



SUBJECT: Retirement

TO: Members of the Department

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30.1 RETIREMENT

This Order provides information and guidelines to members considering retirement. Prospective retirees are encouraged to attend the pre-retirement seminars conducted several times each year by Civil Service for civilian members and by the Human Resources Division for enlisted members. The Human Resources Division shall assist with any specific questions. This Order also establishes policies and procedures regarding the personal issued equipment that may be kept or purchased by retiring members.

30.2 ENLISTED MEMBERS

30.2.1. ELIGIBILITY FOR RETIREMENT FOR ENLISTED MEMBERS HIRED PRIOR TO THE 123RD TROOPER RECRUIT SCHOOL

A. Full Benefits

An enlisted member hired prior to the 123rd Trooper Recruit School may retire upon completion of 25 years of service with an annual pension, payable monthly, equal to 60% of the enlisted member's final average compensation for their last two years of service.

B. Reduced Pension

Completion of at least ten years of credited service, if accumulated contributions are left on deposit in the pension fund, entitles enlisted members to a deferred retirement allowance at age 50.

C. Purchasing Time

- (1) Enlisted members who have accumulated at least ten years of State Police Retirement System service credit may purchase up to two years of active-duty military service time, Peace Corps, VISTA time, and/or maternity, paternity, or child rearing time, to be credited to the State Police Retirement System.
- (2) Credits shall be computed and paid prior to retirement date or any time after completion of ten years.
- (3) Information on how to obtain service credit can be found at https://www.michigan.gov/orsstatedb/0,4654,7-208-30584_32219---,00.html

Guidelines, frequently asked questions, forms, publications, and the Retirement Act can be reviewed online at <http://www.michigan.gov/orsmsp>.

D. Disability Retirement

- (1) If a member becomes ill or injured while they are an active enlisted member and can no longer work, their retirement plan provides protection for them and their dependents. Benefits are administered by the Office of Retirement Services (ORS).
- (2) An independent medical advisor or medical review panel, or the State Police Retirement Board, must certify that the member is totally and permanently disabled from law enforcement functions. Totally disabled from law enforcement functions means the member is unable to perform the full range of duties of the trooper position.
- (3) Eligibility Requirements
 - a. Non-Duty Disability: Must be vested with the equivalent of ten years (20,800 continuous service hours) of full-time state employment.
 - b. Duty Disability: Could be payable after graduation from the Academy.

30.2.2. INSURANCE BENEFITS FOR ENLISTED MEMBERS HIRED PRIOR TO THE 123RD TROOPER RECRUIT SCHOOL

- A. Retirees may choose to be covered by state-sponsored group life, health, dental, and vision insurance. In some cases, the retiree will be required to pay part of the premium costs.
- B. Deferred Retirement
 - (1) When a member takes a deferred retirement, all rights to health, vision, and dental insurance benefits are forfeited until the next open enrollment after the retiree starts receiving a pension.
 - (2) The Human Resources Division can provide specific details about insurance benefits for retirees and COBRA self-payment benefits for members taking a deferred retirement.
- C. Retired Voluntary Benefit Plan members may continue to participate in the plan. Members taking a deferred retirement are not eligible.

30.2.3. POST RETIREMENT ADJUSTMENT FOR ENLISTED MEMBERS HIRED PRIOR TO THE 123RD RECRUIT SCHOOL

- A. Members who have been retired at least 12 months by October 1 shall receive an annual post retirement adjustment computed on their original pension amount.
- B. Enlisted retirees shall receive 2%, up to a maximum of \$500 annually. The retirement adjustment is set at the time of retirement and does not change.
- C. Post retirement adjustments are paid as increases to the monthly retirement, not as lump sum payments.

30.2.4. ENLISTED MEMBERS BEGINNING WITH THE 123RD TROOPER RECRUIT SCHOOL

Pension Plus Retirement

- A. The Defined Benefit/Defined Contribution Hybrid Retirement Plan covers all members beginning with the 123rd Trooper Recruit School.

- B. The members' contribution rate for Defined Benefit is 4% and the employee contribution rate for Defined Contribution is at the employee's discretion.
- C. Eligibility for regular retirement in the Defined Benefit occurs when:
 - (1) 25 years of continuous service hours (52,000) and age 55.
 - (2) 10 years of continuous service hours (20,800) and age 60.
- D. Eligibility for regular retirement in the Defined Contribution is vested at the following rate:
 - (1) 50%, two years of continuous service hours (4,160)
 - (2) 75%, three years of continuous service hours (6,240)
 - (3) 100%, four years of continuous service hours (8,320)
- E. The retirement benefit is 2% of a five-year Final Average Compensation (excluding overtime) times years of service up to 25 years of service. After 25 years of service, the benefit multiplier declines by .4% each year until reaching 0% after 30 years of service.

Plus 401(k) balance – while working, employer contributions equal 50% of employee contributions up to 1% of pay maximum match.
- F. Transition Incentive is a one-time incentive of 5% of annual base salary to facilitate job retraining, once an irrevocable termination date is established, starting after 24 years of service.
- G. The Retiree Health Benefit is 2% matching contribution to 401(k)/457 + initial \$2,000 into a Health Retirement Account (HRA).

Defined contribution plans [401(k) plans] do not have age and years-of-service stipulations, allowing the member to decide the retirement date. Members need to be mindful of Internal Revenue Service (IRS) rules regarding when members can begin drawing 401(k) account funds without penalty.

30.2.5. ENLISTED MEMBERS--DEFERRED RETIREMENT OPTION PLAN (DROP)

- A. Enlisted members may join the Deferred Retirement Option Plan (DROP) upon completion of equivalent of 52,000 continuous service hours.
- B. Members may participate in DROP for a maximum of six years. The pension benefit is calculated as of the day before the DROP start date.
- C. The DROP account shall be credited with the following percentage of member's monthly retirement allowance:
 - (1) 100% if the member remains in DROP for six years.
 - (2) 90% if the member remains in DROP for five years but less than six years.
 - (3) 80% if the member remains in DROP for four years but less than five years.
 - (4) 70% if the member remains in DROP for three years but less than four years.
 - (5) 60% if the member remains in DROP for two years but less than three years.

- (6) 50% if the member remains in DROP for one year but less than two years.
- (7) 30% if the member remains in DROP for less than one year.

D. Distribution of Funds

- (1) Upon leaving DROP, the member will have the following options with regard to the distribution of funds in their account:
 - a. A total lump sum distribution.
 - b. A partial lump sum distribution.
 - c. A lump sum direct rollover to another qualified plan, if allowed by federal law and subject to the procedures of the retirement system.
 - d. Maintain the funds in the account.
- (2) A DROP member must remove all funds from the account no later than April 1 following the calendar year in which the member attains 70 years and six months of age.

DROP guidelines and frequently asked questions can be reviewed on the Human Resources Division website at:
http://mspweb.state.mi.us/division/human_resources/DROP%20FAQ.pdf

Enrollment and beneficiary forms can be obtained online at <http://michigan.gov/ormsmp>.

30.3 CIVILIAN MEMBERS

30.3.1. CIVILIAN MEMBERS HIRED PRIOR TO MARCH 31, 1997

- A. Civilian members hired before March 31, 1997, are part of the Defined Benefit Retirement Plan of the State Employees Retirement System unless the individual elected to transfer to the 401(k) Defined Contribution Plan during the open enrollment period of January 2, 1998 through April 30, 1998.
 - (1) Full Retirement Benefits
 - a. Civilian members are eligible for full retirement benefits upon reaching age 55 with equivalent of 30 or more years of service (62,400 continuous service hours).
 - b. Civilian members with at least an equivalent of ten years of service credit may retire after age 60 with full retirement benefits (20,800 service credit hours).
 - (2) Reduced Retirement Benefits
 - a. After reaching age 55, a civilian member with equivalent of at least 15 years of service (31,200 continuous service hours) may retire with reduced benefits. The pension amount is permanently reduced by .5% for each month the pension is taken before age 60 (6% per year).
 - b. If accumulated contributions are left on deposit in the retirement system, members with at least ten years of service credit may be entitled to a deferred full retirement allowance equivalent at age 60 (20,800 continuous service hours).

- c. Civilian members of the Defined Benefit Plan who have separated from state service and return to state service within 15 years are restored to the status of membership held at the time of leaving with full service credit if the member's contributions were left on deposit or the member repays to the retirement fund whatever has been refunded, plus interest at the regular rate.

(3) Purchasing Time

Civilian members of the Defined Benefit Plan may be eligible to purchase no more than ten years total of any combination of universal buy-in; parental leave; city, county, township, or village service in Michigan; and other state or federal government service credit. Members may request an application to purchase service credit by visiting the Office of Retirement Services (ORS) or through their miAccount at: https://www.michigan.gov/orsstatedb/0,4654,7-208-30584_32219---,00.html.

(4) Disability Retirement

- a. If a member becomes ill or injured while they are an active State of Michigan member and can no longer work, their retirement plan provides protection for them and their dependents. Benefits are administered by the ORS.
 - b. An independent medical advisor must certify that the member is totally and probably permanently disabled. Totally disabled means the member is unable to perform the duties of their current position, or any position reasonably related to their education, training, or experience. Permanently disabled means the disability is likely to last the member's lifetime.
 - i. Non-duty disability: Must be vested with the equivalent of ten years of full-time state employment (20,800 continuous service hours).
 - ii. Duty disability: Could be payable regardless of how long a member has been employed by the state.
- B. Members are eligible for health, dental, and vision insurance coverage, depending on their age and years of service with the State of Michigan. With at least ten years of service, the state will offset their premium payment with a 30% premium subsidy. The subsidy increases by 3% for each additional year of service maximum subsidy level is 90% for those who have 30 (64,400 continuous service hours) or more years of state employment.
- C. Eligible dependents are entitled to group insurance coverage as long as the member is eligible. Upon death of the member, eligible dependents may be eligible to have their insurance continue.

30.3.2. CIVILIAN MEMBERS HIRED AFTER MARCH 31, 1997

- A. Civilian members hired after March 31, 1997, are a part of the 401(k) Defined Contribution Retirement Plan of the State Employees Retirement System.
 - (1) Under this retirement benefit plan, contributions are put in an investment account set up in the member's name by the State of Michigan. Contributions to the account are made by payroll deductions, as well as any changes in the account's value due to investment earnings, and are not taxed until the funds are withdrawn by the member in retirement. The retirement benefit depends on how much money is put in the account and the performance of the investments.

- (2) Beginning with the member's first paycheck, the State of Michigan will contribute an amount equal to 4% of the member's gross salary to the 401(k) account. In addition, it will match up to 3% of member contributions per pay period, for a total 7% contribution by the state. For example, adding the maximum 7% contribution by the state to the employee's 3% contribution results in an annual contribution of 10% of the member's salary.
- (3) The member decides how the funds are invested. Voya offers a "welcome packet" with information also available at the following website:
<http://stateofmi.voyaplans.com>.

Investment courses offered through Civil Service are available at:
https://www.michigan.gov/mdcs/0,4614,7-147-64549_81638-446254--,00.html

- (4) Members may be allowed to borrow from the plan. Please contact Voya for specifics.
- (5) Members of the Defined Contribution plan should review their benefit and eligibility with the ORS, or online at <http://www.michigan.gov/ors>.

Defined contribution plans (401(k) plans) do not have age and years-of-service stipulations, allowing the member to decide the retirement date. Members need to be mindful of IRS rules regarding when members can begin drawing 401(k) account funds without penalty.

- (6) Members hired prior to January 1, 2012, are eligible for health, dental, and vision insurance coverage, depending on their age and years of service with the State of Michigan. With at least ten years of service (20,800 continuous service hours), the state will offset their premium payment with a 30% premium subsidy. The subsidy increases by 3% for each additional year of service. The maximum subsidy level is 90% for those who have 30 or more years of state employment (62,400 continuous service hours). Eligible dependents are entitled to group insurance coverage as long as the member is eligible. Upon the member's death, dependents may be eligible to have their insurance continue.
 - a. Members hired on or after January 1, 2012, may purchase retiree healthcare at full cost if enrolling immediately upon separation from state employment.

(7) Vesting

- a. Ownership of the contributions made by the state is based on a vesting schedule.
 - (1) After two years of continuous service hours (4,160) members are 50% vested.
 - (2) After three years of continuous service hours (6,240) members are 75% vested.
 - (3) After four years of continuous service hours (8,320) members are 100% vested.
- b. Members have the right to withdraw any of their own contributions (including their initial 3%) once they terminate state employment.

(8) Disability Retirement

- a. Non-Duty Disability: A non-duty disability benefit may be payable to members who become totally incapacitated because of an illness or injury incurred outside of work, with the equivalent of ten years of state employment (20,800 continuous service hours). The member must be totally incapacitated and the disability must be permanent to be eligible for a benefit.
- b. Duty Disability: A duty disability benefit may be payable to members who become totally incapacitated because of an injury or illness incurred at work, regardless of how long they have been employed by the state. The member must be totally incapacitated and the disability must be permanent to be eligible for a benefit.

30.4 PROCESS FOR RETIREMENT AND RECOGNITION

30.4.1. NOTICE OF RETIREMENT

Members eligible for a retirement pension and benefits who wish to begin collecting their pension and benefits immediately upon separating from the department shall complete the following steps:

- A. Submit a written request through channels, 30 days in advance to the Director.
Accoutrements may take up to 90 days for processing.
- B. Submit a retirement application to ORS no less than 30 days but no more than 90 days prior to the retirement date.
 - (1) Retirement application forms may be obtained from the ORS website at <http://www.michigan.gov/ors> or through miAccount.
 - (2) Enlisted members must specifically request an application for the State Police Retirement System.
- C. It is the member's responsibility to verify their retirement eligibility through ORS or miAccount.
- D. Members shall not extend their employment with use of leave credits and are required to work their last day.
- E. In accordance with Civil Service Regulation 5.09, members shall not be approved for more than two weeks of annual leave immediately preceding their date of retirement.

30.4.2. MOVING EXPENSES

The state will not reimburse a member for the expense of moving household furnishings upon retirement.

30.4.3. RETURN OF DEPARTMENT-ISSUED ITEMS

- A. When a member retires, the supervisor shall refer to the Employee Departure Checklist for proper return of equipment.

- B. When a member retires, return of issued uniforms and equipment shall be coordinated by the Human Resources Division, except as provided in Sections 30.4.4 and 30.4.5 of this Order.
 - (1) Items that are not in reusable condition shall be destroyed at the work site.
 - (2) Reusable items shall be returned to the Distribution Center.
 - (3) Shoulder patches shall be removed before disposal of the items.
 - (4) To process the return of a badge, a Badge Issue/Return Slip, TD-111A, shall be completed and signed by the work site commander.
- C. Travel advances made to a member by the department shall be repaid prior to the member's retirement date.

30.4.4. PERSONAL-ISSUE EQUIPMENT - RETENTION AT RETIREMENT

- A. Civilian members retiring from the department may keep the following items, if issued:
 - (1) Personal achievement awards
 - (2) Name bars
 - (3) Shoes
 - (4) Prescription safety glasses
 - (5) Tie bars and uniform collar ornaments
- B. Retiring enforcement members will be permitted to retain the following department-issued uniform equipment:
 - (1) Personally-issued recognition awards
 - (2) Name bars
 - (3) Shoes and boots
 - (4) Tie bars and uniform collar insignia
 - (5) Badge cases (plainclothes enforcement members only)

30.4.5. SALE OF PRIMARY AND SECONDARY FIREARMS TO RETIRING ENFORCEMENT MEMBERS

- A. Subject to Section 30.5 of this Order, at the time of retirement the following enforcement members may be eligible to purchase either or both of their department issued firearms.
 - (1) Enlisted members retiring with a full 25-year retirement, including those who receive a full 25-year retirement by purchasing service credits.
 - (2) Motor carrier and state properties security officers retiring with at least 25 years of service as an enforcement officer.

- (3) Enforcement members retiring because of duty-incurred disability, when approved by the Director.

Enforcement members taking a deferred or non-duty disability retirement are not eligible.

- B. A member is not eligible to purchase any department firearm if probable cause exists to believe that the member would be a threat to him or herself or to other individuals, or would commit an offense with the firearm that would violate a law of this or another state or of the United States.
- C. Enforcement members seeking to purchase their department issued firearm pursuant to Section 30.4.5.A.(3) above shall submit this request in writing to the Director before the date of their retirement or separation from the department.
- D. Firearm Purchasing Procedures
 - (1) Retiring enforcement members who wish to purchase the issued primary, secondary or both pistols will comply with current State of Michigan and Federal laws regarding handgun purchases. Retiring personnel can contact the department quartermaster to obtain information regarding purchasing procedures.
 - (2) Firearms shall be purchased following the policy and procedures set forth by the Quartermaster from the designated vendor determined by the Quartermaster. The cost to purchase firearms shall be determined by confirming the fair market resale value with the vendor holding the current state contract and paid to the MSP-designated vendor.
 - a. Eligible retiring enforcement members shall notify the Quartermaster of their intent to purchase a firearm and all magazines originally issued with the weapon from the MSP-designated vendor.
- E. Retiree's Responsibility
 - (1) Transporting the firearm immediately after sale.
 - a. If the enforcement member has not yet reached the moment of retirement, the firearm may be transported in accordance with firearms carrying policy in Official Order No. 71.
 - b. If the moment of retirement has passed, the retired enforcement member shall transport the firearm unloaded, in a case designed for the storage of firearms, and in compliance with the law as it pertains to private citizens, unless otherwise exempted.

30.4.6. RETIREMENT RECOGNITION

Receipt of accoutrements may take up to 90 days from the date of the request.

- A. Retirement badges may be issued to:
 - (1) Enlisted members retiring with a full 25-year retirement, including those who receive a full 25-year retirement by purchasing service credits.
 - (2) Motor carrier and state property security officers retiring with at least 25 years of service as an enforcement member.

- (3) Enforcement members retiring because of duty-incurred disability, when approved by the Director.

Enforcement members taking a deferred or non-duty disability retirement shall not be eligible.

B. Retirement identification cards may be issued to:

- (1) Enforcement members retiring with a full 25-year retirement, including those who receive a full 25-year retirement by purchasing service credits.
- (2) Enforcement members who retire because of duty-incurred disability, when approved by the Director.

Civilian members and those enforcement members taking a deferred or non-duty disability retirement shall not be eligible.

C. Retirement plaques (sleeves) and individual bulletins shall be presented to:

- (1) Enlisted members retiring with a minimum of 20 years of service with the Michigan State Police.
- (2) Civilian members who retire after completing a minimum of 20 years of service with the Michigan State Police.
- (3) Members retiring on a duty-incurred medical disability, when approved by the Director.
- (4) Members taking a non-duty disability retirement with a minimum of 20 years of service with the Michigan State Police.
- (5) Calculating enforcement member time-in-service:
 - a. As stated in Official Order No. 23, the time-in-service for each enforcement member shall equal the total number of years served. For example, the time-in-service designation for enlisted officers shall only represent the total number of years served as an enlisted officer.
 - b. Purchased service credit shall not be included in the years of service shown on the sleeve.
- (6) Calculating civilian member time-in-service:

The time-in-service for each civilian member shall equal the total number of years of service with the Michigan State Police in any civilian capacity.

D. The Human Resources Division shall prepare a congratulatory letter of retirement for presentation to members retiring from the department under any of the following circumstances:

- (1) Enlisted members who retire with a minimum of 20 years of service with the Michigan State Police.
- (2) Enforcement members who retire because of a duty-incurred disability, when approved by the Director.

- (3) Civilian members who retire with a minimum of 20 years of service with the Michigan State Police.
 - (4) Members who take a non-duty disability retirement with a minimum of 20 years of service with the Michigan State Police.
- E. Member and spouse retirement pins shall be issued to members retiring from the department under any of the following circumstances:
- (1) Enlisted members who retire with a minimum of 20 years of service with the Michigan State Police.
 - (2) Enforcement members retiring because of a duty-incurred disability, when approved by the Director.
 - (3) Civilian members who retire after completing at least 20 years of service with the Michigan State Police.
 - (4) Members who take a non-duty disability retirement with a minimum of 20 years of service with the Michigan State Police.
- F. A retirement certificate shall be presented to all retirees, including those who retire because of a duty or non-duty disability or deferred retirement.
- (1) Only the total years of enlisted service with the Michigan State Police shall be indicated on the retirement certificates for members retiring under the State Police Retirement System.
 - (2) Only the total years of service with the Michigan State Police shall be indicated on the retirement certificates for members retiring under the State Employees Retirement System.
 - (3) Purchased service credit shall not be included in the years of service shown on the certificate.
- G. Legislative Tribute
- (1) Traditionally, a legislative tribute has been presented to members upon their full retirement.
 - (2) It is the responsibility of the local work site commander to contact a local state senator or representative and request they sponsor a legislative tribute. The local work site commander shall provide the tribute's sponsor with all information needed to prepare the Legislative Tribute Request form, EX-010. Tribute requests should be provided to the sponsor at least 30 days before the tribute is needed.
 - (3) If a work site commander is unable to secure a sponsor for a legislative tribute, the Government Relations Section may be contacted for assistance. The Government Relations Section will arrange for a sponsor, however, the local work site commander is responsible for providing the sponsor with all information necessary for completion of the tribute.
- H. Command Presence at Retirement Functions
- (1) District or division commanders, or their representatives, shall represent the Director at all retirement events for enforcement members below the district/division rank.

- (2) When representing the Director, such enforcement members shall be considered on duty.
- (3) The Director's representative may obtain appropriate information about the retiree from the Headquarters personnel file.

I. Coordination and Distribution

- (1) The responsibility for ordering, coordinating, and distributing enlisted and civilian members' retirement letters, retirement pins, and spouse pins lies with the Human Resources Division.
- (2) The responsibility for ordering, coordinating, and distributing enlisted and civilian members' retirement certificates, plaques, and badges lies with the Human Resources Division.

- J. Eligible members who choose to retire after being bumped from a higher to a lower level position through no fault of their own have the option of being presented with a retirement badge, plaque, and identification card denoting their highest level held in the department.

30.5. RETIREMENT WHILE UNDER CHARGES

30.5.1. RETIREMENT WHILE UNDER CHARGES

A member electing to retire or take a deferred retirement after an internal affairs investigation has been initiated against them shall not be eligible to receive or purchase a department retirement badge, identification card or, if an enforcement member, any department firearm.

- A. Such members are not eligible to receive or purchase any other department accoutrements otherwise permitted by this Order without the approval of the Director.
- B. This shall not affect the monetary benefits a retiring member is entitled to under the pension system as long as the member's misconduct is not a breach of public trust.

30.6. REVISION RESPONSIBILITY

Responsibility for continuous review and revision of this Order lies with the Human Resources Division and Office of Administrative Services (Grants and Community Services Division), in cooperation with the Office of Professional Development (Training Division).

DIRECTOR