Office of Retirement Services
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STATE OF MICHIGAN
DEPARTMENT OF TECHNOLOGY,
MANAGEMENT & BUDGET

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September 4, 2012

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

Member ID: <<MBR_ID>>
Retirement Plan: Pension Plus

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 an election to make regarding your retiree healthcare benefits. Your voluntary election affects what your healthcare benefits provide you in retirement, as well as how much you choose to contribute toward those benefits.

Make sure your choice for your retirement plan meets your future healthcare needs. Follow these steps to make your election in your pension account, 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 election. 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 a legislative summary, frequently asked questions (FAQs), and calculators in miAccount to help you evaluate your options.

Make your election.

3. Make your election.
Beginning Tuesday, September 4, 2012, you can make your retiree healthcare election 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 Pension Plus plan. See Page 2 of this letter for an overview. For more details, go to **www.mipensionplus.org.** The *Welcome Guide* under Publications is a great resource.

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: PENSION PLUS

The following information provides an overview of the Pension Plus plan 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.

Pension Plus Benefits

The Pension Plus retirement plan offers two types of retirement plans in one. The **Pension Component** provides you a lifetime pension once you meet age and service requirements, and the **Savings Component** enrolls you in a tax-deferred investment account that can help you enhance your savings for retirement.

Pension Plus provides **disability protection** while you're working and **benefits to your survivors** if you die before retirement. The plan also provides a graded premium subsidy for retiree **health**, **prescription drug**, **dental**, and **vision insurances** for you and your eligible dependents.

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.

Contributions

Pension Component. In addition to your employer's contributions, you contribute a percentage of your salary, pretax, to the pension fund based on the following:

Range of Compensation (school fiscal year earnings)	Contribution Rate
$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

Savings Component. You contribute 2 percent of your pay to your retirement investment account, plus your employer matches 50 percent of your contribution (up to 1 percent of your salary), so a total of 3 percent of your gross wages automatically goes into your account.

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're vested for your pension, retiree insurances, and nonduty death and disability benefits when you have the equivalent of **10 years** of full time Michigan public school employment. After **4 years** of service, you're 100 percent vested in your employer's contributions to your retirement investment account. Your contributions to your retirement investment account are always yours, regardless of your years of service.

Retirement Eligibility

You're eligible for a pension when you reach age **60 with 10** years of service. The earliest you could begin withdrawing funds from your retirement investment account is 30 days after you terminate your Michigan public school employment.

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.

The Pension Formula

FAC x 1.5% x YOS

Final Average Compensation — Pension Factor — Years Of Service

Final Average Compensation (FAC)

Your **highest five consecutive years** of earnings (60 months) are averaged to determine your FAC.

Insurance Eligibility

You may be eligible for a graded premium subsidy based on your career length where you accrue credit toward insurance premiums in retirement, not to exceed the maximum subsidy allowable by statute. At **10 years** of service, you qualify for a **30 percent** premium subsidy; you earn an additional **4 percent** subsidy for each year of public school service thereafter up to the maximum subsidy allowable by statute. For more information, check out the *Welcome Guide* under Publications at **www.mipensionplus.org**.

miAccount

Plan. Save. Succeed.

Not only will you use your pension account, miAccount, to make your retiree healthcare election, 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 pension beneficiary, run pension estimates, apply for your pension, and stay in touch with ORS throughout your retirement!