

Service at YOUR fingertips

Use miAccount, a secure section of our website, to keep tabs on your retirement account. Check service totals, keep your personal information up-to-date, run pension estimates, and more!

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

miACCOUNT

www.michigan.gov/orsmiaccount



www.michigan.gov/orsschools

Check our website for tools and information that help you understand and plan your retirement.



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Leaving public school employment?

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

So you're leaving?

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

If you haven't worked enough years or you're too young to qualify for a monthly pension benefit, this publication will help you understand what options are available so you can better manage your DB pension plan.

If you're close to meeting the minimum age and service requirements for a pension benefit, go to our website for a copy of *Retirement Readiness: A Two-Year Countdown* before making any decisions.

If you're in the Defined Contribution (DC) plan or have the Personal Healthcare Fund, be sure you also understand your options for your State of Michigan 401(k) and 457 Plan accounts. Go to <http://stateofmi.voyaplans.com> for details.

Think about your choices

All Member Investment Plan (MIP) members and some Basic Plan members have had DB pension contributions withheld from their wages and deposited with the retirement system. Any purchased service credit is also considered part of your DB pension contributions. These contributions normally help fund your monthly pension benefits once you reach retirement age.

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

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

One of the biggest factors in your decision should be whether or not you're **vested** before you leave public school employment, which is described in this brochure.

When to contact us

Before you leave.

Be sure your survivor pension beneficiary designation is on file with ORS before you terminate employment.

Important: Do not select the Default Provision if you are vested—it does not apply to deferred members.

Use miAccount to review your retirement account. Make sure you understand how your termination could affect your future retirement plans.

After you leave.

Keep your address and email address updated using miAccount. We will not be able to reach you through your employer.

If your marital status changes or the beneficiary you named is no longer eligible, use miAccount to keep your information up-to-date. For example, if you marry or divorce you may need to change your address, your name, or your beneficiary designation. If you named a child as your pension beneficiary and this individual no longer depends on you for support, you may need to name a different beneficiary.

Preparing for retirement.

If you're in deferred status, attend a preretirement webinar or seminar a few years before you reach age 60. Check the ORS website for a schedule.

About three to six months before you reach retirement eligibility age, start reviewing our website and the retirement application in miAccount so you'll be ready when the time comes to apply.

If you die.

Your survivor should contact us upon your death even if he or she is not eligible for a monthly survivor pension benefit. We'll ask for your Member ID or social security number to identify your retirement account, and we may request a copy of your death certificate. We will then review your record to determine what is payable.

State of Michigan

February 2015

Member Investment Plan (MIP): A Defined Benefit plan introduced in late 1986 to replace the Basic Plan. Members at that time could choose between the two plans. If you were first hired in 1990 or before July 1, 2010, you're in the MIP.

Basic Plan: The Defined Benefit plan for public school employees until the Member Investment Plan was introduced in 1986.

DB pension contributions: The contributions to the pension fund your employer deducted from your paycheck plus any purchases of service credit you've made are all DB pension contributions.

Years of Service: Typically, you earn one year of service when you work full-time for an entire school year. Many members also purchase or transfer service credit to qualify earlier or to increase their pension amount.

Vesting: You become vested when you have enough service to qualify for a future monthly benefit, whether you keep working or not. You are vested for your pension when you have 10 years of service.

Deferred Retirement: If you stop working after you're vested but before you're old enough for a pension, your retirement will be deferred

until you meet the age requirement and file your pension application.

Survivor Pension Beneficiary: The person eligible to receive a monthly pension upon your death. You can name your spouse or unmarried minor child, or your sibling, child over age 18, or parent who depends on you for support.

Refund Beneficiary: If you die without an eligible survivor pension beneficiary, we will send any personal contributions on account to your refund beneficiary.

Premium Subsidy Benefit: If you have the Premium Subsidy retiree healthcare benefit and meet eligibility requirements, the retirement system will pay a portion of your monthly insurance premiums when you retire.

Personal Healthcare Fund: A portable, tax-deferred fund that can be used to pay for healthcare expenses in retirement. You have the Personal Healthcare Fund if you chose that retiree healthcare benefit under Public Act 300 of 2012. Personal Healthcare Fund contributions made by the employer and the employee are invested in the State of Michigan 401(k) and 457 Plans.

I'm NOT VESTED. What should I do?

If you have fewer than 10 years of service when you leave school employment, you're not eligible for a future monthly pension in most cases. For details about when you're eligible for a pension, go to our website at www.michigan.gov/orsschools and click on About Your Plan, then on Qualifying For Your Pension.

Can I take a refund?

Yes. You can request a refund (or transfer your DB pension contributions and interest to another qualified retirement plan) at any time after you terminate.

Note: For more information on Retiree Healthcare Fund distribution eligibility, go to our website and click on About Your Plan, and then on Contributions.

Consider the following before requesting a refund:

- **All service credit is forfeited.** By taking a refund of DB pension contributions, you forfeit all of the corresponding service and insurance eligibility.
- **Reinstating service.** If you return to public school employment, you may repay the amount that was refunded to you, plus interest, to restore your previous service.
- **It's all or none.** You cannot request a partial refund—all DB pension contributions must be refunded.
- **Taxes and potential penalties.** Any refund may be subject to federal and state tax withholding and early withdrawal penalties, as required by the IRS. We recommend you talk with your tax advisor about the tax implications before you request a refund.
- **Consider a plan-to-plan transfer.** You can transfer the amount of your DB pension contributions and accumulated interest to another qualified tax-deferred savings plan to avoid taxes and penalties. Again, talk with your tax advisor and confirm with your plan administrator that

your transfer meets IRS requirements. The State of Michigan 401(k) and 457 Plans are qualified retirement plans.

To request a refund, log in to miAccount and select Refunds on the left navigation. Once we receive your completed request, we'll either send:

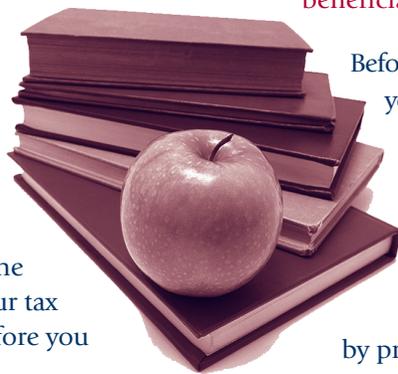
- Your account balance in a lump sum (less required tax withholding) to you;
- Your untaxed DB pension contributions and interest as a transfer to your qualified retirement plan administrator, and previously taxed contributions sent to you; or
- An amount of your untaxed DB pension contributions and interest (specified by you) as a transfer to your qualified retirement plan administrator, and the remaining balance paid directly to you (less required tax withholding).

What happens if I die?

If you did not take a refund, upon notification by your survivor, we will return any DB pension contributions and accumulated interest to your **refund beneficiary** or your estate.

Before you leave your job, be sure to name your refund beneficiary using miAccount, to designate who will receive your contributions.

If your beneficiary's name is not on file with ORS, your contributions and accumulated interest may be distributed by probate court order.



I'm VESTED. What should I do?

If you're vested with 10 years of service when you leave public school employment and you leave your DB pension contributions on deposit with ORS, you will be eligible for monthly pension benefits when you reach the minimum age for full retirement. Because you're deferring your pension until you reach the minimum age for retirement, you are a **deferred member**.

Should I take a refund?

Rarely is it advisable to take a refund of your DB pension contributions once you are vested. A refund forfeits all corresponding service and insurance eligibility for you and your survivor pension beneficiary. Carefully weigh your DB pension contributions against the value of your future lifetime pension and insurance benefits.

Note: For more information on Retiree Healthcare Fund distribution eligibility, go to our website and click on About Your Plan, and then on Contributions.

When can I get my pension?

Most deferred members will be eligible at age 60. If you have 30 years of service, it may be sooner.

Be sure to apply three to six months before you meet the age requirement. Your pension won't be any higher if you wait, and you could even lose money by waiting.

Your pension is calculated the same as a full retirement. Go to our website for complete details about eligibility and estimating your pension amount.

Will I get insurance benefits?

If you have the Premium Subsidy benefit, you may be eligible for group insurances as a retiree. If you chose the Personal Healthcare Fund, you, your spouse, and any eligible dependents may enroll in the retiree health plan if you enroll immediately upon retirement, but you will be responsible for the entire premium. If you disenroll

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

Go to our website and click Insurance, then on Insurance Premium Subsidy Eligibility for detailed information about insurance eligibility.

What happens if I die?

If you die before you're eligible for a pension (while in deferred status), your eligible **survivor pension beneficiary** will qualify for a monthly pension and insurances provided (1) you have at least 10 years of service (15 years if you're a Basic Plan member); AND (2) you named your beneficiary with ORS *before* you terminated employment. Beneficiaries eligible for a monthly pension benefit include your spouse or an unmarried child under age 18; OR a child over age 18, parent, brother, or sister who is dependent on you for support.

The deferred monthly survivor pension becomes payable the month following when you would have turned age 60; it is paid as if you had chosen the 100 percent survivor option.

If you did not designate your survivor pension beneficiary while actively employed or your named beneficiary doesn't meet the eligibility requirements for a pension benefit, no monthly pension benefit can be paid. A refund of DB pension contributions and accumulated interest will be paid to your estate.



How do I know if I'm VESTED?

You are vested for a future monthly pension benefit when you have the equivalent of 10 years of full-time employment. If you're age 60 or older, you may be able to vest with less than 10 years of service. Read about retirement eligibility on the ORS website or download a copy of *Your Retirement Plan: A Member Handbook*.

How much service do I have?

Log in to miAccount to see how much service you have accumulated, as reported by your employer. Once you've logged in, click on Service Credit on the left navigation bar to view your up-to-date account information.

Can I change my beneficiary?

If your designation was on file with ORS before you left employment, you can update your beneficiary designation at any time before you retire. If you didn't name a beneficiary with ORS while actively employed, you cannot name one while in deferred status.

Use miAccount to name your beneficiary. Do not submit your designation with your human resource office.