

ORS Retirement Times—Employer Newsletter

 February 2011
 Volume 7 Issue 1

Tips, Tricks, and News for Our Public School Employers

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Pension Plus DC Employer Statements

By now, you should have received several employer statements for the defined contribution portion of the Pension Plus plan.

The statement is very similar to the employer statement that you receive online for the defined benefit plan. While the Pension Plus DB (Defined Benefit) and Pension Plus (DC) Defined Contribution employer statements are not presented together at this time, they will be integrated in the near future. Until then, the Pension Plus DC employer statement will be separate and will be sent to you through the Data Exchange Gateway (DEG) each month.

DC contributions withheld from Pension Plus member wages and the employer matches began with wages paid in pay periods ending on or after September 1, 2010. All reporting units must withhold 2 percent of the earnings of pension plus members and match 1 percent from September 1, 2010, forward. Only the member can make changes to the defined contribution withholding percent. The member makes those changes through the ING website. ORS then notifies you, the employer of those changes using the [ING Feedback File](#).

Unlike the DB statement, the Pension Plus DC statement is cumulative. It lists all activity from September 1, 2010 forward on each statement. This convention will be followed until the Pension Plus DC statement is integrated with the DB statement. At that time, the DB statement method will be used for both.

Records not yet submitted

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How to Contact ORS

Email:
ORS_Web_Reporting@michigan.gov

Telephone:
 Employer Reporting
 (517) 636-0166

Quicklinks

- [How to Contact Us](#)
- [Employer Website](#)
- [Employer Self-Service Website](#)
- [Member Website](#)
- [ProActive Member Newsletter](#)

Retirement Times Survey

Please take some time to let us know what seminar/webinar topics would be helpful to you.

Hints and Tips

Save time with [miAccount](#)

Do your employees want to know how much they have contributed to their retirement account?

Do they want a simple way to track their service credit and their pension progress?

Your employees and you

If your Pension Plus employer statement shows zero reported contributions, then either your reporting unit has no Pension Plus members yet or ORS has not received your Detail 4 (DTL4) records for your Pension Plus members.

If your reporting unit has Pension Plus members who are not yet reported, or if you have [missing DTL4 records](#), those records must be submitted immediately. Please contact ORS ORS_Web_Reporting@michigan.gov if you need help in getting the records submitted.

If your reporting unit has not submitted all DTL4 records for Pension Plus members for the period reflected on the statement, then the balance is not correct and your reporting unit owes a different amount than what is stated.

Payments

All your Pension Plus DC payments are listed in the payment section of the Pension Plus DC employer statement. If a payment has been made and is not displayed, it may be that the payment was not made successfully. Pension Plus DC payments are made online in the same manner as DB payments. When entering a Pension Plus DC payment, you must change the **Cash Receipt Type** to **DC Contributions**.

If a payment that you made is missing, please check to see if that payment was accidentally made to your reporting unit's DB account. Paper check payments will not be displayed on employer self service. The Employer Reporting website only displays the online payments.

Payments should be made seven business days after the related pay date and no later than seven business days after the end of the month.

Records submitted in error

Some reporting units have submitted DTL4 records for non Pension Plus members. The Pension Plus statement for period ending December 31, 2010, and later do not include these records submitted in error.

We are working diligently on system enhancements that will allow you to view and edit your DTL4 records. These erroneous records will not have a negative impact on you as far as shortfall or late fees/interest.

DEG Download Directions for Pension Plus DC Statements

1. Log into the DEG.
2. Click the Download as Binary icon (a small 10) for the file you wish to download.
3. If prompted, choose to Save the file, not to run it.
4. When prompted for a location to save the file, change the Save as Type to All Files and change the File Name to monthStmt.pdf.

Note: If you are not prompted for a file location, you will need to find the location in which your browser saved the file and rename it there. It is important that you include the file extension '.pdf' – otherwise Windows will not know what program to open the file with.

can make retirement planning easier by logging into miAccount to view, print, and change personal account information.

Encourage your employees to use miAccount, our website, and publications too.

Comprehensive Annual Financial Report

The *Fiscal Year 2010 Comprehensive Annual Financial Report* has been posted to the member website.



5. Once the file has finished downloading open to review the statement.

Reporting and Payment Frequency

The transition period for changes in the reporting and payment frequency that began in November 2010 will continue at least through March 2011.

Reporting frequency

The retirement contribution reports are due by the next pay date OR no later than the fifth State of Michigan business day of the following month, which ever is sooner. For example, if your pay date is monthly, your reports are due by the 5th business day. If your pay date is biweekly, then your report is due either by your next pay date or the 5th business day of the following month, which ever is sooner.

Payment frequency

As previously communicated, the retirement contribution payment frequency has changed effective as of November 2010.

Retirement contribution payments for February 2011 are due by March 9, 2011. If the full February payments are not received by this date, the resulting shortfall will be subject to late fee and interest charges. Payments can be made online using employer self service as late as March 9. The payment date must be no later than March 9 to avoid payment shortfalls and corresponding late fees.

The March retirement contribution payments are due no later than April 11, 2011.

Please refer to the [October 2010 Retirement Times, Pay Cycle Contributions Payments and Reporting](#) article for further information on both these changes and the transition period.

Pension Reform Overview

Public Act 75 enacted pension reforms for the Michigan Public School Employees Retirement System. This included a new hybrid plan called Pension Plus. It also included member contributions to retiree health care, consisting of 3 percent or 1.5 percent from July 1, 2010, through June 30, 2011, and then 3 percent thereafter for all members.

The reform was deployed in stages beginning July 2010 with the retiree health care contribution. Although there were few rough edges, ORS and the employers made it through this effort last summer. The second phase of the reform, deployed in September, was the introduction of the Pension Plus benefit structure and accompanying Detail 4 (DTL4) records to report DC contributions. This gave employers a way to report Pension Plus DC contributions.

Next Steps

Later this summer, we will be deploying full functionality for Pension Plus. We will add screens on the employer website for the Detail 4 (DTL4) reporting. This will help you monitor and fix your submitted reports. We will also add functionality to the

feedback file you receive from ORS through our DC vendor, ING.

Annual Wage and NSI Review

Under PA 300 of 1980, ORS is responsible for the administration of the Michigan Public School Employees Retirement System. The law authorizes ORS to conduct audits on each reporting unit to ensure proper reporting to ORS.

To meet our responsibilities as administrators, ORS will be performing a wage review audit in the upcoming months. This audit will be performed to confirm that increases in wages do not exceed compensation that can be reported. As part of ORS's ongoing commitment to providing its membership with the most sound and accurate retirement system possible, your reporting unit may be selected for this audit. We will review documentation supporting the member information reported to the system during the applicable audit period.

ORS will send specific information to those reporting units selected for audit in the upcoming months.

Core Services

Members who retired effective July 1, 2010, and after, and choose to return to work for a participating Michigan public school directly, or indirectly are subject to certain working after retirement rules.

If the retired member performs any [core services](#) for a participating Michigan public school (including any charter school), and is employed by an entity other than the Michigan public school, or as an independent contractor, the pension and retiree health care subsidy is immediately forfeited until the employment ceases.

Core services are positions that have been deemed essential in a reporting unit's role. It is important to note that a class code alone does not determine whether a person is performing a core service. If the person is performing duties contained within a class code that have been designated as providing a core service, that person is providing a core service. Example: If a person is teaching, but is not classified as a teacher (1240 or 1870), that person is providing a core service and should be reported accordingly.

It is important that retirees who return to work for a school district through a 3rd party or as an independent contractor get reported to ORS. If a retiree returns to work in a core service classification, and fails to report this to our office, they will have their pension and health insurance subsidy suspended retroactively to the date of hire. Therefore, it is important that the school work with their vendor and their employees to fill out the form used to report these retirees, which is the 3rd Party/Independent Contractor Retiree Rehire/Termination Certification. It can be found on the website at <http://www.state.mi.us/dmb/ors/emp/psru/ReportingForms.asp>.

If you are unsure or you would like ORS to make an official

determination on whether a position is a core service, fax, mail, or email your request to ORS. Please include an official position description and/or employment contract highlighting the top three duties.

DTL4 Update

We are still working diligently to enhance our payroll reporting system to allow you to view and edit your own DTL4 records. In the meantime, if your programming still does not allow you to include DTL4 records on your reports, the DTL4 spreadsheet (which includes instructions) is located on the employer website at

<http://www.state.mi.us/dmb/ors/emp/psru/ReportingForms.asp>.

Please DO NOT send a spreadsheet if you are able to include DTL4 records on your report.

Study finds great value in Michigan retirement plans

You've heard that pensions benefit the economy, but have you ever wondered about the actual impact of each dollar invested or paid in retirement income?

Economic impact key findings:

- ORS retiree spending supports 41,635 jobs in Michigan.
- For every \$1 paid to ORS retirees, \$1.58 in total economic activity is generated.
- For every \$1 in contributions to Michigan's state and local pension plans, \$6.49 in economic activity is generated.

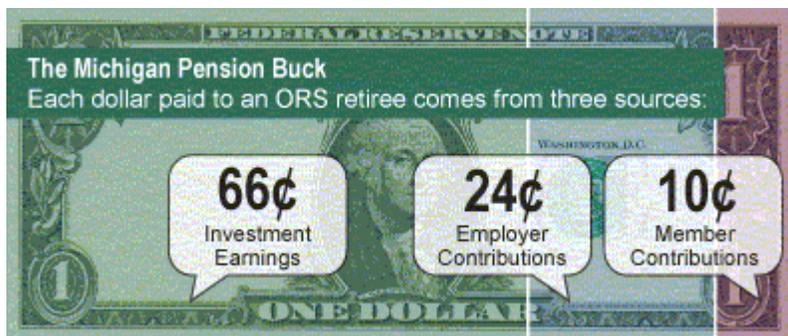
\$6.44 billion

The amount per year generated by retiree spending. Imagine what the Michigan economy would look like without this money spent in our communities during these challenging economic times.

1 in 9

The number of Michigan households served by the Office of Retirement Services.

Although important to the pension system, contributions are not the major funding source—investment earnings make up the largest portion. In the past 15 years, 66 percent of ORS's pension fund revenue has come from investment earnings.



Information in this article is from: (1) 2009 Wayne State University economic impact study of Michigan's two public

retirement systems (Office of Retirement Services and Municipal Employees' Retirement System) that explored the impact on Michigan counties and the state as a whole; and (2) a similar National Institute for Retirement Security study that evaluated the impact of state and local government pension plans.

2010 Employer Survey Results

At press time the recent 2010 Employer survey data was still being analyzed. However, here are a few items you may find of interest.

- 291 reporting units responded to this survey compared to 283 in 2009.
- 89.2 percent of respondents indicated they encourage staff to use miAccount, the self-service website, compared to 80.3 percent in 2009 and 62.6 percent in 2008.
- Only 3.2 percent of respondents indicated they did not know miAccount existed compared to 3.5 percent in 2009 and 7.7 percent in 2008.

We would like to thank all those who participated in the 2010 Employer survey.

A Few Pension Plus Facts

- As of November 17, 2010, we had **6,959 Pension Plus members**.
 - As of the first week of January, we have **9,424 Pension Plus members**.
 - We have also sent **\$744,781** in employer/employee contributions to ING as of the first week of January.
-

Missing DTL4 Records

Pension Plus members (and employers) are required to contribute to the DC portion of the Pension Plus plan as of 9/1/2010. It is only after the member elects to opt out through ING that you can stop the DC deductions. We have been sending notifications, along with lists of missing records if you have not sent one or more DTL4 records for your Pension Plus members. This list was created using the dates of DTL2 records that have been submitted for Pension Plus members but did not have a corresponding DTL4 record.

If you need to have your Missing DTL4 list resent, please email Employer Reporting at ORS_WEB_REPORTING@mi.gov.

ING Feedback Files

Feedback files from ING are being sent to you each week from ORS using the Data Exchange Gateway (DEG). These files include the Pension Plus Defined Contribution deferral changes that need to be made on behalf of your employees. The notification that is sent out when you receive a file includes a sample of the text file, and also offers instructions for converting

the file into an excel spreadsheet.

ORS Non-Business Days

ORS is closed on the following non-business days. Specific dates will appear on the ORS Message Board after logging in to the [Employer Reporting Website](#).

Please keep these days in mind for retirement reporting and payment purposes. Reports and payments will be processed the evening of the next business day.

State office closings for state holidays are regulated by the Michigan Department of Civil Service Regulation 5a.08. Public Act 124 of 1865 is the Michigan law governing official state holidays.

Business Day

Monday through Friday, except for days below, and/or when notified by ORS.

Non-Business Day

Weekends (Saturday and Sunday)

State of Michigan Holidays

When notified by ORS

Non-Business Day	Date	Status
Weekends	Saturday and Sunday	ORS Closed
Martin Luther King Junior Day	January 17, 2011	ORS Closed
President/Washington's Birthday	February 21, 2011	ORS Closed
Memorial Day	May 30, 2011	ORS Closed
Independence Day	July 4, 2011	ORS Closed
Labor Day	September 5, 2011	ORS Closed
Election Day (1st Tuesday of every other year)	Not applicable in 2011	Not applicable in 2011
Veterans' Day	November 11, 2011	ORS Closed
Thanksgiving Holiday	November 24 & 25, 2011	ORS Closed
Christmas Holidays	December 23 & 24, 2011	ORS Closed
New Year Holiday	December 30, 2011	ORS Closed

Retiree Health Care Contribution Update

Thanks to your help, adjustments have been made for Health Care Contribution amounts. Adjustments will continue to be made as needed for wages earned prior to July 1, 2010, but reported to ORS on DTL2 records with end dates of July 1, 2010 or later.

Per the changes in the Retirement law, beginning July 1, 2011, all MPSERS members are required to have a 3 percent Health Care Contribution. There will be an additional round of Health Care contribution record adjustments necessary for members transitioning from the 1.5 percent rate to the 3 percent contribution rate. We encourage you to prepare ahead of time and send ORS the detailed wage records as soon as you can. You will submit the records on a spread sheet provided by ORS the same process as we use now.

If you have not received record adjustments for your members, please submit or resubmit the Health Care Contribution Adjustments spreadsheet. The spreadsheet is on our website at Employer Reporting Forms.

Retirement Times

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Thanks for reading!