



# Back to School

## Important Topics for the Upcoming School Year

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### For Public School Employers

### **2012 MPSERS Retirement Reform**

Public Act 300 of 2012 provided several changes that we'd like review again as we start the school year.

During the reform election window, existing Michigan Public School Employees Retirement System (MPSERS) members were given the option of changing their pension contribution percentages and/or pension factors, or the option of converting to the Defined Contribution (DC) plan. They also had the choice of converting their healthcare plan from Premium Subsidy to the Personal Healthcare Fund (PHF).

Employees who were entirely new to MPSERS and first worked on or after September 4, 2012 were given the option of choosing between two retirement plans, the Pension Plus hybrid plan or the Defined Contribution (DC) plan. The designated healthcare plan for new members is the Personal Healthcare Fund (PHF).

The election window is now closed and new plans are effective as of February 1, 2013.

### **New Hire Election Process**

New hires that first work on or after September 4, 2012 and are entirely new to MPSERS are given the pension election choices of either Pension Plus or the Defined Contribution (DC) plan. Their healthcare plan will be the Personal Healthcare Fund (PHF).

Unlike members who made an election online through miAccount, paper election forms are required for those who first worked on or after September 4, 2012 and are new to MPSERS.

Upon first employing new hires, members' plans will default to Pension Plus with PHF, and this is how they must be reported until you receive their signed election form indicating a plan change.

The new hire election process is as follows:

1. The employer must provide the new hire with an election packet which includes the form titled New Hire Retirement Plan Election (R0940C).
2. The new hire has 75 days from the first payroll date to make his/her election and return the form to the employer. The employee must complete this form as soon as possible to ensure accuracy in payroll reporting.
3. Once the employer has received the employee's signed form, it must be faxed to ORS within 5 business days of being signed. Please note: a form should be submitted to ORS only if the employee has physically worked for your reporting unit. If you submit the form prior to their first day of work and they choose to not work for your school, the election is not valid and the employee could be placed into an incorrect benefit structure.
4. Once ORS has received the signed form, we will verify the correct benefit structure.

Reminder: plans initially default to Pension Plus with Personal Healthcare Fund (PHF).

For those who defaulted or elected to remain Pension Plus, continue reporting them as Pension Plus with PHF.

If a member elected to convert to the Defined Contribution (DC) plan, the reporting unit will receive notification from ORS upon conversion to the newly elected plan. Adjustments to payroll reporting may be required.

To ensure employees are placed in the correct benefit plan, it's important to always report a DTL1 record along with a DTL2 and DTL4.

See the New Hire Election Process handout for reference.

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## UAAL Rate Stabilization

Public Act 300 of 2012 capped the employers' share of the Unfunded Actuarial Accrued Liability (UAAL) on reported payroll at 20.96%.

As a result, state appropriated funding is being provided to Michigan public schools to meet the balance of costs needed to fund the retirement system. This applies to K12, charters/PSAs, ISDs, community colleges, and district libraries.

The funding amounts distributed will be based on payroll for the immediately preceding fiscal year. The funds must be used solely for the purpose of retirement contributions.

As a result of this funding, ORS is sending invoices for MPERS UAAL Rate Stabilization amounts.

For FY13:

K12, Charters/PSAs, and ISDs received 2 invoices by postal mail; the first in July and the second in August. Community Colleges and District Libraries received one invoice by postal mail in August.

For FY14:

Starting in October 2013, all reporting units will receive invoices on a monthly basis through the Data Exchange Gateway. Reporting units will not be billed or receive an invoice for the month of September.

Payment for the amount indicated on the invoices should be made to the Defined Benefit (DB) payment type using your current payroll payment process. Please see the invoice for detailed instructions.

## Working After Retirement

Public Acts 300 and 464 of 2012 changed the reporting requirements for MPERS retirees returning to work for a Michigan public school. Reporting changes are effective the first pay period beginning on/after December 27, 2012 through the sunset date of July 1, 2014.

Under certain provisions:

1. UAAL of 20.96% must be paid on retiree earnings.
2. Contributions must be paid for those with a Defined Contribution (DC) component to their pension plan.
3. The 1/3 Final Average Compensation (FAC) earnings limit will be temporarily suspended, for a maximum timeframe of three years or through the sunset date of July 1, 2014, whichever is sooner.
4. UAAL of 20.96% must be paid for third party hires.

Under PA 464, UAAL of 20.96% is required on retiree earnings based upon the position worked.

UAAL is due for those hired *Directly* by a reporting unit and working as:

1. Substitute Teachers (in a teaching role).
2. School Improvement Facilitators.
3. Instructional Coaches.
4. Critical Shortage.
5. Qualified Participants (regardless of the position worked).

UAAL is also due for those hired *Indirectly* through a third-party entity and working as:

6. Substitute Teachers (in a teaching role).
7. School Improvement Facilitators.
8. Instructional Coaches.
9. Qualified Participants.

Public Act 300 defines Qualified Participants as:

Members who have a DC component to their retirement plan. This means they would participate in Pension Plus, the Defined Contribution (DC) plan, or the Personal Healthcare Fund (PHF).

Retirees who converted to a DC component plan during the MPERS 2012 Retirement Reform are also Qualified Participants; you'll sometimes hear them referred to as former Qualified Participants.

School improvement facilitators and instructional coaches are defined by the Michigan Department of Education (MDE).

## **School Improvement Facilitator**

Per the MDE, a School Improvement Facilitator is someone who:

- Supports the school in writing its Reform/Redesign Plan.
- Supports the school to implement, monitor and evaluate continuous school improvement with fidelity.
- Provides technical assistance to building School Improvement Team around required State and Federal reporting.
- Files the required documentation to the School Support Team meetings and actions as required by Michigan Department of Education.
- Actively participates in the Quarterly Monitoring Meeting (QMM) to review progress toward agreed upon actions and files MDE required reports.
- Collaborates with district representative to provide technical assistance to the building school improvement team as needed in between the quarterly monitoring meetings.
- Other Supports:
  - Supports the organization of the Surveys of Enacted Curriculum (SEC)
  - Provides follow-up support for SEC as necessary
  - Participates on the School Improvement Review Team (if applicable)
  - Supports SI Team to revise SI plan to incorporate information gained from the Reform/Redesign Plan and SEC in the identified area

## **Instructional Coach**

Per the MDE, an Instructional Coach is someone who:

Provides support to priority schools depending on needs identified by the reporting unit. These can be provided in the areas of:

- Math
- Reading
- Writing
- Science
- Social Studies
- Multi-tiered system of support

## **Bona Fide Terminations**

Retirees must have a bona fide termination in which the employee/employer relationship completely severs before returning to work. This means, when a member terminates and begins collecting their pension, no contract or promise for future re-employment is in place. This also means a retiree cannot work for a Michigan Public School during the month of their retirement effective date, even on a volunteer basis.

## **Critical Shortage List**

Another consideration when hiring a retiree is whether or not their position falls into the critical shortage provision. The 1/3 Final Average Compensation (FAC) earnings limit will be temporarily suspended for retirees who are filling a critical

shortage position, and the position classification can be filled for a maximum of 3 years combined (this includes previous time worked in a critical shortage position), or through the sunset date of 7/1/14, whichever comes first. After 3 years or the sunset date are met, normal working after retirement rules apply.

The Michigan Department of Education and the state superintendent identified a list of critical shortage positions for the employment of retirees. The [critical shortage list](#) for fiscal year 2013-14 is available on the Employer Reporting Website.

For reporting instructions specific to the working after retirement provisions, see the [Employer Action Guide](#). This important resource will assist you in determining when and how to report retirees.

## Service Credit Updates

With the reform, the service credit actuarial rates were reviewed and the MPSERS board approved two new distinct [rate tables](#). The new rates will apply to actuarial-based bills requested on or after January 1, 2014.

The new rates will apply to the purchases of:

1. Universal Buy-In
2. Parental Leave
3. Nonpublic Educational Service
4. Transfer of State of Michigan DC Service to MPSERS DB Service

The two rates will be based on the 1.5% pension benefit multiplier (Basic 4%, MIP 7%) or the 1.25% pension benefit multiplier (Basic, MIP Fixed/Graded), depending on the option your employee chose during the 2012 MPSERS reform. Employees that converted to the Defined Contribution (DC) plan during the reform or those who are Pension Plus members are not eligible to make these types of purchases.

Any existing Tax-Deferred Payment (TDP) agreements, regardless of changes to a member's benefit structure during the reform election, are not affected by these new rates.

Reminder for all new/existing TDP agreements:

TDP agreements must be transferred to a new employer within 90 days of termination with the previous employer.

## Updating Your Contacts

It's crucial that you keep your contacts on the Employer Reporting Website up-to-date so that you receive important notices from our office. Our communications are often targeted to specific roles depending on the topic and message being relayed.

The specific roles, a.k.a. contact types, can vary depending on the staff in your payroll office, but the majority of reporting units have the following roles:

- Web Administrator
- Employer Reporting 1 through 5
- Payment Processor 1 through 3
- Superintendent
- and Escalation 1 through 2

It is the responsibility of the Web Administrator to add, delete, or make changes to contact types, their names, and their associated email addresses.

To make changes, the Web Admin will need to access the Employer Reporting Website and select the "Work with Contacts" link, and then select the "Edit contacts" link.

**Things To Do**

- [Employer Home](#)
- [Work on Reports](#)
- [View ING Feedback File](#)
- [View Payroll Calendar](#)
- [FF, ORP, and/or UAL](#)
- [Wages](#)
- [Work with Contacts](#)**
- [View Employee Info](#)
- [Member Benefit Plans](#)
- [Retirement Applicants](#)
- [Payments](#)
- [View Employer Statement](#)
- [Update My Profile](#)

Working with :

## Employer Contacts

Edit contacts below.

- [Edit contacts](#)
- [Learn more about contacts](#)

To view or edit or delete the profile of a contact in your organization, click on the "Contact Type" link below.

You can also [Add a New Employer Contact](#).

Contact Type	First Name	Last Name	E-Mail
<a href="#">Web Administrator</a>			
<a href="#">Employer Reporting 1</a>			
<a href="#">Employer Reporting 3</a>			
<a href="#">Superintendent</a>			
<a href="#">Payment Processor 1</a>			
<a href="#">Payment Processor 2</a>			

Escalation Contacts	First Name	Last Name	E-Mail
<a href="#">Escalation 2</a>			

More detailed instructions can be found in Chapter 12 of the RIM

## Employer Reporting Website

The Employer Information Website can be found at: [www.michigan.gov/psru](http://www.michigan.gov/psru)

The sidebar to the left includes a link to the [Reporting Instruction Manual \(RIM\)](#).

Working After Retirement resources can be found by selecting the [Rules Change](#) link under "important messages."

**Employer Information**  
Office of Retirement Services  
Public School Employees Retirement System

MICHIGAN.GOV  
Michigan's Official Web Site

Michigan.gov Home    Employer Home    Member Websites    Contact ORS    Search

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**Reporting Instruction Manual**

**Important Messages**

- [Rules Change for Reporting Retirees who Return to Work in a Michigan Public School](#)

**What's New**

- [New Service Credit Actuarial Tables Coming January 1, 2014](#)
- [Retirees Returning to Work - Information and Reporting Instructions](#)
- [Retirement reform legislation becomes law](#)
- [3% Retiree Healthcare Contribution Update](#)
- [Updated password policy for Employer Reporting website](#)
- [Leaving Public School Employment - Resources for your employees](#)

**Featured Resources**

**Pension Plus website**

Public school employees who first worked on or after July 1, 2010, but before September 4, 2012, should use [www.mipensionplus.org](http://www.mipensionplus.org) for member information. A website for employees who first work on or after September 4, 2012, is

**Stay Updated**

# Reporting Instruction Manual

The [Reporting Instruction Manual](#), commonly referred to as RIM, is a helpful resource that provides knowledge and instruction on how to report to ORS. The RIM is broken down into chapters by subject.



**Reporting Instruction Manual**  
Office of Retirement Services  
Public School Employees Retirement System

[RIM Home](#) | [Chapters](#) | [Glossary](#)

- [01: Introduction](#)
- [02: ORS Employer Website](#)
- [03: Who do I Report? Definition of a Member](#)
- [04: Reportable and Nonreportable Compensation](#)
- [05: Reporting Hours for Service Credit](#)
- [06: Member Benefit Plans and Contributions](#)
- [07: Payroll Reporting](#)
- [08: Employer Payment and Statements](#)
- [09: Retirees Who Return to Work](#)
- [10: Tax-Deferred Payment Plan](#)
- [11: Final Payroll Details](#)
- [12: Managing Web User Accounts](#)
- [13: Codes and Definitions](#)
- [14: DEG Guide](#)
- [15: Programming](#)

## Retrieving Correspondence

It is crucial that you retrieve important correspondence from the [Data Exchange Gateway \(DEG\)](#). The DEG allows us to provide your reporting unit with sensitive information that cannot be sent through email.

Upon notification from our office, DEG files that *have not* been downloaded are available for only 14 days. Files that *have been* downloaded are available on the Downloaded Messages tab for only 4 days from the date of download. You'll want to retrieve the files and save them to your computer for future reference as soon as possible to avoid missing a communication.



Official State of Michigan Portal  
**michigan.gov**

[Change Password](#)

**Data Exchange Gateway**

### Logon to Data Exchange Gateway

User:

Password:

This State of Michigan computer system is for authorized acceptable use only.  
All actions are logged and monitored. Misuse may result in Federal and/or State criminal prosecution or civil penalties.

**Available for 14 days only – 4 days if downloaded. Retrieve ASAP!**

## Payroll Reporting Reminders

We'd like to express the importance of reporting on time and posting records completely to ensure accuracy of member's account and fund transfer. IRS rules mandate that funds are transferred to ING within 15 days. Unposted records/reports will delay the transfer of funds to ING and will impact your members' earnings gain.

Reminder: make payroll adjustments on the most current open report. Making adjustments on an unposted report that isn't current could lead to a payment shortfall.

Submit Final Payroll Details (FPDs) correctly and timely to ensure accuracy of the retiree's pension.

We'd like to remind you that for initial pension retirees, all wages must be reported and posted before submitting FPD's. Also, the wages you've reported through your normal payroll process and those on the FPD should be same. If there are discrepancies, you will need to make adjustments to either the payroll reports or the FPD so that both are accurate.

## Payroll Payment Reminders

When making payments through the Employer Reporting Website, we'd like to remind you that the system defaults to a payment type of Defined Benefit (DB).

In order to designate a payment for a DC component plan such as Defined Contribution, Pension Plus, or PHF, under Cash Receipt Type, you must select DC Contributions from the drop down list, **and** then click the Change Receipt Type button located to the right.

\* Cash Receipt Type:

**Click Here**  
After selecting option from drop-down list

The system also defaults to the current month for the payment period end date.

If you are making a payment for a prior month, choose a different period end date from the drop down before submitting your payment. Applying a payment to the correct month provides an accurate reflection of your account balance.

\* Period End Date:

Notify Web Reporting if a payment is made to the wrong cash receipt type or period end date in error. They will be able to assist you in correcting the payment.

If you need assistance, contact the ORS-Employer Reporting help desk at 517-636-0166 or email us at [ORS\\_Web\\_Reporting@michigan.gov](mailto:ORS_Web_Reporting@michigan.gov).

## Educators' Awards Program

We need your help in revitalizing our educational system. ORS and ING would like to invite you to apply for the Unsung Heroes Awards Program. This program awards funds to inspire success in the classroom. Each year 100 educators are chosen to receive \$2,000 to help fund their innovative class projects. Three of the 100 are chosen to receive top awards of \$5,000, 10,000, and 25,000. Apply by April 30, 2014 at: <https://unsungheroes.scholarshipamerica.org/>



## ING Unsung Heroes® Awards Program Application

### Scholarship Links

Program Information  
Application Directions  
Register as an Applicant  
Help

Already Registered?  
**Applicant Login**

Username

Password

Login

### ING Unsung Heroes Awards Program

For more than 15 years, and with nearly **\$4 million** in awarded grants, ING Unsung Heroes has proven to be an A+ program with educators. The program's "alumni" have inspired success in the classroom and impacted countless numbers of students. Each year, 100 educators are selected to receive \$2,000 to help fund their innovative class projects. Three of those are chosen to receive the top awards of an additional \$5,000, \$10,000 and \$25,000.

ING Unsung Heroes Awards Program is administered by Scholarship Management Services, a division of [Scholarship America](#). Scholarship Management Services is the nation's largest designer and manager of scholarship and tuition reimbursement programs for corporations, foundations, associations and individuals.

Apply by **April 30, 2014.**