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GOVERNOR

STATE OF MICHIGAN
OFFICE OF THE STATE EMPLOYER
LANSING

JANINE M. WINTERS
DIRECTOR

MEMORANDUM

DATE: March 21, 2013
TO: Human Resource Directors
FROM: Janet McClelland, MCSC
Jan Winters, OSE
SUBJECT: Disability Retirement Application for Defined Contribution Plan Employees

We would like to bring to your attention requirements for application for disability retirement for employees participating in the Defined Contribution (DC) Plan, of the State Employee Retirement Act. DC Plan members must have a minimum of 10 years of credited service for a non-duty disability retirement. Duty disability has no minimum service requirements.

There are two relevant statutory time limitations for application for both duty and non-duty disability retirement for DC Plan members:

- One, the employee must apply *before termination* of employment. This is different from the requirements under the State of Michigan Retirement Act for Defined Benefit Plan members, who may apply for disability retirement up to one year after the termination of the member's state employment.
- Two, the DC Plan member must file the application *within one year of being totally incapacitated*, generally considered to be the last day worked. This is particularly important in situations involving employees on extended disability leave, regardless of the reason, if the leave extends beyond one year after total incapacitation.

The State Employees Retirement Board, under MCL 38.67a, has the authority to extend the time limits for application for disability retirement by DC Plan members provided the applicant is still employed by the State of Michigan. The Board considers each disability retirement application on a case by case basis. Although the Board has accepted applications from DC Plan members filed more than one year after the date of total disability, but before termination from employment, employees should not rely on this exception being granted.

There is no statutory provision which allows ORS or the SERS Board to accept a disability retirement application from a DC Plan member who has been separated. *Therefore it is critical that the application be filed before the employee terminates from State service for any reason.*

Please ensure that your offices are aware of the different requirements for the DC plan members. If you have any questions, please contact Bethany Beauchine at OSE at 517-335-2579 or beauchineb@michigan.gov.