

# PROactive

Pre Retirement Opportunities for proactive employees

Office of Retirement Services 2009

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## Rev Up Your Retirement

Rev up your retirement planning by understanding how much money you'll have in retirement.

Average monthly pension for a public school retiree

= \$1,603.75

That's about \$19,245 per year. Will it be enough to cover your living expenses, travel, and leisure plans during retirement years?

It's important to remember that your pension should not be your only – or even your primary – source of income in retirement. A secure retirement depends on a balance of personal savings and social security benefits, in addition to your pension.

We encourage you to use the Pension Estimate functionality in miAccount to get an idea of how much money you'll receive in retirement. You may also consider working with a financial planner.

This newsletter is brought to you by the Department of Management and Budget, Office of Retirement Services.

The purpose of PROactive is to offer ideas and retirement updates to help you plan for a secure financial future.



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## 3 things you need to know

### Essentials to understanding your retirement plan

#### Personalized statements

Your enclosed statement reports wage, service, and contribution amounts credited to you during the 2008-2009 school fiscal year as reported by your employer to the State of Michigan, Department of Management and Budget, Office of Retirement Services (ORS).

Carefully review your statement for accuracy by comparing it to the previous year's statement.

You can also check updates to your information

periodically when you log into miAccount, [www.michigan.gov/orsmiaccount](http://www.michigan.gov/orsmiaccount).



#### Retirement plan basics

If you were hired on or after January 1, 1987, you are in the Member Investment Plan (MIP).

If you were hired before January 1, 1987, you are a Basic Plan member unless you elected to transfer to MIP during the enrollment periods.

Regardless of what plan you're in, your pension is a fixed amount determined by the pension formula below and includes disability protection for you and insurance coverage for you and your dependents.

#### The Pension Formula

$$\text{FAC} \times 1.5\% \times \text{YOS}$$

Final Average Compensation

Pension Factor

Years Of Service

#### Qualifying for your pension

**MIP Members.** Qualify for full retirement under the following provisions:

- **MIP 46 with 30.** You qualify for full retirement at any age with at least 30 years of service. If you purchased universal buy-in service credit, you must be at least age 46. At least 15 years of service credit must have been earned through the Michigan Public School Employees Retirement System.
- **MIP 60 with 10.** You are eligible for your pension at age 60 with at least 10 years of service credit.
- **MIP 60 with 5.** If you are age 60 and you have at least 5 years of service credit, you qualify for a pension if you have creditable service earned in each of the five school fiscal years immediately before your retirement effective date and you terminated your public school service immediately before your retirement effective date.

**Basic Members.** Qualify for a full retirement under the following provisions:

- **Basic 55 with 30.** You will qualify for your pension when you are at least age 55 and have 30 or more years of service credit. At least 15 years of service credit must have been earned through the Michigan Public School Employees Retirement System.
- **Basic 60 with 10.** You qualify for a pension at age 60 with at least 10 years of service credit.

Additional provisions apply; for details visit [www.michigan.gov/ORSschools](http://www.michigan.gov/ORSschools).

Our website also details **early reduced** and **deferred retirement options** for Basic and MIP members.

# Don't leave us!

## *Without knowing your options*

If you're considering a new job outside of the Michigan Public School Employees Retirement System, here's a few things you should know before you give notice.

- Understand your personal account details. Verify service credit, contributions, and interest, and keep your contact information up-to-date in miAccount.
- Have a beneficiary on file with our office *before* you terminate employment. This is the only way we can return any personal contributions and accumulated interest or provide a monthly pension payment.
- Understand your vesting status. You are vested for a future monthly pension and health care benefits when you have the equivalent of 10 years of full-time employment – even if you leave your job and do not return to public school employment.
- Be aware of your personal contributions. If you are not vested and do not plan to return to public school employment, you should consider a refund of your personal contributions and interest.
- Complete your Tax Deferred Payment plan (if you have a TDP agreement to purchase service credit). Full payment must be received *prior* to termination of employment.

**Do not make any decisions until you've read our *Leaving Public School Employment?* brochure which can be found on the Forms and Publications section on our website. This publication provides full details on how your retirement plan will be affected if you leave.**

**Keep your address current with ORS if you leave!**

## SERVICE CREDIT ALERTS

**1. Your insurance subsidy may be delayed.** If you purchased a type of service credit listed below, your insurance premium subsidy may not begin when your pension begins. It may be delayed until you reach the age in which you would have become eligible for a pension had you not purchased service.

- Universal Buy-In
- Parental Leave
- Nonpublic Educational Service
- Out-of-System Public Educational Service
- Sabbatical Leave Pre-1981

*Note:* This only applies if you first began public school employment on or after July 1, 2008, or initiated the purchase on or after July 1, 2008.

**2. Interest may outweigh your payments.** If you chose to pay for your service credit with a Tax-Deferred Payment (TDP) agreement, make sure you are paying more money than the interest charged on your balance.

### **Example**

If your **annual payments total \$1,000**, and your **annual interest charged is \$2,000**, then you're not paying down enough of your balance and need to increase your payment amount.

*Note:* This only applies to TDP agreements initiated on or after January 1, 2004.

**3. Notify us within 90 days if your employer changes and you have a TDP.** Complete a *TDP Addendum (R0625C)* within 90 days of your termination to continue your payments under the terms of your original agreement.

# Check your retirement account today!

## Get Started By Following These 3 Steps:

- 1 GO TO [WWW.MICHIGAN.GOV/ORSMIACCOUNT](http://WWW.MICHIGAN.GOV/ORSMIACCOUNT)**
- 2 SELECT YOUR RETIREMENT PLAN TO LOG IN**
- 3 ACCESS & UPDATE PERSONAL ACCOUNT INFORMATION**

**Save time—Sign up for miAccount today!**

miAccount, a secure section of our website, allows you to view, print, and change personal account information - making your retirement planning easier! miAccount also features a secure online message board where you can discuss personal account information with our friendly and knowledgeable retirement staff.