



Office of Retirement Services

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Michigan State Employees Retirement System

Agenda

- ◆ Public Act 264 of 2011
- ◆ Timeline of Implementation
- ◆ New Changes
- ◆ Retirement Plan & Code Overview
- ◆ SERS HR website
- ◆ Questions/Concerns with Reporting

Public Act 264 of 2011

Public Act 264 changed the retirement benefits offered to State employees that were hired or rehired on or after January 1, 2012; it also allowed active State employees to make an election on either their retirement plan or retiree healthcare.

Highlights of Public Act 264:

- Defined Benefit (DB) members became contributory (4%)
- Defined Contribution (DC) participants chose between Graded Subsidy Healthcare or Personal Healthcare Fund (PHF)
- All newly hired employees after January 1, 2012 are DC with PHF
- All rehired employees become participants in the DC plan

Timeline of Implementation

- ◆ January 1, 2012
 - All new hires are DC with PHF
 - All rehires are DC, some are eligible for partial DB benefits

- ◆ April 1, 2012
 - Employees retirement or retiree health plans changed based on their election

- ◆ January 1, 2014
 - Last piece of legislation regarding rehired employees takes affect

Rehire Rule Change- New Changes

What has Changed:

All rehires with less than 10 years of service will be treated as a new hire.

Prior benefit plan with less than 10 years of service	January 1, 2012- December 31, 2013	January 1, 2014 going forward
DB 01, 04, 26, 4L	* Return as 4B *Retain DB healthcare and partial pension based on DB time and wage *DC service counts toward vesting, but not included in calculation	* Return as 4N *No DB benefit, now DC with PHF *DB service does count towards vesting in the DC plan
* DC 40, 4N * <u>did not make an election in 2012 reform</u>	* Return as 4N *DC plan with PHF and \$1,000 or \$2,000 HRA upon termination	No change

Rehire Rule Changes: New Changes (cont.)

Defined Contribution rehire with more than 10 years of service remain in DC but will have PHF with a monetized payment.

DC with more than 10 years of service *Did not make election	January 1, 2012 – December 31, 2013	January 1, 2014 going forward
40	Given an election between: 40- Graded Subsidy Or 4M- PHF with monetized payment	Automatically becomes: 4M- PHF with monetized payment

Retirement Plan & Code Overview

Defined Benefit:

- ◆ **Defined Benefit (DB)**
 - Code 01, 04, 4L, 26
 - Pension with Premium Subsidy Insurance
 - Employee contributes 4% to pension plan
- ◆ **Defined Benefit-Defined Contribution Blend (DB/DC Blend)**
 - Code 41, 44, 46, 4V, 4B
 - Partial DB/partial DC retirement benefit
- ◆ **Defined Benefit-Defined Contribution Transfer (DB/DC Transfer)**
 - Code 40
 - Between 1997-2011 transfer to DC with Premium Subsidy Insurance

Retirement Plan & Code Overview

Defined Contribution (DC):

- ◆ **DC with Graded Subsidy**
 - **Code 40**
 - 4% mandatory employer contribution
 - 3% match- eligible for employer match up to 3%
- ◆ **DC with Personal Healthcare Fund (PHF)-monetized payment**
 - **Code 4M**
 - 4% mandatory employer contribution
 - 3% match- eligible for employer match up to 3%
 - 2% match- eligible for 2% employer match to PHF
 - Lump sum payment upon termination
- ◆ **DC with PHF**
 - **Code 4N**
 - 4% mandatory employer contribution
 - 3% match- eligible for employer match up to 3%
 - 2% match- eligible for 2% employer match to PHF
 - \$1000-\$2000 HRA upon termination

Retirement Plan & Code Overview

PRIOR Retirement Plan	Service Time/Vesting	Date of Hire/Rehire	Retirement Plan Validation	Retirement Plan Election/Assignment	Healthcare Plan Option	New RetirementCode
DC	New hires with no prior service	on or after 1/1/2012	DEFC 40 hours= 0	DC	Personal Healthcare Fund	4N
	Re-hires with less than 10 years of service who did not make an election in the 2012 reform	on or after 1/1/14	0 < DEFC 40 hours < 20,800	DC	Personal Healthcare Fund	4N
	Re-hires with greater than 10 years of service who did not make an election in the 2012 reform	on or after 1/1/14	DEFC 40 hours:= 20,800	DC	Personal Healthcare Fund	4M
	Re-hired participants who made a valid healthcare election (or defaulted) during the 2012 reform	on or after 1/2/2012	DEFC40 hours > 0	DC	Graded Premium Healthcare	40
					Personal Healthcare Fund	4M
Re-hire who elected to convert from DB to DC in 2012 (ret codes 41,44,46,49) and vested prior to termination, then returns to work after 1/1/14	after 1/1/14	Continuous Service plus Prior hours:= 20,800	DC	Keep DB Healthcare	4V	
DB	Re-hires with less than 10 years of service prior	on or after 1/1/14	Continuous Service plus Prior hours < 20,800	DC	Personal Healthcare Fund	4N
	Re-hires with greater than 10 years of service	on or after 1/1/14	Continuous Service plus Prior hours >= 20,800	DC	Keep DB Healthcare	4V
	Rehired Retirees with a suspended pension benefit	on or after 1/1/14	Continuous Service plus Prior hours:= 20,800	DB	Keep DB Healthcare	4V
	Rehired Retirees continuing to receive pension (Department of Corrections PA 264)	Re-hired between 1/1/12 and 9/30/15	Continuous Service plus Prior hours >= 20,800	No Benefits Paid	Keep DB Healthcare	05



State Employees HR

DCDS Entries and Retirement

Forms and Publications

New Hire and Rehire Guidelines

Noncentral Agency (NCA) Reporting

Rehiring State Retirees

Tax Deferred Payments

Retirement Act

State Police HR

Public School Employer Information

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New Hire and Rehire Guidelines

New Hires:

Employees first hired on or after January 1, 2012 become qualified participants in the Defined Contribution Personal Healthcare Fund plan. They will receive a 4 percent employer contribution to the State of Michigan 401(k) plan starting with first paycheck. In addition they are eligible for a dollar-for-dollar match up of up to 3 percent of pay. Employees hired on or after April 1, 2012 will automatically be enrolled in a 3 percent contribution to their 401(k) for the purpose of the matching program, beginning with their first paycheck.

Healthcare is not offered to employees first hired on or after January 1, 2012. Instead, all new employees, including former members of MPSERS, will receive an employer match up to 2 percent into a separate account within the State of Michigan 401(k) that can be used to pay healthcare expenses in retirement. At termination employees who have at least 10 years of service will receive a credit into a Health Reimbursement Account (HRA) The credit will be \$2,000 for qualified participants who are at least 60 years of age, or \$1,000 for qualified participants who are under the age of 60. Qualified participants with less than 10 years of service are not eligible for any credit to an HRA.

Employees first employed on or after January 1, 2012 are eligible for any applicable supplemental benefit in the event of a duty death or duty disability (no vesting required or a non-duty disability (10 years vesting required). Subsidized health insurance coverage is not provided but may be purchased by the employee at his or her own expense, under certain conditions.

Rehired Employees:

[For a job aide to help you determine how to code a new or rehired employee, click here.](#)

Questions?



ORS Contact Information

- ◆ Employer Reporting
 - Website: www.michigan.gov/orshr
 - Email: ORS-servicecredit@michigan.gov
 - Call Center: 517-636-0166