your Retirement Goals.

If You Leave Public School Employment

You may be leaving Michigan public school employment to pursue other opportunities, or you may be facing a layoff or privatization. Regardless, it's important to understand what will happen to the future retirement benefits you've been working towards since you started your employment.

If you leave public school employment before you're eligible to retire, you can choose what to do with your retirement account. You can:

- Leave your contributions on account; or
- Request a refund of the money you've paid into your DB pension account.

One of the biggest factors in your decision should be whether or not you are vested before you leave public school employment.

If you are vested, make sure you designate your pension beneficiary with our office before your membership in the system is terminated. If you do not have a beneficiary on file with our office when you leave employment, you will not be able to add a beneficiary while you are deferred.

Read our publication *Leaving Public School Employment?* before you terminate so you have information you need to make the best decisions. You can find it on our website, or by asking us or your human resource office for a copy.



IV. The Basics of Your Plan

When you become a vested member of the Michigan Public School Employees' Retirement System, you can look forward to a monthly retirement pension benefit for your lifetime. This section explains the fundamentals—how you accumulate service, when you'll be eligible for a pension, and how much you'll get.

How You Earn Service

Every day you get up and go to work, you earn service. And every time you get paid, your school payroll office reports your hours and wages to ORS. Your service reflects the number of hours you worked for a Michigan school that participates in the Michigan Public School Employees' Retirement System.

You receive service for teaching or nonteaching, full-time or part-time work, and for permanent, temporary, or intermittent employment. You also receive service for used vacation and sick leave, short-term disability payments which flow through your school's payroll system, and weekly workers' compensation payments you received after July 1, 1992. You do not earn service while receiving long-term disability payments.

Per pay period caps apply.

In general, you earn one year of service when you work 1,020 hours within the July 1 through June 30 school fiscal year. You can earn no more than one year of service in any given school fiscal year, and no more than 60 hours can be credited in a biweekly payroll cycle.

For instance, administrative staff may work 2,080 hours a year, but will be limited to one year of service credit because the annual cap is 1,020 hours.

A school fiscal year runs from July 1 through June 30.

As the chart below illustrates, if you are paid every week you cannot be credited with more than 30 hours, worth 0.0294 years of service. The cap is 60 hours or 0.0588 if you are on a biweekly pay cycle.

FULL-TIME SERVICE MAXIMUM		
PERIOD	HOURS	YEARS OF SERVICE
Weekly	30	0.0294
Biweekly	60	0.0588
Semimonthly	72	0.0706
Monthly	138	0.1353
Quarterly	396	0.3882
Annually	1,020	1.000

If you work less than full-time.

If you don't work a full school year or if you're considered part-time because you don't work a typical school day, you will earn proportional service credit. See the chart below to see how service is earned for a variety of school work schedules, after considering the caps.

PART-TIME / PART-YEAR SERVICE MAXIMUM			
DAYS WORKED	HOURS PER DAY	HOURS CREDITABLE	SERVICE EARNED
17	6	102	0.1
34	6	204	0.2
68	6	408	0.4
85	6	510	0.5
119	6	714	0.7
51	4	204	0.2
102	4	408	0.4
153	4	612	0.6
260	4	1,020	1.0

Service and your pension.

Service is important because it affects when you retire and how much you'll receive. Your DB pension plan allows you to buy and/or transfer certain types of service credit. Learn more in Section V—Enhancing Your Pension.

Qualifying for Your Pension

To be eligible for a monthly retirement pension, you must meet minimum age and service requirements. These requirements vary depending on whether you are a Basic Plan or Member Investment Plan (MIP) member. For more detailed information about pension eligibility provisions, visit the ORS website at www.michigan.gov/orsschools.

Full Retirement – MIP Member.

As a MIP member, you will qualify for full retirement under any of the following provisions:

- **MIP 46 with 30.** You qualify for full retirement at any age with at least 30 years of service. However, if you purchased universal buy-in service credit, you must be at least age 46. At least 15 years of service must have been earned through the Michigan Public School Employees' Retirement System.
- **MIP 60 with 10.** You are eligible for your pension at age 60 with at least 10 years of earned service credit.
- **MIP 60 with 5.** If you are age 60 and you have at least 5 years of service, you qualify for a pension if you have earned service credit in each of the five school fiscal years immediately before your retirement effective date and you terminated your public school service immediately before your retirement effective date. A school fiscal year runs from July 1 through June 30. You must work in the month of your 60th birthday.

Full Retirement – Basic Plan Member.

As a Basic Plan member, you qualify for a full retirement under the following provisions:

- **Basic 55 with 30.** You qualify for your pension when you are at least age 55 and have 30 or more years of service. At least 15 years of service must have been earned through the Michigan Public School Employees' Retirement System.
- **Basic 60 with 10.** You qualify for a pension at age 60 with at least 10 years of earned service credit.

When you are vested.

You are vested, meaning you have sufficient service to qualify for a pension though you may not yet meet the age requirement, when you have the equivalent of ten years of full-time public school employment. If you're in the MIP DC Converted or Basic DC Converted plan, you'll continue to earn credit towards pension eligibility as long as you remain employed under the retirement system.

Early reduced retirement.

Whether you are a MIP or Basic Plan member, you can take an early reduced retirement as early as age 55 if you have at least 15 but fewer than 30 years of service. Your pension amount is permanently reduced by one-half of one percent for each month and fraction of a month you take your pension before age 60 (6 percent per year).

You must be an active member to be eligible for the early reduced retirement. If you terminate employment before the month you reach pension eligibility age, you become a deferred member, rather than an active member. Deferred members don't qualify for the early reduced pension. For information on the early reduced retirement, go to www.michigan.gov/orsschools and click on Estimating Your Pension, then on Payment Options.



Deferred retirement.

If you leave public school employment after you are vested but before the month you reach pension eligibility age, you are choosing to defer your pension. Be sure to apply for your pension before your 60th birthday. The amount won't be any higher if you wait, and you could even lose money if you wait.

Note: If you already had 30 years of service at the time you terminated employment, you should apply as soon as you meet the minimum age requirement—age 46 for MIP and age 55 for Basic Plan.

If you become disabled.

There are special eligibility and calculation provisions for those who become disabled while a public school employee. This is explained in Section VI—Additional Benefits for You and Your Dependents, and in the ORS publication *If You Become Disabled: Your Disability Protection*.

How Much Will You Get?

Your first step in estimating your pension will always be to figure your final average compensation (FAC). Then you use the pension formula to figure your straight life calculation. Once you know your straight life amount, you have a basis for estimating an early reduced, survivor, and equated pension.

The Pension Formula

Your annual pension is based on a formula that multiplies your FAC under the DB plan by a pension factor times your years of service under the DB plan. Your pension formula depends on your benefit structure. If you're unsure of your benefit structure, log in to miAccount to find out.

MIP AND BASIC PENSION FORMULAS	
Benefit Structure	Pension Formula
MIP (Graded, Fixed, and Plus) and Basic	$\text{FAC} \times 1.5\% \times \text{YOS before February 1, 2013}^*$ <p style="text-align: center;">PLUS</p> $\text{FAC} \times 1.25\% \times \text{YOS on or after February 1, 2013}^*$
MIP 7% and Basic 4% (retained 1.5 percent multiplier for entire career)	$\text{FAC} \times 1.5\% \times \text{YOS}$
MIP 7% and Basic 4% (retained 1.5 percent multiplier up to 30 years of service)	$\text{FAC} \times 1.5\% \times \text{YOS up to 30 years}$ <p style="text-align: center;">PLUS</p> $\text{FAC} \times 1.25\% \times \text{YOS over 30 years}$
MIP DC Converted and Basic DC Converted	$\text{FAC} \times 1.5\% \times \text{YOS as of February 1, 2013}^*$

Final average compensation (FAC). For MIP members, the highest three consecutive years of earnings (36 months) in the DB plan are averaged to determine your FAC. For Basic Plan members, your highest five consecutive years of earnings (60 months) in the DB plan are averaged to determine your FAC. For details on what counts in your FAC, go to our website.

Note: Your highest three or five consecutive years of earnings may have occurred earlier in your career; however, we still refer to it as your FAC.

**The date your plan changes took effect was based on your transition date. The exact date depends on your school district's payroll cycle.*

Pension Factor. The pension factor used in your calculation depends on your benefit structure. You will use either a 1.5 percent (0.015) pension factor, or a combination of a 1.5 percent (0.015) and a 1.25 percent (0.0125) pension factor in your calculation. For your pension factor and plan information, log in to miAccount.

Years of service (YOS). Your years of service used to calculate your pension reflect the years, or fractions of years, you have worked in the DB plan for a Michigan public school. In general, you earn one year of service when you work 1,020 hours in a school fiscal year. No more than 30 hours can be credited in a one-week period if you're on a weekly payroll, or 60 hours if you're paid biweekly. For more information, see How You Earn Service earlier in this section.

If you're a MIP DC Converted or Basic DC Converted member, your FAC and years of service (for the purpose of calculating your pension) are determined as of February 1, 2013.*

Credited service can also include any additional service purchased or transferred. For more information, go to Section V—Enhancing Your Pension.

You have a choice of payment options.

The pension formula calculates your straight life pension. All calculations for pension payment options begin by figuring your straight life amount, which is adjusted depending on which payment option you are choosing.

Straight life option. If you choose this payment option, you receive the maximum monthly pension payable throughout your lifetime. No ongoing pension payments or insurance are provided to your survivors after your death.

Survivor options. These options pay you less but continue monthly pension payments and, in most cases, health, prescription drug, dental, and vision insurance coverage to your beneficiary (spouse, sibling, parent, or child) upon your death. You choose either 100 percent, 75 percent, or 50 percent survivor option; your survivor then receives the same monthly pension you received, 75 percent, or half of your pension amount. The monthly pension amount is based on actuarial tables that factor in life expectancies for you and your beneficiary.

**The date your plan changes took effect was based on your transition date. The exact date depends on your school district's payroll cycle.*

Equated plan. This plan pays you a higher pension until you are age 62, and then your monthly pension is permanently reduced based on the amount of your estimated social security benefit. You might choose to receive this equated plan if you want your overall income to remain fairly even both before and after social security begins. The equated plan can be combined with a straight life or any of the survivor options.

Pension increases after you retire.

As a MIP retiree, after you are retired a full year, you'll receive a fixed 3 percent increase in your monthly pension each October. This postretirement increase doesn't compound, but it does accumulate. So each October, your pension will increase by 3 percent of your initial pension amount.

If you're a Basic Plan retiree, you should not plan on a scheduled postretirement increase. However, when the plan's investments exceed predictions over a period of years, you may receive a distribution of the excess earnings.

Let miAccount do the math.

This booklet gives basic methods for figuring your pension. But you may want to factor in possible beneficiaries, various payment options, or compare different retirement dates. Log in to miAccount and click on the

Get your personalized
pension estimate at

www.michigan.gov/orsmiaccount.

Estimate Pension button to create and save up to four different pension estimates so you are confident that the retirement date and option you select meets your pension income needs.

A note about divorce.

If you divorce while you're an active or deferred member, the court may order that a portion of your pension be paid to an alternate payee such as your former spouse or dependent child. The order (known as an eligible domestic relations order, or EDRO) must be on file with ORS before your retirement effective date. You can download a fillable *Eligible Domestic Relations Orders: Background and Instructions (R0911X)* from our website. This publication will help you create an accurate and complete EDRO that can be administered under the retirement statute. It is the preferred document to file with ORS.

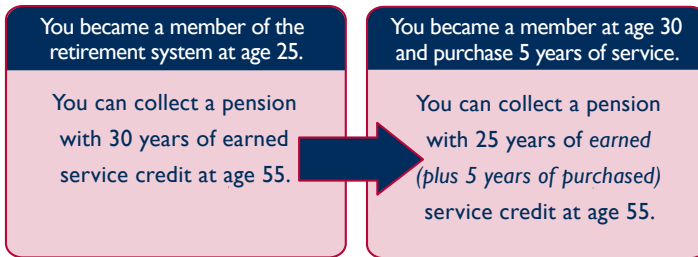
V. Enhancing Your Pension

The longer you work as a member in the DB plan, the higher your pension will be. You may also increase the years of service factor in your pension calculation by purchasing service credit. You may be eligible to have other service granted or transferred, and service may be restored if you withdrew your DB pension contributions and choose to repay. This section explains how you can boost your pension amount, or perhaps qualify earlier by taking advantage of the plan's service credit provisions.

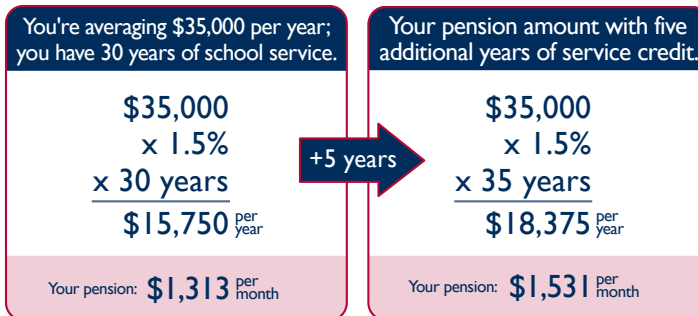
Why Boost Your Years of Service?

Your years of service as a Michigan Public School Employees' Retirement System member determines *when* you will qualify for your pension. *How much* your pension will be is determined based on your DB plan service credit.

Your DB plan allows you to add to your service so you can retire sooner:



Adding to your service will also boost your pension amount:



Note: Service credit purchases (whether there is a cost or not) cannot be initiated after you've stopped working within the retirement system or after switching to the Defined Contribution (DC) plan. (Intervening Active Duty Military Service may be credited after switching to the DC plan.)

Considering a Purchase?

Before you dig into the details, though, read the following guidelines so you're ready to make what can be a complicated—and costly—decision.

- **You must be an active member in the DB plan.** Service credit purchases can never be initiated after you've stopped working within the retirement system or after switching to the DC plan. The purchase must be completed before you terminate employment from a Michigan public school reporting unit.
- **You will need to establish a wage base.** You must *earn* at least two years of service before you're eligible to make a purchase, and some time must be earned in the immediately preceding fiscal year.
- **Purchased service and insurance subsidies.** Buying service credit can help you qualify for your pension earlier, but it won't necessarily help you qualify for the plan's health insurance premium subsidy earlier. If you are planning on enrolling in insurances when you retire, be sure you understand whether you will be subject to a delayed subsidy or graded premium subsidy. For more details, go to www.michigan.gov/orsschools and click on Your Insurance Benefits, then on Premium Subsidy Eligibility.
- **No double-dipping.** When you get credit for other service, whether granted or purchased, you typically have to give up your rights to any benefit that would have been payable under the other pension system.
- **You can't buy your way in.** Unless you plan to retire under one of the age 60 eligibility provisions, you'll need to earn at least 15 years of service in this retirement system (transferred State of Michigan service under the Defined Benefit plan is treated as earned in this system). Most types of service credit have a maximum purchase limit, and most won't count in your pension calculation until you have earned ten years working within this system.
- **A match may be required.** Some service credit types have a match provision; you can't buy credit that will exceed the amount of credit you will earn within this system. Say, for example, you worked for an Ohio school for 12 years, and want to purchase that service. You may purchase all 12, but you won't be credited with the service until

you've "matched" with 12 years in this system. (If you purchase more than you ultimately earn, we'll refund the excess.)

■ ***You must be vested for your purchase to count.***

Unless otherwise noted, most purchases won't count in your service total until you are vested. You are vested when you have sufficient service to qualify for a future monthly benefit, whether or not you continue working for a public school. Most school employees are vested after the full-time equivalent of ten years.

Most purchased service is not credited to you until you are vested.

■ ***With few exceptions, purchased service credit can't count toward your vesting requirement.***

Your purchases are part of your DB pension contributions.

As explained under About Your DB Pension Contributions in Section III—Contributing to the Plan, your payments for service credit are put into a separate, interest-bearing account, along with any of your contributions from earnings prior to July 1, 1977. Your DB pension contributions are refundable if you leave public school employment before you've reached the minimum age and service requirement for a pension.

Types of Service Credit

There are different types of service credit, each with specific rules, costs, and applications. Review the following list to see what types of service credit you might be eligible for, but use it only as a general overview. For more details on all types, refer to Service Credit–Earning and Purchasing on our website, www.michigan.gov/orsschools.

SERVICE CREDIT COSTS AND LIMITS		
TYPE	COST / LIMIT	APPLICATION
Universal Buy-In (UBI)* (anyone can buy)	Actuarial cost / 5 years, reduced by purchases of credit types eliminated from law as of 1/31/91	Request a UBI <i>Member Billing Statement in miAccount</i>
Parental Leave*	Actuarial cost / 5 years	<i>Parental Leave Service Credit Application (R0008C) in miAccount</i>
Nonpublic Educational Service*	Actuarial cost / 5 years	<i>Out-of-System Public or Nonpublic Educational Service (R0149C) application in miAccount</i>
Out-of-System Public Educational Service Pre-1974	Contributions plus interest / 15 years on a matching basis	<i>Out-of-System Public or Nonpublic Educational Service (R0149C) application</i>
Out-of-System Public Educational Service Post-1974*	5% of highest previous fiscal year salary / 15 years on a matching basis	<i>Out-of-System Public or Nonpublic Educational Service (R0149C) application in miAccount</i>
Active Duty Military Service	Intervening: No charge in most cases / 6 years Nonintervening: 5% of highest previous fiscal year salary / 5 years (combination cannot exceed 6 years)	<i>Military Service Credit Application (R0081C) in miAccount</i>
Sabbatical Leave Pre-1981	Usually no charge / No limit	<i>Application to Purchase Sabbatical Leave Credit (R0148C)</i>
Sabbatical Leave Post-1981*	5% of highest previous fiscal year salary / No more than 1 year creditable per sabbatical leave	<i>Application to Purchase Sabbatical Leave Credit (R0148C) in miAccount</i>
State of Michigan Civil Service Defined Benefit Plan	Pre-1974: Contributions plus interest / No limit Post-1987: MIP costs plus interest / No limit	<i>Application to Transfer State of Michigan Service (R0317C)</i>
State of Michigan Civil Service Defined Contribution Plan	Actuarial Cost / No Limit	<i>Application to Transfer State of Michigan Service (R0317C)</i>
Weekly Workers' Compensation (WWC)	Pre-7/1/77: Contributions plus interest / No limit 7/1/77-12/31/86: No charge / No limit Post-1987: MIP costs plus interest (MIP contributions on WWC payments must be paid in full before establishing a retirement effective date) / No limit Basic Plan: No charge / No limit	If you received WWC payments after July 1, 1992, your employer should have reported your WWC to ORS. Contact your payroll office to verify that your WWC was reported. If you received WWC payments before July 1, 1992, submit an <i>Application for Weekly Workers' Compensation Credit (R0285C)</i> .
Comprehensive Employment and Training Act of 1973 (CETA)	No cost to member / No limit	Generally, credit is already granted for CETA service performed before May 3, 1976, and after October 1, 1978.

*If you purchased this type of service credit after June 30, 2008, your insurance premium subsidy may not begin when your pension begins. It may be delayed until you reach the age at which you would have become eligible for a pension had you not purchased service.

Additional ways you can boost your service credit.

- **Repayment of refunded contributions.** If you had a prior period of Michigan public school employment but then withdrew your DB pension contributions when you left employment, you can ask to pay back the amount refunded to you, plus interest, to reinstate your prior service. For more information, visit the Service Credit–Earning & Purchasing section of our website.
- **Act 88–Reciprocal Retirement Act of 1961.** If you’re an active member in the DB plan and meet age requirements, Act 88 allows you to combine service you may have earned with a Michigan governmental unit in order to qualify for a pension. Examples of a governmental unit include (but are not limited to) a city, township, village or county; commission or court; and state employment under the Defined Benefit plan. For more information, visit the Service Credit–Earning & Purchasing section of our website.

The Cost of Service Credit

The price of service credit depends on the type of credit as well as your age, rate of pay, and years of service. Generally, the older you are, the higher the cost. Here are ways to learn the actual cost of your purchase:

- Use miAccount’s pension estimator to see how adding most types of service credit would affect your pension. In addition, the Service Credit section in miAccount will help you determine eligibility, cost, and how many years of retirement it will take for you to recover the cost of your purchase.
- Use the Service Credit Costs and Limits chart for general information for each type of service credit. Go to Calculating Actuarial Cost on our website to see how your actuarial cost is figured.
- Submit an application for the service credit purchase. (The How to Purchase section gives more details on how to submit an application.) We’ll send you a statement showing how much you can buy and the cost. Although it is called a billing statement, you are not obligated to buy the credit.

How to Purchase

The way to initiate a service credit purchase depends on the type you are considering. You'll start with one of the applications referenced in the Service Credit Costs and Limits chart. To get an application for service credit not available in miAccount, go to the Forms and Publications section of our website or request one from ORS. We will review your records upon receiving the completed application and any required documentation to determine your eligibility. If the credit has no cost, you will receive a letter stating the service credit type and amount being credited to your account. If the service credit has a cost, you will receive a *Member Billing Statement*.

Remember, service credit purchases (whether there is a cost or not) must be completed before your employment is terminated from a Michigan public school reporting unit. Service credit purchases cannot be initiated after you've stopped working within the retirement system or after switching to the Defined Contribution (DC) plan. (Intervening Active Duty Military Service may be credited after switching to the DC plan. Go to our website for more information.)

Repayment of refunded contributions.

If you want to repay refunded DB pension contributions, contact an ORS customer service representative to request a *Member Billing Statement*. Be sure to specify that you want to repay a refund, and give us your approximate dates of employment for the refund period along with your full name and address.

Act 88.

Talk to your previous employer and ORS if you think Act 88 can help you qualify for a pension. We'll need a letter from the governmental employer verifying (1) your dates of employment; (2) hours worked per day (full-time or part-time); and (3) that you participated in the employer's retirement plan.

Three ways to purchase.

You can buy service credit in three ways:

- **Direct payment.** Send a check or money order.
- **Plan-to-plan transfer.** Transfer or “roll over” funds from a qualified retirement plan such as a 401(a), 401(k), 403(b), 457, as well as conduit IRAs (Individual Retirement Accounts) from any of these sources. A traditional IRA, Roth IRA, or Simplified Employee Pension (SEP) IRA cannot be used to purchase service credit. The State of Michigan 401(k) and 457 Plans are qualified retirement plans.
- **Tax-deferred payments (TDP).** Your payments are deducted from your paychecks by your employer. Taxes on the amount withheld are deferred until you begin receiving your monthly pension payment. If you will be paying off the balance of your TDP agreement prior to your retirement, start the process up to 3 months before your retirement effective date.

All service credit purchases must be paid off before your retirement effective date.

For more information on each method of purchasing, including combining payment methods, visit the Service Credit–Earning and Purchasing section of our website.

VI. Additional Benefits for You and Your Dependents

In this section, you'll learn about your disability protection while you're an active employee, and insurance eligibility once you retire. It also explains what you (and your loved ones) can plan for should you die, and it tells you how and when to designate your beneficiary.

If You Become Disabled

Your retirement plan provides protection for you and your dependents if, while you are an active employee of a participating Michigan public school, you become totally and permanently disabled and unable to perform duties for which you are trained, educated, or experienced.

You may qualify for one of two types of disability retirement benefits depending on how your injury or illness happens:

- If you incur a permanently disabling injury or illness at work and you receive weekly workers' compensation, you may qualify for a duty disability benefit. Your duty disability protection begins your first day on the job.
- If you incur a permanently disabling injury or illness outside of work, you may qualify for a nonduty disability benefit. Your nonduty disability protection begins when you are vested with the equivalent of 10 years of full-time public school employment.



Whether duty or nonduty, you must apply for a disability benefit within 12 months after either termination of your employment or 2 years on an approved leave of absence.

Disability pensions are calculated the same as a regular retirement. If you qualify for a duty disability, we will always credit at least 10 years of service to calculate the benefit, even if you have less service credit when your work-related illness or injury occurs.

For more information about disability benefits, visit our website, or request a copy of the ORS publication *If You Become Disabled: Your Disability Protection*.

Insurance in Retirement

When you retire, you and your eligible dependents can enroll in the plan's health, prescription drug, dental, and vision insurance plans. The cost for your coverage will vary depending on several factors. For full details, go to the Insurance section of our website, www.michigan.gov/orsschools.

Personal Healthcare Fund.

You have the Personal Healthcare Fund *only* if you chose that retiree healthcare benefit under Public Act 300 of 2012.

The Personal Healthcare Fund is personal, portable fund that you can use to pay your healthcare expenses in retirement. It's made up of these components: Your contributions, your employer's matching contributions, and, if you have 10 years of service, an additional one-time employer contribution to a Health Reimbursement Account. Contributions to your Personal Healthcare Fund are invested in the State of Michigan 401(k) and 457 Plans. For full details about your Personal Healthcare Fund account, contact Voya Financial® at 800-748-6128.

With the Personal Healthcare Fund, you are not eligible for subsidized health, prescription drug, dental, or vision insurance through the retirement system. (An exception exists if you die from a work-related injury or illness incurred during your public school employment. Subsidized insurance coverage would be available to your beneficiaries receiving a survivor pension. For details, go to duty death in the "If you die while an active member" section.)

You, your spouse, and your dependents may enroll in insurance if you enroll immediately when you retire and begin coverage on your retirement effective date. If you choose to enroll, you will be responsible for the entire premium.

If you disenroll from the plan at any time, you, your spouse, and your dependents will not be able to re-enroll. If your spouse or dependents are disenrolled at any time, they will not be able to re-enroll.

For more information about insurance eligibility and enrollment, go to www.michigan.gov/orsschools and click on Your Insurance Benefits, then on Personal Healthcare Fund.

If you're not sure which retiree healthcare plan you have, log in to miAccount to find out.

Premium Subsidy.

You have the Premium Subsidy retiree healthcare benefit unless you chose to switch to the Personal Healthcare Fund under Public Act 300 of 2012.

As an active or deferred member with the Premium Subsidy benefit, you may be eligible for a premium subsidy where the retirement system pays a percentage of your insurance premiums (or a percentage of the maximum subsidy for some deferred members). You are responsible for paying the balance of the premium amount.

Coverage for your dependents.

Eligible dependents for health, prescription drug, dental, and vision insurance plans include:

- Your spouse. If he or she is an eligible public school retiree, you'll be covered together on one contract.
- Your unmarried child by birth or legal adoption until December 31 of the year in which he or she turns age 19. In the case of legal adoption, a child is eligible for coverage as of the date of placement. Placement occurs when you become legally obligated for total or partial support of the child in anticipation of adoption.
- Your unmarried child by legal guardianship until age 18.
- Your unmarried child by birth or legal adoption who is a full-time student and dependent on you for support, until December 31 of the year in which he or she reaches age 25 or the end of the graduation month, whichever comes first.
- Your unmarried child by birth or legal adoption who is totally and permanently disabled, dependent on you for support, and unable to self-sustain employment.
- Either your parent(s) or parent(s)-in-law residing in your household—one set of parents or the other, but not both.



Coverage for your eligible dependents is the same as yours.

Healthcare is an important part of retirement security. As you get closer to retirement, we encourage you to visit our website at www.michigan.gov/orsschools and check current insurance provisions and rates.

Upon Your Death

Whether and what benefits are payable to your survivors depends, in part, on if your death occurs while you are active, deferred, or retired. In this section, we provide some general guidelines so you can plan for your loved ones.

Naming a beneficiary.

As a member of the retirement system, it is important that you name a survivor pension beneficiary or request that the default provisions of the law apply, and name a refund beneficiary. Keep ORS informed of your beneficiary wishes for your pension throughout your career.

If you're in the Defined Contribution (DC) plan or you have the Personal Healthcare Fund, you'll need to name your beneficiaries for those accounts with Voya®. Go to <http://stateofmi.voyaplans.com> for more information.

Survivor pension beneficiary. Your eligible survivor pension beneficiary receives a monthly pension and, if eligible, an insurance premium subsidy upon your death. Eligible monthly survivor pension beneficiaries include your spouse, minor child, or one of the following who is dependent on you for at least 50 percent of his/her personal support: your adult child, your brother or sister, or your parent (only if the spouse waives the pension benefit).

Use miAccount to name or change your beneficiary.

If you have no surviving spouse or unmarried children under age 18, no continuing monthly benefit will be payable unless ORS has your valid beneficiary designation on file and only as long as the survivor pension beneficiary you named remains dependent on you/the income provided by the pension.

Default provision. While you are actively employed, if you do not designate a beneficiary with ORS, the default provision of the law automatically provides a lifetime monthly survivor benefit to your spouse (if eligible). If you are not married, the benefit is provided to your unmarried minor children in equal payments until they reach age 18, marry, or are adopted.

Refund beneficiary. If no ongoing monthly pension benefits are payable upon your death, your accumulated DB pension contributions on account will be paid in a lump sum to the person named as your refund beneficiary with ORS.

Name your beneficiaries for your pension in miAccount at www.michigan.gov/orsmiaccount. You can view and change your beneficiary information at any time with just a few simple clicks.

Note: ORS must receive your beneficiary designation *before* your employment terminates—see “If you die as a deferred member” in this section (the default provision does not apply to deferred members).

Before giving ORS your beneficiary designation, be sure you have a good understanding of if, when, and to whom a benefit may be payable upon your death. Factors that may influence your decision about whether to name a beneficiary or use the default provisions of the law are:

- What is your marital status? Your family composition?
- What is your vesting status?
- Are you naming a survivor pension beneficiary or a refund beneficiary?
- Are you active, deferred, or retired?

If you die while an active member.

Nonduty death. If your death is not a result of an injury or illness incurred at work, it is called a nonduty death. A monthly pension may be payable to your survivor pension beneficiary if you were a MIP member with at least 10 years service (5 years if you were at least age 60). Basic Plan members must have at least 15 years of credited service if they are under age 60, or 10 years if they are at least age 60, for their beneficiary to be eligible for a survivor pension.

Keep your beneficiary designation current, especially if you're not married and have no minor children.

The nonduty death survivor benefit is payable to your eligible survivor pension beneficiary beginning the month following your death. If you're in the MIP or Basic Plan and did not switch to the DC plan, it's calculated as if you retired the day before you died and elected the 100 percent survivor option. If you're a MIP DC Converted or Basic DC Converted member, it's calculated based on your years of service as of the date you switched to the DC plan with the 100 percent survivor option.

If you have the Premium Subsidy retiree healthcare benefit, health, prescription drug, dental, and vision insurance coverage is also available to your eligible beneficiary receiving a survivor pension and eligible dependents at the maximum subsidy allowed by law, currently set at 80 percent.

If you have the Personal Healthcare Fund for your retiree healthcare benefit, your survivor pension beneficiary and dependents are not eligible for subsidized health, prescription drug, dental, or vision insurance through the retirement system. However, your eligible survivor pension beneficiary and eligible dependents may enroll in the retiree health plan if they enroll immediately after your death, but they will be responsible for the entire premium. If they don't enroll immediately after your death, they can't enroll at a later date. If they disenroll at any time, they will not be able to re-enroll.

If you die before retirement and no monthly survivor pension is payable, your DB pension contributions and interest in your account will be paid to your refund beneficiary in a lump sum. If you haven't named a beneficiary, your contributions may be distributed by probate court order. If you have the Premium Subsidy retiree healthcare benefit, your Retiree Healthcare Fund contributions may also be refunded. Go to Section III—Contributing to the Plan for more information.

If you're a MIP DC Converted or Basic DC Converted member, or you have the Personal Healthcare Fund, your survivor should also contact Voya at **800-748-6128** for information on your State of Michigan 401(k) and 457 Plan accounts.

Duty death. If you die from a work-related injury or illness incurred during your public school employment, it is considered a duty death. A monthly survivor pension may be payable, regardless of your age or years of service, if a workers' compensation benefit is awarded based on your work-related injury or illness.

The duty death survivor benefit is payable to your eligible survivor pension beneficiary beginning the month following your death, whether you are vested or not. It's calculated as if you retired the day before you died and elected the 100 percent survivor option; we will use no less than 10 years of service in the pension calculation, even if you have less service at the time of death. However, if you're a MIP DC Converted or Basic DC Converted member, it's calculated based on your years of service as of the date you switched to the DC plan.

Subsidized health, prescription drug, dental, and vision insurance coverage is also available to your eligible beneficiary receiving a survivor pension and eligible dependents at the maximum subsidy allowed by law, currently set at 80 percent. If you have the Personal Healthcare Fund, any employer matching contributions and related earnings in your 401(k) plan account will be forfeited in lieu of the subsidized insurance.

If you die before retirement and no monthly survivor pension is payable, your DB pension contributions and interest in your account will be paid to your refund beneficiary in a lump sum. If you haven't named a beneficiary, your contributions may be distributed by probate court order. If you have the Premium Subsidy retiree healthcare benefit, your Retiree Healthcare Fund contributions may also be refunded. Go to Section III—Contributing to the Plan for more information.

If you're a MIP DC Converted or Basic DC Converted member, or you have the Personal Healthcare Fund, your survivor should also contact Voya at **800-748-6128** for information on your State of Michigan 401(k) and 457 Plan accounts.

If you die as a deferred member.

If you die while your retirement is in deferred status (that is, you left public school employment after vesting but before you're old enough to draw your pension), a monthly survivor pension will be payable to your eligible survivor pension beneficiary provided (1) you have at least 10 years of service as a MIP member, 15 years if you're a Basic member; and (2) you designated your beneficiary with ORS before you terminated employment.

If you designate a beneficiary with ORS before you terminate employment, you can change your beneficiary while in deferred status. If the nomination you filed with ORS specified the default provision, you must resubmit your nomination to name an eligible person as your beneficiary because the default provision will not apply while you are deferred.

The monthly survivor pension becomes payable beginning the month you would have otherwise become eligible to receive your pension; it is paid as if you had chosen the 100 percent survivor option.

If you die before retirement and no monthly survivor pension is payable, your DB pension contributions and interest in your account will be paid to

your refund beneficiary in a lump sum. If you haven't named a beneficiary, your contributions may be distributed by probate court order. If you have the Premium Subsidy retiree healthcare benefit, your Retiree Healthcare Fund contributions may also be refunded. Go to Section III—Contributing to the Plan for more information.

If you're a MIP DC Converted or Basic DC Converted member, or you have the Personal Healthcare Fund, your survivor should also contact Voya at **800-748-6128** for information on your State of Michigan 401(k) and 457 Plan accounts.

If you die after leaving employment and before being vested.

If you die after leaving public school employment and before you have sufficient service to be vested in the DB plan, no survivor pension is payable. Upon notification by your survivor, we will return any of your DB pension contributions and accumulated interest to your refund beneficiary or your estate. If you're a MIP DC Converted or Basic DC Converted member, or you have the Personal Healthcare Fund, your survivor should also contact Voya at **800-748-6128** for information on your State of Michigan 401(k) and 457 Plan accounts.

Before you leave your job, designate who will receive a refund of your DB pension contributions. If no beneficiary is on file, your contributions and accumulated interest may be distributed by probate court order.

If you die after you retire.

A monthly pension is payable only to the person you designated as your survivor pension beneficiary. Ordinarily, this person is named when applying for retirement. However, if you marry after your pension begins, you may be able to add your new spouse as pension beneficiary under certain conditions. Go to **www.michigan.gov/orsschools** and click on After Retirement, When to Contact ORS, then on Marriage.

If you're a MIP DC Converted or Basic DC Converted member, or you have the Personal Healthcare Fund, your survivor should also contact Voya at **800-748-6128** for information on your State of Michigan 401(k) and 457 Plan accounts.

VII. Reaching Your Retirement Goals

We've explained the roles ORS and your employer play in your retirement readiness. In this section, you'll learn the steps you should take to ensure your retirement is all you want it to be.

Your first step is to know your status—years of service and what plan you're in. You also need to understand your retirement benefits—what you'll get, and when.

Log in to miAccount

Your online account management tool, miAccount, allows you to securely monitor your records and correspond with ORS representatives at a time that's convenient for you. To register, you'll need your Member ID (found on any ORS correspondence, or you can request it on the miAccount login page). Keep www.michigan.gov/orsmiaccount bookmarked, and use it often to:

Know your status.

You don't have to guess about how many years of service you have or what wages your employer reported for you. miAccount will list the wage, service, and DB pension contribution amounts reported by your employers, as well as your cumulative service total. miAccount will also display your benefit structure and your retiree healthcare plan.

Keep your account current.

You can use miAccount to update your beneficiary or email address. You can also initiate a service credit purchase and, when the time comes, you'll apply to retire in miAccount.

Run estimates.

miAccount's pension estimator uses your actual wage and service records to estimate your pension under various scenarios. This will help you target and reach your overall retirement goals.

Get in touch with ORS.

Use the miAccount Message Board if you have questions or need to discuss your account with an ORS representative. You will get a response within one business day.

Use miAccount to quickly estimate your pension, update your beneficiary, apply for your retirement benefits, and much more!

Educate Yourself

ORS provides many resources you can use to learn about your Michigan public school retirement plan.

Website.

Our website, www.michigan.gov/orsschools, offers a wealth of up-to-date information about your retirement plan and options. You will also find links to ORS newsletter archives, what's new at ORS, and much more.

Publications.

This book is a great resource for retirement information. It is also important to check out the booklets listed in the Other ORS Publications section of this book.

In-Person and Online Seminars.

Attend one of our two-hour in-person or online retirement seminars where experienced ORS representatives will explain the plan and the process before fielding questions. Check our schedule and register for an in-person seminar or webinar on our website; click on Tutorials, Webinars, and Seminars.

Tutorials.

Our tutorials are accessible 24 hours a day and can be viewed from anywhere in the world with no waiting, no traveling, and no distractions. When time is of the essence, our tutorials give the most information in the shortest amount of time. Go to our website and click on Tutorials, Webinars, and Seminars.

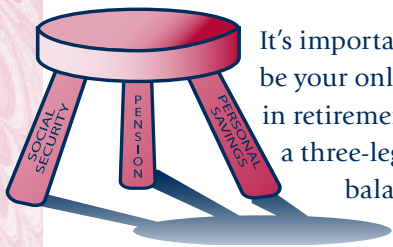
Other Savings

If you're in the Defined Contribution (DC) plan or have the Personal Healthcare Fund, you have a great opportunity to boost your income in retirement by increasing your contributions to your 457 plan account and taking advantage of employer contributions to your 401(k) plan account. And don't overlook other opportunities your school might offer. Remind yourself of the tax advantages when you contribute to your accounts through regular payroll deductions. And refresh your knowledge of all the higher limits and additional incentives the law permits for savers age 50 and older.

If you'd like more information or wish to increase your contributions to the 401(k) and 457 Plan accounts, visit the State of Michigan 401(k) and 457 Plans website at <http://stateofmi.voyaplans.com> or call Voya at **800-748-6128**.

Picture. Plan. Follow Through.

It's never too early to envision or plan for your retirement. What do you want your retirement to look like? At what age would you like to retire? Where are you and what are you doing with your time? As you consider those questions, you're no doubt getting a picture of the retirement you'd like to have. The next step would be to develop a plan to help you achieve your goals.



It's important to remember that your pension should not be your only—or even your primary—source of income in retirement. Financial planners will tell you that, like a three-legged stool, a secure retirement depends on a balance of social security benefits and personal savings, in addition to your pension.

Have you estimated how much income you will need when you retire? Have you estimated how much retirement income you will have from all sources? Experts recommend your estimate to be between 60-80 percent of your preretirement income, but only you can decide what is right for you.

Finally, after setting your target and your savings goals, follow your plan. Check it regularly to make sure you're on track toward financial security in retirement.

Stay in Touch With ORS

Name your beneficiary.

Be sure to name a beneficiary with ORS while you're an active member of this retirement system. Once you name a beneficiary, you can change it if you leave public school employment. If you have a life change such as a birth, death, marriage, or divorce, or if the beneficiary you named no longer meets the eligibility requirements, be sure to update your record.

We will always honor your most recent beneficiary designation on file, so it is not necessary to rename your beneficiary each year or whenever you change jobs. However, do remember that you must have your beneficiary's name on file with ORS before your employment terminates and you cease membership in the retirement system, otherwise a monthly survivor pension will not be payable to any person.

Tell us how we can help you.

Of course, you should also contact ORS whenever you have a question about your retirement plan. You'll find the most current plan information on our website, but we also welcome questions using the miAccount Message Board and calls to our call center. Complete contact information is shown inside the back cover of this book.

VIII. We're Here to Help

We hope this booklet answers questions you may have about your retirement plan. We also hope that you have a better understanding of the importance of preparing for retirement, including having savings goals and considering other ways to enhance your pension.

Please don't hesitate to contact us if you have any questions. Complete contact information can be found under At Your Service at the end of this booklet.



Other ORS Publications

The following publications are available on the ORS website, or you can request a copy by contacting ORS.

- **Retirement Readiness: A Two-Year Countdown.** For members who are within a few years of retiring. This book contains specifics on how pensions are calculated, the various payment options, how to prepare for retirement, and the application process.
- **After You Retire: What Every Pension Recipient Should Know.** You will receive this booklet when you apply for your pension. It tells you what to expect, and how and when you should contact ORS after your retirement benefits begin.
- **If You Become Disabled: Your Disability Protection.** For members who are facing an illness or injury that prevents them from working. This brochure defines the criteria to receive a disability benefit and gives an overview of the application process.
- **Leaving Public School Employment?** For members who are terminating employment before retirement age. This brochure helps you choose what to do with your accumulated retirement benefits.

Note: Our printed materials are current as of their publication dates. Because retirement provisions and policies change, we encourage our customers to refer to our website for up-to-date information.

Appendix A: Basic Plan At-A-Glance

If you're unsure of your benefit structure or retiree healthcare plan, you can find out by logging in to miAccount at www.michigan.gov/orrsmiaccount.

BASIC PLAN AT-A-GLANCE			
	Basic	Basic 4%	Basic DC Converted
Membership	Members who did not elect the MIP plan during the MIP enrollment periods or did not work after December 31, 1986	Members who did not elect the MIP plan during the MIP enrollment periods or did not work after December 31, 1986 and chose the 4 percent contribution rate beginning February 1, 2013*	Members who did not elect the MIP plan during the MIP enrollment periods or did not work after December 31, 1986 and chose to convert to DC plan on February 1, 2013*
Vesting	10 years		DB: 10 years DC: 4 years
Pension Factor	1.5% up to 2/1/2013 and 1.25% after 2/1/2013	1.5% or 1.5% up to 30 years and 1.25% after 30 years	1.5%
DB Pension Contributions	None	4%	None
Pension Eligibility	55 with 30 60 with 10 55 with 15 (with stipulations)		
FAC Period	60 months		
Retiree Healthcare	Premium Subsidy or Personal Healthcare Fund (PHF)		
Nonduty death benefit eligibility	15 years if member under age 60 at time of death 10 years if member 60 or older at time of death		

**The date your plan changes took effect was based on your transition date. The exact date depends on your school district's payroll cycle.*

Appendix B: MIP At-A-Glance

If you're unsure of your benefit structure or retiree healthcare plan, you can find out by logging in to miAccount at www.michigan.gov/orsmiaccount.

MIP AT-A-GLANCE			
	MIP	MIP 7%	MIP DC Converted
Membership	<p>MIP Fixed: Elected the MIP before January 1, 1990, OR were a Basic Plan participant who enrolled in the MIP by January 1, 1993</p> <p>MIP Graded: First worked between January 1, 1990, and June 30, 2008, OR are a returning member who did not work between January 1, 1987, and December 31, 1989</p> <p>MIP Plus: First worked between July 1, 2008, and June 30, 2010</p>	<p>Members who elected MIP during enrollment periods</p> <p>or first worked on or after January 1, 1990, but before July 1, 2010</p> <p>and chose higher contribution rate beginning February 1, 2013*</p>	<p>Members who elected MIP during enrollment periods</p> <p>or first worked on or after January 1, 1990, but before July 1, 2010</p> <p>and chose to convert to DC plan on February 1, 2013*</p>
Vesting	<p>10 years</p> <p>5 years if retiring under the 60 with 5 provision.</p>		<p>DB: 10 years OR 5 years if retiring under the 60 with 5 provision</p> <p>DC: 4 years</p>
Pension Factor	<p>1.5% up to 2/1/2013 and 1.25% after 2/1/2013</p>	<p>1.5%</p> <p>or</p> <p>1.5% up to 30 years and 1.25% after 30 years</p>	<p>1.5%</p>
DB Pension Contributions	<p>3 - 6.4%</p>	<p>7%</p>	<p>None after February 1, 2013*</p>
Pension Eligibility	<p>46 with 30</p> <p>60 with 10</p> <p>60 with 5 (with stipulations)</p> <p>55 with 15 (with stipulations)</p>		
FAC Period	<p>36 months</p>		
Retiree Healthcare	<p>Premium Subsidy or</p> <p>Personal Healthcare Fund (PHF)</p>		
Nonduty death benefit eligibility	<p>10 years if member under age 60 at time of death</p> <p>5 years if member 60 or older at time of death</p>		

*The date your plan changes took effect was based on your transition date. The exact date depends on your school district's payroll cycle.

A - C

- Active Member 8, 19, 24, 34
- Basic Plan 7, 11, 18, 19, 20, 22, 26, 34, 44, 45
 - Basic 7, 11, 18, 19, 20, 21, 22, 26, 34, 35, 36, 44, 45
 - Basic 4% 7, 11, 20, 44
 - Basic DC Converted 7, 11, 19, 20, 21, 34, 35, 44, 46
- Beneficiary 13, 15, 21, 33, 40
 - Default Provision 13, 15, 21, 33, 40
 - Survivor Pension Beneficiary 13, 15, 21, 30, 33, 40
- Benefit Structure 7, 20, 21, 38, 44, 45
- Contributions 11, 14, 25, 26, 44, 45
 - DB pension contributions 14, 25, 26, 44, 45

D - E

- Death
 - Duty Death 7, 21, 33, 35, 40, 44
 - Nonduty Death 7, 21, 33, 34, 35, 40, 44
- Deferred member 9, 36
- Deferred Retirement 18
- Defined Benefit (DB) pension retirement plan 7
- Defined Contribution (DC) plan 11, 23, 28, 33, 39

- Disability 19, 30
 - Duty Disability 30
 - nonduty disability 30
- Divorce 22, 40. *See* Eligible Domestic Relations Order (EDRO)
- Early Reduced Retirement 19
- Eligible Domestic Relations Order, 22

F - J

- Final Average Compensation (FAC) 20, 44, 45
- Fiscal Year 16
- Full Retirement
 - Basic Member 18
 - MIP 18
- Insurance 5, 24, 31, 44, 45

K - O

- Match Provision 24
- Member Investment Plan (MIP) 7, 18, 20, 26, 44, 45
 - MIP 7% 7, 11, 12, 20, 45
 - MIP DC Converted 7, 11, 19, 20, 21, 34, 35, 45
 - MIP Fixed 7, 11, 12, 13, 45
 - MIP Graded 7, 11, 12, 13, 45
 - MIP Plus 7, 11, 12, 13, 45
- miAccount 6, 7, 15, 20, 26, 31, 33, 38, 41, 44, 45, 49
- Optional Retirement Plan 9

P - R

- Pension Eligibility 18
- Pension Factor 21, 44, 45
- Pension Formula 20
- Pension Increases 22
- Pension Payment Options 21, 43
 - Equated Plan* 22
 - Straight Life Option* 21, 22, 43
 - Survivor Options* 21
- Personal Healthcare Fund 11, 31, 33, 35, 39, 44, 45
- Plan-to-Plan Transfer 29
- Premium Subsidy 13, 31, 34, 35, 36, 44, 45
- Refund, of contributions 14
- Retiree Healthcare Fund 13, 35,
- Rollover. *See* Plan-to-plan transfer

S - U

- Service 9, 16, 17, 21, 23, 26, 42, 49
- Service Credit 16, 17, 23, 26
 - Cost* 27
 - Purchasing* 24, 29
 - Types* 26
- State of Michigan 401(k) and 457 Plans 11, 39
- Tax-Deferred Payments (TDP) 29

V - Z

- Vesting 9, 16, 19, 37
- Years of service (YOS) 21

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