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Retirement Law Changes – P.A. 110 and 111 of 2007

P.A. 110 – Three provisions

1. Establishes a graded insurance premium subsidy for new members who first work July 1, 2008 or later.
 - 30 percent subsidy for the first 10 years of earned service; 4 percent for each additional year of earned service up to 90 percent maximum for 25 years of earned service.
 - Members must be age 60 or have earned 25 years of service before the subsidy will begin.

How it affects you. This will only affect members of the retirement system that work for the first time July 1, 2008 or later. These future members have access to this information on the www.michigan.gov/orsschools website.

2. Members may have a delayed insurance premium subsidy if a purchase of service credit was initiated on or after July 1, 2008.
 - If the purchase of service allows the member to retire early, he/she will have

to pay the full insurance premium until reaching either age 60 or the number of years equal to the purchased service, whichever comes first.

How it affects you. You may see an increase in tax-deferred payment agreements prior to July 1, if employees wish to initiate service credit purchases before the law goes into effect. Keep in mind that the TDP agreements must be initiated (signed by the employee and the school employer) before July 1, 2008.

3. As of October 1, 2007, deferred members must earn $\frac{1}{2}$ year of service credit over a 2 or 5-year period to reestablish membership by;
 - Earning 1/10 year of service in each of the 5 years preceding the retirement effective date; or
 - Earning 1/2 year of service over a 2-year period (school fiscal year).

How it affects you. This will only affect employers who rehire deferred members for the purpose of reestablishing active membership in this retirement system.

P.A. 111 – Two provisions

1. Increases the Member Investment Plan (MIP) contributions for members of this retirement system who first work July 1, 2008 or later.
 - The MIP rate on wages above \$15,000 is increased from 4.3 percent to 6.4 percent. We are calling this the MIP-Plus plan.

How it affects you. The MIP-Plus plan requires programming changes. You will want to let your vendors know what the new percentage is and at what level it increases. See the next article for additional information on a form that may be required for your employees.

2. As of July 1, 2008, members of this retirement system are required to have earned two years of service minimum before being eligible to purchase service credit.

How it affects you. First, members who are currently purchasing service through the tax-deferred payment plan are not affected by this change. However, employees with at least one year may realize they want to initiate a purchase before

July 1, 2008. You may see an increase in TDP agreements before July 1. Employees who are currently in their first year of employment will not be eligible to buy service until a total of two years has been earned.



MIP-Plus

Public Act 111 changed MIP rates for new members of this retirement system who first work July 1, 2008, or after. The new benefit structure is called MIP-Plus. MIP-Plus changes the contribution percentage on wages over \$15,000 to 6.4 percent. The rest of the plans and rates remain the same.

Compensation	MIP Contributions
\$0 to \$5,000.00	3% of compensation (up to \$150 total)
\$5,000.01 to \$15,000.00	\$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

MIP-Plus changes the contribution percentage on wages over \$15,000 to 6.4 percent. The rest of the plans and rates remain the same. Your system must show these new employees first working July 1, 2008 or after, in the MIP-Plus benefit plan with the 6.4 percent rate on wages over \$15,000.

The retirement reporting system does not have a field for you to report when an employee has first worked. Therefore it is necessary for you to complete and submit the [Member Benefit Plan Verification](#) form for any new member of this retirement system who first works for your reporting unit between June 1, 2008, and July 31, 2008. This information will be reviewed by ORS to ensure that the correct member benefit plan is being captured. What you must do.

- Use the *Member Benefit Plan* link on the retirement reporting website to determine whether the employee has previously worked for a Michigan public school. If the employee is new to this retirement system, the *Member Benefit Plan* link will indicate No record on file.
- Enter new members, first working July 1, 2008 or later, into your system under the new MIP-Plus plan and withhold contributions as outlined in the table above.
- Complete and submit the [Member Benefit Plan Verification](#) form for any new member of this retirement system who first works for your reporting unit between June 1, 2008, and July 31,

2008.

- If you have newly hired coaches that are working before July 1, 2008, but will not receive wages or be reported until after July 31, 2008, please consider paying and reporting some wages before July 31. ORS will catch these new hires and verify that they are reported in the correct plan. This way we will avoid new coaches who are paid and reported after July 31, from being placed in the MIP-Plus when they should be in MIP-Graded.
- Once a report has been successfully loaded on the retirement reporting site, click on the *View Totals/Accept* link. Next click on the *Report Totals for Regular and Adjustment Download Detail*. Compare the benefit plan on the download detail with the benefit plan you have on your system for any new employees to verify that the employee is being reported and posted with the correct plan.

This form can be submitted at any time after June 1, 2008, but must be submitted no later than the first date the employee's wages are paid by your reporting unit. The form is available on the school employer information site at www.michigan.gov/psru under [Forms and Publications](#).

NOTE: If the [Member Benefit Plan Verification](#) form is not received prior to the date the wages are paid, you may be required to make future adjustments to correct MIP deductions.

If you have questions contact the Employer Reporting Call Center at (517) 636-0166 or e-mail at ORS_Web_Reporting@michigan.gov.

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miAccount

ORS will be piloting the self service miAccount for active members in May with 1500 employees from four schools represented by members of the Payroll Advisory Team.

The schools are Ingham ISD, Waverly Community Schools, Charlevoix-Emmet ISD, and Quincy Public Schools.

ORS will launch miAccount, a secure section of our website, this fall where active members will be able to view, print, and change personal account information. Here's a list of what active members will be able to do through miAccount:

- Apply for retirement
- Apply for some service credit purchases and calculate cost
- Pension estimates
- Register for PRIM, phone and group appointments
- Reprint member statements



- View service totals & contributions
- Add/change address

Additionally, once members are logged into miAccount they can take advantage of our new message board to discuss personal account information with the confidence that the communication is transmitted securely.

Once miAccount is launched, your employees will be able to submit and update beneficiary information on line. You will no longer need to provide employees with a paper beneficiary nomination form. ORS will keep you posted as to when this change will take place.



Final Salary Affidavits, Member Statements, and miAccount Coming

With final salary affidavits, member statements, and miAccount coming in early fall, it is extremely important that all retirement reports for this school fiscal year are submitted, edited, and accepted.

Final Salary Affidavits (FSAs) will be mailed to reporting units beginning May 19 for employees retiring effective July 1. You may notice that only the last four digits of an employee social security number will be used on the FSA.

You will not need to provide as much information if your retirement reports are up to date. You may be asking why FSAs are so important in the retirement process. The FSA is the final document needed to place a retiring member on payroll. The ORS goal is get as many of our retiring members as possible on payroll in the month of their retirement effective date. The complete and accurate information you provide on the FSA assists us in achieving this goal.

You don't have to wait to complete FSAs for contractual employees who have reportable wages paid over 26 pays. These are the employees that continue to be paid projected wages after they have terminated. You can do it early as long as you know the pay will not change. Please fax the completed FSA to ORS at (517) 322-6988 within 10 business days of receipt, if possible.

For those employees whose pay varies from payroll to payroll, please wait until all reportable wages are determined before completing the FSA.

With your help, we'll be in a good position to process the more than 4,000 applications we expect during the summer months.

Occasionally, you may hear from our staff as we verify the information on the FSAs. Your ability to return our calls and provide the information requested means quicker turnaround on your employees' retirement payments.

Member Statements will go out earlier this year than ever before and will include a Member ID number necessary for your employees to use the new miAccount online service. The 2007/08 *Member Statements*, which will include reported wages and service credit for July 1, 2007, to June 30, 2008 school fiscal year, are expected to be mailed beginning in August.

A statement can only be issued for your employees when *all* July 1, 2007, to June 30, 2008, records are posted. Please review your reports with records for this school year and try to get those **ORG FIXES** resolved as soon as possible.

The employer reporting coordinators at ORS are available to assist you with any questions you might have. Please feel free to use our Employer Reporting Call Center at (517) 636-0166.



Reporting Pay Rates and Frequency of Pay

There are two required fields in your Detail 2 records, Pay Rate and Frequency of Pay. Sometimes there is confusion about what to report in these fields. The following information should help to clarify what these fields are for.

Pay Rate

- For an hourly employee, report the hourly pay rate.
- For a contractual or salaried employee, report the pay rate that represents the full contract or salary amount for the entire school fiscal year, even if the employee only worked part of the year.

Remember, if the pay rate is greater than \$100, you are required to report dates in the Contract Begin Date and Contract End Date fields.

Frequency of Pay

- Whether hourly or salaried, you should report the total number of pays that the employee would be paid, as if he or she is working the entire year (i.e. 21 or 26 pays.)

If your payroll system does not currently include the full contract, salary amount, or frequency of pay, please contact your vendor to have the pay rate field of your report corrected.

If you have any questions, contact the Employer Reporting Call Center at (517) 636-0166 or ORS_Web_Reporting@michigan.gov.



Saving Your Download Detail Report

Posted download detail reports are available online for you for 12 months from the date of the report. We strongly advise you to save a copy of the download detail for each report before the 12 month period is up.

Here is how you can save a copy.

1. Log in to the retirement reporting website.
2. Click on the *Work on Reports* link.
3. Scroll down the page to the section titled *Posted Reports*.
4. Click on the *View Totals* link for the report you wish to save.
5. You are now on the *View Report Totals* page. Scroll down to section titled *Report Totals for Regular and Adjustment Download Detail*.
6. Click on the *Download Detail* link to open the report. This opens your report in a spreadsheet format similar to Microsoft Excel.
7. Click on *File* at the top of your screen and then select *Save As*.
8. Navigate to the location you want to save your report. Type in the report file name. In the *Save as type* box change the file type to Microsoft Excel Workbook (*.xls). (See example below.)
9. Click on the Save button. You have now successfully saved your report.



If you need a copy of the download detail report that is no longer accessible on the retirement reporting website, you may request a copy from ORS by contacting us at the information below.

If you have any questions, contact the Employer Reporting Call Center at (517) 636-0166 or ORS_Web_Reporting@michigan.gov.



RIM Updates

The online Reporting Instruction Manual has been

updated.

NOTE: Changes to Chapter 5 include clarification of reportable compensation definitions.

Changes were made to the following sections:

- 1.4—Tools to Help You
- 2.1—Employer Reporting Website
- 2.4—Navigating the Employer Website
- 3.11—Saving the Download Detail Report
- 4.2.2—Changing or Adding Demographic Data for an Existing Employee
- 5.2.3 – Regular wages – wage code 01
- 5.2.4—Other Wages - Multiple Wage Codes
- 5.3.1 - Types of nonreportable compensation
- 5.4 - Special Circumstances - Stipends
- 5.6—Retirees Who Return to Work
- 5.10 – Summary Table of Reportable and Nonreportable Compensation - deleted
- 5.11—Summary Table of Reportable Wage Codes & Hours
- 8.2—Instructions for Completing the FSA
- Appendix B.1—Employment Class Codes
- Appendix D.1.4—Detail 2 - Wage and Service
- Appendix C—Glossary
- New Appendix G - Reportable Compensation Overview providing further clarification of reportable compensation.
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[View a list of these changes now.](#)

If you have any questions please contact the Employer Reporting Call Center at (517) 636-0166 or by email at ORS_Web_Reporting@michigan.gov.



Employer Information Website for Public School Employers

The Employer Information Website at www.michigan.gov/psru keeps you informed and helps you comply with retirement reporting requirements. You can now access the site from the retirement reporting site. A link has been placed in the top navigation bar. When you click on the link, it will open the Employer Information Site for Public School Employers. You may go back and forth between the information site and the reporting site using the back arrow without being required to reenter your user ID and password.



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Thanks for reading!

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