MICHIGAN OFFICE OF RETIREMENT SERVICES
Big Plans. Small Steps.

Retirement Plan Election Guide

The choice is yours

Your retirement journey with the Michigan Office of Retirement Services (ORS) begins with an important first step — electing your retirement plan. You have two options: the **Pension Plus 2** plan or the **Defined Contribution (DC)** plan.

Visit **PickMiPlan.org** to learn more about the plans. Then go to miAccount and make your election at **Michigan.gov/ORSmiAccount**.

Pension Plus 2 plan

- This plan pairs a pension with a savings plan.
- The savings plan enrolls you in State of Michigan 401(k) and 457 Plans.
- A pension guarantees you a monthly benefit for life after you meet age and service requirements.
- Pension payments are not affected by market fluctuations.
- ORS manages your pension; you manage your savings plan.

This plan may be best for you if:

- You plan on working for 10 years or longer for a Michigan public school to receive a guaranteed benefit.
- You want a guaranteed monthly benefit for life in retirement paired with distributions from your savings plan determined by your employee and employer contributions and investment returns.

DC plan

- This is a savings plan only.
- The savings plan enrolls you in State of Michigan 401(k) and 457 Plans.
- Retirement income will depend on contributions to your savings plan and investment performance. Investment returns aren't guaranteed.
- Retirement income ends when your accounts are depleted. Your total retirement income could be more or less than what the Pension Plus 2 plan provides.
- You manage your savings plan.

This plan may be best for you if:

- You plan on working less than 10 years for a Michigan public school and want your retirement savings to go with you.
- You're comfortable with your retirement income being determined by contributions and investment returns.

Personal Healthcare Fund

With either plan, you're also placed in a Personal Healthcare Fund (PHF). Contributions from you and your employer are deposited into your savings plan. This can be used to pay for health insurance or other expenses when you retire.

Remember you have:

UP TO 75 DAYS

AFTER your first paycheck

to ELECT your plan

Compare your options

Pension Plus 2 plan

Pension with a savings plan: You get a pension and retirement savings in the State of Michigan 401(k) and 457 Plans.

DC plan

Savings plan: You save for retirement in the State of Michigan 401(k) and 457 Plans. You do not get a pension.

How long you have to work to be vested in your plan

Pension Plus 2 plan

Pension: You're vested after 10 years of full-time public school employment. If you never vest, you'll receive your contributions toward your pension back, with interest.

Savings plan: Your contributions are always 100% vested. After two years, you keep 50% of your employer's contributions; after three years, 75%; and after four years, 100%.

DC plan

Savings plan: Your contributions are always 100% vested. After two years, you keep 50% of your employer's contributions; after three years, 75%; and after four years, 100%.

Income when you retire

Pension Plus 2 plan

Pension: To calculate your annual pension amount, ORS multiplies the average of your five highest consecutive years of earnings by your years of service, times 1.5%.

Savings plan: Retirement income is based on your contributions, your employer's contributions, and investment performance in the State of Michigan 401(k) and 457 Plans.

DC plan

Savings plan: Retirement income is based on your contributions, your employer's contributions, and investment performance in the State of Michigan 401(k) and 457 Plans.

The money you and your employer contribute

Pension Plus 2 plan

	You	Employer
Savings plan	2%	1% match
PHF	2%	2% match
Pension	6.2%*	6.2%*

*This rate could change each year. You will contribute half of the cost of the plan.

For example, Bobby makes $25,000 per year and works 30 years for a public school. He contributes 6.2% toward his pension and 4% to his savings account. His employer contributes 6.2% toward his pension and 3% toward his savings. His pension income will be $937.50 per month or $11,250 per year. Plus, his potential retirement income from his savings will be $332 per month or $142,302 total in his savings account.**

DC plan

	You	Employer
Savings plan*	3%	3% match
		4% mandatory
PHF	2%	2% match

*Remember this plan doesn't have a pension.

For example, Susan makes $25,000 per year and works 30 years for a public school. She contributes 5% and her employer contributes 9% to her savings account. Her potential retirement income from her savings account will be $665 per month or $284,065 total in her savings account.**

**These are hypothetical examples for illustrative purposes only and do not represent the performance of an actual investment. It assumes an annual salary of $25,000, pretax contributions, contributing regularly at age 30 until retiring at age 60, 26 pay periods per year, a 6% annual rate of return and reinvestment of earnings. Investments are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, these figures do not reflect any adjustment for pay raises, inflation, taxes or any fees, expenses or charges of any investment product. Taxes are generally due upon withdrawal of tax-deferred assets.

Need more information? Visit **PickMiPlan.org** or call **800-748-6128**.

R0606C Rev. 10/21