



## Retirement Plan Election Process

### Michigan Public School Employees' Retirement System Reform

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*On February 1, 2018, the way to process retirement plan elections for new to MPERS employees (formerly referred to as New Hires), will significantly change. These changes effect new employees who first work on or after February 1, 2018*

#### Retirement Plan Election

##### What changed?

- Introduction of the new Pension Plus 2 plan. New to MPERS employees will make a retirement plan election between the new hybrid plan, Pension Plus 2, or the Defined Contribution (DC) plan.
- If they do not make an election, and the deadline passes, they will default into the DC plan.

##### What didn't change?

- New to MPERS employees have 75 calendar days from their first payroll end date to choose a retirement plan.

#### How New to MPERS Employees Make a Retirement Plan Election

##### What changed?

- New to MPERS employees are instructed to make their retirement plan election in miAccount. Once their first DTL1 and DTL4 posts, they will receive all information and instructions from the Office of Retirement Services (ORS).
- The *New Hire Retirement Plan Election* brochure will no longer be available. Instead, reporting units can distribute the *Your Retirement Plan Election* (R0611C) postcards to their new employees. As a courtesy, reporting units will receive a shipment of postcards in January. In the future, the postcards are available for ordering in the Publications and Posters Online Order Form of the Employer Reporting Information website.
- Reporting Units no longer collect election forms from the employee and submit retirement plan elections using the Employer Reporting website.
- The **New Member Election** link on Employer Reporting website will be called the **View Election Status**. It retains the functionality to submit retirement plan elections for new to MPERS employees who first worked BEFORE February 1, 2018.

##### What didn't change?

- New to MPERS employees have 75 calendar days from their first payroll end date to choose a retirement plan.

#### How to Report New to MPERS Employees

##### What changed?

- New to MPERS employees are reported as Pension Plus 2.

**Please note:** although new to MPERS employees are reported as Pension Plus 2, they are **not** considered a member of the Pension Plus 2 plan. According to PA 92 of 2017, to be a member of Pension Plus 2, a new to MPERS employee must choose this retirement plan. If the election window passes, and they do not make an election, they default to the DC plan.

**Why report them initially as Pension Plus 2 and not the default DC plan?** There is a risk involved in reporting contributions to the DC plan. If the stock market negatively affects a participant's account, it is unlikely that we can retract the appropriate contributions if a new to MPSERS employee elects the Pension Plus 2 plan. Therefore, they are to be reported initially as Pension Plus 2, and if they elect or default to the DC plan, make adjustments according to the instructions in the Reporting Instruction Manual.

**How will a reporting unit know if the new employee elected Pension Plus 2 or elected or defaulted to the DC plan?**

Reporting units are instructed to use the **View Election Status** link (formerly the **New Member Election** link) on the Employer Reporting website to find the status of a new to MPSERS employees election window, to see if a member made an election, and to know if adjustments are required.

The *How to Report New Employees* e-learning module is updated with a view of the new **View Election Status** link.

**What didn't change?**

- You must still administer the retirement plan election for new to MPSERS employees who first work BEFORE February 1, 2018.
- The **View Election Status** link on the Employer Reporting website will have the functionality to submit retirement plan elections for employees who first worked BEFORE February 1, 2018.