

# Your Retirement Plan Election

Michigan Public School Employees' Retirement System



## Get ready to make your retirement plan election

As a new Michigan public school employee, you have a decision to make for your future retirement plan. Enclosed you will find resources to help you make your decision, including:

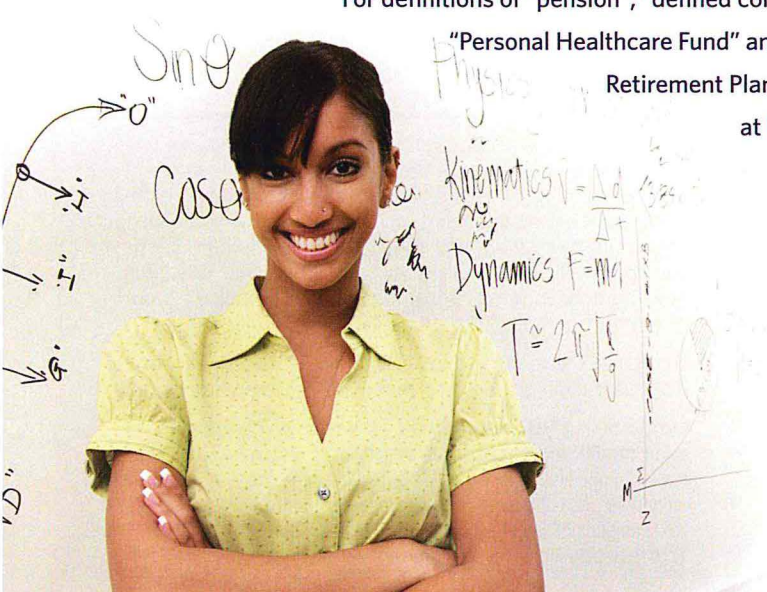
- access to the online Retirement Plan Election Guide
- an overview of your plan options
- the *Your Retirement Plan Election (R0940C)* form

**Review the online guide carefully.** Talk about your plan options with the people in your life who would be affected by your decision. You may want to consult with a tax or financial advisor.

**Don't miss the deadline.** Return your completed election form to your payroll officer no later than 75 days from your first payroll end date. If you do not meet the deadline, you will remain enrolled in the Pension Plus plan. Once you submit your election form or the deadline passes, you cannot change your retirement plan.

### Are you unsure about what a "pension" is?

For definitions of "pension", "defined contribution plan," "Personal Healthcare Fund" and more, see the Retirement Plan Election Guide at [PickMiPlan.org](http://PickMiPlan.org).



### Two retirement plans: the choice is yours

The two plans have some features in common including the Personal Healthcare Fund and the opportunity to invest in the State of Michigan 401(k) and 457 Plans but there are distinct differences, too. Get to know each plan and pick the one that best fits your future retirement needs.

#### Pension Plus plan

This plan offers two types of retirement plans in one: it pairs a **Pension Component** with a **Savings Component**.

The **Pension Component** guarantees you regular payments over your lifetime once you meet age and service requirements.

Retirement income from the **Savings Component** will depend on contributions to your tax-deferred retirement investment account and investment performance. You choose how to invest the money in the account.

On the day you begin public school employment, you are automatically enrolled in the Pension Plus plan to get you started saving for your retirement right away. It's up to you whether to stay in this plan or switch to the Defined Contribution plan.

#### Defined Contribution plan

The Defined Contribution plan enrolls you in a tax-deferred retirement investment account. Retirement income will depend on contributions to the plan and investment performance. You choose how to invest the money in the account with help from Voya Financial.®



# Which plan features matter most to you?

Here are six features to help you think about what you want from your retirement plan. Learn about all plan features in the Retirement Plan Election Guide at [PickMiPlan.org](http://PickMiPlan.org) before making your decision.

## You must act soon!

**Tear out, complete and return the election form to your payroll officer.** Your decision is due no later than 75 days from your first payroll end date. Once you submit your election, your retirement plan election cannot be changed.

|                                 | Pension Plus plan   | Defined Contribution plan  |
|---------------------------------|---|--|
| Income when you retire          | After reaching age and service requirements, you would receive a guaranteed monthly benefit for life plus the additional retirement income you accumulate in your retirement investment account. You can decide how much and when to withdraw money from your retirement investment account, following IRS rules.   | You would receive retirement income based on your contributions to the plan and investment earnings. There's no guaranteed benefit, and retirement income ends when the account is depleted. You can decide how much and when to withdraw the money from your retirement investment account, following IRS rules.  |
| The people who depend on you    | You would have the opportunity to provide a lifetime monthly benefit for an eligible survivor after your death. Beneficiaries would also receive your retirement investment account balance upon your death.  | You would have the opportunity to name individuals as your beneficiaries to receive your retirement investment account balance upon your death.  |
| If you become disabled          | You would receive a pension benefit if you become totally and permanently disabled and unable to perform duties for which you are trained, educated or experienced. Your eligibility depends on if your disability was incurred while at work or outside of work.<br><br>You would also have access to your employee contributions and any related earnings in your retirement investment account and Personal Healthcare Fund, along with any vested employer contributions and related earnings.  | You would have access to your employee contributions and any related earnings in your retirement investment account and Personal Healthcare Fund, along with any vested employer contributions and related earnings.   |
| Investment return and risk      | Your pension payments would not be affected by the market's ups and downs or the risk of low returns on investments. You would have the opportunity to use investment strategies to potentially build additional retirement income using the money you and your employer contribute to your retirement investment account.  | You have the opportunity to take advantage of market fluctuations by the type and timing of your investments. However, investment returns are not guaranteed and your account could lose value. You would invest the money you and your employer contribute to potentially build the value of your retirement account balance.   |
| The money you put in            | You would contribute toward both your future pension and your retirement investment account.<br><b>Pension Component:</b> You would make a mandatory contribution (starting at 3 percent of your pay and increases incrementally up to 6.4 percent based on your fiscal year earnings), to your pension account. These contributions can be returned to you if you leave public school employment.<br><b>Savings Component:</b> You're automatically enrolled at a 4 percent contribution rate to your retirement investment account which allows you to receive your employer's full matching contributions to your retirement plan and Personal Healthcare Fund. You can make changes to your retirement investment account contributions or fund selections at any time. | You would automatically be enrolled at an 8 percent contribution rate to your retirement investment account which allows you to receive your employer's full matching contributions to your retirement plan and Personal Healthcare Fund. You can make changes to your retirement investment account contributions or fund selections at any time.   |
| The money your employer puts in | <b>Pension Component:</b> Your employer makes contributions to help fund member benefits.<br><b>Savings Component:</b> For every dollar you contribute, up to 2 percent of your wages, you will receive an equal matching contribution to your account from your employer. This is directed to your Personal Healthcare Fund. For the next 2 percent of your wages that you contribute, your employer's matching contribution will be half of what you contributed, up to 1 percent of your wages. This, plus any additional contributions you make, is directed to your retirement savings.<br><br>To receive the maximum match, you will need to contribute 4 percent and you will receive 3 percent from your employer.  | For every dollar you contribute, up to 2 percent of your wages, you will receive an equal matching contribution to your account from your employer. This is directed to your Personal Healthcare Fund. For the next 6 percent of your wages that you contribute, your employer's matching contribution will be half of what you contributed, up to 3 percent of your wages. This, plus any additional contributions you make, is directed to your retirement savings.<br><br>To receive the maximum match, you will need to contribute 8 percent and you will receive 5 percent from your employer.<br><br>On October 1, 2017, your employer will begin contributing an additional 4 percent to your retirement investment account, regardless of how much you contribute. On February 1, 2018, the employer match toward your retirement savings will change to 100 percent of your contributions up to 3 percent of your wages. This is in addition to the 4 percent mandatory contribution. |



# Frequently Asked Questions

## Who is ORS?

ORS is an award-winning retirement organization driven to empower our customers for a successful today and a secure tomorrow. We administer the statewide retirement plans for Michigan public school employees, state employees, State Police, judges, and the Michigan National Guard. We partner with Voya Financial® to offer low-cost, high-performance plans for all our members. The teams at ORS and Voya are here to answer your questions and support you on your journey to retirement.

## What are the steps I need to take?

1. Review all information carefully, including in the Retirement Plan Election Guide at [PickMiPlan.org](http://PickMiPlan.org).
2. Complete and return the Retirement Plan Election form to your payroll officer before the deadline. Make a copy for yourself.

## Who can I talk to about my choices?

If you have questions after reviewing the Retirement Plan Election Guide, you can call us toll free. However, we cannot advise you on which retirement plan is right for you. Consider consulting a tax or financial advisor about your personal situation.

Call **1-800-381-5111** or log into miAccount at [www.michigan.gov/orsmiaccount](http://www.michigan.gov/orsmiaccount) and use the secure Message Board for information about the Pension Plus pension account.

Visit [PickMiPlan.org](http://PickMiPlan.org) for more information about the Pension Plus retirement investment account, the Defined Contribution plan and the Personal Healthcare Fund or call **1-800-748-6128**.

## Does my choice of a retirement plan affect my retiree healthcare benefit?

No. You will remain enrolled in the Personal Healthcare Fund whether you choose Pension Plus or the Defined Contribution plan. The Personal Healthcare Fund is a portable, tax-deferred investment account (in which your employer matches your contribution dollar-for-dollar) that can be used to pay for healthcare expenses in retirement.

## Does my employer match my contributions to either plan?

Yes, your employer will match a portion of your contributions to either plan's retirement investment account.

## Are the investment options the same for the Pension Plus retirement investment account and the Defined Contribution plan?

Yes.

## What type of account is the retirement investment account?

Your contributions to the retirement investment account in both the Pension Plus plan and the Defined Contribution plan, including the Personal Healthcare Fund, are invested in a 457 plan. Your employer's matching contributions are invested in a 401(k) plan.

## What is the deadline for returning the form?

The deadline is 75 days from your first payroll end date.

## Who can tell me what my first payroll end date was?

Ask your employer to confirm the date.

## What happens if I don't do anything by the deadline?

You will remain a member of the Pension Plus plan.

## What happens if I change my mind?

You cannot change retirement plans once you submit your election form or the deadline passes.

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*This content summarizes plan provisions under PA 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.*

## Questions?

Get the answers in the Retirement Plan Election Guide at [PickMiPlan.org](http://PickMiPlan.org).



**MICHIGAN OFFICE OF RETIREMENT SERVICES**  
Big Plans. Small Steps.





# MICHIGAN OFFICE OF RETIREMENT SERVICES

P.O. Box 30171 · Lansing, MI 48909-7671

www.michigan.gov/ors

800-381-5111  
517-322-5103

## Your Retirement Plan Election

### Michigan Public School Employees' Retirement System

As a new Michigan public school employee, you have 75 calendar days from your first payroll date (the last day of the first payroll period reported to ORS) to make your retirement plan election. If you do not make an election, you will remain a member in the Pension Plus plan.

|                                   |                             |                                |
|-----------------------------------|-----------------------------|--------------------------------|
| MEMBER'S NAME (LAST, FIRST, M.I.) | LAST FOUR OF SSN<br>XXX-XX- | EMPLOYER (REPORTING UNIT NAME) |
| MAILING ADDRESS                   | DAYTIME TELEPHONE<br>- -    | REPORTING UNIT NUMBER          |
| CITY, STATE, ZIP CODE             | WORK TELEPHONE<br>- -       | FIRST PAYROLL DATE             |

### Section I – Retirement Plan Selection

Carefully read the information included with this form and the Retirement Plan Election Guide at [PickMiPlan.org](http://PickMiPlan.org) before choosing your retirement plan. Your retirement plan election is irrevocable. Regardless of your retirement plan election, you are also enrolled in the Personal Healthcare Fund retiree healthcare benefit.

**Option 1: Defined Contribution (DC) plan.** I voluntarily choose to not become a member in the Pension Plus plan and to become a participant in the Defined Contribution (DC) plan, which currently provides a 50 percent employer match (not to exceed 3 percent of salary) on voluntary employee contributions of up to 6 percent of salary to the retirement investment account. I understand that retroactive to my first day worked, I will be automatically enrolled for a 6 percent employee contribution to my State of Michigan 457 Plan, which qualifies me for a 3 percent employer match paid into my State of Michigan 401(k) Plan. I understand that previous employer and employee contributions to the Pension Plus plan will be reconciled and deposited to the DC plan.

On October 1, 2017, my employer will begin contributing an additional 4 percent to my 401(k) Plan, regardless of how much I contribute to my 457 Plan. On February 1, 2018, the employer match toward my retirement savings will change to 100 percent of my contributions to my 457 Plan, up to 3 percent of my wages. This is in addition to the 4 percent mandatory contribution.

**Option 2: Pension Plus plan.** I voluntarily choose to become a member of the Pension Plus plan. I understand that the Pension Plus plan is a hybrid retirement plan that contains a Pension Component with a mandatory employee contribution (starting at 3 percent of my pay and increases incrementally up to 6.4 percent based on my fiscal year earnings) and a Savings Component that provides an employer match of 50 percent (not to exceed 1 percent of salary) on voluntary employee contributions of up to 2 percent of salary to a retirement investment account. I understand that starting my first day worked, I will be automatically enrolled for a 2 percent employee contribution to my State of Michigan 457 Plan, which qualifies me for a 1 percent employer match paid into my State of Michigan 401(k) Plan.

### Section II – Plan Selection Approval (signature required)

I acknowledge that my election is based on my individual circumstances. I understand that this election is based on current federal and state law, which takes precedence over any contrary information contained in this election form, and that those federal and state laws may change in the future and have an impact on the election I have made. I understand that each option has pluses and minuses for my situation. I further understand that I may change the automatic enrollment for either retirement investment account and elect a different contribution percentage, on a prospective basis only. With these understandings, I voluntarily agree to this election.

|                    |      |
|--------------------|------|
| MEMBER'S SIGNATURE | DATE |
|--------------------|------|

**New Employee:** Return this completed and signed form to your payroll officer as soon as possible, but no later than 75 calendar days from your first payroll date (the last day of the first payroll period reported to ORS).

**Employer:** Report the new employee's retirement plan election to ORS as instructed in the *Reporting Instruction Manual*, chapter 7.11.00.01 – Reporting Employees New to the MPSERS System. Keep a copy of the completed election form for your records. Please do not send a copy to ORS.

Tear or cut out this form along the dotted line.