MICHIGAN OFFICE OF RETIREMENT SERVICES
Big Plans. Small Steps.

Your Retirement Overview

You’re almost there

As you’re nearing the end of your career as an enlisted officer in the Michigan State Police, your retirement plan is more important than ever. Now is the time to evaluate your plan and make adjustments to ensure a smooth transition into retirement. The Michigan Office of Retirement Services (ORS) is here to help.

We’ve created this overview to better explain upcoming milestones, so you’ll feel more confident, in control, and ready for the next steps in your retirement journey. This book is intended for those in the Michigan State Police Retirement System whose oath was taken before June 10, 2012.

Take charge of your retirement

Manage your retirement with miAccount, our online tool where you can track your contributions and service credit totals, designate a beneficiary, estimate your pension, and apply for retirement. Access and update your account at **Michigan.gov/ORSmiAccount**.

- **After you retire, keep your personal email and street address up to date in miAccount to ensure you receive important notifications about your account from ORS.**

Meet pension eligibility

ORS administers the Defined Benefit (DB) Retirement Plan within the Michigan State Police Retirement System. Members in these plans have access to a pension, retiree healthcare plans, and life insurance once eligibility requirements are met.

Full retirement

You're eligible to retire at any age when you have the equivalent of 25 years of full-time service as an enlisted officer.

Deferred retirement

If you leave Michigan State Police employment with more than 10 but fewer than 25 years of service, and you haven't taken a refund of any personal contributions on your account, you will qualify for a deferred retirement pension at age 50.

Important points to consider with deferred retirement:

- Your pension may only be deferred if your separation from the Michigan State Police did not involve a breach of the public trust.
- All deferred pension recipients are eligible for health, prescription drug, dental, and vision benefits. However, life insurance is not available.
- For information about survivor benefits for deferred members, see *Nonduty Pre-Retirement Survivor Pension* at **Michigan.gov/ORSMSP**.
- Deferred retirement is not the same as being a Deferred Retirement Option Plan (DROP) participant. See page 16 for information on DROP.

Retirement effective date

Your retirement effective date is the first day of the month following the month in which you've met all eligibility requirements, submitted your application, and you've terminated employment with the Michigan State Police.

- You must submit your completed retirement application to ORS at least 30 days, but no more than 90 days, before your retirement effective date.

Calculating your pension

Pension formula

Your annual pension is based on a formula that multiplies your final average compensation (FAC) by your pension factor. Some retirement types may also include your years of service (YOS) in your pension calculation.

Employees hired after July 1, 2006, will choose from survivor options that are actuarially reduced based on the survivor's age.

Final average compensation

Your FAC is an important key in your pension calculation — it is the average annual salary earned for your last two YOS with the Michigan State Police. Earnings used to calculate your FAC are gross earnings, before deferred compensation or other income withholdings.

Increasing your FAC will increase your pension amount. Taking your annual leave as a payout, rather than using it before you retire, could boost your FAC. Visit **Michigan.gov/ORSMSP** for more information.

Pension factor

To calculate your pension amount, we multiply your FAC by the appropriate pension factor to determine your annual pension. Divide this amount by 12 for your monthly pension straight life amount. See the chart below to determine your pension factor based on the type of retirement that applies to you.

Annual pension calculations

Type of retirement	FAC	Pension factor	YOS
Regular retirement Duty disability Duty pre-retirement survivor	2 years	60.0%	N/A
Deferred retirement	2 years	2.0%	Up to 25
Nonduty disability Nonduty pre-retirement survivor	2 years	2.4%	Up to 25

If you divorce while you are an active or deferred member, the court could order a portion of your pension be paid to an alternate payee and you'll need to have an Eligible Domestic Relations Order (EDRO) or Domestic Relations Order (DRO) on file with ORS. Use the miAccount Message Board to request an estimate showing how your pension will be divided.

Years of service

You accumulate or earn YOS for the hours you work for the Michigan State Police. Your service determines when you can collect a pension. You need to accumulate 25 YOS to receive a full retirement.

Your total YOS is also used to calculate your benefit amount for deferred retirement, nonduty disability retirement, or nonduty pre-retirement survivor pension. The more service you have, up to 25 years, the higher your monthly pension benefit will be.

Earning service

For retirement purposes, 2,080 hours equal 1 year. You cannot be credited with more than 1 YOS in any given year, and you cannot earn more than 80 hours of service in a pay period.

You can also receive credit for intervening active duty military service and for periods you receive weekly workers' compensation payments. Visit the *Earning and Purchasing Service Credit* tab at **Michigan.gov/ORSMSP** for more information.

Purchasing service

As an active member of the Michigan State Police Retirement System, you may be able to buy service credit. For example, if you have 23 YOS and you purchase 2 years of service credit, you would have a total of 25 YOS and would qualify for retirement.

The following table lists the types of service credit you may be eligible to purchase and provides information on costs and limits. If you purchase more service than is necessary to retire, your payment cannot be refunded. It's best to purchase only the amount required.

Service credit costs and limits

Type of service credit	Cost	Limit
Active duty military	**Intervening —** no cost to you **Nonintervening —** 5% of full-time compensation in the year that you make payment	**5 years** **2 years***
Maternity/paternity/child rearing	Actuarial cost	2 years
VISTA/Peace Corps	Actuarial cost	2 years*
Workers' compensation	No cost	Contact ORS

*A maximum of 2 years combined nonintervening military and VISTA/Peace Corps can be purchased.

Your insurance benefits

Health, dental, and vision insurance

When you retire, you, your spouse, and your eligible dependents can enroll in the state-sponsored group health, prescription drug, dental, and vision insurances.

The Employee Benefits Division of the Michigan Civil Service Commission negotiates the carriers, coverage, and rates for retirees just as it does for enlisted officers. These are subject to change, so the best way to find out which providers participate, compare coverage, and check premium rates is by going to the *Employee Benefits* section of the Civil Service website at **Michigan.gov/MDCS**.

Retiree coverage for yourself, your spouse, and your eligible dependents can begin as early as your retirement effective date. Since your coverage as an enlisted officer continues through the end of the month in which you terminate employment, there should be no gap in coverage as you go from active to retired status.

Insurance rates

If you enroll, your share of the insurance premium is deducted from your monthly pension payment. If your pension is less than the premium amount, we will bill you for the remainder of the premium. You'll be notified in advance of any rate changes, which typically occur in January.

Verifying eligibility

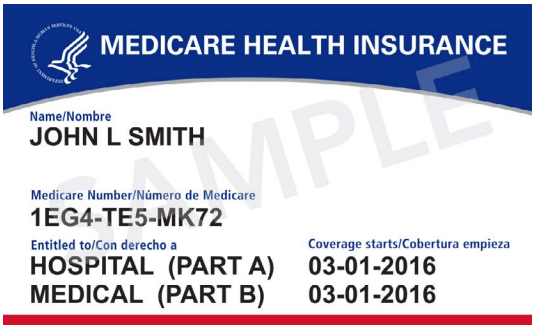
We must have your completed insurance application and all required proofs before we can enroll you, and we cannot enroll you retroactively. Insurance coverage always begins on the first day of a calendar month.

A complete application and proofs for everyone you want to enroll must be received no later than 30 calendar days after your retirement effective date.

If the supporting information is not received within those 30 calendar days, your insurance coverage will begin six months after we receive the enrollment request and proofs.

Insurance enrollment information for yourself, your spouse, and your eligible dependents	
Enrolled in Medicare at retirement	Submit your application and proofs to ORS at least one and a half months before your retirement effective date.
Enrolled in Medicare after retirement	Tell ORS your Medicare number and effective dates for parts A and B as soon as you receive your card.
Deferred member at retirement	You can enroll in the health, prescription drug, dental, and vision group insurance plans when you begin receiving your pension at age 50.
Covered under another group insurance plan	Inform ORS if anyone on your insurance is covered under another insurance plan. Also, you cannot enroll your spouse as an insurance dependent if they are separately enrolled in any State of Michigan health plan.
Enrolling at retirement without Medicare	Submit your application and proofs one month before your retirement effective date. Your insurance will begin on your retirement effective date.
Voluntary enrollment after retirement	If you file your retirement application after the month in which you terminate employment, or if you waive coverage when you are first eligible, there could be a six-month delay in your coverage.

Medicare coverage



As soon as you, or anyone else covered by your health insurance, become eligible for Medicare, that person must enroll in both Part A (hospital) and Part B (medical). As soon as you receive your card, tell ORS your Medicare number and effective dates for parts A and B. You must have Medicare parts A and B to enroll in the retiree insurance and prescription drug programs. Visit Insurance > Health, Dental, and Vision Insurance at **Michigan.gov/ORSMSP** for more information.

In 1986, federal law required mandatory Medicare coverage for state and local government employees even if they do not pay Social Security taxes. The Social Security Administration is the final authority for determining your Medicare eligibility. If you have further questions, please visit **Medicare.gov** for more information.

Dependent health insurance

Eligible dependents for health, prescription drug, dental, and vision insurance plans include:

- **Your spouse**, if they are not also enrolled separately as an eligible State of Michigan employee or retiree.
- **Your children by birth, legal adoption, or legal guardianship**.

In the case of legal adoption, a child is eligible for coverage as of the date of placement. Placement occurs when you become legally obligated for the total or partial support of the child in anticipation of adoption.

Dependent coverage until age 26

Your dependent children by birth, legal adoption, or full legal guardianship can remain eligible through the month in which the child turns age 26.

If your enrolled dependent is a disabled child, coverage will continue as long as they became disabled before age 26, continue to be incapacitated, and your coverage does not terminate for any other reason. Disabled children are those who are unable to earn a living because of a mental or physical impairment and must depend on their parents for support and maintenance. You must furnish proof of disability and proof of dependency.

If you need to add or remove a spouse or dependent or change your insurance carrier, you can make a change anytime using miAccount. Or you can complete and send ORS the *Insurance Enrollment/Change Request (R0452H)* form.

After you're enrolled

When your retirement application is processed, we forward your insurance enrollment information to the health, prescription drug, dental, and vision insurance carriers. Each insurance carrier will mail insurance identification (ID) cards and materials directly to you. If you apply three months before your retirement, your cards will usually arrive by your retirement effective date.

If you need health services before your cards arrive, contact the insurance carrier directly to get your policy number or to verify coverage.

The chart below helps you identify whether you should contact ORS, your insurance carrier, or Civil Service with your retiree insurance questions.

Where to find your insurance answers		
Office of Retirement Services	**Your insurance carrier**	**Civil Service**
• Enrollment • Eligibility • Monthly premium payments • Add/remove a dependent • Change carrier	• Request ID cards • Claims for services • Billings for services • Copays	• Plan changes • Plan summary • Participating providers • Compare coverage • Premium rates
Access by phone or online through miAccount.	Access by phone.	Access online at **Michigan.gov/MDCS** under the *Employee Benefits* tab.

Life insurance protection

As a retiree who meets regular age and service eligibility, your state-sponsored life insurance continues for you, your spouse, and your dependents at no charge to you. Your coverage is 25% of the coverage you carried when you left work; your spouse's and dependents' policies are capped at $1,000 each.

If you left as a deferred member, you do not qualify for the state-sponsored life insurance.

Your life insurance is affected if you become totally and permanently disabled. Visit **Michigan.gov/ORSMSP** for more information.

The following qualified dependents can continue life insurance coverage after you retire if they were enrolled while you were an active employee:

- **Your spouse.**
- **Your unmarried dependent children under age 23.**
- **Your incapacitated child who lives with you and depends on you for support as defined by IRS regulations.**

Life insurance beneficiary

You can change your life insurance beneficiary by submitting the *Life Insurance Beneficiary Designation (R0782GHB)* form found on our website. Any person(s) can be named as beneficiary(ies) for your life insurance. You can also name a trust or your estate.

Conversion coverage is available

Within 30 days of retirement, you may convert the remaining 75% of your active life insurance to a private direct-pay policy. You may also convert the amount by which the dependent policy was reduced. For rates and the conversion application, call Minnesota Life at **866-293-6047**.

Supplemental life insurance

If you purchased supplemental life insurance as an active member, you may choose to continue your coverage in retirement. For more information, contact your Michigan State Police human resources office.

Keep your award letter

The award letter you receive when your retirement application is processed serves as your only proof of your life insurance coverage, so be sure to keep it with your important papers. The certificate of insurance with coverage provisions can be viewed on the Civil Service website.

The retirement application

Applying for retirement with miAccount is fast and easy — five simple steps and you're done! You must use the *Retirement or DROP Application (R0732H)* if you're entering or leaving the DROP program. Each application method provides information about insurance, taxes, and direct deposit. You must submit your completed retirement application and send the confirmation page (if you are using miAccount to apply) along with copies of your proofs to ORS at least 30 days, but no more than 90 days, before your retirement effective date. Remember to notify your human resources office of your termination.

What you will need

ORS cannot process your retirement without a complete, error-free application. Life insurance forms require notarization; make sure they are signed in the presence of a notary public. If you complete a retirement application through miAccount, you must sign the *Retirement Checklist: Supporting Documents (R0836H)* page and return it to ORS along with all required documents.

Whether you apply online with miAccount or submit paper forms, you'll need to also provide the following:

- **Proof of marriage.**
- **Proof of age.**
- **Proof of dependent's insurance eligibility.**
- **Insurance information for anyone covered under another plan, including Medicare, who is enrolling in health insurance. Include that plan's information as requested on the retirement application.**

Visit **Michigan.gov/ORSMSP** for additional lists of acceptable proofs. Write your name and member ID on all documents and proofs. Do not mail in original documents.

Proofs needed to process your retirement	
Prove	**Provide for retirement application and insurance**
Marriage	Copy of your government-issued marriage certificate or a copy of you and your spouse's valid driver's licenses showing matching addresses and your most recent IRS *Form 1040* showing you filed as married.
Age	Copy of government-issued birth certificates for you and your spouse.
Prove	**Provide for insurance only**
Age and relationship of dependent child	Copy of government-issued birth certificate.
Legal guardianship/ adoption	Legal papers issued by a court; a sworn statement with the placement date or a court order verifying placement.
Dependent disability	Statement from the attending physician detailing the disability and that your child is disabled and incapable of self-sustaining employment. The signed certification must be on the physician's letterhead and dated within the last six months. Also provide IRS *Form 1040* that identifies the child as your dependent. You may be asked to update these proofs annually.
Other insurance coverage	Copy of the other plan's information, including Medicare, when applying in miAccount.

After you apply

Here's what happens from the time you submit your completed retirement application to when you begin receiving regular monthly pension payments. Remember, this timeframe is approximate and represent the minimum time required to complete each process.

1. When you submit your retirement application through miAccount, a summary of your selections is immediately available to you including your retirement effective date, insurance choices, and requested tax exemptions. It will also give you a preliminary pension estimate, which will not include your final salary, final payouts, any recently purchased service credit, or EDRO/DRO calculations.
2. If you submit a paper retirement application, we will send you a benefit summary letter about 10–14 days after we receive all completed application materials.
3. When ORS receives your application, it is reviewed to make sure all required information and documentation were submitted. If anything is missing or incomplete, you will receive a letter with an explanation of what is needed, and your application may be delayed.
4. After your termination date, we will verify your last day worked and your final salary. Your payroll record does not reflect this information until you terminate employment and receive your final paycheck. This step ensures all your wages are reported along with any final payouts.
5. Once we have your final wage and service information, we will verify your pension eligibility and put you on the retirement payroll. You'll get an award letter that tells you how much your pension payment is, including applicable EDRO/DRO adjustments, and when you can expect your first pension payment. Keep this information in a safe place so you have an easy-to-find record of your pension benefits.
6. Your first pension payment should arrive one to three months after you terminate your employment and receive your last paycheck, provided you meet all eligibility requirements and all required retirement forms are on file with ORS. If your first pension check is delayed, you will be paid retroactively to your retirement effective date.

Ongoing pension payments and statements

Pensions are paid on the 25th of each month for the month they are due. If the 25th falls on a weekend or holiday, watch for your payment on the preceding business day. December payments are issued approximately one week early. Your monthly statements and IRS documents are available at any time in miAccount.

Taxes on your pension

Your pension is subject to federal income tax. Taxes will be withheld from your pension according to the withholding instructions you give us when you retire. You can change your tax withholding at any time after you retire. ORS withholds for federal taxes, but you're responsible for paying taxes due to any other state or local government.

Pension increases

You can look forward to a fixed 2% annual increase, not to exceed $500, beginning with the second October after your retirement effective date. The 2% increase does not compound, but it does accumulate. So, assuming you're eligible for the maximum increase, every October you can expect $41.67 more per month than you received during the previous year in your gross benefit.

Deferred Retirement Option Plan

The State of Michigan created a Deferred Retirement Option Plan (DROP) for the Michigan State Police Retirement System members hired before June 10, 2012. The DROP is a supplemental benefit program available to members who are eligible to retire, but who agree to defer their retirement and continue working and receiving active employee wages.

Think carefully about your decision to participate in the DROP. Once your DROP application is accepted, your participation in the program is irrevocable.

Program overview

If you enroll in the DROP, you will choose the length of time you want to extend your employment and defer your pension benefits up to a maximum of six years. ORS calculates a DROP amount based on your pension value and credits this amount each month during the DROP period to an interest-bearing account in your name.

When you terminate employment, the DROP participation period ends and normal monthly pension payments begin. At this point, the accumulated DROP funds become available to you.

Eligibility

If you have 25 or more years of credited service, you may elect to participate in the DROP. Your choice to enroll in the DROP is voluntary.

You may qualify for the DROP earlier in your career if you purchase credit for time you spent in the military, VISTA program, or the Peace Corps, or for reduction in hours or separations in service for maternity, paternity, or child rearing leave. Service credit purchases must be completed before your DROP start date, which is the same as your retirement effective date. For more information about purchasing service credit, visit our website at **Michigan.gov/ORSMSP**.

Enrollment

To enroll in the DROP, you need to complete a *Retirement or DROP Application (R0732H)* form. It needs to be filed with ORS at least 30 but not more than 90 days before your retirement effective date. You would then stop being an active member of the retirement system and become a DROP participant. Your participation effective date is always the first day of the month you indicated on your DROP application.

Working through DROP

While you participate in the DROP, you will be subject to the same employment rules and regulations as before you enrolled in the DROP. The Michigan State Police will continue to pay your wages as if you were an active employee.

Your seniority status will not be affected during the DROP. You can change jobs if the new position is included under the Michigan State Police Retirement System. However, you will not accrue any additional years of service toward retirement as a DROP participant.

Participation in the DROP does not guarantee your continued employment. If you leave before your DROP end date for any reason (disability, death, job termination, etc.), the value of your DROP account will be recalculated based on the number of months you worked. In addition, you cannot work beyond the DROP end date you selected.

You can contribute to the State of Michigan 401(k) and 457 Plans during the DROP, if you want. If you did not contribute before, you can start at any time. If you had a 401(k) or 457 plan as an active Michigan State Police member, you can continue adding to your existing account(s).

Participation in the DROP doesn't guarantee your continued employment. You will also not accrue any additional years of service toward retirement while you are a DROP participant.

Calculating DROP benefits

Your pension is based on the average of your two final years of total earnings before the DROP, called final average compensation (FAC), times 60% (0.60). This amount, divided by 12, is the monthly pension amount you will receive when your DROP period ends. This pension amount is also used to calculate the value of your DROP account, based on your length of participation in the DROP.

You can access your retirement account and estimate your pension when you log in to miAccount at **Michigan.gov/ORSmiAccount**.

While you are participating in the DROP, a percentage of your monthly retirement pension is credited to your account, which earns interest. The percentage of your pension that you receive is based on the length of your participation. The corresponding percentages are in the chart below.

Your DROP account will earn 3% interest each year, prorated for any fraction of a year. At the end of your DROP period, you will have full access to your accumulated DROP balance, including the interest.

During your DROP period, your pension is not eligible for the annual post-retirement increases of 2%, not to exceed $500 annually. Pension increases will begin the second October following your DROP termination; they are permanent and cumulative, but do not compound.

If your salary changes during your DROP period, ORS will not recalculate your DROP benefit or your pension amount. Your pension amount is an amount of money calculated when you entered the DROP.

If you are divorced, your pension may be reduced due to an EDRO/DRO assigning a portion of your pension to your former spouse. Only the amount of the pension you are entitled to will be used to calculate your DROP balance.

DROP pension participation calculation

DROP period	% of monthly pension deferred
Less than one year	30%
One year but less than two	50%
Two years but less than three	60%
Three years but less than four	70%
Four years but less than five	80%
Five years but less than six	90%
Six years	100%

Benefits for you, your spouse, and your dependents

Insurance benefits, including health, prescription drug, dental, vision, and life, will continue to be available for you, your spouse, and your dependents. Contact your human resources office for information on insurance coverage, cost, participating plans, sick and annual leave accruals, and how leave balances will be handled at the end of your DROP period.

When you complete the *Retirement or DROP Application (R0732H)* form, you will name a beneficiary for your DROP account. You can designate any person as your DROP account beneficiary. The individual you name on this form will continue to be the beneficiary for your DROP account as long as it has a balance, or until you designate another person on a new *Deferred Retirement Option Plan (DROP) Beneficiary Designation (R0626H)* form available online at **Michigan.gov/ORSMSP**.

If you die while participating in the DROP, your pension beneficiary will receive your monthly pension benefit. In addition, your designated DROP beneficiary will receive the balance of your DROP account.

If you didn't name a separate beneficiary for your DROP account, your account balance will be paid first to your pension beneficiary, if alive, or secondarily to your estate.

When your DROP period ends

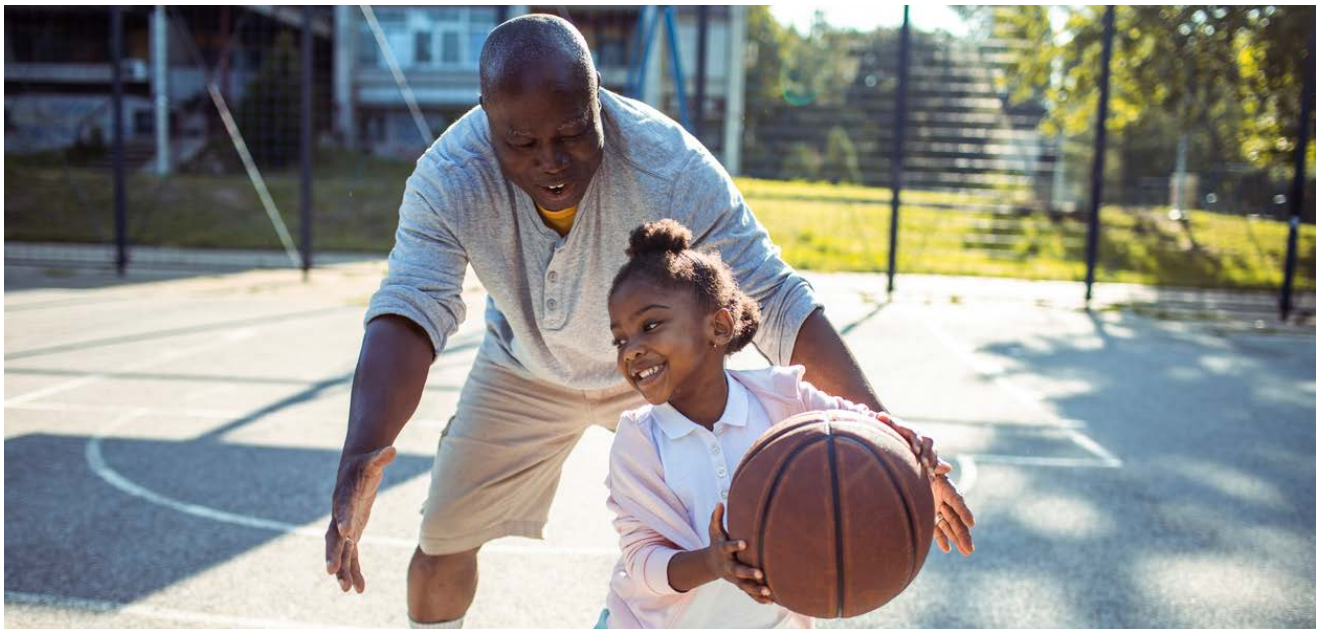
Before your scheduled DROP end date, review your post-retirement insurance options. Then download and complete the *Retirement or DROP Application (R0732H)* and *DROP Account Distribution Request (R0665H)* forms from our website or call ORS to have them sent to you. Send these forms to ORS promptly so you can have a smooth transition into your retirement. Your retirement effective date will be the first of the month after your DROP termination.

If you leave employment before your scheduled DROP end date, contact ORS immediately for these forms and information. Or you may find them on the *Forms and Publications* tab on our website.

DROP account distributions

Your DROP account earns 3% interest annually as long as you maintain a balance. When your DROP participation ends, you will have the following options to draw from your account:

- Take a total lump-sum distribution.
- Take a partial lump-sum distribution and leave the balance in your DROP account to draw from at a later date.
- Transfer the balance to another qualified plan.
- Leave the balance in your DROP account. Money left on deposit in the DROP account can only be withdrawn up to four times per calendar year. See **Michigan.gov/ORSMSP** for more information. All money remaining in the DROP account must be withdrawn no later than April 1 of the calendar year after you are 70 years and 6 months of age.



Stay in touch with ORS

Once you retire, the fastest way to access and make changes to your account is in miAccount. When you log in at **Michigan.gov/ORSmiAccount**, you have secure access to change your personal information. You can also use the miAccount Message Board to contact an ORS representative with your changes. Below are the most common situations that would require contact with ORS after your pension payments begin:

- Address or email change
- Birth or adoption
- Change in disability condition
- Death of dependent
- Direct deposit change
- Divorce
- Marriage
- Medicare enrollment.
- Missing payment
- Name change
- Power of attorney
- Tax withholding change

Ways to reach ORS

Michigan.gov/ORSmiAccount
Michigan.gov/ORSMSP

PO Box 30171
Lansing, MI 48909-7671

Phone: 800-381-5111
Fax: 517-284-4416

Voya Financial

If you have deferred compensation 401(k) and 457 Plans through the State of Michigan, contact Voya to learn about your withdrawal options and rules. You should also update Voya with any changes to your street address, phone, email, and dependent information at **800-748-6128** or **StateOfMi.Voya.com**.

Social media

Follow us on:
Facebook at **Facebook.com/MichiganORS**
X at **X.com/MichiganORS**
YouTube at **YouTube.com/@MichiganORS**

Update your email

We may contact you through email, so make sure you keep your personal email address up to date in miAccount once you retire.

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