



Office of Retirement Services
 PO Box 30171
 Lansing MI 48909-7671



STATE OF MICHIGAN
 DEPARTMENT OF TECHNOLOGY,
 MANAGEMENT & BUDGET

RICK SNYDER
 GOVERNOR
 JOHN E. NIXON, CPA
 DIRECTOR
www.michigan.gov/orsmiaccount

September 4, 2012

<<F_NAME>> <<L_NAME>>
 <<ADD_1>><<L>>
 <<ADD_2>><<L>>
 <<CITY>>, <<STATE>> <<ZIP>>

Member ID: <<MBR_ID>>
 Retirement Plan: <<MIPplan>>

Retirement Plan Reform Gives You Options – Take Action Now!

Dear <<FirstName>> <<LastName>>:

Changes that affect your retirement plan were recently signed into law and give you two elections to make—a retiree healthcare election and a pension election. Your voluntary elections affect what your healthcare and pension benefits provide you in retirement, as well as how much you choose to contribute toward those benefits.

Make sure your choices for your retirement plan meet your future financial and healthcare needs. Follow these steps to make your elections in miAccount—the election window opens Tuesday, September 4, 2012, and closes Friday, October 26, 2012, at 5 p.m. EDT.

YOUR ELECTION IN 3 STEPS



Log in to miAccount.

1. Log in to miAccount.

Go to www.michigan.gov/orsmiaccount and log in to miAccount—this is where you'll learn about the reform and make your elections. If you forgot your user name or password, the blue buttons on the right side of the login page will help you get the information you need.



Find out how the reform affects you.

2. Find out how the reform affects you.

You'll find personalized estimates, a legislative summary, frequently asked questions (FAQs), and calculators in miAccount to help you evaluate your options.



Make your elections.

3. Make your elections.

Beginning Tuesday, September 4, 2012, you can make your retiree healthcare and pension elections in miAccount. You can make changes anytime before the Friday, October 26, 2012, 5 p.m. EDT deadline.



As you evaluate your election options, be sure you understand the fundamentals of the Member Investment Plan (MIP). See Page 2 of this letter for an overview. For more details, go to www.michigan.gov/orsschools and follow the buttons on the left navigation bar. Online tutorials that cover a variety of topics are under Tutorials, Webinars, and Seminars.

If you have any questions after reviewing the materials, the miAccount Message Board offers secure, direct, online access to our representatives.

Sincerely,
 Office of Retirement Services

Your eligibility for these elections is based on information currently available to the Office of Retirement Services (ORS) from your employer, which indicates that you are a member of the Michigan Public School Employees Retirement System and you worked in the last 12 months or were on an approved professional services or military leave of absence. If it is later determined that you did not meet eligibility requirements, your election may be voided.

This information is a summary of state law, but the actual statutory provisions (which may change in the future) apply in the case of any conflict.

KNOW YOUR RETIREMENT PLAN: MEMBER INVESTMENT PLAN (MIP)

The following information provides an overview of Member Investment Plan (MIP) provisions prior to this year's reform. Due to the reform, some of the provisions below will change for service you accrue beginning December 1, 2012. Changes are detailed in the legislative summary and FAQs, which are available to you in miAccount.

MIP Benefits

The plan provides you (and your survivor, if a survivor option is chosen) a **pension** as well as retiree **health, prescription drug, dental, and vision insurances** for you and your eligible dependents. MIP also offers **disability protection** while you're working and **benefits to your survivors** if you die before retirement.

Contributions

Pension Fund. In addition to your employer's contributions, you contribute a percentage of your salary to the pension fund. Your contribution rate depends on which MIP plan you're in—your plan is <<MIPplan>>.

- **MIP Fixed.** You contribute 3.9 percent of your salary, pretax.
- **MIP Graded.** You contribute pretax contributions based on the following:

Compensation (school fiscal year earnings)	MIP Graded Contributions
\$0 to \$5,000	3% of compensation (up to \$150 total)
\$5,000.01 to \$15,000	\$150, plus 3.6% of compensation from \$5,000.01 up to and including \$15,000 (up to \$510 total)
\$15,000.01 and over	\$510, plus 4.3% of compensation over \$15,000

- **MIP Plus.** You contribute pretax contributions based on the following:

Compensation (school fiscal year earnings)	MIP Plus Contributions
\$0 to \$5,000	3% of compensation (up to \$150 total)
\$5,000.01 to \$15,000	\$150, plus 3.6% of compensation from \$5,000.01 up to and including \$15,000 (up to \$510 total)
\$15,000.01 and over	\$510, plus 6.4% of compensation over \$15,000

Retiree Health Care Fund. You contribute **3 percent** of your pay, pretax, to a Retiree Health Care Fund, which assists with funding retiree health care.

Vesting

Vesting is the right to receive a benefit at some point in the future. You are vested for a pension benefit when you have the equivalent of **10 years** of full time Michigan public school employment.

Pension Eligibility

You are eligible for a pension when you reach the following age and service requirements: age **46 with 30** years of service; age **60 with 10** years of service; and age **60 with 5** years of service (with stipulations).

Pension Formula

Your annual pension is based on a formula that multiplies your final average compensation (FAC) by a pension factor times your years of service.

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

Final Average Compensation Pension Factor Years of Service

Final Average Compensation (FAC)

Your **highest three consecutive years** of earnings (36 months) are averaged to determine your FAC.

Insurance Eligibility

For details, go to www.michigan.gov/orsschools and click on Insurance on the left navigation bar.

Get Updates

Sign up for updates from the Office of Retirement Services (ORS) via email and/or text messaging—go to our website at www.michigan.gov/orsschools and click on Stay Updated to subscribe.

Plan. Save. Succeed.

Not only will you use miAccount to make your retiree healthcare and pension elections, you'll also use miAccount to access your years of service and salary details as reported to the Office of Retirement Services (ORS), name your beneficiary, run pension estimates, apply for retirement, and stay in touch with ORS throughout your retirement!

