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’s 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 Defined Benefit plan provisions under Michigan’s Public Act 240 of 1943, 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.
Retirement Readiness

A Two-Year Countdown

for members of the

State of Michigan Defined Benefit Plan
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I.

Congratulations!

You’re nearing the end of what, we hope, has been a satisfying career as a State of Michigan 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 state 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 the State Employees’ Retirement System—so that your retirement is as fulfilling as you hope it will be.

This book explains how and when you will qualify for your pension and provides worksheets and examples to help you estimate your pension. It includes tips for enhancing your retirement by purchasing service credit and participating in the State of Michigan 401(k) and 457 Plans. 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 way 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 totals, designate a beneficiary, estimate your pension, and apply for retirement online.

Go to www.michigan.gov/orsmiaccount today to register and access your account. Return regularly to help 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
Retirement Plans Defined

Three Defined Benefit (DB) Plans
There are three plans within the DB retirement plan: DB Classified, DB 30, and DB/DC Blend. In each of these plans you qualify for pension and insurance benefits when you meet eligibility requirements. If you’re not sure which plan you’re in, you can find out by logging in to miAccount.

DB Classified.
As a DB Classified member, you’ll remain an active contributing member of the DB plan until you terminate employment. You contribute 4 percent of your pay to the pension fund.

DB 30.
As a DB 30 member, you’ll remain an active contributing member of the DB plan until you reach 30 years of service. At that point, you’ll become a participant in the Defined Contribution (DC) plan for future service. Your status in the DB plan is active noncontributing member. When you retire, your retirement benefits will be comprised of your pension and the assets in your DC plan accounts. You remain eligible for retiree health insurance under the DB plan.

DB/DC Blend.
As a DB/DC Blend member, you became a participant in the DC plan for future service beginning April 1, 2012. Your status in the DB plan is active noncontributing member. When you retire, your retirement benefits will be comprised of your pension and the assets in your DC plan accounts. You remain eligible for retiree health insurance under the DB plan.

For more information about your DB plan, go to www.michigan.gov/orsstatedb or log in to miAccount at www.michigan.gov/orsmiaccount.

Defined Contribution (DC) Retirement Plan
In the DC retirement plan, you are a participant in the State of Michigan 401(k) and 457 Plans. Starting with your first day in the DC plan, you are automatically enrolled in a 3 percent contribution to your 401(k) plan account so you can take full advantage of the State’s match. The State will match your contributions, dollar for dollar, up to a maximum of 3 percent each pay period to your 401(k) plan account. In addition, the State contributes an amount equal to 4 percent of your pay into your 401(k) plan account. The State offers retirement plans and investment options that provide you with a choice of how to save for retirement. For more information about the DC retirement plan, go to http://stateofmi.voyaplans.com.

Deferred Compensation Plan
If you’re in the DB Classified plan or you have fewer than 30 years of service in the DB 30 plan, you should strongly consider investing in the State of Michigan 401(k) and 457 Plans. In the Deferred Compensation plan the State does not make contributions to your account, but you do have access to all of the same retirement plans and investment options. For more information about the Deferred Compensation plan, go to http://stateofmi.voyaplans.com.
Qualifying For Your Pension
To be eligible for a monthly retirement pension, you must meet minimum age and service requirements.

Age and Service Requirements
Most members will qualify when they meet these regular age and service requirements:

- **Full Retirement.** You will qualify for full retirement at age 60 with at least 10 years of service, or age 55 with 30 years of service. (Exception: If you are an unclassified legislative branch, executive branch, or judicial branch employee, you are vested for a full retirement at age 60 with 5 years of service.)

- **Early Reduced Retirement.** If you are an active member with at least 15 but fewer than 30 years of service, you can choose to take an early reduced retirement at age 55. 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). An active member is a working member who is on the state payroll. If you terminate employment before your 55th birthday, you become a deferred member and don’t qualify for the early reduced pension.

Some employee classifications have different eligibility rules (and payment calculations).

- **Covered Employees.** If your employer has determined that you are responsible for the custody and supervision of prisoners (called covered employment), you may be eligible for a supplemental pension when you are age 51 with 25 years in a covered position, or at age 56 with 10 years in a covered position. In both situations, your last three years must be in a covered position.

- **Conservation Officers.** If you are a conservation officer hired before April 1, 1991, you can draw your pension at any age after 25 years of service if 20 of those years were as a conservation officer. If you were hired after that date, you are eligible at any age with 25 years of service as long as 23 years were as a conservation officer. In either case, you must be employed as a conservation officer during the two years before your retirement.

- **Community Health Facility Closures.** If you are an employee of a Michigan community health facility that closes and your last five years were with that facility, you may be eligible to retire as of the facility closing date if you are age 51 with 25 years of service or age 56 with 10 years of service, or eligible for a deferred retirement at age 60 with 5 years of service. You qualify at any age with 25 years of service, as long as all 25 years were in a facility that closed.

If you are in either the DB 30 or DB/DC Blend Plan, you’ll continue to earn service credit towards age and service eligibility for your pension after you become a participant in the DC plan as long as you continue working for the state.
**Your Retirement Effective Date**

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

- You satisfied the eligibility requirements
- You submitted your retirement application to ORS
- You terminated employment with the State of Michigan

Your termination date is usually the last day you are a state employee. For some, it’s the same as the last day worked.

**When You Are Vested**

You are vested—meaning you have sufficient service credit to qualify for a benefit though you may not yet meet the age requirement—when you have the equivalent of ten years of full-time state employment. (If you are an unclassified legislative branch, executive branch, or judicial branch employee, you are vested after five years of service.)

**Counting Other Michigan Government Service**

You may be able to combine service credit you earned with a number of governmental agencies in Michigan in order to meet eligibility requirements. Act 88-Reciprocal Retirement Act of 1961 helps public servants who worked either full- or part-time for more than one Michigan governmental employer, but perhaps fall short of pension eligibility with any or all of them. Examples of a governmental unit include (but are not limited to) state, county, and municipal units as well as most public schools.

Combining years of service from multiple employers can help you qualify for a pension, but the other service credit 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.

More information about Act 88 can be found at [www.michigan.gov/orsstatedb](http://www.michigan.gov/orsstatedb) by clicking on Service Credit–Earning and Purchasing, then on Types of Service Credit.

**If You Leave Before Age 60**

If you leave state employment before you’re old enough to draw your pension but after you are vested, your pension is deferred until you apply for it at age 60. Be sure to apply before your 60th birthday. Your pension won’t be any higher if you wait, and you could even lose money because we can’t pay retroactively.
If you’re between ages 55 and 60 and leaving state employment, you might face a choice between a deferred retirement or an early reduced retirement (assuming you meet the eligibility requirements). Use miAccount to calculate your pension both ways before making a decision. Also consider:

- **Early Reduced.** Your pension will be permanently reduced. You and your eligible dependents are eligible for the health, prescription drug, dental, vision, and life insurance plans upon your retirement.

- **Deferred Retirement.** Your pension is calculated the same as a full retirement. You won’t be eligible for health, prescription drug, dental, and vision insurance until your retirement effective date. You forfeit your eligibility for state-sponsored life insurance when you defer your retirement.

**If You Become Disabled**

If you become totally and permanently disabled while a state employee, you may qualify for a disability retirement. The ORS publication *If You Become Disabled: Your Disability Protection* explains the disability benefit and application process more fully. Keep in mind, your disability application must be received within 12 months after terminating your state employment (unless there are extenuating circumstances). If more than 12 but fewer than 24 months have passed since your termination and you believe you have good cause, substantiation for late filing must accompany your application.
In this section, we explain how a straight life monthly pension is calculated and introduce the different payment options you can choose like the early reduced payment, survivor options, and equated plans.

It is 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 final average compensation (FAC) under the DB plan by a pension factor times your years of credited service under the DB plan.

**Note:** If you are a covered employee or a conservation officer, refer to Section V–Estimating Your Pension, for your pension formula.

**The Pension Formula**

\[
\text{Final Average Compensation (FAC)} \times \text{Pension Factor (1.5\%)} \times \text{Years Of Service (DB)}
\]

**Final average compensation (FAC).**

Your highest three consecutive years of compensation under the DB plan are averaged to determine your final average compensation, or FAC. If you are a conservation officer, your highest two consecutive years of compensation are used. If you’re in the DB 30 or DB/DC Blend plan, your FAC and years of service are determined as of the date you switch to the Defined Contribution (DC) plan for the purpose of your pension calculation. For members in the DB/DC Blend plan, that date is March 31, 2012.

**Note:** Your highest consecutive years of earnings may have occurred earlier in your career; however, we still refer to it as your final average compensation.

**Pension factor.**

The pension factor for most state employees is 1.5 percent (0.015). Conservation officers and covered employees working with prisoners use a different factor and formula (see Section V–Estimating Your Pension).

**Years of service (YOS).**

Your years of service reflect the years, or fractions of years, you have worked for the State of Michigan or one of its noncentral agencies under the DB plan. You are credited with a full year if you work 2,080 regular hours; however, you may earn no more than one year of service credit in any given year. If you are in the DB 30 or
DB/DC Blend plan, your pension calculation will only include your credited years of service, including completed service credit purchases or Tax Deferred Payment (TDP) agreements in place as of the date you switch to the DC plan.

Only regular, non-overtime hours are counted. Any work that is less than full-time or intermittent is evaluated using the regular hours worked converted to a fraction of a year. For example, if you work half-time you earn 0.5 years of service for each year of employment. (Exception: You are not considered part-time if you work a shortened schedule due to Voluntary Plan A measures, mandatory furlough hours, or the banked leave time program hours. You’ll get full credit.)

You may receive service credit for any military leave of absence or weekly workers’ compensation leave of absence that occurs during your state employment.

Credited service can also include any additional service credit purchased or transferred, as described in Section VII–Beefing Up Your Benefit.

**You Have a Choice of Payment Options**

The pension formula (as explained earlier in this section) calculates your *straight life pension*. If you choose the straight life pension, you receive the maximum monthly pension payable throughout your lifetime. No ongoing benefits—payments or insurance—are provided to your survivors.

If you qualify for the *early reduced retirement*, we first calculate your straight life pension. Then we apply the one-half percent per month or fraction of a month reduction to arrive at your actual monthly pension.

You may choose a *survivor option*, which pays you less but continues monthly pension payments and health, prescription drug, dental, and vision insurance coverage to your beneficiary if you die.

You could also choose the *equated plan* if you want your income to remain relatively level both before and after your social security payments begin.

You can combine the choices. For example, you can take an early reduced retirement with a survivor option. You can also take an equated plan with a survivor option. All calculations begin by figuring your straight life amount. Your straight life amount is then adjusted, depending on which plan or option you are choosing.

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

**Consider your options carefully.**

You must choose your option when you apply for your pension. After your retirement effective date, you will not be able to change your election or your designated survivor beneficiary for any reason. Your pension is a lifetime benefit paid monthly and it cannot be cashed out once you retire.

Read carefully, ask questions, use miAccount to estimate under various scenarios, talk with your family—but do it before you submit your application.
Pension Increases After You Retire

You can look forward to a fixed 3 percent increase (not to exceed $25 per month or $300 annually) beginning the second October after your retirement effective date. For example, if your retirement effective date is December 1, 2017, your first increase will be in October 2019.

Your postretirement increase doesn’t compound, but it does accumulate. So, assuming you’re eligible for the maximum increase, every October you can expect $25 more per month than you received during the previous year.

POSTRETIREMENT PENSION INCREASES

Mr. Fleming retired January 1, 2017 with a monthly pension payment of $1,200. Beginning October 2018 (the first October after he’s been retired a full year) he’ll begin receiving an additional $25 per month. (Though 3 percent of $1,200 is $36, the postretirement increase is capped by law at $25 per month.)

The first October, Mr. Fleming will receive $1,225 ($1,200 + $25).

The next October, Mr. Fleming will receive $1,250 ($1,200 + $25 + $25).

The third October, Mr. Fleming will receive $1,275 ($1,200 + $25 + $25 + $25), and so on.
Estimating Your Pension

In this section, you’ll find step-by-step worksheets 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](http://www.michigan.gov/orsmiaccount) to estimate and save up to four different personalized pension calculations using your up-to-date years of 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 years of service, wages, and age are figured into the calculation.

We also recommend these ORS resources to learn more about your pension:

- **Preretirement orientations.** Attend one of the retirement seminars sponsored by the state’s Civil Service Commission. Experienced ORS representatives will fully explain the plan and the process before fielding questions from the audience. Register by visiting the Civil Service website at [www.michigan.gov/mdcs](http://www.michigan.gov/mdcs).

- **Webinars.** 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/orsstatedb](http://www.michigan.gov/orsstatedb) 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/orsstatedb](http://www.michigan.gov/orsstatedb) and click on Tutorials, Webinars, and Seminars.

- **Message Board.** Our customer service representatives can help you obtain a pension estimate and answer any other questions you have though the miAccount Message Board. Contact information can 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. If your highest three years are not your final three years, we review your earnings record and capture the highest consecutive 36-month period under the DB plan for your FAC.
If you worked part-time (other than Plan A), intermittently, or were off the payroll during your FAC period, we will pick up earnings beyond three years.

If you are a conservation officer, your FAC is figured using the highest consecutive two years of earnings in the DB plan.

**Compensation included in your FAC.**

When you retire, you may receive final payouts from your employing agency. If your highest three consecutive years are indeed your final years of employment, some of that payout will count in your FAC and some will not.

The following payments *are* included in your FAC:

- **Wages.** All wages paid during the FAC period, including overtime, premium time, etc. Gross wages are used, before any deferred compensation or other income tax withholding. If your FAC period includes any overtime wages, visit our website for information on how your FAC is calculated. Go to [www.michigan.gov/orsstatedb](http://www.michigan.gov/orsstatedb) and click on Ready to Retire, Estimating Your Pension, then on Overtime and Your FAC.

- **Annual leave.** If your highest consecutive 36 months of compensation includes your last day in the DB plan, then your Final Average Compensation (FAC) formula will include up to 240 hours of accrued annual leave multiplied by the rate of pay as of your termination date. The hours will be paid at separation. **NOTE:** If you switched from the DB plan to the Defined Contribution (DC) plan on or after March 31, 2012 (DB/DC Blend or DB30) then your FAC period must include your last day in the DB plan to include up to 240 hours of accrued annual leave. For the purpose of the pension calculation, annual leave hours will be multiplied by the rate of pay as of the date you switched to the DC plan. The hours will be paid at separation.

- **Compensatory (comp) time.** Included when paid at retirement if your final three consecutive years are used as the FAC.

- **Longevity pay.** Included if paid during the FAC period.

- **Performance pay.** Included if paid during the FAC period.

- **Voluntary Plan A hours.** If your hours were reduced under Plan A during your FAC period, your FAC will include what might have been paid for those reduced hours. Your rate of pay immediately prior to your FAC period is multiplied by the number of reduced hours within the FAC period and added to what you actually earned during the FAC period.

- **Banked leave time and furlough hours.** Banked leave time and furlough hours that fall within your FAC period will be calculated at the rate of pay as of the date you earned the banked leave time. However, the payout amount is never used to calculate retirement benefits.

**Active duty military service credit will not have an adverse effect on your FAC.**
The following payments are *not* included in your FAC:

- Sick leave. Some employees are eligible to be paid one-half of their sick leave balance when they retire; however, sick leave is never used to calculate retirement benefits.
- Annual leave in excess of 240 hours.
- Clothing allowances.
- Flex plan payments.
- Travel compensation.

The following payments MAY or MAY NOT be included in your FAC:

- Grievance settlements. Determined on a case-by-case basis.
- Voluntary Plan B banked hours. If you still have a balance of Voluntary Plan B banked hours, you will be paid for those hours at your ending pay rate. If you banked hours prior to September 30, 1981, and did not use them, your payout will be included in your FAC calculation. Hours banked after September 30, 1981, and not used will be paid at your ending rate but will not be used in your FAC calculation unless those years will be used in the FAC period. If the latter is the case, your payout amount will not be used, but rather the hours banked will be added into your FAC at the rate of pay at which they were banked.

*Note:* Section 401(a)(17) of the IRS code can affect the final average compensation, 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 2017, the limit is $270,000.

### ESTIMATING YOUR FAC

*Use this worksheet to estimate your FAC. Enter your highest three consecutive years of earnings in the DB plan.*

<table>
<thead>
<tr>
<th>Example</th>
<th>Your Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming’s 3 highest consecutive years of earnings end on the day he stops working: March 5, 2013, and begin on March 6, 2010.</td>
<td>Your 3 highest consecutive years of earnings in the DB plan end on _______________________ and begin on _______________________ .</td>
</tr>
<tr>
<td>YEAR ONE</td>
<td>March 6, 2016 to March 5, 2017</td>
</tr>
<tr>
<td>YEAR TWO</td>
<td>March 6, 2015 to March 5, 2016</td>
</tr>
<tr>
<td>YEAR THREE</td>
<td>March 6, 2014 to March 5, 2015</td>
</tr>
<tr>
<td>MR. FLEMING’S FAC</td>
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</table>
**Full Retirement**

Your full retirement pension calculation begins by determining your straight life option amount. Every calculation for other payment options (survivor, equated, early reduced) begins with a calculation of your straight life pension.

The following subsections describe straight life calculations for regular state employees, covered employees responsible for the care and supervision of prisoners, and conservation officers.

**STRAIGHT LIFE OPTION / REGULAR**

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

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

**Additional notes about the straight life option.**

- If you are 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.
- Your spouse and other eligible dependents can enroll in state-sponsored insurance plans during your lifetime whether you choose the straight life or a survivor option.
- No monthly pension payments or insurance benefits will continue to any beneficiary upon your death if you choose a straight life option.
- You can name one refund beneficiary to receive a refund of your personal contributions and interest remaining on account (from contributions to the retirement system or any service credit purchases and interest), if any, when you die. For more information, go to our website and click on Defined Benefit Plan Overview, Beneficiary/Death Benefits.

### Example

Mr. Fleming is retiring at age 57 with 31 years of service.

<table>
<thead>
<tr>
<th>Mr. Fleming’s FAC from page 16.</th>
<th>$41,875.37</th>
</tr>
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<tbody>
<tr>
<td>Mr. Fleming multiplied his FAC by 1.5%</td>
<td>X 0.015</td>
</tr>
<tr>
<td>Mr. Fleming’s years of service.</td>
<td>= $628.13</td>
</tr>
<tr>
<td>MR. FLEMING’S ANNUAL STRAIGHT LIFE PENSION</td>
<td>X 31</td>
</tr>
<tr>
<td>= $19,472.03</td>
<td></td>
</tr>
<tr>
<td>MR. FLEMING’S MONTHLY STRAIGHT LIFE PENSION</td>
<td>÷ 12</td>
</tr>
<tr>
<td>= $1,622.67</td>
<td></td>
</tr>
</tbody>
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**Your Estimate**

You plan on retiring at age _____ with _____ years of service

<table>
<thead>
<tr>
<th>Enter your FAC from page 16.</th>
<th>$</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiply your FAC by 1.5%.</td>
<td>X 0.015</td>
</tr>
<tr>
<td>Your years of service.</td>
<td>= $</td>
</tr>
<tr>
<td>YOUR ANNUAL STRAIGHT LIFE PENSION</td>
<td>X</td>
</tr>
<tr>
<td>YOUR MONTHLY STRAIGHT LIFE PENSION</td>
<td>÷ 12</td>
</tr>
<tr>
<td>= $</td>
<td></td>
</tr>
</tbody>
</table>
STRAIGHT LIFE OPTION / COVERED EMPLOYEES

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

As a covered employee responsible for the care and supervision of prisoners, you qualify to receive a supplemental pension in addition to your straight life pension until age 62. First figure your straight life pension using the Straight Life / Regular formula, then add it to your supplemental pension calculation below.

Your supplemental pension is calculated as follows: Multiply your FAC times one-half of one percent (0.005) times your covered years of service in the DB plan.

After you calculate your straight life pension, you can go on to figure your pension under any of the survivor options. Note, however, that the supplemental portion of your pension cannot be transferred to a survivor.

**Note:** An employee in a covered position who retires under the early reduced retirement plan cannot also receive the supplemental pension.

Please also see Additional notes about the straight life option under Straight Life / Regular.

<table>
<thead>
<tr>
<th>Example</th>
<th>Your Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming will retire at age 57, with 25 years of service in a covered position and 6 years of uncovered service.</td>
<td>You plan on retiring at age _____ with _____ years of service in a covered position and _____ years of uncovered service.</td>
</tr>
</tbody>
</table>

**Step 1: Calculate your supplemental pension.**

<table>
<thead>
<tr>
<th>Mr. Fleming’s FAC from page 16.</th>
<th>$41,875.37</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming multiplied his straight life by 1/2%.</td>
<td>X 0.005</td>
</tr>
<tr>
<td>= $209.38</td>
<td></td>
</tr>
<tr>
<td>Mr. Fleming’s covered years of service.</td>
<td>X 25</td>
</tr>
<tr>
<td>Mr. FLEMING’S SUPPLEMENTAL PENSION</td>
<td>= $5,234.50</td>
</tr>
</tbody>
</table>

**Step 2: Calculate your pension to age 62.**

<table>
<thead>
<tr>
<th>Mr. Fleming’s straight life pension from page 17.</th>
<th>$19,472.03</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming’s supplemental pension from step 1.</td>
<td>+ $5,234.50</td>
</tr>
<tr>
<td>MR. FLEMING’S PENSION TO AGE 62</td>
<td>=$24,706.53</td>
</tr>
<tr>
<td>Mr. FLEMING’S MONTHLY PENSION TO AGE 62</td>
<td>= $2,058.87</td>
</tr>
<tr>
<td>Your straight life pension from page 17.</td>
<td>$</td>
</tr>
<tr>
<td>Your supplemental pension from step 1.</td>
<td>+ $</td>
</tr>
<tr>
<td>YOUR PENSION TO AGE 62</td>
<td>= $</td>
</tr>
<tr>
<td>Your covered years of service.</td>
<td>X</td>
</tr>
<tr>
<td>YOUR SUPPLEMENTAL PENSION</td>
<td>= $</td>
</tr>
<tr>
<td>Mr. Fleming’s pension reverts to a straight life.</td>
<td>Enter your straight life pension from page 17.</td>
</tr>
</tbody>
</table>

| Mr. FLEMING’S ANNUAL PENSION AT AGE 62 | $19,472.03 |
| Mr. FLEMING’S MONTHLY PENSION AT AGE 62 | $1,622.67 |
| YOUR ANNUAL PENSION AT AGE 62 | $ |
| YOUR MONTHLY PENSION AT AGE 62 | $ |
**STRAIGHT LIFE OPTION / CONSERVATION OFFICERS**

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

The annual straight life pension calculation for a conservation officer is 60 percent (0.6) of the two-year FAC.

After you calculate your straight life pension, you can go on to figure your pension under any of the survivor options and equated plans. Because of special eligibility rules, conservation officers cannot choose the early reduced retirement.

Please also see *Additional notes about the straight life option* under Straight Life / Regular.

---

**Example**

Mr. Doll is retiring at age 57 with 25 years of service as a conservation officer.

**Step 1: Determine your final average compensation (FAC).**

Mr. Doll used miAccount to estimate his FAC. Estimate your FAC using miAccount and entering your 2 highest consecutive years of pay.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>March 6, 2016 to March 5, 2017</th>
<th>$42,464.42</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR</td>
<td>March 6, 2015 to March 5, 2016</td>
<td>$41,917.28</td>
</tr>
</tbody>
</table>

\[\text{Mr. Doll's FAC} = \frac{\text{YEAR ONE} + \text{YEAR TWO}}{2} = \frac{\$42,464.42 + \$41,917.28}{2} = \$42,190.85\]

**Step 2: Calculate your straight life pension option.**

Mr. Doll multiplied his FAC by 60%.

\[\text{Mr. Doll's Annual Pension} = \frac{\text{Mr. Doll's FAC} \times 0.60}{12} = \frac{\$42,190.85 \times 0.60}{12} = \$2,109.54\]

---

**Your Estimate**

You plan on retiring at age ____ with ____ years of service as a conservation officer.

<table>
<thead>
<tr>
<th>YEAR</th>
<th>_________</th>
</tr>
</thead>
<tbody>
<tr>
<td>YEAR</td>
<td>_________</td>
</tr>
</tbody>
</table>

\[\text{YOUR FACT} = \frac{\text{YEAR ONE} + \text{YEAR TWO}}{2} = \$\]

Enter your FAC from step 1. Multiply your FAC by 60%.

\[\text{YOUR ANNUAL PENSION} = \frac{\text{YOUR FACT} \times 0.60}{12} = \$\]

\[\text{YOUR MONTHLY PENSION} = \frac{\text{YOUR ANNUAL PENSION}}{12} = \$\]

---
**Early Reduced Option**

If you are at least age 55, active (still working, not deferred), with at least 15 but fewer than 30 years of service credit, 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, and 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.

- Your 3 percent postretirement increases will be based on the dollar amount of the early reduced pension you receive.

- The early reduced pension calculation is performed before determining your pension amount under a survivor option or the equated plan.

### Example

#### Mr. Fleming will retire at age 57 years and 6 months.

**Step 1: Determine the percentage by which your pension will be reduced.**

- Mr. Fleming is 30 months away from reaching age 60.
- He multiplies by 1/2% for each month he plans to retire early.
- **MR. FLEMING’S PENSION REDUCTION PERCENTAGE**

| Enter the number of months before you will reach age 60. |
| 30 |
| Multiply by 1/2% for each month you plan to retire early. |
| X 0.005 |
| YOUR PENSION REDUCTION PERCENTAGE |
| = 15% |

#### Mr. Fleming’s monthly straight life pension from page 17.

| $1,622.67 |
| X 0.15 |
| **MR. FLEMING’S MONTHLY PENSION REDUCTION** |
| = $243.40 |

#### Mr. Fleming’s early reduced monthly pension.

| $1,622.67 |
| $ |
| - $243.40 |
| **MR. FLEMING’S EARLY REDUCED MONTHLY PENSION** |
| = $1,379.27 |

**Your Estimate**

- You plan on retiring at age ________.
- Enter the number of months before you will reach age 60. __________
- Multiply by 1/2% for each month you plan to retire early. 0.005
- Your pension reduction percentage in step 1. ________
- Enter your monthly straight life pension from page 17. $________
- Multiply your straight life pension by your pension reduction percentage in step 1. $________
- Your monthly pension reduction = $________
- Your early reduced monthly pension = $________
**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 and health insurance benefits continue for the lifetime of your survivor pension beneficiary. You can name your spouse, child (including your adopted child), grandchild, sibling, or parent as survivor pension beneficiary.

If you elect the 100 percent survivor option, upon your death your survivor will receive the same monthly pension 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 50 percent 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 worksheets 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 subject to change.

**Additional notes about the survivor options.**

- If you are married and name someone other than your spouse as your beneficiary or elect any option other than the 100 percent survivor option, your spouse must waive his or her right to your full pension by signing the form in the presence of a notary public.

- You cannot change your option or your survivor pension beneficiary for any reason after your retirement effective date.

- If you elect one of the survivor options, but then your pension beneficiary dies before you, your pension payment will increase to the straight life amount (either full or early reduced).

- Upon your death, insurance benefits continue uninterrupted for your designated survivor pension beneficiary. Your eligible dependents who were covered at the time of your death will also continue to receive insurance benefits only if you have chosen the survivor option.

- Your survivor option choice has no bearing on insurance coverage for your dependents. If they are eligible, they have full coverage (not 75 or 50 percent).

- If you get divorced after your pension begins, and your spouse is your pension beneficiary, you can change your survivor option to the straight life option only if ordered by the court.

- If you take the early reduced pension and also choose a survivor option, your early reduced pension is calculated first. This amount then becomes the basis for figuring your survivor option payment.

- If you qualify for a supplemental pension as a covered employee and also choose a survivor option, the supplemental portion of your pension will end when you reach age 62 and cannot be transferred to a survivor.
### 100% SURVIVOR PENSION

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

#### Example

| Mr. Fleming will retire at age **57**; his wife will be **51** years old when he retires. |
| Mr. Fleming’s monthly straight life pension from page 17. |
| $1,622.67 |
| Mr. Fleming used the chart below to find his percentage. |
| MONTHLY 100% SURVIVOR PENSION (Mr. Fleming and his widow) |
| X 0.84 |
| = $1,363.04 |

#### Your Estimate

You plan on retiring at age ____ ; your pension beneficiary will be age ____.

Enter your monthly straight life amount from page 17 or early reduced amount from page 20.

Use the chart below to find your percentage to multiply.

**MONTHLY 100% SURVIVOR PENSION (You and your surviving beneficiary)**

#### 100% Survivor Option

**Actuarial Table**

<table>
<thead>
<tr>
<th>Beneficiary Age</th>
<th>41</th>
<th>43</th>
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</tr>
</tbody>
</table>

**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 estimate (less any early reduced reduction). 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.
This option pays you a reduced pension throughout your lifetime; upon your death your pension beneficiary’s monthly payment will be 75 percent of the amount you were receiving.

### Example

Mr. Fleming will retire at age 57; his wife will be 51 years old when he retires.

<table>
<thead>
<tr>
<th>Step 1: Determine your monthly 75% survivor pension.</th>
<th>Your Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming’s monthly straight life pension from page 17</td>
<td>$1,622.67</td>
</tr>
<tr>
<td>Mr. Fleming used the chart below to determine his percentage.</td>
<td>$</td>
</tr>
<tr>
<td>MR. FLEMING’S MONTHLY 75% SURVIVOR PENSION</td>
<td>$1,427.95</td>
</tr>
</tbody>
</table>

### Step 2: Determine your survivor’s monthly pension.

<table>
<thead>
<tr>
<th>Step 2: Determine your survivor’s monthly pension.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming’s monthly 75% survivor pension from step 1.</td>
</tr>
<tr>
<td>Multiply by 75%.</td>
</tr>
<tr>
<td>MRS. FLEMING’S MONTHLY PENSION</td>
</tr>
</tbody>
</table>

### 75% Survivor Option

**Actuarial Table**

<table>
<thead>
<tr>
<th>Beneficiary Age</th>
</tr>
</thead>
<tbody>
<tr>
<td>41</td>
</tr>
<tr>
<td>48</td>
</tr>
<tr>
<td>49</td>
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<tr>
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</tbody>
</table>

**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 estimate (less any early reduced reduction). 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.
50% SURVIVOR PENSION

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

**Example**

Mr. Fleming will retire at age **57**; his wife will be **51** years old when he retires.

**Your Estimate**

You plan on retiring at age _____; your pension beneficiary will be age _____.

**Step 1: Determine your monthly 50% survivor pension.**

<table>
<thead>
<tr>
<th>Mr. Fleming’s monthly straight life pension from page 17.</th>
<th>$1,622.67</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Fleming used the chart below to determine his percentage.</td>
<td>X 0.91</td>
</tr>
<tr>
<td>MR. FLEMING’S MONTHLY 50% SURVIVOR PENSION</td>
<td>$1,476.63</td>
</tr>
</tbody>
</table>

**Step 2: Determine your survivor’s monthly pension.**

<table>
<thead>
<tr>
<th>Mr. Fleming’s monthly 50% survivor pension from step 1.</th>
<th>$1,476.63</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiply by 50%.</td>
<td>X 0.50</td>
</tr>
<tr>
<td>MRS. FLEMING’S MONTHLY PENSION</td>
<td>$738.31</td>
</tr>
</tbody>
</table>

### 50% Survivor Option

**Actuarial Table**

<table>
<thead>
<tr>
<th>Retiree Age</th>
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**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 estimate (less any early reduced reduction). 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.
The Equated Plan
This plan pays you a higher pension until you are age 65, and then your monthly pension is permanently reduced. You might choose to receive the equated plan if you want your overall income to remain fairly even both before and after social security begins.

So your income (pension only) before age 65 is close to your combined income (pension and social security) after age 65, the increased pension before age 65 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 full 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 estimated full retirement age social security benefit. We will convert this full benefit amount to the age 65 amount.

Because calculating your “before and after” pension involves so many variables, it’s not possible to provide tables and worksheets 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 financially ahead by investing the pension “advanced” to you before age 65.
- You want to receive as much 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 65.
- You like the idea of having more monthly income when social security begins.
- You don’t want the higher pre-65 income to put you in a higher tax bracket (extra IRS exemptions kick in at age 65).
- You expect to live longer than the life expectancy tables say, and you believe that the permanent reduction will end up costing you money.

NOTE: If you are covered employee who is eligible for a supplemental pension, you cannot choose the equated plan.
As you can see in the illustration below, under the equated plan your pension amount drops at age 65.

![Equated Plan Illustration]

**Additional notes on the equated plan.**

- Your pension is reduced at age 65 regardless of *when* you actually begin receiving your social security and regardless of *how much* it actually is.

- If you’re age 65 or older, eligible for a disability retirement, or qualify for a supplemental pension as a covered employee responsible for prisoners, you can’t choose the equated plan.

- The equated plan has no bearing on postretirement increases, so you’ll get the standard increase (3 percent, not to exceed $25 per month) that is based on the initial pension amount calculated before the advance.

- Your “full retirement age” for social security benefits is later than age 65 if you were born after 1937. We adjust for this when we calculate your equated plan pension. (We determine your age 65 social security amount based on the “full retirement age” social security estimate you provide.)

- Your pension payment reduction under the equated plan takes effect the month after your 65th birthday.

**Combining the Equated Plan and Survivor Option**

You can elect any of the survivor options and can 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 65 to determine your pre-65 and post-65 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 pension 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 percent survivor pension, as if the equated plan had not been chosen.
Your Insurance

When you retire, you and your eligible dependents can enroll in the state-sponsored group health, prescription drug, dental, and vision insurance plans. Your life insurance continues, but at a reduced face value.

If you leave under a deferred retirement, you can enroll in the health, prescription drug, dental, and vision group insurance plans when you begin receiving your pension at age 60, but you won’t be eligible for the group life insurance.

Health Insurance Options for Retirees

The Employee Benefits Division of the Michigan Civil Service Commission negotiates the carriers, coverage, and rates for retirees just as it does for active employees. In addition to the State Health Plan PPO administered by Blue Cross Blue Shield of Michigan, some of the HMOs that offer plans for active employees also offer coverage for retirees. Because these things change fairly frequently, the best way to find out which providers participate, compare coverage, and check premium rates is by going to the Employee Benefits section of the Civil Service Commission website at www.michigan.gov/mdcs.

No gap in your coverage.

Your insurance protection as a retiree begins on your retirement effective date. Since your coverage as an active employee continues through the end of the month in which you terminate employment, there should be no gap in coverage as you go from active to retired status. However, if you file your retirement application after the month in which you terminate employment, or if you waive coverage when you’re first eligible, there could be a six-month wait to begin your coverage.

Insurance premiums.

When you meet the age and service requirements, the state will subsidize your health insurance premiums. If your insurance premiums exceed your pension payments, ORS will create a monthly payment plan for you.

You will be notified in advance of any rate changes, which typically occur in October. Premiums for each carrier are available on the Employee Benefits section of the Civil Service Commission website.

Timely application and proofs.

Insurance coverage always begins on the first day of a calendar month. We must receive your application and proofs for everyone you want to enroll by the 15th of the month before the requested retirement effective date. If you submit the application and proofs after the 15th but before the end of the month, your insurance effective date will be one month later than requested.

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.
Regardless of when you want your coverage to start, we must receive your application and proofs for everyone you want to enroll no later than 30 calendar days after your retirement effective date, or those with missing information will be subject to a six-month wait to enroll, starting from the date we received the new enrollment request and proofs.

**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 the retiree insurance and prescription drug programs. If you, your spouse, or your dependents don’t enroll in Parts A and B when first eligible, the insurance will be canceled for that person 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 eligibility. If that happens before age 65, send ORS a completed *Insurance Enrollment/Change Request (R0452G)*.

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.

It’s important to act promptly because ORS cannot enroll you retroactively in the state health plan. Further, we cannot make adjustments for premiums paid before we receive your *Insurance Enrollment/Change Request (R0452G)*.

**Enrolling or changing your enrollment after retirement.**
While you’re actively employed, you can only change your insurance enrollments during the annual open enrollment period. As a retiree, you can change your insurance enrollments at any time during the year using miAccount, or by submitting an *Insurance Enrollment/Change Request (R0452G)*.

**Enrolling for the first time.** If you are enrolling in the retirement system’s insurance after your retirement effective date, 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 (R0452G)* with necessary proofs of eligibility on February 10, your coverage would begin August 1.

If you have a qualifying event, such as an involuntary loss of other group coverage or a change in family status, and you submit the required documents within 30 days, the six-month waiting period does not apply.
Below is a list of qualifying events with examples of the proofs needed for each. Photocopies are acceptable.

- **Adoption**: Acceptable proof is adoption papers, a sworn statement with the date of placement, or a court order verifying placement.
- **Birth**: Acceptable proof is a birth certificate.
- **Death**: Acceptable proof is original death certificate.
- **Divorce**: Acceptable proof is divorce papers.
- **Marriage**: Acceptable proof is a marriage certificate.
- **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.

For retirees who do not have Medicare and have a qualifying event, coverage can begin the first of the month after we receive your completed application and required proofs.

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

**Example**: You lose coverage as a result of a qualifying event on May 1, but don’t get the enrollment request and proofs to ORS until May 21. Your retiree insurance may not be effective until July 1.

**Changing plans.** To change your insurance plan, log in to miAccount and click on Insurance Coverage, or complete an Insurance Enrollment/Change Request (R0452G) and return it to ORS along with all of the required proofs. If you are currently enrolled in an HMO, you must remain in the HMO for at least six months, unless the coverage is no longer available because you have moved out of the coverage area.

Coverage in the new plan will begin the first day of the month after ORS receives your materials if you are changing to the State Health Plan PPO (after at least six months of HMO coverage) or moving out of an HMO coverage area. Coverage will begin the first day of the second month if you are voluntarily changing HMOs.

**Have a question about insurance?**
The insurance carrier is your best resource for answers about insurance cards, claims, or if you want to know if a particular service is covered. The Employee Benefits Division can also help with claims or coverage problems. Navigate to the Employee Benefits section of its website at www.michigan.gov/mdcs, or call 800-505-5011.
If you have questions or a problem with insurance enrollment, need to add or remove a dependent, or change your insurance carrier, contact ORS. The quickest way to do this is through miAccount. You can also complete the Insurance Enrollment/Change Request (R0452G) form found on our website.

**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 have state-sponsored health insurance, the Michigan Civil Service Commission website, www.michigan.gov/mdcs, explains how your medical information may be disclosed and how you can get access to this information.

**Dependent Health Insurance**
Eligible dependents for health, prescription drug, dental, and vision insurance plans include:

- Your spouse, as long as he or she is not also enrolled separately as an eligible state employee or retiree.

- Your unmarried children by birth, legal adoption, or full legal guardianship who are in your custody and dependent on you for support.

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.

In the case of full legal guardianship, eligibility for coverage ceases when the child reaches age 18 or upon your death, whichever occurs first.

**Continuing coverage after age 19.**
Coverage for your eligible children ceases the end of the month in which they turn age 19. However, if your coverage is still active, your dependent by birth or legal adoption can remain eligible through the month in which the child turns age 26 or graduates, whichever comes first, if he or she is an unmarried student who is enrolled at least half time in an accredited educational institution and is dependent on you for financial support.

You may be asked to provide photocopies of your tax returns as proof of dependency and school records as proof of school attendance.

If your enrolled dependent is a disabled child, coverage will continue as long as he or she was totally and permanently disabled before age 19, continues to be disabled, and your coverage does not terminate for any other reason. Disabled children are those who are unable to earn a living because of a mental or physical impairment and must depend on their parents for support and maintenance. You must furnish proof of disability and proof of dependency.

See Section IX–How To Apply for the list of proofs you’ll need to provide when enrolling dependents in your insurance plans.
**Additional notes about insurance for your dependents.**

- Coverage for your eligible dependents is the same as yours.

- Insurance eligibility for your dependents is governed by retirement statute (PA 240 of 1943, as amended) and may differ from eligibility provisions for active state employees. Be sure to read the Your Insurance section in this book carefully.

- Life insurance continues for your dependents after you retire, but their coverage is reduced to $1,000. (You may be able to convert the difference to a direct pay policy; see Life Insurance Protection for You and Your Dependents in this section for more information.)

- A federal law, the Consolidated Omnibus Budget Reconciliation Act (COBRA), allows your dependent the option of paying for continued health insurance coverage for up to 36 months after a qualifying event. The insurance carrier may also offer a conversion policy. The employee or affected family member must notify our office within 30 days of the date of a qualifying event and request an Application for Continuation of Insurances (CS-1767).

- Recent federal law changes extended coverage to adult children up to 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 State 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.

- Upon your death, insurance benefits continue for your survivor pension beneficiary. Your eligible spouse and unmarried children by birth or legal adoption who were covered at the time of your death will continue to receive insurance benefits only if you have chosen your spouse as the survivor option and there is no break in eligibility since your death.

**Life Insurance Protection for You and Your Dependents**

As a retiree who meets regular age and service eligibility, your state-sponsored life insurance continues for you and your dependents at no charge to you. Your coverage is 25 percent of the coverage you carried when you left work; your dependents’ policies are capped at $1,000 each.

If you become totally disabled prior to age 65, your amount of insurance being continued will be the amount in force on the day you became disabled, except that any dependent life insurance in force will be reduced to the retiree dependent plan. If you are still totally disabled on your 65th birthday, you will be considered retired and your life insurance amount will be reduced to 25 percent of the coverage in force on the day before you became disabled, and any dependent insurance you have will remain at the retiree dependent plan level.
If you become totally disabled as described above on or after age 65, your life insurance will be continued at no cost to you at 25 percent of the coverage in force on the day you became disabled. If you have dependent insurance, it will reduce to the retiree dependent plan level.

If you left as a deferred member, you do not qualify for the state-sponsored life insurance.

The following qualified dependents can continue life insurance coverage after you retire if they were enrolled while you were an active employee:

- Your spouse
- Your unmarried dependent children under age 23
- Your incapacitated child who lives with you and depends on you for support as defined by IRS regulations

**Life insurance beneficiary.**
You can change your life insurance beneficiary by submitting the Life Insurance Beneficiary Designation (R0782GHB) form found on our website. Any person(s) can be named as beneficiary(ies) for your life insurance. You can also name a Trust or your estate.

**Conversion coverage is available.**
Within 30 days of retirement, you may convert the remaining 75 percent of your active life insurance to a private direct pay policy. You may also convert the amount by which the dependent policy was reduced. For rates and the conversion application, go to the Civil Service Commission website at [www.michigan.gov/mdcs](http://www.michigan.gov/mdcs) or call Minnesota Life at 866-293-6047.

**Keep your award letter.**
The award letter you receive when your retirement application is processed serves as your only proof of your life insurance coverage, so be sure to keep it with your important papers. The certificate of insurance with coverage provisions can be viewed by following the Employee Benefits links on the Michigan Civil Service Commission website.
Beefing Up Your Benefit

Now that you know how your salary and service figure into your pension calculation, you might be thinking of ways to maximize your monthly pension. In this section, we give you a few tips for increasing both the salary and the service credit figure to boost your benefit. We also encourage you to consider how increasing your contributions to the State of Michigan 401(k) and 457 Plans may lead to a more secure retirement.

Increase Your FAC

There aren’t too many ways to increase your final average compensation, or FAC, short of a pay increase, promotion, or working overtime or premium time. Remember, however, that if your FAC period includes your last day in the DB plan, some compensation payouts are included in your FAC. Taking your annual leave as a payout rather than using it before you retire might boost your final average compensation and thereby your pension amount. (Refer to Section V–Estimating Your Pension, for the list of compensation payouts that count in your FAC.)

Boosting Your Service Credit

Your years of service as a State Employees’ Retirement System member in the DB plan determine when you will qualify for your pension and how much your pension will be.

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

Adding to your service credit will also boost your pension amount:
You may be able to increase the years of service factor in your pension calculation by purchasing service credit. You also may be eligible to have other service credit granted or transferred, and if you withdrew your personal contributions to the system and choose to repay the full amount withdrawn, with interest, service credit may be restored.

**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, [www.michigan.gov/orsstatedb](http://www.michigan.gov/orsstatedb), for more details on all service credit types.

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| Active Duty Military Service | Intervening: No charge / 5 years  
Nonintervening: 5% of highest previous fiscal year salary / 5 years | Military Service Credit Application (R0081G) in miAccount |
| University Service           | Pre-1974: Contributions that would have been made on wages earned, plus interest / No limit  
Post-1974: No charge / No limit | University Service Credit Application (R0447G) |
| Michigan Public School Service | Pre-1974: Contributions that would have been made on wages earned, plus interest / No limit  
Post-1974: No charge / No limit | Application to Transfer Michigan Public School Service (R0417G) |
| Court of Record              | Refunded contributions, plus interest. No charge if contributions not refunded / No limit | To receive a billing for this service, ask your court employer to address a letter to ORS, on the court’s letterhead, with the following:  
Dates of employment, total employment in years and months, whether the employment was full-time or part-time, if employment was part-time, your total hours, any breaks in service, amount and date of refund of contributions, if any, if a refund of contributions was not taken, a breakdown of wages earned while employed, by calendar year, whether or not all rights to a pension with this employer were waived, the amount of any funds on deposit. |
| Comprehensive Employment and Training Act of 1973 (CETA) | No cost to member / No limit | Your CETA employer must certify your service dates and provide other information on a case-by-case basis. Contact ORS for assistance. |
| Enlisted State Police Officer | Pre-1974: Refunded contributions, plus interest / No limit  
Post-1974: No charge / No limit | To receive credit for this service, contact ORS. |
| County Social Welfare Agency | $50 per month, $600 per year / No limit | To receive credit for this service, contact ORS. |
With few exceptions, purchased service credit doesn’t count toward your pension calculation until you are 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 State of Michigan employment.

**Additional ways you can boost your years of service.**

- **Repayment of refunded contributions.** If you had a prior period of State of Michigan employment but then withdrew your 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 are an active member and meet age requirements, Act 88 allows you to combine service credit 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) state, county, and municipal units as well as most public schools. 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 service 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 your eligibility to purchase service credit, its 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 in this section 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’s called a billing statement, you won’t be obligated to buy the service credit.

**How to Purchase**

The way to initiate a service credit purchase depends on the type you are considering. You’ll start with one of the applications referenced in the Service Credit Costs and Limits chart. To get an application for service credit not available in miAccount, go to the Forms and Publications section of our website or request one from ORS. Upon receiving the completed application, we’ll 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.

Service credit can’t be purchased or granted after you terminate state employment.
Repayment of refunded contributions.
If you’re seeking a repayment of refunded 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.

Note: If you elected the DB 30 or DB/DC Blend Plan, all service credit purchases must be completed and Tax Deferred Payment (TDP) agreements must be in place before you switch to the DC 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, a plan established with a previous employer, or a conduit IRA (individual retirement account). A traditional IRA is not eligible for a plan-to-plan transfer. 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 (granted or purchased) transactions must be complete before you terminate state employment. Don’t wait until the last minute!

**State of Michigan 401(k) and 457 Plans**
The State of Michigan’s 401(k) and 457 Plans are a great way to boost your income in retirement. Remind yourself of the tax advantages when you contribute to your account through biweekly payroll deductions. Refresh your knowledge of all the higher limits and other incentives the law permits for savers over age 50.

If you’d like more information or wish to increase your contributions to the 401(k) and/or 457 plan accounts, contact Voya Financial® soon. Most transactions can be handled using Voya®’s fully interactive website at [http://stateofmi.voyaplans.com](http://stateofmi.voyaplans.com), or you can call [800-748-6128](tel:800-748-6128) during normal office hours. While you’re at it, you might want to ask for the Payout Guide so you know the different ways you can have your account paid out to you when the time comes.
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 will 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 will 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.
Your retirement effective date is the first day of the month following the month in which:

- You satisfied the eligibility requirements;
- You submitted your retirement application to ORS; and
- You terminated employment with the State of Michigan.

Your termination date is usually the last day you are a state employee. For some, it is the same as the last day worked.

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 choose an early reduced pension, your insurance benefits 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.

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 state 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 permanently reduced at age 65 regardless of when you actually begin receiving your social security and regardless of how much it actually is. Remember, your age 65 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 personal contributions or service credit purchases made with post-tax dollars). Federal 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. Voya can give you payout options and tax ramifications. 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.

Postretirement increases.
As explained in Section IV–How Your Pension is Calculated, you’ll receive a fixed three percent, noncompounding increase (not to exceed $25 per month) each October after you are retired a full year.
**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 prior to your retirement effective date. ORS has developed an online fillable EDRO form to allow members to create accurate and complete EDROs that can be administered under the retirement statutes. Background information and instructions are provided separately in *Eligible Domestic Relations Orders: Background and Instructions (R0911X).*

If you have a 401(k) or 457 plan account, contact Voya for information on the effects of divorce.

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

**Are you buying service credit?**
If you’re thinking about or are in the process of purchasing service credit, remember that service credit purchases must be completed while you are still an active member of the DB plan. 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 are positive ORS receives all service credit payments. Contact us early on so we can help you coordinate your payoffs.

**Note:** If you elected the DB 30 or DB/DC Blend plan, all service credit purchases must be completed and Tax Deferred Payment (TDP) agreements must be in place before you switch to the DC plan.

**Working after you retire.**
If you go to work after you retire, your earnings usually won’t affect your pension, with the following exceptions:

**Disability retirement pension.** If you are receiving a disability retirement, special limitations apply if you go to work for any employer. Contact ORS in advance if you’re a disability retiree under age 60 considering a return to work.

**State of Michigan employment.** If you return to work for the state as an employee, independent contractor, or through a contractual arrangement with another party, you must forfeit your state pension for the duration of the reemployment.

You should complete the *Retiree Rehire Certification (R0792G)* at time of hire.

You will have a choice of active or retiree insurance plans. If you choose to keep your retiree insurance coverage, we will arrange for premium billings when you report your employment.

If you are rehired as a state employee, you will be enrolled in the Defined Contribution (DC) plan.

Under certain circumstances, some retirees may not need to forfeit their pension. For details, see our website at [www.michigan.gov/orsstatedb](http://www.michigan.gov/orsstatedb), and navigate to the After You Retire, Working After You Retire section.
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 (R0870G) 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 you intend 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. Since we cannot pay retroactively, you could end up losing benefits if you apply after the month you terminate employment.

What You Will Need

ORS cannot process your retirement until you submit a complete, error-free application. Make sure all forms requiring notarization are signed in the presence of a notary public. When you complete your application online, you must print and sign the Retirement Checklist page and return it to ORS along with all required documents.

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

- **Proof of marriage.** To name your spouse as pension beneficiary and/or enroll him/her in your insurance plans, you must provide a copy of your government issued marriage certificate.

- **Proof of age.** See Proving Your Age in this section for the list of proofs we can accept. If you elect a survivor option, you will 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 photocopies of 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 tax returns as proof of dependency and school records to prove the child is enrolled at least half time in an accredited educational institution.

If your dependent is an incapacitated child age 19 or older, and is covered by your State of Michigan insurance as an active employee, we will need a current letter from the attending physician stating that the child is totally and permanently incapacitated due to physical or mental disability and is incapable of self-sustaining employment, along with any medical records or reports that substantiate the incapacitation occurred prior to age 19. We will verify with the Employee Benefits Division that the child is currently enrolled and was deemed incapacitated prior to age 19. If incapacitation was not previously established, the information will be passed over to the insurance carrier for a determination of eligibility. In addition, every year you may be asked to furnish proof of the continued condition and proof of dependency. Deferred applicants cannot enroll an incapacitated child age 19 or older.
**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.

**Social security statement.** If you elect an equated plan, you must provide a statement from the Social Security Administration that estimates your full retirement age benefit. To obtain your estimate, you’ll need to request a statement from the Social Security Administration website at [http://www.ssa.gov/myaccount](http://www.ssa.gov/myaccount), documenting your age 65 benefit amount.

*Note:* Write your name and Member ID on all documents and proofs. Do not mail in original documents, as they will not be returned.

**Proving Your Age**

You must furnish proof that includes your date of birth or age, your beneficiary’s age if you’ve elected a survivor option, and proof of any insurance dependent’s age. Please submit photocopies only—originals will not be returned. Acceptable proofs, in order of preference, are shown here.

**Preferred proof of age**

- Birth certificate.
- 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.

- Hospital birth record.
- 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.

Be sure to submit photocopies of your proofs.
Foreign birth
If you were born in a foreign country, you may submit a photocopy of 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 is what happens from the time you send ORS your completed retirement application to when you begin receiving regular monthly pension payments. Remember, these dates are approximate and represent the minimum time required to complete each process.

Application review.
When we receive your application, we review it to make sure all required information and documentation were submitted. If anything is missing or incomplete, all materials will be returned to you with an explanation of what is needed, and your application may be delayed.

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, insurance choices, and tax exemptions requested. It will also give you a preliminary pension estimate, which will not include your final salary, final payouts, or any recently purchased service credit.

Final salary confirmation.
After your termination date, we will verify your last day worked and your final salary. Your payroll record does not reflect this information until you terminate employment and receive your final paycheck. This step ensures all your wages are reported along with any final payouts.

Award letter.
Once we have your final wage and service information, we will verify your pension eligibility and put you on the retirement payroll. You’ll get an award letter that tells you how much your pension payment is and when you can expect it. This letter details how your pension was calculated as well as any deductions (insurance premiums, taxes) reflected in the payment amount. When you receive your award letter, you’ll be given information about payment schedules, taxes, and so forth, as well as a guide to your reporting responsibilities. Keep this information in a safe place so you have an easy-to-find record of your pension benefits.

First pension payment.
Your first pension payment should arrive one to three months after you terminate your employment and receive your last paycheck, provided you meet all eligibility requirements and all required retirement forms are on file with ORS. 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 preceding business day (December payments are issued about one week early). If you want to know the specific date of an upcoming pension payment, log in to miAccount.

Your pension statements.
Your statements are available online at any time in miAccount. This pension income statement reports the payments made to you during the previous year and any taxes withheld. You can view and print your 1099-R form in miAccount any time after January 1. You will need it when you file your income tax return. ORS will also send you a copy of your federal 1099-R every January.

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 have accounts with the State of Michigan 401(k) and 457 Plans 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’ll 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’ll 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.

Any overpayment must be recovered.
The retirement law requires ORS to correct any payment errors. As a result, any person who receives a benefit payment in error will be required to repay the benefit. Repayment is usually made through an automatic reduction to the next regular pension payment.
Enjoy Your Retirement!

We hope this booklet answered all of your questions about your DB pension. We also hope you are well informed and ready to make the important choices that will lead to a rewarding life as a State of Michigan 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 booklet 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/orsstatedb](http://www.michigan.gov/orsstatedb).
- View a preretirement orientation online or in person.
- Be sure to include your family in your retirement planning and decision making.
- Carefully review your service credit and pension estimates using miAccount.
- Keep this booklet 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.
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 the ORS website for the most up-to-date information.

- **After You Retire: What Every Pension Recipient Should Know.** You will receive this booklet when you apply for your pension. It tells you what to expect, and how and when you should contact ORS after your retirement benefits begin.

- **If You Become Disabled: Your Disability Protection.** For Defined Benefit 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.
## Appendix A: Retirement at a Glance

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<th>AGE AND SERVICE REQUIREMENTS</th>
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| Full Retirement | Age 60 with 10 years of service.  
                    Age 55 and working with 30 years of service.  
                    (Unclassified legislative, executive branch, and Department of Community Health employees involved in a facility closing need 5 years of service at age 60.) | FAC X 1.5% X YOS |
| Early Reduced   | Age 55 with at least 15 years of service and fewer than 30 years of service. | Straight life pension MINUS 1/2% for each month before age 60. |
| Covered Employees | Age 51 with 25 years in a covered position.  
                    Age 56 with 10 years in a covered position.  
                    *Your last 3 years must have been in a covered position. | Pension to age 62:  
                    (FAC X 1.5% X YOS) PLUS  
                    (FAC X 1/2% X covered YOS)  
                    Pension at age 62:  
                    FAC X 1.5% X YOS |
| Conservation Officers | Hired before April 1, 1991:  
                        No age requirements; 25 years of service with 20 years as a conservation officer.*  
                        Hired after April 1, 1991:  
                        No age requirements; 25 years of service with 23 years as a conservation officer.*  
                        *Your last 2 years must be as a conservation officer. | 2-year FAC X 60% |
| Community Health Facility Closures | Age 51 with 25 years of service.*  
                                      Age 56 with 10 years of service.*  
                                      Age 60 with 5 years of service (deferred retirement)  
                                      Any age with 25 years in a closing facility.  
                                      *Your last 5 years of service must be in a closing facility. | FAC X 1.5% X YOS |
| Duty Disability Duty Death | No age or service requirements. | Please contact our office. |
| Nonduty Disability Nonduty Death | No age requirements; 10 years of service. | Please contact our office. |
Appendix B: Countdown To Retirement

2-5 years to retirement ...

✓ Log in to miAccount to 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 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 a preretirement orientation through the Michigan Civil Service Commission.
✓ Check out Webinars and Seminars online at www.michigan.gov/orstatedb.
✓ 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? Voya can provide you with payout options and potential tax ramifications if you have State of Michigan 401(k) and/or 457 Plan account(s).
✓ 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.

18 months to retirement ...

✓ Begin studying the pension payment options available.
✓ Research medical insurance for your family and investigate the following:
  • State-sponsored plan.
  • Medicare. Go to www.medicare.gov for information.
  • Medicare supplement (if you or a dependent are over age 65).
  • 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 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 Michigan law.
✓ If you are purchasing service credit, plan it so your purchase will be paid in full while you are still an active member of the retirement system.
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 medical, prescription drug, dental, and vision plan information to learn what benefits are available to you and your dependents in retirement.
✓ If you have any questions after reviewing our materials, ask an ORS representative 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. ORS has developed an online fillable EDRO form to allow members of the Michigan State Employees’ Retirement System to create accurate and complete EDROs that can be administered under the retirement statutes. It is the preferred document to file with ORS. Background information and instructions are provided separately in Eligible Domestic Relations Orders: Background and Instructions (R0911X).
✓ 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.

3 months to retirement ...

✓ Carefully review the pension payment options. Decide which fits your needs and that of your family before you sign the papers.
✓ 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 photocopies of your proofs of age and any other required proofs. Do not mail in original documents because they will not be returned.

Retired at last!

✓ ORS will send your award letter along with After You Retire: What Every Pension Recipient Should Know. It explains what happens next and what you need to report.
✓ Watch for your pension payments on the 25th of each month.
✓ Enjoy reading Connections, a semiannual newsletter we send to our retirees.
✓ Keep us updated with your current street address, phone number, and email address.
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- Working after retirement. See Postretirement earnings
plan and apply for retirement with ease

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www.michigan.gov/orsmiaccount

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