Retirement Readiness

A Two-Year Countdown

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.

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Retirement Readiness

A Two-Year Countdown

for members of the

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

Office of Retirement Services
State of Michigan

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I. Congratulations!

You're nearing the end of what we hope has been a satisfying career as a Michigan public school employee. We also hope that you're looking forward to retiring and reaping the rewards of your dedicated public service.

We want your final months as a public school employee filled with eager anticipation, not worry. We want you to approach your new life stage fully prepared—knowing all you need to know about your benefits under Michigan's Public School Employees' Retirement System—so your retirement is as fulfilling as you hope it will be.

This book explains how and when you'll qualify for your pension and provides examples to help you estimate your pension. It includes tips for enhancing your retirement by purchasing service credit. You'll find some points to consider as you decide when to retire, details on how and when to apply, information about insurance plans, and a bit about what you can expect after your monthly pension begins.

The information is presented in a loosely chronological fashion to help you "count down" to retirement. It starts with information you need to make critical decisions about retiring, and ends with the delivery of your pension payment. Along the way, be sure to use the additional tools we provide in the appendices.

Take charge of your retirement!

Manage your retirement with miAccount, our online account access tool where you can track your contributions and service credit totals, designate a beneficiary, estimate your pension, and apply for retirement.

Go to **www.michigan.gov/orsmiaccount** today to register and access your account. Return regularly to ensure your secure financial future.

Stay connected to your retirement plan

Like us on Facebook to get regular updates from the Office of Retirement Services (ORS). We share helpful information about retirement planning, links to free resources, and news updates—all to help you prepare for retirement.

www.facebook.com/MichiganORS

II. About Your Plan

The Office of Retirement Services (ORS) administers two Defined Benefit (DB) pension retirement plans within the Michigan Public School Employees' Retirement System. In addition to a pension benefit, members in these plans have access to retiree healthcare plans and death and disability benefits. Go to **www.michigan.gov/orsschools** for full details.

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 5 benefit structures in the MIP: *MIP Fixed, MIP Graded, MIP Plus, MIP 7%,* and *MIP DC Converted*. Go to Appendix D: Member Investment Plan (MIP) At-A-Glance for an overview of the MIP features. If you're unsure of your benefit structure, log in to miAccount to find out.

In addition to a pension benefit, Basic and MIP members have access to retiree healthcare plans and death and disability benefits.

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 3 benefit structures in the Basic Plan: *Basic, Basic 4%,* and *Basic DC Converted*. Go to Appendix C: Basic Plan At-A-Glance for an overview of the Basic Plan features. If you're unsure of your benefit structure, log in to miAccount to find out.

III. Qualifying for Your Pension

To be eligible for a monthly retirement pension, you must meet minimum age and service requirements as described here. These requirements vary depending on whether you're a Basic Plan or MIP member.

Full Retirement Provisions

MIP members.

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 be 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.
- ***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 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 within the month of your 60th birthday.

Basic Plan members.

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

- ***Basic 55 with 30.*** You will 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 be 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.

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 Provisions

Whether you are Basic or MIP, you can take an early reduced retirement as early as age 55 if you have at least 15 but less 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. An active member is someone who is still working under the retirement system and earning creditable service. If you terminate employment before the month you reach pension eligibility age, you become a deferred member, rather than an active member (see "Summer birthday provision" in this section). Deferred members don't qualify for the early reduced pension.

If you're planning to take the early reduced pension, check with ORS before you terminate employment to make sure you qualify.

To retire under the early reduced provision, you must meet all of the following conditions:

- You worked in the month of your 55th birthday (an exception may apply if you were born in a summer month—see "Summer birthday provision").
- You have at least 15 but fewer than 30 years of service, with at least 10 years of service earned under this system.
- You earned creditable service in each of the five school fiscal years before—including the month immediately before—your retirement effective date. The fiscal year in which you are retiring counts in the five years.
- You terminated Michigan public school service immediately before your retirement effective date.

If you're thinking about an early reduced retirement, be sure to verify you meet these requirements *before* you terminate employment to be sure you qualify.

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, 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 the Basic Plan.

Deciding between a deferred or early reduced retirement.

If you're between ages 55 and 60 and leaving public school employment, you might face a choice between taking an early reduced retirement or deferring your retirement until you meet age eligibility. Calculate your pension both ways before making a decision. Your choice could affect your lifetime pension amount.

Your choice will also affect your eligibility for an insurance premium subsidy and when it may begin. Before you make your decision, be sure you fully understand the eligibility requirements for insurance premium subsidies.

Get your personalized pension estimate at **www.michigan.gov/orsmiaccount.**

Summer birthday provision.

Suppose you were born during July, August, or September, expect to terminate employment in June, and you want to take an early reduced rather than a deferred retirement. Suppose that as of your birth date you'll meet all the requirements for an early reduced pension, but as of your termination date you won't be old enough. To prevent an unfair penalty for those who stop working when school ends in June but whose birthday falls in a summer month, a special provision applies.

If you are applying for a full retirement (other than the MIP 60 with 5) or an early reduced retirement, and your 55th or 60th birthday falls in July, August, or September, we will consider you an active (not deferred) member if you meet both of the following conditions:

- You are a regularly employed 10-month employee who does not normally work the summer months (substitute employees and those employed on an irregular basis do not qualify); and
- You file your retirement application before the end of the school year preceding the summer in which your birthday occurs.

In a summer birthday situation, your retirement effective date will be the first day of the month following your birthday in which you reach the required age to satisfy the full or early reduced retirement provision, as displayed below.

Retirement Provisions	Qualifying Birthday
MIP	46th (with 30 YOS) **OR** 60th (with 10 YOS)
Basic	55th (with 30 YOS) **OR** 60th (with 10 YOS)
Early Reduced (MIP or Basic)	55th (with at least 15 YOS)

Example: If your qualifying birthday is in August, your retirement effective date would be September 1.

Your Retirement Effective Date

Your retirement effective date is the first day of the month following the month in which you:

- Satisfy the eligibility requirements;and
- Terminate employment in Michigan public schools.

You cannot work for a participating Michigan public school or college, even as a volunteer, in the month of your retirement effective date. Additionally, if you anticipate working for the State of Michigan in the month of your retirement effective date, other restrictions could apply. Contact ORS for details before completing your retirement application.

You must have a bona fide termination of employment before your retirement effective date. A bona fide termination is a complete severing of your employee/employer relationship, and you cannot have a promise of reemployment or a contract for future employment in place prior to your termination of employment.

Of course, you must submit your retirement application forms and any required documentation before we can make an eligibility determination. At that time, we will also review your eligibility for an insurance premium subsidy (see Qualifying for Premium Subsidy in Section VI–Your Insurance for more information).

Note: You'll be able to enroll in the plan's health, prescription drug, dental, and vision insurance as of your retirement effective date. However, if you purchased service credit July 1, 2008, or later, the date you'll be eligible for an insurance premium subsidy could be later. See Section VI–Your Insurance, for details.

Counting Other Michigan Government Service

Act 88–Reciprocal Retirement Act of 1961 helps public servants who have worked either full- or part-time for more than one Michigan governmental unit, but perhaps fall short of pension eligibility with any or all of them. Combining years of service from multiple employers can help you qualify for a pension, but the other service won't count in the calculation of your pension amount. Act 88 can't be used to qualify someone for survivor or disability benefits. It can only be used for a regular retirement pension.

For more information, go to Service Credit–Earning & Purchasing on our website.

If You Become Disabled

If you become totally and permanently disabled while a public school employee and you do not meet the age and service requirements for a full retirement, you may qualify for a disability retirement. The ORS publication *If You Become Disabled: Your Disability Protection* explains the disability process more fully. Keep in mind, your disability application must be received within 12 months after terminating public school employment (unless there are extenuating circumstances).

IV. How Your Pension Is Calculated

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.

It's very important that you understand the concepts presented here before you make irrevocable selections you'll have to live with throughout your retirement. Once you're familiar with these fundamentals, you can move on to the next section for step-by-step help in estimating your pension.

The Pension Formula

Your annual pension is based on a formula that multiplies your FAC by a pension factor times your years of credited service. 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	FAC x 1.5% x YOS before February 1, 2013* **PLUS** FAC x 1.25% x YOS on or after February 1, 2013*
MIP 7% *and* Basic 4% (retained 1.5 percent multiplier for entire career)	FAC x 1.5% x YOS
MIP 7% *and* Basic 4% (retained 1.5 percent multiplier up to 30 years of service)	FAC x 1.5% x YOS up to 30 years **PLUS** FAC x 1.25% x YOS over 30 years
MIP DC Converted and Basic DC Converted	FAC x 1.5% x 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. If you're a Basic Plan member, your highest five consecutive years of earnings (60 months) in the DB plan are averaged to determine your FAC.

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.

Details on the types of compensation used in your FAC are in the next section.

**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'll 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.

Years of service (YOS).

Your years of service used to calculate your pension reflects 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.

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, as described in Section VII–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're choosing.

More details on pension options can be found in Section V–Estimating Your Pension.

Consider your options carefully.

You must choose your payment option when you apply for your pension. After your retirement effective date, you will not be able to change your option or your designated survivor pension beneficiary. (However, if you marry after your pension begins, you may be able to name your new spouse as a pension beneficiary under certain conditions. For details, visit our website and navigate to After Retirement, When to Contact ORS, Marriage.)

Use the personalized calculator at **www.michigan.gov/orsmiaccount** to estimate your pension.

Read carefully, ask questions, estimate under various scenarios, talk with your family—but do it before you submit your application.

Pension Increases After You Retire

Increases for MIP members.

As a MIP retiree, after you're retired a full year, you'll receive a fixed 3 percent increase in your monthly pension each October. For example, if your retirement effective date is December 1, 2016, your first increase will be in October 2018.

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

Your postretirement increase doesn't compound, but it does accumulate. So if your first postretirement increase is $36 per month, every October you can expect to get $36 more per month than you did the previous year.

EXAMPLE OF MIP POSTRETIREMENT INCREASES

Molly retired on December 1, 2015, with a monthly pension payment of $1,200. Beginning October 2017 (the first October after she's been retired a full year) she'll begin receiving an additional 3 percent of her initial pension, or $36 a month.

The first October, Molly will receive $1,236 ($1,200 + $36).

The next October, Molly will receive $1,272 ($1,200 + $36 + $36).

The third October, Molly will receive $1,308 ($1,200 + $36 + $36 + 36).

The increase is based on your initial pension amount after applying any early reduced or survivor option reduction. If you choose one of the equated options, the advance portion of your pension is not included when the 3 percent is calculated.

Note: If you chose the 100 percent survivor option, your beneficiary will receive the same annual increase you received. If you chose the 75 percent or 50 percent survivor option, your beneficiary will receive either 75 percent or 50 percent of the annual increase you received.

Increases for Basic Plan members.

If you're a Basic Plan member, you should not plan on a scheduled postretirement increase. However, if the plan's investments exceed predictions over a period of years, you may receive a distribution of the excess earnings. You'll be notified if and when a supplemental payment will be issued.

Wage adjustments after you retire.

If your school contract is under negotiation when you retire, you might have a wage adjustment after your pension begins. Once your school reports the correction, we will correct your FAC and pension amount. You'll be paid all past due benefits.

V. Estimating Your Pension

In this section, you'll find step-by-step examples to help you understand how your pension is calculated. Your first step will always be to figure your 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.

Use miAccount at **www.michigan.gov/orsmiaccount** to estimate and save up to four different personalized pension calculations using your up-to-date service and wage details. For example, you might wonder how your payment would be affected if you were to work longer, purchase service credit, or if you choose one of the survivor options or equated plans.

Remember, an estimate is just that—an estimate. You won't know for sure how much you'll get until you file your application and your actual service, wages, and age are figured into the calculation.

We also recommend the following to help you learn more about your pension:

- **In-Person Retirement Seminar.** Attend one of our two-hour in-person retirement seminars. Experienced ORS representatives will explain the plan and the process before fielding questions. You can check our schedule and register for a seminar at the ORS website.
- **Online Seminar.** Our webinars are a great way to learn more about your retirement in an interactive environment. Using a computer with a high-speed internet connection, join people from all over the state to learn and ask questions. Go to **www.michigan.gov/orsschools** and click on Tutorials, Webinars, and Seminars.
- **Tutorials.** Our tutorials are accessible twenty-four 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 **www.michigan.gov/orsschools** and click on Tutorials, Webinars, and Seminars.
- **miAccount Message Board**. Our customer service representatives can answer any other questions you have though the miAccount Message Board. Contact information can also be found inside the back cover of this book.

Figuring Your FAC

Your FAC period will end on your last date of employment in the DB plan if this period represents your highest consecutive earnings. We will count earnings from your last day of employment in the DB plan back three or five years. If your highest three or five years are not your final years, we review your earnings record and capture the highest three- or five-year period under the DB plan for your FAC. During this review, we will verify your final wages with your employer. If one year's wages are significantly higher than the previous year, ORS will make sure the compensation is in accordance with the normal salary schedule for your job classification.

Active duty military service will not have a negative effect on your FAC.

It doesn't matter if you retire during the school year or at the end, or if you receive some of your wages during the summer months after you retire. We will capture all that you earned during your FAC period. We will also review any contract settlement that occurs after you retire.

Types of compensation included in your FAC.

The types of pay used to calculate your final average compensation can include:

- Wages. Gross wages earned while performing the duties of your position, including compensation for extra work assignments such as coaching.
- Longevity pay.
- Vacation or holiday pay while absent from work.
- Sick leave pay (including weekly workers' compensation) while absent from work.
- Overtime pay.
- Merit pay for achieving specific performance objectives.

The following payments are NOT included in your FAC:

- Unused sick or vacation time.
- Bonus payments.
- Retirement incentive payments.
- Health and life insurance premiums.
- Long-term disability payments.
- Fringe benefits.
- In-kind compensation.
- Sabbatical leave stipends
- Service credit purchased by your employer on your behalf.
- Termination pay.
- Expense payments.
- Reimbursement for MIP or FICA contributions.
- Payments in lieu of health insurance.
- Payments for the specific purpose of increasing your final average compensation.

Note: Section 401(a)(17) of the IRS code can affect the FAC, and therefore the pension payments, of certain highly compensated individuals who were hired after October 1, 1996. The rule places a limit on the maximum compensation allowed for retirement benefit computations. Any wages you earn above this limit, which is set by IRS each year, may not be included in your pension calculation. In 2015, the limit is $265,000.

ESTIMATING YOUR FAC

Use these examples to estimate your FAC. Enter wages from the period in your career when your earnings were highest. For FAC purposes, use wages when earned, rather than when they are paid. If you have questions about types of compensation included in your FAC, contact ORS.

MIP MEMBERS

Molly

Molly's 3 highest consecutive years of earnings end on the day she stops working:

June 16, 2016, and go back to **June 17, 2013**.

YEAR ONE	June 17, 2013 - June 16, 2014	$ 41,244.40
YEAR TWO	June 17, 2014 - June 16, 2015	41,917.28
YEAR THREE	June 17, 2015 - June 16, 2016	+ 42,464.42
	TOTAL	**=$125,626.10**
		÷ 3
	MOLLY'S FAC	**= $41,875.37**

BASIC MEMBERS

Brian

Brian's 5 highest consecutive years of earnings end on the day she stops working:

June 16, 2016, and begin on **June 17, 2011.**

YEAR ONE	June 17, 2011 - June 16, 2012	$ 40,174.23
YEAR TWO	June 17, 2012 - June 16, 2013	40,935.68
YEAR THREE	June 17, 2013 - June 16, 2014	41,244.40
YEAR FOUR	June 17, 2014 - June 16, 2015	41,917.28
YEAR FIVE	June 17, 2015 - June 16, 2016	+ 42,464.42
	TOTAL	**=$206,736.01**
		÷ 5
	BRIAN'S FAC	**= $ 41,347.20**

The Straight Life Calculation

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

Every calculation for other payment options (survivor, equated, early reduced) begins with a calculation of your straight life pension.

Calculate your annual straight life pension by using your pension formula, as explained in Section IV–How Your Pension is Calculated. Divide the product by 12 to calculate your monthly straight life benefit.

Every calculation for other payment options (survivor, equated, early reduced) begins with a calculation of your straight life pension.

Additional notes about the straight life option.

- If you're married and choose a straight life option, your spouse must waive his or her right to your pension by signing the form in the presence of a notary public.
- If you have the Premium Subsidy benefit, your spouse and other eligible dependents can enroll in the plan's insurance during your lifetime whether you choose the straight life or a survivor option.
- If you have the Personal Healthcare Fund, you are not eligible for subsidized insurance through the retirement system. You, your spouse, and your dependents may enroll in the retiree health plan if you enroll immediately when you retire, but 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.
- No monthly pension or insurance benefits will continue to any beneficiary upon your death if you choose a straight life option. However, if there are any DB pension contributions remaining on account when you die, your beneficiary designated at retirement receives the balance in a lump sum payment.
- If you marry after retirement, you may be able to switch to a survivor option. Certain conditions and restrictions apply. For details, visit our website and navigate to After Retirement, When to Contact ORS, Marriage.

STRAIGHT LIFE PENSION FORMULA

Molly - MIP (Fixed, Graded, Plus)			Brian - Basic		
Molly is retiring at age **57** with **32** years of service.			Brian is retiring at age **57** with **32** years of service.		
Step 1: Determine the 1.5% portion of the pension calculation.					
Molly's FAC from page 17		$ 41,875.37	Brian's FAC from page 17		$ 41,347.20
Molly multiplied her FAC by 1.5%	x	0.015	Brian multiplied his FAC by 1.5%	x	0.015
	=	628.13		=	620.21
Molly's years of service before February 1, 2013*	x	31.7000	Brian's years of service before February 1, 2013*	x	31.7000
Molly's 1.5% portion		**$ 19,911.74**	Brian's 1.5% portion		**$ 19,660.59**
Step 2: Determine the 1.25% portion of the pension calculation.					
Molly's FAC from page 17		$ 41,875.37	Brian's FAC from page 17		$ 41,347.20
Molly multiplied her FAC by 1.25%	x	0.0125	Brian multiplied his FAC by 1.25%	x	0.0125
	=	523.44		=	516.84
Molly's years of service after February 1, 2013*	x	0.3000	Brian's years of service after February 1, 2013*	x	0.3000
Molly's 1.25% Portion		**$ 157.03**	Brian's 1.25% Portion		**$ 155.05**
Step 3: Combine the 1.5% and 1.25% portions for the full pension calculation.					
Molly's 1.5% Portion		$ 19,911.74	Brian's 1.5% Portion		$ 19,660.66
Molly's 1.25% Portion	+	157.03	Brian's 1.25% Portion	+	155.05
Molly's Annual Pension		**= $20,068.77**	Brian's Annual Pension		**= $19,815.71**
	÷	12		÷	12
Molly's Monthly Pension		**= $1,672.40**	Brian's Monthly Pension		**= $1,651.31**

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

STRAIGHT LIFE PENSION FORMULA

Molly - MIP 7% (with 1.5% multiplier)			Brian - Basic 4% (with 1.5% multiplier)		
Molly is retiring at age **61** with **24** years of service.			Brian is retiring at age **61** with **24** years of service.		
Molly's FAC from page 17		$ 41,875.37	Brian's FAC from page 17		$ 41,347.20
Molly multiplied her FAC by 1.5%	x	0.015	Brian multiplied his FAC by 1.5%	x	0.015
	=	628.13		=	620.21
Molly's years of service	x	24	Brian's years of service	x	24
Molly's Annual Pension		**$ 15,075.13**	Brian's Annual Pension		**$ 14,885.04**
	÷	12		÷	12
Molly's Monthly Pension		**= $1,256.26**	Brian's Monthly Pension		**= $1,240.42**

Molly - MIP DC Converted			Brian - Basic DC Converted		
Molly is retiring at age **55** with **31.5** years of service.			Brian is retiring at age **55** with **31.5** years of service.		
Molly's FAC from page 17		$ 41,875.37	Brian's FAC from page 17		$ 41,347.20
Molly multiplied her FAC by 1.5%	x	0.015	Brian multiplied his FAC by 1.5%	x	0.015
	=	628.13		=	620.21
Molly's years of service as of February 1, 2013*	x	31.5000	Brian's years of service as of February 1, 2013*	x	31.5000
Molly's Annual Pension		**$ 19,786.10**	Brian's Annual Pension		**$ 19,536.62**
	÷	12		÷	12
Molly's Monthly Pension		**= $1,648.84**	Brian's Monthly Pension		**= $1,628.05**

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

STRAIGHT LIFE PENSION FORMULA

Molly - MIP 7% (with 1.25% multiplier)		**Brian - Basic 4% (with 1.25% multiplier)**	
MIP Molly is retiring at age **58** with **34** years of service.		MIP Brian is retiring at age **58** with **34** years of service.	
Step 1: Determine the 1.5% portion of the pension calculation.			
Molly's FAC from page 17	$ 41,875.37	Brian's FAC from page 17	$ 41,347.20
Molly multiplied her FAC by 1.5%	x 0.015	Brian multiplied his FAC by 1.5%	x 0.015
	= 628.13		= 620.21
Molly's years of service, up to 30 years	x 30.0000	Brian's years of service before February 1, 2013*	x 30.0000
Molly's 1.5% portion	**$ 18,843.90**	Brian's 1.5% portion	**$ 18,606.30**
Step 2: Determine the 1.25% portion of the pension calculation.			
Molly's FAC from page 17	$ 41,875.37	Brian's FAC from page 17	$ 41,347.20
Molly multiplied her FAC by 1.25%	x 0.0125	Brian multiplied his FAC by 1.25%	x 0.0125
	= 523.44		= 516.84
Molly's years of service, above 30 years	x 4.0000	Brian's years of service, above 30 years	x 4.0000
Molly's 1.25% Portion	**$ 2,093.76**	Brian's 1.25% Portion	**$2,067.36**
Step 3: Combine the 1.5% and 1.25% portions for the full pension calculation.			
1.5% Pension Portion	$ 18,843.90	1.5% Pension Portion	$ 18,606.30
1.25% Pension Portion	+ $2,093.76	1.25% Pension Portion	+ $2,067.36
Molly's Annual Pension	**=$20,937.66**	Brian's Annual Pension	**=$20,673.66**
	÷ 12		÷ 12
Molly's Monthly Pension	**= $1,744.81**	Brian's Monthly Pension	**= $1,722.81**

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

The Early Reduced Option

If you're at least age 55, active (still working, not deferred), with at least 15 but less than 30 years of service, you may take an early reduced retirement. Be sure to verify you meet all requirements detailed in Section III–Qualifying For Your Pension before you terminate employment. Check with ORS ahead of time if you're not certain.

Calculate your straight life pension, then reduce it by one-half of one percent (0.005) for each month and fraction of a month you take your pension before age 60 (6 percent per year).

Additional notes about the early reduced option.

- The reduction in your pension is permanent. Expect to receive the same amount throughout your lifetime, with the exception of postretirement increases.
- Choosing the early reduced retirement has no effect on insurance eligibility, coverage, or premium subsidy. Insurance benefits are the same whether you take a full retirement or early reduced retirement.
- The 3 percent postretirement increase for MIP retirees will be based on the initial dollar amount of the early reduced pension amount.
- The early reduced pension calculation is performed before determining your pension amount under a survivor option or the equated plan.
- For early reduced option purposes, your retirement effective date is the first of the month following the date you last earned any reportable compensation, unless the summer birthday provision applies.

CALCULATING AN EARLY REDUCED PENSION

Molly			Brian		
Molly will retire at age **57 and 4 months** with **19.6** years of service.			Brian will retire at age **56 and 1 month** with **17** years of service		
Step 1: Determine the percentage by which their pensions will be reduced.					
Molly is 32 months away from reaching age 60.		32	Brian is 47 months away from reaching age 60.		47
Multiply by 1/2% for each month she plans to retire early.	x	0.005	Multiply by 1/2% for each month he plans to retire early.	x	0.005
Molly's pension reduction percentage	=	**16%**	Brian's pension reduction percentage	=	**24%**
Step 2: Determine the dollar amount by which their pensions will be reduced.					
Molly's monthly straight life pension.		$ 1,000.00	Brian's monthly straight life pension.		$ 1,500.00
Molly multiplied her straight life pension by her pension reduction percentage.	x	0.16	Brian multiplied his straight life pension by his pension reduction percentage.	x	0.24
Molly's monthly pension reduction	=	**$ 160.00**	Brian's monthly pension reduction	=	**$ 360.00**
Step 3: Determine their early reduced monthly pensions.					
Molly's monthly straight life pension from above.		$ 1,000.00	Brian's monthly straight life pension from above.		$ 1,500.00
Molly subtracted her monthly pension reduction amount from her straight life pension.	–	160.00	Brian subtracted his monthly pension reduction amount from his straight life pension.	–	360.00
Molly's early reduced monthly pension	=	**$ 840.00**	Brian's early reduced monthly pension	=	**$ 1,140.00**

The Survivor Options

If you elect a survivor option when you apply for retirement, you receive a reduced pension throughout your lifetime; however, upon your death your pension continues for the lifetime of your survivor pension beneficiary. You can name your spouse, child (including your adopted child), sibling, or parent as your survivor pension beneficiary.

If you marry after your pension begins and you name your new spouse as a survivor pension beneficiary, upon your death, the pension payment will be paid for your spouse's lifetime provided your death does not occur within 12 months of naming your new spouse as a survivor pension beneficiary. For more information, visit our website and navigate to After Retirement, When to Contact ORS, Marriage.

If you elect the 100 percent survivor option, upon your death your survivor will receive the same monthly benefit you received (before any tax, insurance premium, or other deductions). If you elect the 75 percent option, your survivor receives 75 percent of your pension amount; with the 50 percent option, your survivor will be paid half of your monthly pension payment.

The monthly pension amount for a survivor option is based on actuarial tables that factor in life expectancies for you and your beneficiary. These tables can be found with the examples on the following pages. (The Estimate Pension feature in miAccount has the full actuarial table.)

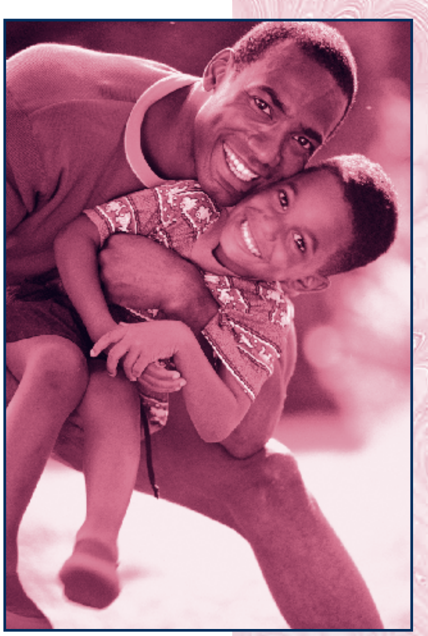
Note: Actuarial tables only provide estimates. Percentages are rounded and are subject to change.

Additional notes about the survivor options.

- If you're married and name someone other than your spouse as your beneficiary, or you elect any option other than the 100 percent survivor option, your spouse must waive his or her right to your pension by signing the form in the presence of a notary public.
- If you elect one of the survivor options but your pension beneficiary dies before you, your pension payment will increase to the straight life amount (either full or early reduced).
- Survivor pension payments are partially funded by your DB pension contributions, which are always paid out first. That DB pension contribution total is usually depleted in less than two years after retirement.
- You are not able to change your option or your designated survivor pension beneficiary after your retirement effective date. However, if you marry after your pension begins, you may be able to name your new spouse as a pension beneficiary under certain conditions. For details, visit our website and navigate to After Retirement, When to Contact ORS, Marriage.
- Upon your death, if you have the Premium Subsidy benefit, insurance benefits continue for your designated survivor pension beneficiary. Your eligible dependents who were covered at the time of your death may also continue

to receive insurance benefits if you have chosen the survivor option and designated your spouse as your survivor pension beneficiary. These benefits continue at the same level as when you were alive, unless you marry after retirement and name your new spouse as beneficiary after your pension begins. If you name a new spouse after your pension begins, upon your death, he or she can enroll in insurance but must pay the entire premium.

- Upon your death, if you chose the Personal Healthcare Fund, any eligible beneficiaries and dependents who were already enrolled in insurance at the time of your death may continue to be enrolled in insurance but they will continue to be responsible for the entire premium. If they disenroll from the plan at any time, they will not be able to re-enroll.
- If you get divorced after your pension begins and your spouse is your pension beneficiary, the court could order your pension election be changed from a survivor option to the straight life option.
- If you take the early reduced pension and choose a survivor option, your early reduced pension is calculated first. This amount becomes the basis for figuring your survivor option payment.



100% SURVIVOR OPTION

This option pays you a reduced benefit throughout your lifetime; upon your death your survivor pension beneficiary receives the same amount you were receiving.

Molly			Brian		
Molly is retiring at age **57**; her spouse will be **55** years old when she retires.			Brian is retiring at age **62**; his spouse will be **61** years old when he retires.		
Molly's monthly straight life pension from page 19, 20, or 21		$ 1,672.40	Brian's monthly straight life pension from page 19, 20, or 21.		$ 1,651.31
Molly used the chart on page 27 to find her percentage.	x	0.86	Brian used the chart on page 27 to find his percentage.	x	0.82
Monthly 100% survivor pension (Molly and her spouse)		**= $ 1,438.26**	Monthly 100% survivor pension (Brian and his spouse)		**= $ 1,354.07**

100% SURVIVOR OPTION

ACTUARIAL TABLE

Retiree age \ Beneficiary age	41	43	45	47	49	51	53	55	57	59	61	63	65	67	69
48	.90	.90	.91	.91	.92	.92	.92	.93	.93	.94	.94	.95	.95	.96	.96
49	.89	.90	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95	.96
50	.88	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95
51	.87	.88	.88	.89	.89	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95
52	.87	.87	.88	.88	.89	.89	.90	.90	.91	.92	.92	.93	.93	.94	.94
53	.86	.87	.87	.87	.88	.88	.89	.90	.90	.91	.91	.92	.93	.93	.94
54	.85	.85	.86	.86	.87	.87	.88	.89	.89	.90	.91	.91	.92	.93	.93
55	.84	.84	.85	.85	.86	.86	.87	.88	.89	.89	.90	.91	.91	.92	.93
56	.83	.83	.84	.84	.85	.85	.86	.87	.88	.88	.89	.90	.91	.91	.92
57	.81	.82	.82	.83	.84	.84	.85	.86	.87	.87	.88	.89	.90	.91	.91
58	.80	.81	.81	.82	.82	.83	.84	.85	.86	.86	.87	.88	.89	.90	.91
59	.79	.79	.80	.81	.81	.82	.83	.84	.84	.85	.86	.87	.88	.89	.90
60	.77	.78	.79	.79	.80	.81	.81	.82	.83	.84	.85	.86	.87	.88	.89
61	.76	.77	.77	.78	.78	.79	.80	.81	.82	.83	.84	.85	.86	.87	.88
62	.75	.75	.76	.76	.77	.78	.79	.79	.80	.81	.82	.83	.85	.86	.87
63	.73	.73	.74	.75	.75	.76	.77	.78	.79	.80	.81	.82	.83	.84	.85
64	.71	.72	.72	.73	.74	.75	.75	.76	.77	.78	.80	.81	.82	.83	.84
65	.70	.70	.71	.71	.72	.73	.74	.75	.76	.77	.78	.79	.80	.82	.83
66	.68	.69	.69	.70	.70	.71	.72	.73	.74	.75	.76	.78	.79	.80	.81
67	.66	.67	.67	.68	.69	.70	.70	.71	.72	.74	.75	.76	.77	.79	.80

Directions: Find your age in the left column and your beneficiary's age in the top row. The point where they intersect estimates how much you, and your beneficiary upon your death, will receive on the dollar, based on your straight life or early reduced estimate. If the table doesn't include the age ranges required for your situation, use the Estimate Pension feature in miAccount or contact ORS for assistance.

Note: These actuarial tables apply to all benefit structures within the MIP and Basic Plans.

75% SURVIVOR OPTION

This option pays you a reduced benefit throughout your lifetime; upon your death your pension beneficiary's monthly payment will be 75 percent of the amount you were receiving.

Molly			Brian		
Molly is retiring at age **57**; her husband will be **55** years old when she retires.			Brian is retiring at age **62**; his spouse will be **61** years old when he retires.		
Step 1: Determine the monthly 75% survivor pension.					
Molly's monthly straight life pension from page 19, 20, or 21		$ 1,672.40	Brian's monthly straight life pension from page 19, 20, or 21		$ 1,651.31
Molly used the chart on page 29 to find her percentage.	x	0.89	Brian used the chart on page 29 to find his percentage.	x	0.87
Molly's Monthly 75% survivor pension amount (Molly and her spouse)		**= $ 1,488.44**	Brian's Monthly 75% survivor pension amount (Brian and his spouse)		**= $ 1,436.64**
Step 2: Determine the survivor's 75% survivor pension.					
Molly's monthly 75% survivor pension from above.		$ 1,488.44	Brian's monthly 75% survivor pension from above.		$ 1,436.64
Molly multiplied her monthly straight life pension by 75%.	x	0.75	Brian multiplied his monthly straight life pension by 75%.	x	0.75
Molly's survivor's monthly pension		**= $ 1,116.33**	Brian's survivor's monthly pension		**= $ 1,077.48**

75% SURVIVOR OPTION
ACTUARIAL TABLE

Retiree age \ Beneficiary age	41	43	45	47	49	51	53	55	57	59	61	63	65	67	69
48	.93	.93	.93	.94	.94	.94	.95	.95	.95	.96	.96	.96	.97	.97	.97
49	.92	.92	.93	.93	.93	.94	.94	.95	.95	.95	.96	.96	.96	.97	.97
50	.91	.92	.92	.92	.93	.93	.94	.94	.94	.95	.95	.96	.96	.96	.97
51	.91	.91	.91	.92	.92	.93	.93	.94	.94	.94	.95	.95	.96	.96	.96
52	.90	.90	.91	.91	.92	.92	.93	.93	.93	.94	.94	.95	.95	.96	.96
53	.89	.90	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95	.96
54	.88	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94	.95	.95
55	.88	.88	.88	.89	.89	.90	.90	.91	.92	.92	.93	.93	.94	.94	.95
56	.87	.87	.88	.88	.89	.89	.90	.90	.91	.91	.92	.93	.93	.94	.94
57	.86	.86	.87	.87	.88	.88	.89	.89	.90	.91	.91	.92	.93	.93	.94
58	.85	.85	.86	.86	.87	.87	.88	.88	.89	.90	.91	.91	.92	.93	.93
59	.84	.84	.85	.85	.86	.86	.87	.88	.88	.89	.90	.90	.91	.92	.93
60	.82	.83	.83	.84	.85	.85	.86	.86	.87	.88	.89	.89	.90	.91	.92
61	.81	.82	.82	.83	.83	.84	.85	.85	.86	.87	.88	.89	.89	.90	.91
62	.80	.80	.81	.82	.82	.83	.83	.84	.85	.86	.87	.87	.88	.89	.90
63	.79	.79	.80	.80	.81	.81	.82	.83	.84	.85	.85	.86	.87	.88	.89
64	.77	.78	.78	.79	.79	.80	.81	.82	.82	.83	.84	.85	.86	.87	.88
65	.76	.76	.77	.77	.78	.79	.79	.80	.81	.82	.83	.84	.85	.86	.87
66	.74	.75	.75	.76	.77	.77	.78	.79	.80	.81	.82	.83	.84	.85	.86
67	.73	.73	.74	.74	.75	.76	.76	.77	.78	.79	.80	.81	.82	.83	.85

Directions: Find your age in the left column and your beneficiary's age in the top row. The point where they intersect estimates how much you, and your beneficiary upon your death, will receive on the dollar, based on your straight life or early reduced estimate. If the table doesn't include the age ranges required for your situation, use the Estimate Pension feature in miAccount or contact ORS for assistance.

Note: These actuarial tables apply to all benefit structures within the MIP and Basic Plans.

50% SURVIVOR OPTION

This option pays you a reduced benefit throughout your lifetime; upon your death your pension beneficiary's monthly payment will be 50 percent of the amount you were receiving.

Molly			Brian		
Molly is retiring at age **57**; her husband will be **55** years old when she retires.			Brian is retiring at age **62**; his spouse will be **61** years old when he retires.		
Step 1: Determine the monthly 50% survivor pension.					
Molly's monthly straight life pension from page 19, 20, or 21		$ 1,672.41	Brian's monthly straight life pension from page 19, 20, or 21		$ 1,651.31
Molly used the chart on page 31 to find her percentage.	x	0.92	Brian used the chart on page 31 to find his percentage.	x	0.90
Molly's Monthly 50% survivor pension (Molly and her spouse)		**= $ 1,538.62**	Brian's Monthly 50% survivor pension (Brian and his spouse)		**= $1,486.18**
Step 2: Determine the survivor's 50% survivor pension.					
Molly's monthly 50% survivor pension from above.		$ 1,538.61	Brian's monthly 50% survivor pension from above.		$ 1,486.18
Molly multiplied her monthly straight life pension by 50%.	x	0.50	Brian multiplied his monthly straight life pension by 50%.	x	0.50
Molly's survivor's monthly pension		**= $ 769.32**	Brian's survivor's monthly pension		**= $743.09**

50% SURVIVOR OPTION

ACTUARIAL TABLE

Retiree age	Beneficiary age 41	43	45	47	49	51	53	55	57	59	61	63	65	67	69
48	.94	.95	.95	.95	.95	.96	.96	.96	.96	.97	.97	.97	.97	.97	.98
49	.94	.94	.95	.95	.95	.95	.96	.96	.96	.96	.97	.97	.97	.97	.97
50	.94	.94	.94	.94	.95	.95	.95	.95	.96	.96	.96	.97	.97	.97	.97
51	.93	.93	.94	.94	.94	.95	.95	.95	.95	.96	.96	.96	.97	.97	.97
52	.93	.93	.93	.93	.94	.94	.94	.95	.95	.95	.96	.96	.96	.97	.97
53	.92	.92	.93	.93	.93	.94	.94	.94	.95	.95	.95	.96	.96	.96	.97
54	.92	.92	.92	.92	.93	.93	.93	.94	.94	.95	.95	.95	.96	.96	.96
55	.91	.91	.92	.92	.92	.93	.93	.93	.94	.94	.95	.95	.95	.96	.96
56	.90	.91	.91	.91	.92	.92	.92	.93	.93	.94	.94	.94	.95	.95	.96
57	.90	.90	.90	.91	.91	.91	.92	.92	.93	.93	.94	.94	.94	.95	.95
58	.89	.89	.89	.90	.90	.91	.91	.92	.92	.92	.93	.93	.94	.94	.95
59	.88	.88	.89	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94	.94
60	.87	.87	.88	.88	.89	.89	.90	.90	.91	.91	.92	.92	.93	.93	.94
61	.86	.87	.87	.87	.88	.88	.89	.89	.90	.90	.91	.92	.92	.93	.93
62	.85	.86	.86	.86	.87	.87	.88	.88	.89	.90	.90	.91	.91	.92	.93
63	.84	.85	.85	.85	.86	.86	.87	.87	.88	.89	.89	.90	.91	.91	.92
64	.83	.83	.84	.84	.85	.85	.86	.86	.87	.88	.88	.89	.90	.91	.91
65	.82	.82	.83	.83	.84	.84	.85	.85	.86	.87	.87	.88	.89	.90	.90
66	.81	.81	.82	.82	.83	.83	.84	.84	.85	.86	.86	.87	.88	.89	.90
67	.80	.80	.80	.81	.81	.82	.82	.83	.84	.85	.85	.86	.87	.88	.89

Directions: Find your age in the left column and your beneficiary's age in the top row. The point where they intersect estimates how much you, and your beneficiary upon your death, will receive on the dollar, based on your straight life or early reduced estimate. If the table doesn't include the age ranges required for your situation, use the Estimate Pension feature in miAccount or contact ORS for assistance.

Note: These actuarial tables apply to all benefit structures within the MIP and Basic Plans.

The Equated Plan

This plan pays you a higher pension until you are age 62, and then your monthly pension is permanently reduced. You might choose the equated plan if you want your overall income to remain fairly even both before and after social security begins.

Think of the equated plan as if you are borrowing against your pension until age 62.

So that your income (pension only) before age 62 is close to your combined income (pension and social security) after age 62, the increased pension before age 62 is based on a portion of your projected social security benefit. When you apply for your pension, you provide us with an estimate of your age 62 social security benefit. To obtain your estimate, you'll need to request a statement from the Social Security Administration website at **http://www.ssa.gov/myaccount**, documenting your age 62 benefit amount.

Because calculating your "before and after" pension involves so many variables, it's not possible to provide tables and examples here. However, our online pension estimator will do it for you simply and quickly. Obtain your social security estimate as noted above, and plug in your numbers using the Estimate Pension option in miAccount.

The equated plan can be confusing. It is important to have a full understanding of it because you can't change your mind after your retirement effective date.

When to choose the equated plan.

CONSIDER the equated plan if:

- You believe you would be money ahead by investing the pension "advanced" to you before age 62.
- You want to receive as much income as you can as soon as you can because your life expectancy is uncertain.
- You prefer having a relatively even income throughout your retirement.

DON'T choose the equated plan if:

- You don't want your pension permanently reduced at age 62.
- You like the idea of having more monthly income when social security begins.
- You don't want the higher pre-62 income to put you in a higher tax bracket.
- You expect to live longer than the life expectancy tables say, and you believe that the permanent reduction will end up costing you money.

As you can see below, under the equated plan your pension amount drops at age 62.

AT RETIREMENT		
Pension (Straight Life amount $1,570; Advanced amount 551)		$2,121
Social Security	+	$0
Total Monthly Income:		$2,121

Pension permanently reduced at age 62

In theory your income remains the same

AT AGE 62		
Pension		$588
Social Security	+	$1,533
Total Monthly Income:		$2,121

Additional notes on the equated plan.

- Your pension is reduced at age 62 regardless of when you actually begin receiving your social security and regardless of how much it actually is.
- You cannot choose the equated plan if you are age 61 or older as of your retirement effective date, or if you are eligible for a disability retirement.
- The equated plan has no bearing on postretirement increases, so MIP retirees will get the standard 3 percent increase that is based on the initial pension amount calculated before the advance.
- Your pension payment reduction under the equated plan takes effect the month after your 62nd birthday. If your birthday falls on the 1st or 2nd of the month, your pension is reduced the month in which you turn age 62.

Combining the Equated Plan and Survivor Option

You can elect any of the survivor options and still choose the equated plan. These are known as the *100% equated*, *75% equated*, and *50% equated* plan options.

To calculate your equated survivor pension, we start with your applicable (100, 75, or 50 percent) survivor pension amount. We then use that figure and your social security estimate at age 62 to determine your pre-62 and post-62 equated amount.

If you're interested in creating a combined equated and survivor option pension estimate, log in to miAccount and select the Estimate Pension tab to get started.

Additional notes about the equated survivor option.

- If your beneficiary should die before you, your benefit will revert to a straight life equated plan.
- Upon your death, your survivor will receive the standard survivor amount calculated under a 100, 75, or 50% survivor benefit, as if the equated plan was not chosen.

VI. Your Insurance

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. This section covers each of these conditions in detail.

If you enroll in insurance, your share of the insurance premium is deducted from your monthly pension payments. If your pension is less than the premium amount, we will bill you for the remainder of the premium.

Up-to-date details about carriers, benefit plans, and current premium rates will be provided with your retirement application. You can also check our website as you come close to your retirement date.

Personal Healthcare Fund

If you have the Personal Healthcare Fund, you are not eligible for subsidized health, prescription drug, dental, or vision insurance through the retirement system.

You, your spouse, and your dependents may enroll in insurance if you enroll immediately when you retire, but 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.

For more information about insurance eligibility and enrollment, contact ORS. For other information about your Personal Healthcare Fund, contact Voya Financial® at **(800) 748-6128**.

Qualifying for Premium Subsidy

As an active or deferred member, 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.

Carefully determine the date you want your insurance coverage to begin. Premium refunds cannot be made.

Delayed insurance premium subsidy.
Your premium subsidy will be delayed if you initiated a service credit purchase on or after July 1, 2008, that allows you to qualify for your pension earlier than if you did not make the purchase.

If a delayed subsidy applies, your subsidy will begin at age 60 or the age you would have been eligible to retire if you had not made the service credit purchase, whichever happens first. You can still enroll in the health, prescription drug, dental, and vision insurance plans before your subsidy is available; however you will have to pay the entire premium until the subsidy begins.

A delayed premium subsidy does not apply if you become eligible for a pension under a duty or nonduty related death or disability provision.

Membership begins before July 1, 2008.

If you began working for a Michigan public school reporting unit before July 1, 2008, your eligibility for an insurance premium subsidy depends on if you are an active member or deferred member at the time of your retirement. You may be subject to a delayed subsidy if you initiated a service credit purchase on or after July 1, 2008. (See previous section for more information.)

Active member at time of retirement. For subsidy eligibility, you're considered active if you earned one-tenth (0.1) or more years of service in each of the five school fiscal years immediately before your retirement effective date, or at least one-half (0.5) years of service within the two school fiscal years immediately before your retirement effective date. In either case, you must be employed in the month before your retirement effective date unless the summer birthday provision applies or your employer granted you an unpaid leave of absence due to a mental or physical disability supported by your personal physician.

When you retire, you will become eligible for the maximum premium subsidy allowed by law as of your retirement effective date (unless you're subject to a delayed premium subsidy).

Deferred member at time of retirement. You are deferred if you are vested but leave public school employment before you meet the age requirement for retirement, and did not take a refund. As a deferred retiree, the amount of the subsidy will depend on when you terminated your public school employment and how many years of credited service you have.

- ***Terminated after October 31, 1980, with at least 21 years of service.*** With 21 years of credited service, you will get 10 percent of the subsidy (not 10 percent of the premium) allowed by law. For each additional year of service, you will get an additional 10 percent of the subsidy (not the premium). For example, with 21 years of service, you'll get 10 percent of the subsidy, and with 25 years of service, you'll get 50 percent of the subsidy. If you retire with 30 or more years of service, you'll get 100 percent of the subsidy allowed by law.

- ***Terminated after October 31, 1980, with less than 21 years of service.*** You may enroll in the health, prescription drug, dental, and vision insurance plans, but you must pay the entire premium.

- ***Terminated on or before October 31, 1980.*** You're entitled to 100 percent of the subsidy (not the premium) allowed by law.

Membership begins on or after July 1, 2008, but before July 1, 2010.

If you began working for a Michigan public school reporting unit on or after July 1, 2008, but before July 1, 2010, you are eligible for a graded subsidy based on career length—the longer you work, the greater your premium subsidy is, up to the maximum subsidy allowed by law, currently set at 80 percent. You must have at least 10 years of service to qualify for any subsidy.

- **MIP 46 with 30.** If all of your service credit is earned (not purchased), as of your retirement effective date, you will be eligible for the maximum subsidy allowed by law, currently set at 80 percent. If you have earned at least 25 years of service credit, and have purchased service to reach 30 years of service, you will have a delayed subsidy. If a delayed subsidy applies, your subsidy will begin at age 60 or the age you would have been eligible to retire if you had not made the service credit purchase, whichever happens first.

- **MIP 60 with 10.** If, as of your retirement effective date, you have between 10 and 23 total years of service, a graded subsidy applies. With 10 years of service, your subsidy will be 30 percent of the premium. The subsidy increases by an additional 4 percent of the premium for each additional year of service, up to the maximum subsidy allowed by law, currently set at 80 percent.

INSURANCE SUBSIDY RATES–MIP 60 WITH 10

Years of Service	Percent of Premium	Years of Service	Percent of Premium	Years of Service	Percent of Premium
10	30	15	50	20	70
11	34	16	54	21	74
12	38	17	58	22	78
13	42	18	62	23	80
14	46	19	66		

- **MIP 60 with 5.** The insurance premium subsidy is not available to retirees with less than 10 years of service credit.

- **Early Reduced Provision.** If you have at least 25 years of earned (not purchased) service credit as of your retirement effective date, you will qualify for the maximum subsidy allowed by law when you retire. If you have less than 25 years of earned service credit as of your retirement effective date, you will qualify for the graded subsidy when you reach age 60.

Insurance subsidy for disability pension recipients.

Premium Subsidy benefit. If you are a member with the Premium Subsidy benefit, you will be eligible for subsidized group insurance, with the maximum subsidy allowed by law. If you elect a survivor option, your beneficiary and eligible dependents will also be eligible for insurance benefits upon your death.

Personal Healthcare Fund. If you chose the Personal Healthcare Fund, you would not be eligible for subsidized health, prescription drug, dental, or vision insurance through the retirement system.

If your disability application is approved, you and your dependents may enroll in the retiree health plan if you enroll immediately when you retire, but 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.

Insurance subsidy for nonduty death pension recipients.
If your death is not a result of an injury or illness incurred at work, it is called a nonduty death.

Premium Subsidy benefit. If you are a member with the Premium Subsidy benefit, health, prescription drug, dental, and vision insurance coverage is available to beneficiaries receiving a survivor pension at the maximum subsidy allowed by law, currently set at 80 percent.

Personal Healthcare Fund. If you have the Personal Healthcare Fund, your beneficiaries are not eligible for subsidized health, prescription drug, dental, or vision insurance through the retirement system. Eligible beneficiaries and dependents may enroll in the retiree health plan if they enroll immediately upon your death, but your beneficiaries will be responsible for the entire premium. If they disenroll at any time, they will not be able to re-enroll.

Insurance subsidy for duty death pension recipients.
If you die from a work-related injury or illness incurred during your public school employment, it is considered a duty death.

Health, prescription drug, dental, and vision insurance coverage are available to beneficiaries receiving a survivor pension.

Premium Subsidy benefit. If you are a member with the Premium Subsidy benefit, your beneficiaries will be eligible for the maximum insurance subsidy benefit allowed by law.

Personal Healthcare Fund. If you have the Personal Healthcare Fund, your beneficiaries will be eligible for the maximum insurance subsidy benefit allowed by law. However, they would not qualify for and would forfeit all rights to the Personal Healthcare Fund employer matching contributions and earnings on those contributions in your 401(k) because they would receive state subsidized health insurance. Any funds withdrawn that represent Personal Healthcare Fund employer contributions made on your behalf would need to be repaid. However, your beneficiary would retain full ownership of the contributions you made to the Personal Healthcare Fund and the earnings on those contributions in your 457 Plan account.

Additional notes about the premium subsidy.
If you elected your spouse as a survivor pension beneficiary after your pension began, upon your death, he or she will remain eligible for insurance coverage but must pay the entire premium. The premiums will be deducted from the pension. If the pension does not cover the entire cost of the monthly premium, a bill will be sent for the remainder.

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.
- Your unmarried child by legal guardianship until age 18.
- Your unmarried child by birth or legal adoption until December 31 of the year in which he or she reaches age 25 if a full-time student and dependent on you for support.
- 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.

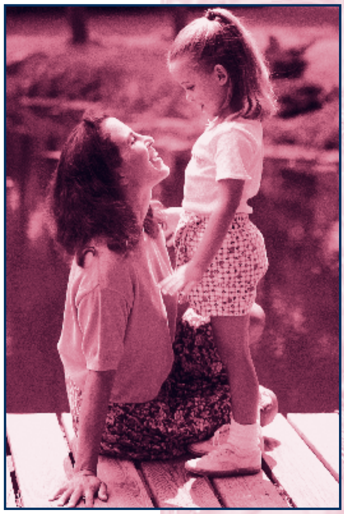
In the case of legal adoption, a child is eligible for coverage as of the date of placement. Placement occurs when you become legally obligated for the total or partial support of the child in anticipation of adoption.

The time frame to submit enrollment request and proofs for dependents is the same as enrolling yourself in insurance. For more details, go to When Coverage Begins. See Section IX–How To Apply for the list of proofs you'll need to provide when enrolling dependents in your insurance.

Additional notes about insurance for your dependents.

- If you choose the survivor option for your pension and you have the Premium Subsidy benefit, your designated pension beneficiary can enroll in or continue group insurance benefits after your death. If you choose your spouse as your survivor pension beneficiary, your eligible dependents who were covered at the time of your death will also continue to receive insurance benefits as long as they remain eligible.
- If you choose a survivor option for your pension and you have the Personal Healthcare Fund, any beneficiaries and dependents who were already enrolled in insurance plans at the time of your death may continue to be enrolled in insurance plans but they will continue to be responsible for the entire premium. If they disenroll from the plan at any time, they will not be able to re-enroll.
- A federal law known as COBRA (Consolidated Omnibus Budget Reconciliation Act) allows your spouse or child the option of paying for continued health insurance coverage for up to 36 months after a qualifying event that results in loss of eligibility. Your health insurance carrier may

also offer a conversion policy for your dependents. Contact the insurance carrier for more information.



- Recent federal law changes extended coverage to adult children up through the age of 26; however, the federal government has determined that this provision of the law does not apply to non-federal governmental retiree only plans, like the Michigan Public School Employees' Retirement System. Because of this, your dependents are not automatically eligible for the health plan until age 26 as they were under your active employer insurance plan.
- If you divorce, your former spouse's coverage ceases as of the end of the month in which the divorce occurs. He or she may be eligible for COBRA continuation, however.
- If you are enrolling a disabled child, we may ask for additional information to determine medical eligibility. Sometimes this may delay enrollment.

When Coverage Begins

Insurance coverage always begins on the first day of a month.

If you enroll at retirement.

Retiree coverage for you and your dependents can begin on your retirement effective date or up to 90 days past your retirement date if you will have insurance coverage with your school employer after you retire. Check with your school employer to find out when your present insurance coverage will terminate. That way there won't be any break in your coverage and you won't be duplicating coverage. Determining the correct effective date is very important because we can't refund any premiums once they have been withheld from your pension.

If you have a retroactive retirement date.

If you apply for retirement in the month of your retirement effective date or later (retroactively), insurance coverage can begin no earlier than the first day of the month after the enrollment request and required proofs are received, even if your retirement effective date is earlier than that.

For disability retirees.

If you are a disability pension recipient with the Premium Subsidy benefit, insurance coverage will begin (after you apply) on your retirement effective date or the first of the month following approval of your disability, whichever is later.

Timely application and proofs.

For retirees who do not have Medicare, coverage can begin the first of the month after we receive your completed application and proofs. For retirees with Medicare, if we get your request and proofs by the 15th of the month, we will enroll you the first of the following month. If we get the request and proofs later, but within 30 days of the qualifying event, you will not be enrolled until a month later.

For example, if you submit your application and proofs on July 25th, for a retirement effective date of August 1, your actual insurance effective date will be September 1.

Enrolling after retirement.

If you have the Premium Subsidy benefit and you are enrolling yourself, your spouse, or a dependent in insurance after retirement, your coverage will begin on the first day of the sixth month after ORS receives all required forms and proofs. For example, if we receive your Insurance Enrollment/Change Request and/or HMO enrollment form with proofs on February 10, your coverage would begin August 1.

The waiting period does not apply if you or a dependent has a qualifying event and ORS gets the request and proofs within 30 days of the qualifying event. For retirees who do not have Medicare, coverage can begin the first of the month after the month we receive your completed application and proofs. For retirees with Medicare, if we get your request and proofs by the 15th of the month, we will enroll you the following month. If we get the request and proofs later, but within 30 days of the qualifying event, you will not be enrolled until a month later.

Your retirement effective date is the first day of the month following the month in which you satisfy the eligibility requirements and you terminate employment in Michigan public schools.

If you have the Personal Healthcare Fund, you cannot enroll in insurance after your retirement effective date.

If you have a qualifying event.

The waiting period does not apply if you, a spouse, or an eligible dependent has an involuntary loss of other group coverage or a qualifying event such as a change in your family status and you have the Premium Subsidy benefit.

ORS must receive required proofs, and the enrollment request through miAccount or by using the *Insurance Enrollment/Change Request (R0452C)*, within 30 days of the qualifying event or you will be subject to a 6-month wait. If we receive the application and proofs within 30 days, and you meet all other eligibility requirements, we will process the enrollment the first day of the month after we receive the request and proofs.

The following are considered qualifying events for the purpose of adding or deleting a dependent. Photocopies are acceptable.

- **Adoption.** Acceptable proof is adoption papers. 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 the total or partial support of the child in anticipation of adoption. A sworn statement with the date of placement or a court order verifying placement is required.
- **Birth.** Acceptable proof is a birth certificate.
- **Death.** Acceptable proof is a death certificate.
- **Divorce.** Acceptable proof is divorce papers.

- **Marriage.** Acceptable proof is a marriage certificate and spouse's birth certificate-both are needed.
- **Involuntary loss of coverage in another group plan.** Provide a statement on letterhead from the terminating group insurance plan explaining who was covered, why coverage is ending, and the date coverage ends.

If you're changing insurance coverage, ORS will adjust your premiums, if needed, the month your insurance becomes effective. We cannot refund premiums withheld before or in the month you report the change. If you're adding a spouse or dependent due to marriage, birth, or adoption, be sure to submit the request and proofs within 30 days of the event or they will be subject to a 6-month waiting period before they can enroll.

If you have a delayed subsidy, you're enrolled in insurance before your subsidy effective date, and you're paying the entire premium, ORS will automatically reduce your insurance premium on your subsidy effective date.

If you have other health insurance.

It is your responsibility to keep ORS informed of any changes that may affect your own and your dependent's eligibility and/or coverage, so be sure to notify ORS when anyone on your insurance has coverage under another insurance plan.

If you and your spouse are both Michigan public school retirees, you'll be covered together under one contract.

Sign up for Medicare.

As soon as you or anyone else covered by your health insurance becomes eligible for Medicare, that person must enroll in both Part A (hospital) and Part B (medical). You must have Medicare Parts A and B to enroll in retiree insurance and prescription drug programs. If you, your spouse, or your dependents don't enroll in Medicare Part B when first eligible, the insurance for that person will be canceled and there is a six month wait to re-enroll.

For most people, Medicare begins at age 65 or after 24 months of social security disability. If that happens before age 65, send ORS the *Insurance Enrollment/Change Request (R0452C)*, and make sure ORS has your Medicare number.

Once you sign up for Medicare, we will enroll you in a Medicare Advantage plan. A Medicare Advantage plan is a private health plan that contracts with Medicare to provide you with all your Part A and Part B benefits.

Medicare Part D (prescription drug) is a federal program that is administered by your group insurance plan. When you enroll in a retiree prescription drug plan, we will automatically enroll you in Medicare Part D if appropriate. Don't sign up for a Medicare Part D prescription plan or any other supplemental prescription plan. Doing so will result in a loss of medical and prescription coverage through the retirement system's plan.

When Medicare Advantage coverage begins, you'll start paying Medicare premiums through the Social Security Administration. Your ORS premiums will be adjusted. Be sure to let ORS know if your premiums aren't reduced when Medicare starts. We cannot refund premiums that were withheld before or in the month you report the change.

Your medical records are private.

The Health Insurance Portability and Accountability Act (HIPAA) and related rules require group health plans to protect the privacy of its members' health information. If you're concerned that your privacy rights have been compromised, or you need further information, please contact ORS.

VII. 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, you may be eligible to have other service granted or transferred, and service credit may be restored if you withdrew your DB pension contributions to the system 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 Service?

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

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

You became a member of the retirement system at age 25.

You can collect a pension with 30 years of earned service at age 55.

You became a member at age 30 and purchase 5 years of service.

You can collect a pension with 25 years of earned *(plus 5 years of purchased)* service at age 55.

Adding to your service will also boost your pension amount:

You're averaging $35,000 per year; you have 30 years of school service.

$35,000
x 1.5%
x 30 years
$15,750 per year

Your pension: $1,313 per month

+5 years

Your pension amount with five additional years of service credit.

$35,000
x 1.5%
x 35 years
$18,375 per year

Your pension: $1,531 per month

With few exceptions, purchased service doesn't count toward your pension calculation until you're vested, nor can it count toward your ten-year (or five-year) minimum eligibility requirement. And in all cases, payments for service credit must be received in full before you terminate public school service.

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. Go to Service Credit–Earning and Purchasing on our website for more information.)

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. Refer to Service Credit–Earning and Purchasing on our website for more details on all service credit types.

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 *Member Billing Statement* **in miAccount**
Parental Leave*	Actuarial cost / 5 years	*Parental Leave Service Credit Application (R0008C)* **in miAccount**
Nonpublic Educational Service*	Actuarial cost / 5 years	*Out-of-System Public or Nonpublic Educational Service (R0149C)* application **in miAccount**
Out-of-System Public Educational Service Pre-1974	Contributions plus interest / 15 years on a matching basis	*Out-of-System Public or Nonpublic Educational Service (R0149C)* application
Out-of-System Public Educational Service Post-1974*	5% of highest previous fiscal year salary / 15 years on a matching basis	*Out-of-System Public or Nonpublic Educational Service (R0149C)* application **in miAccount**
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)	*Military Service Credit Application (R0081C)* **in miAccount**
Sabbatical Leave Pre-1981	Usually no charge / No limit	*Application to Purchase Sabbatical Leave Credit (R0148C)*
Sabbatical Leave Post-1981*	5% of highest previous fiscal year salary / No more than 1 year creditable per sabbatical leave	*Application to Purchase Sabbatical Leave Credit (R0148C)* **in miAccount**
State of Michigan Civil Service Defined Benefit Plan	Pre-1974: Contributions plus interest / No limit Post-1987: MIP costs plus interest / No limit	*Application to Transfer State of Michigan Service (R0317C)*
State of Michigan Civil Service Defined Contribution Plan	Actuarial Cost	No Limit
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 *Application for Weekly Workers' Compensation Credit (R0285C)*.
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.

- ***Repayment of refunded contributions.*** If you had a prior period of Michigan public school employment but then withdrew your DB pension contributions to the system 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 (DB) 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 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 and to figure a ball park estimate for purchasing. Go to Calculating Actuarial Cost on our website to help figure cost where "actuarial cost" is used.
- 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.

The miAccount Cost Calculator and Cost Recovery features help you decide whether a purchase is right for you.

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 check your eligibility and determine if a purchase is necessary. If the credit has no cost, you'll receive a letter stating the service credit type and amount being credited to your account. If you must purchase the service, you'll receive a *Member Billing Statement*.

Remember, service credit purchases (whether there is a cost or not) must be completed before you terminate employment 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're seeking a repayment of 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.

Don't delay!

Regardless of how you pay, remember that all service credit purchases (whether there is a cost or not) must be complete before you terminate public school service. Don't wait until the last minute!

For more information on earning and purchasing service credit, visit the Service Credit–Earning and Purchasing section of our website.

VIII. Choosing a Date

You know when you'll be eligible, and you know how to figure the monthly benefit. Now you must decide when the time is right to retire. Naturally there are health, leisure, and family considerations, in addition to financial obligations. Here are a few things to help you decide if you're ready; then we'll give you some tips on deciding when to go.

Are You Ready to Retire?

Answering these questions may provide some insight into how well prepared you are to retire.

- Do you own your home free and clear? If not, will you have enough income to pay for it?
- Have you planned for the future of children or others financially dependent on you?
- Have you estimated how much retirement income you'll receive from all sources? Is your estimate between 60-80 percent of your preretirement income?
- Have you included a realistic inflation factor in estimating the income you'll need throughout retirement?
- Have you considered your future health care costs when projecting your income needs in retirement?
- Have you saved for or planned for major expenses such as home repairs or an automobile purchase you expect to make during retirement?
- Do you plan to maintain cash in reserve for a family emergency?
- Do you have a current estimate from the Social Security Administration of what your benefits will be?
- Have you considered that at a time of increasing life expectancies, greater demand is placed on your personal savings and investments since they must last for a longer period of time?
- Do you already have a fulfilling leisure time activity or hobby you plan to devote more time to in retirement?

The more "yes" answers you have, the more adequate your retirement preparation and the more likely you'll be able to preserve your standard of living.

If you have more "no" than "yes" answers, should you delay your retirement date and continue to work? Only you can answer this.

Things to Consider

Some people are ready to retire the minute they're eligible. Others like to weigh every factor before deciding on a date. Here are some things you might want to consider when choosing your retirement date.

Retirement effective date.

Remember, your retirement effective date is the first day of the month following the month in which you've met all the eligibility requirements and you've terminated employment. The date you terminate employment is your choice. It can be any time in the year, and any day of the month.

Note: You must have a bona fide termination of employment before your retirement effective date. A bona fide termination is a complete severing of your employee/employer relationship, and you cannot have a promise of reemployment or a contract for future employment in place prior to your termination of employment.

Social security.

Your social security benefit will not affect your pension, but it could affect your overall finances. Your taxable income will be higher, so you may want to take a look at your tax withholding rate when you begin receiving social security. When your Medicare coverage begins, typically at age 65, we will reduce your portion of the health insurance premiums deducted from your pension. For information on Social Security benefits, go to **www.ssa.gov**, call toll-free **(800) 772-1213**, or visit your local SSA office.

Note: If you elect one of the equated plan options, your pension will be reduced at age 62 regardless of when you actually begin receiving your social security and regardless of how much it actually is. Remember, your age 62 pension reduction is based on the Social Security estimate you provide to ORS when you apply for your pension.

Taxes on your pension.

Your pension is subject to state and federal income tax (except for any portion of the pension representing your DB pension contributions or service credit purchases made with post-tax dollars). Taxes will be withheld from your pension according to the withholding instructions you give us when you retire. If you live outside of Michigan, you should check the state and local income tax regulations in your area.

State of Michigan 401(k) and 457 Plans and other savings.

Before choosing a date, it would be wise to think about how you plan to use your savings and investments. If you're in the Defined Contribution (DC) retirement plan or have the Personal Healthcare Fund, Voya® can give you payout options and tax information. You might also wish to consult a financial advisor who can help you gauge how long your savings might last into your golden years, and maybe even tell you how to minimize taxes and make your money go further.

Early reduced, or deferred?

If you're thinking about retiring before age 60 and you're debating whether to take the permanent reduction of the early reduced pension or defer your retirement until age 60 to get your full pension, consider the insurance ramifications. If you opt for an early reduced pension, your insurance can begin immediately. As a deferred member, you (and your dependents) will not be eligible for the health, prescription drug, dental, and vision insurance until you apply at age 60.

If you take a deferred retirement, it could reduce the amount of or eliminate your eligibility for an insurance premium subsidy. See Section VI–Your Insurance, for more information.

Postretirement increases.

MIP retirees will receive a fixed 3 percent, noncompounding increase each October after being retired a full year. Basic Plan retirees will only receive an increase if the plan's investments exceed predictions. See Section IV–How Your Pension Is Calculated for more details.

Effects of divorce.

If you divorce while you are 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 under Forms and Publications. 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.

The retirement statute prohibits continuing insurance benefits for a former spouse after a divorce.

Are you buying service credit?

If you're in the process of purchasing service credit, remember the purchase must be paid in full while you are still an active, working member of the retirement system. This can get tricky when tax-deferred payroll deductions, final paychecks, plan-to-plan transfers, or a combination of payment methods are being used to pay for service. And it's especially important if your pension eligibility depends on the purchase you're making. Don't stop working until you're positive ORS receives all service credit payments. Start working with us early so we can help you coordinate your payoffs.

Note: MIP contributions and interest due on Weekly Workers' Compensation must be paid in full before you establish a retirement effective date.

Keep in mind that certain types of service credit purchases may result in a delayed insurance subsidy. See Section VI–Your Insurance and Section VII–Enhancing Your Pension for more details.

Working After You Retire

This summary highlights the rules regarding returning to work as a retiree to any employer. It outlines the effect, if any, on your public school pension.

Note: For the most current information about working after retirement, go to the Working After Retirement section of our website. The website will have the most current details should there be any changes.

WORK THAT WON'T AFFECT YOUR PENSION

There is no limit on your earnings (see exception under "Working After Receiving an Approved Disability Pension" in this section) if you return to work in:

- A private sector job outside of a Michigan public school reporting unit.
- A private or parochial school in Michigan.
- A public school in another state.
- A college or university in Michigan that's not a part of the Michigan Public School Employees Retirement System.

You can earn as much as you want in these situations and still collect your full pension.

WORKING AFTER RECEIVING AN APPROVED DISABILITY PENSION

Because of the nature of a disability pension, you must gain approval from ORS before you return to work for any employer. Write a letter to ORS before you resume working. The letter should include:

- A job description;
- Complete information regarding the type of work you'll be doing; and
- The name of your potential employer.

Failure to gain advanced approval may result in termination of your disability pension.

PUBLIC SCHOOL OR STATE EMPLOYMENT

Bona fide termination.

You cannot work for a Michigan public school reporting unit or for the State of Michigan during the month of your retirement effective date, even as a volunteer.

You can't have a promise of reemployment or a contract for future employment in place to work in a Michigan public school reporting unit before you terminate employment and begin collecting your pension. A bona fide termination means there is a complete severing of the employee/employer relationship. If you are collecting your pension and it's subsequently discovered that a bona fide termination did not exist, you will be required to repay pension payments you erroneously received.

In addition, you will be retroactively disenrolled from insurance back to your retirement effective date. Any medical costs you incurred during this time will be your responsibility.

Public school employment.
You may be subject to earnings limits or forfeiture of your pension if you return to work either *for* or *in* a Michigan public school reporting unit. Working *for* a Michigan public school reporting unit means you have been hired directly by the school. You can also be working *in* a Michigan public school, but hired through a third party or as an independent contractor. (See "Public school reporting units" in this section for a list of employers that are reporting units.)

Once we know this, we can then determine whether or not you'll be subject to limits based on the categories that follow.

The rules are different depending on whether you retire before or on or after July 1, 2010.

Public school reporting units.
Michigan public school reporting units include:

- K-12 public school districts.
- Charter Schools/Public School Academies. Charter Schools/Public School Academies are considered reporting units even if they don't participate with the Michigan Public School Employees Retirement System.
- Intermediate School Districts.
- Some public libraries and museums.
- Tax supported community colleges.
- Central, Eastern, Northern, and Western Michigan Universities, Ferris State and Lake Superior State Universities, and Michigan Technological University.

If you return to work *for* or *in* a participating Michigan public school reporting unit, it's your responsibility to inform your employer of your retiree status. Reemployment in a Michigan public school reporting unit does not change the fact that you are a retiree. You will not earn service credit.

Exceeding the earnings limit.
Your pension can be either reduced or forfeited if you exceed the earnings limit.

For purposes of this publication, the following section is specific to those who retire on or after July 1, 2010. For complete information, please visit the Working After Retirement section of our website.

If you retired on or after July 1, 2010.
If you return to work *directly for* a Michigan public school reporting unit:

- Your earnings limit is one-third of your Final Average Compensation (FAC). *Example:* If your FAC is $60,000, then you may return to work directly for a reporting unit and earn $20,000 (your FAC divided by 3). You can find your FAC under Pension Payments in miAccount.

- If you exceed the earnings limit, you will forfeit both your pension and retiree insurance premium subsidy until your employment ceases. The forfeiture will begin the month you first exceed the limit. If enrolled, your insurance coverage will continue, but you must now pay the full, unsubsidized premium rate. To cancel your insurance, we must receive written confirmation ahead of the month in which you wish to remove your coverage. If your insurance is cancelled, you'll have a six-month wait upon re-enrollment. You may resume your pension and be eligible for the insurance premium subsidy after you stop working for a public school reporting unit. For example, if you stop working for a reporting unit on June 10, your pension and eligibility for the insurance premium subsidy will resume on July 1.

If you return to work *indirectly in* a Michigan public school reporting unit as an employee of a third party, or as an independent contractor:

- If you perform a core service, you will forfeit your pension and retiree insurance premium subsidy until your employment ceases.
- You may continue to collect your pension and receive the insurance premium subsidy if you're not performing a core service.

Simply put, core services include most teaching and administrative roles. A list of core services can be downloaded from our website, **www.michigan.gov/orsschools**. As of July 1, 2014, Substitute Teaching, School Improvement Facilitating, and Instructional Coaching are core services.

Defined Contribution (DC) Plan/Personal Healthcare Fund

If, as an active employee, you chose the Defined Contribution (DC) Plan and/or the Personal Healthcare Fund, the rules for working after retirement remain in effect. Your contributions to the 457 Plan will automatically begin at the level necessary for the maximum employer match based on your benefit structure. The employer contribution to your 401(k) Plan will also resume. The reporting unit will be responsible for paying contributions to the retirement system on your retiree wages. The employer contributions to your 401(k) Plan would count toward your earnings limitation for your pension.

However, IRS rules prohibit someone from both being employed and taking a distribution from 401(k) and 457 Plans, unless you are age 59 ½ or above (401(k) Plan) or age 70 ½ (457 Plan). If you are under the respective age and receiving a distribution when you return to work with an entity under the 401(k) or 457 Plan (including any Michigan public school reporting unit, the Education Achievement Authority, or the State of Michigan), the distributions would stop while you remain working.

IX. How to Apply

miAccount is a fast and easy way to apply for retirement—five simple steps and you're done! Before you apply,

- Complete the *Applying for Retirement–What You'll Need (R0870C)* worksheet to gather everything you'll need to complete your application. Find it on our website under Ready to Retire, How to Apply.
- Use the Countdown to Retirement checklist to help you prepare for retirement.
- Don't forget to notify your human resource office of your intent to retire.

We recommend that you submit your retirement application and mail photocopies of your proofs to ORS at least three months before your retirement effective date. You will not get retroactive benefits if you file more than 12 months after you become eligible for pension payments.

Apply 3 to 6 months before your retirement effective date.

What You Will Need

ORS cannot process your retirement until you complete all of the steps in miAccount and submit all of the required documentation.

You'll need to also provide photocopies of the following:

- ***Proof of Marriage.*** To name your spouse as pension beneficiary and/or enroll him or her in your insurance, you must provide a copy of your government issued marriage certificate and your spouse's birth certificate.
- ***Proof of age.*** Submit a copy of your and, if applicable, your pension beneficiary's birth certificate. See Proving Your Age in this section for the list of other acceptable proofs of age. If you elect a survivor option, you also need to furnish proof of your beneficiary's age.
- ***Proof of dependent's insurance eligibility.*** If you enroll dependents under your insurance plan, you must provide birth certificates as proof of age and relationship; court orders to prove legal guardianship; and to prove adoption during adoption proceedings, a sworn statement with the date of placement or a court order verifying placement is required. For any child age 19 or older, we will also need the first page of your most recent IRS *form 1040* as proof of dependency and school records that prove full-time attendance.
- ***Proof of disability for insurance dependent.*** To ensure coverage for your incapacitated child, you will need to provide a current letter from the attending physician stating the child is totally and permanently disabled and incapable of self-sustaining employment and detailing the disability, and the IRS *form 1040* that identifies the child as your dependent. We may ask for additional information to determine medical eligibility. Sometimes this may delay enrollment. You may also be asked to furnish proof of incapacitation and dependency each year.

- ***Proof of residency***. To cover your parent(s) or parent(s)-in-law, you must provide a copy of one of the following in the parent or parent-in-law's name showing your address: IRS form *1099* or *1098* for previous year, current voter registration card, state driver's license, or state issued ID.

- ***Insurance information.*** For anyone covered under another plan, including Medicare, who is enrolling in health insurance, include that plan's information as requested on the retirement application.

- ***HMO application.*** The retirement application allows you to enroll in the health, prescription drug, dental, and vision insurance plans. If you're enrolling in one of the HMOs, you'll need to contact the HMO for an enrollment form. Submit the enrollment form with your retirement application documents. ORS will arrange for premium deductions from your pension and then forward the information to the HMO.

- ***Social security statement.*** Required if you selected an equated plan. To obtain your estimate, you'll need to request a statement from the Social Security Administration website at **www.ssa.gov/myaccount**, documenting your age 62 benefit amount.

Proving Your Age

You must furnish proof that includes your date of birth or age and proof of any insurance beneficiary's age, including your spouse, if applicable. Photocopies of acceptable proofs, in order of preference, are shown here. Do not mail in original documents, as they will not be returned.

Write your name and Member ID on any documents you send to ORS.

Preferred proof of age

- Birth certificate.
- Hospital birth record.
- Church baptismal record established during the first few years of your life.
- Valid U.S. passport book or card.
- Delayed birth certificate.
- Social security documentation. If none of the above is available and you have applied for a social security benefit and documented your date of birth, a statement from the Social Security Administration is sufficient. This statement must include your date of birth and explain that you have filed sufficient documentation to establish your date of birth.

Alternate proof of age

If you do not have the preferred proof of age, submit photocopies of **at least two** of the following documents. In addition to your date of birth or age, these documents should include an issue date. Records established early in life are preferred.

- School record.
- Church record.
- State or federal census record.
- Statement signed by physician or midwife who attended the birth.
- Family bible or other family record.
- Insurance policy.

- Government issued marriage certificate.
- Employment record.
- Military record.
- Child's birth certificate that shows age of parent.
- Other valid records such as a hospital treatment record, labor union or fraternal records, permits, or licenses.

Foreign birth

If you were born in a foreign country, you may submit any of the items above, or one of the following:

- Valid foreign passport.
- Immigration record established upon arrival in the United States.
- Naturalization record (citizenship paper).
- Alien registration card.

What to Expect After You Apply

Here's what happens from the time you apply for retirement to when you begin receiving regular monthly pension payments. Check your application status in miAccount.

Application review.

After you submit your application, we review it to make sure all required information and documentation are received. If anything is missing or incomplete, we'll contact you with an explanation of what is needed; this could delay processing your application.

Benefit summary and preliminary estimate.

When you submit your retirement application through miAccount, a summary of your selections is immediately available to you including your retirement effective date, pension option, survivor option beneficiary, insurance choices, direct deposit instructions, and tax withholdings requested. It will also give you a preliminary pension estimate which won't include your final salary, final payouts, or any recently purchased service credit.

Final payroll details.

About 45 days before your retirement effective date, we'll request your last day worked and final payroll information from your employer(s). Your employer provides details of your wages along with any pay received in addition to your base contract such as retroactive contract settlements, longevity, overtime pay, etc.

ORS cannot make a final eligibility determination until every employer you worked for during your FAC period has submitted your final payroll details.

First pension payment.

In order to provide your first pension payment on time, we may not wait for your final payroll details from your employer to calculate your pension—we would use the payroll information already reported. If this situation applies to you, we'll send you an initial benefit award letter detailing your initial pension calculation and insurance information.

After your employer submits your final employment information, we review your account and adjust your monthly pension amount. We'll send you another letter detailing any changes along with information about payment schedules, taxes, and a guide to your reporting responsibilities.

If your first payment is delayed while we gather final salary information, you will be paid retroactive to your retirement effective date.

Ongoing pension payments.
Pensions are paid on the 25th of each month for the month they are due. If the 25th falls on a weekend or holiday, watch for your payment on the business day before. (December payments are issued about one week early.)

Pensions are paid on the 25th of each month.

Your pension statements.
Your statements are available at any time in miAccount.

You can obtain your federal form *1099-R* using miAccount. This pension income statement reports the payments made to you during the previous year and any taxes withheld. You will need it to file your income tax return. Each January, ORS will also send you a *1099-R*.

Your insurance enrollments.
When your retirement application is processed, we forward your insurance enrollment information to the health, prescription drug, dental, and vision insurance carriers. Each insurance carrier will mail identification cards and materials directly to you. If you need health services before your cards arrive, contact the insurance carrier directly to get your policy number or to verify coverage.

The State of Michigan 401(k) and 457 Plans.
If you're in the Defined Contribution (DC) retirement plan or the Personal Healthcare Fund and you would like to learn more about your options for your accounts, contact Voya® at **(800) 748-6128** or visit **http://stateofmi.voyaplans.com**.

Once you're retired, there is no active link between your human resource data and Voya. Therefore, you may need to report any changes to your address, phone, email, and dependent information with ORS and also with Voya.

If you disagree with a decision.
If you disagree with a determination made by ORS concerning your retirement benefits, you may request a review by writing to ORS stating the basis for your disagreement and providing all information you believe supports your position. Your request will be thoroughly reviewed, and you will be notified in writing of the outcome.

IRS pension limits.
Section 415(b) of the IRS code, which limits the amount of a pension that is payable from a defined benefit plan, affects a small group of retirees who earned a very high pension. If you are in this group, ORS will let you know how the pension amount that exceeds the IRS limit will be paid to you.

If you are overpaid or underpaid.

The retirement law requires ORS to correct any payment errors. As a result, any person who receives a payment in error will be required to repay it. This also applies if you are underpaid. If your payroll office reports a wage correction that results in an underpayment of benefits to you, you will be reimbursed.

X. Enjoy Your Retirement!

We hope this book answered all of your questions about your Michigan public school pension. We also hope you're well informed and ready to make the important choices that will lead to a rewarding life as a retiree.

Contact information can be found inside the back cover of this book.

Your Responsibilities

- **Educate yourself.** Before you make important decisions about retirement and your pension, read this book thoroughly. Don't forget the tools provided in the appendices.
- Take advantage of miAccount and our other online tools and resources at **www.michigan.gov/orsschools**.
- View a preretirement information meeting online or in person.
- Be sure to include your family in your retirement planning and decision making.
- Carefully review your service and pension estimates using miAccount.
- Keep this book and any important ORS correspondence such as your award letter and benefit summary in a safe place.
- Update your mailing address and email address using miAccount.

Appendix A: Other ORS Publications

The following publications are available on the ORS website, or you can phone ORS for a copy. Please note that our printed materials are current as of their publication date. Because retirement provisions and policies change, we encourage you to refer to our website for up-to-date information.

- ***Your Retirement Plan: A Member Handbook.*** This plan overview is a useful reference at any stage in your career. It provides general information about your retirement plan, as well as suggestions for long-term retirement planning.
- ***After You Retire: What Every Pension Recipient Should Know.*** You will receive this book with your award letter. It tells you what to expect, and how and when you should contact ORS after your pension begins.
- ***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.

Appendix B: Countdown to Retirement

2-5 years to retirement ...

- ✓ Log in to miAccount and review your service credit totals for accuracy, and consider whether any credit for refunded service, military service, or other service is available.
- ✓ Name a beneficiary in miAccount.
- ✓ Use the Estimate Pension function in miAccount to estimate your retirement pension and explore the various payment options.
- ✓ Get an estimate of your retirement benefits from the Social Security Administration website based on your planned retirement effective date.
- ✓ Attend an In-Person Retirement Seminar.
- ✓ Check out the Tutorials, Webinars, and Seminars section on our website.
- ✓ Review your current living expenses and project what these will be at retirement. Will your income from all sources cover your projected expenses?
- ✓ Anticipate new or recurring expenses (car, home repairs, healthcare costs), and perhaps take care of some of these before you retire.
- ✓ Evaluate your other investments. When will these funds be available? What are the withdrawal options: lump sum or recurring payments? If you're in the Defined Contribution (DC) plan or have the Personal Healthcare Fund, Voya can provide you with payout options and tax information.
- ✓ Consider your tax situation. How much will you be required to pay in income taxes? Are there any special tax breaks on retirement income where you live?
- ✓ Time your retirement to fit your goals. Consider these items:
  - The time from your last paycheck to your first retirement check.
  - The date of your first postretirement increase.
  - If you participate in a flexible benefits payment program, consider how your date of retirement will affect this account.
- ✓ Begin studying the pension payment options available.

18 months to retirement ...

- ✓ Research medical insurance for your family and verify your postretirement eligibility.
  - Plan-sponsored insurance.
  - Medicare. Go to **www.medicare.gov** for information.
  - Spouse's employment. Will you be able to continue coverage in the event of your spouse's retirement or death?
- ✓ Will you need individual disability coverage or long term care insurance? Ask your insurance provider if there is an offset provision for other income received.
- ✓ Evaluate your life insurance needs in comparison to your coverage and consider any conversion rights.
- ✓ Review your estate plan and make sure your will, trust, and powers of attorney are up-to-date. Understand how your assets pass to others under state law.
- ✓ If you're purchasing service credit, plan it so your purchase will be paid in full while you are still an active (working) member of the retirement system.

Appendix B: Countdown to Retirement

12 months to retirement ...

- ✓ Get another estimate from the Social Security Administration website.
- ✓ Review our website to be aware of any updates or changes to retirement information.
- ✓ Check the ORS website for the most current version of *Retirement Readiness: A Two-Year Countdown* or request a copy from ORS.

6 months to retirement ...

- ✓ Review your personal account details using miAccount.
- ✓ Read through the health, dental, prescription drug, and vision plan information to learn what benefits are available to you and your dependents in retirement.
- ✓ If you have any questions after you've reviewed our materials, ask an ORS representative by using the secure Message Board in miAccount.
- ✓ If you divorced while an active or deferred member and the court ordered a portion of your pension be paid to an alternate payee, you must have an eligible domestic relations order (EDRO) 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.
- ✓ If you plan to work after you retire, make sure you understand how postretirement earnings affect your pension and social security benefits.
- ✓ Gather any proofs and supporting documents needed to apply as described in the How to Apply section. Do not mail in original documents because they will not be returned.
- ✓ Carefully review the pension payment options. Decide which fits your needs and that of your family before you sign the papers.

3 months to retirement ...

- ✓ Review the health insurance plans offered and decide on a plan.
- ✓ Notify your personnel office of your intention to retire.
- ✓ Verify all service credit purchases are paid before terminating employment.
- ✓ Apply for retirement online with miAccount. Mail in your insurance enrollment, photocopies of your proofs of age, and any other required proofs. Do not mail in original documents because they will not be returned.
- ✓ ORS will send *After You Retire: What Every Pension Recipient Should Know* along with your award letter. It explains what happens next and things that you should report.

Retired at last!

- ✓ Watch for your pension payments on the 25th of each month.
- ✓ Keep your mailing address, phone number, and email up-to-date in miAccount.
- ✓ Enjoy reading *Connections*, a semiannual newsletter we send to our retirees so we stay connected.

Appendix C: 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/orsmiaccount**.

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 D: 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	**MIP Fixed:** Elected the MIP before January 1, 1990, OR were a Basic Plan participant who enrolled in the MIP by January 1, 1993 **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 **MIP Plus:** First worked between July 1, 2008, and June 30, 2010	Members who elected MIP during enrollment periods *or* first worked on or after January 1, 1990, but before July 1, 2010 *and* chose higher contribution rate beginning February 1, 2013*	Members who elected MIP during enrollment periods *or* first worked on or after January 1, 1990, but before July 1, 2010 *and* chose to convert to DC plan on February 1, 2013*
Vesting	10 years 5 years if retiring under the 60 with 5 provision.		DB: 10 years OR 5 years if retiring under the 60 with 5 provision 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	3 - 6.4%	7%	None after February 1, 2013*
Pension Eligibility	46 with 30 60 with 10 60 with 5 (with stipulations) 55 with 15 (with stipulations)		
FAC Period	36 months		
Retiree Healthcare	Premium Subsidy or Personal Healthcare Fund (PHF)		
Nonduty death benefit eligibility	10 years if member under age 60 at time of death 5 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.*

Notes

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Service at **YOUR** fingertips

plan and apply for retirement with ease

Use miAccount, a secure section of our website, to plan and apply for your retirement—check service credit totals, estimate the cost and weigh the benefits of a service credit purchase, run pension estimates, and apply for your pension and insurance.

Use miAccount's Message Board to confidentially discuss your retirement questions with ORS representatives.

www.michigan.gov/orsmiaccount

miACCOUNT

www.michigan.gov/orsschools

Check out our website for a wealth of tools and information to help you understand and plan your retirement.

- Tutorials
- Publications
- Webinars
- Newsletters
- And much more!

(800) 381-5111
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