New Hire Retirement Plan Election

Michigan Public School Employees Retirement System

For public school employees who first work on or after September 4, 2012

Welcome to the Michigan Public School Employees Retirement System:

Public Act 300 of 2012, gives you a choice between two retirement plans: the **Pension Plus** plan and a **Defined Contribution (DC)** plan. The Pension Plus plan is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4 percent of salary) and a savings component consisting of a tax-deferred investment account with an employer match of 50 percent (up to 1 percent of salary) on employee contributions. The Defined Contribution (DC) plan provides a savings component in the form of a tax-deferred investment account with a 50 percent employer match (up to 3 percent of salary) on employee contributions.

Make your retirement plan election within ***75 calendar days of your first payroll date*** *(the last day of the first pay period as reported by your employer to ORS).*

As a new employee you were automatically enrolled in the Pension Plus plan as of your date of employment and you began making contributions to your pension plan and a 2 percent contribution to your retirement account (earning you a one percent employer match). You have 75 calendar days from your first payroll date to elect to opt out of the Pension Plus plan and become a participant in the DC plan; if no election is made you will remain a member of the Pension Plus plan. If you elect to opt out of the Pension Plus plan, you will become a participant in the DC plan, retroactive to your date of employment; and you would be automatically enrolled in a 6 percent employee contribution earning you a 3 percent employer match. Previous contributions made by you and your employer will be reconciled and deposited to your DC plan.

Your election is irrevocable. Carefully review the attached information. To submit your election, complete form R0940C (attached) and return it to your employer within 75 calendar days of your first payroll date.

There are no extensions. If you do not make an election within 75 calendar days from your first payroll date you will remain a member of the Pension Plus plan.

Your retiree healthcare benefit

Your retirement plan election has no bearing on your retiree healthcare benefit. As a public school employee who first worked on or after September 4, 2012, you will be placed into the **Personal Healthcare Fund (PHF)**, a portable, tax-deferred investment account that can be used to pay for healthcare expenses in retirement. As a participant in the PHF, you will be automatically enrolled in a 2 percent employee contribution earning you a 2 percent employer match. These contributions began immediately upon your date of employment and are in addition to whatever retirement plan contributions you may elect.

In addition, as a participant in the PHF, after 10 years of service you become eligible to receive a credit into a Health Reimbursement Account (HRA) when you terminate employment. The credit will be $2,000 if you are at least 60 years of age at termination or $1,000 if you are less than 60 years of age at termination.

ORS has partnered with ING to provide the savings components of the retirement plans and the Personal Healthcare Fund. Contact them with any questions you may have at (800)748-6128, 8:00 a.m. – 8:00 p.m., Monday –Friday, ET.

Sincerely,

Office of Retirement Services

Department of Technology, Management, & Budget
Office of Retirement Services
www.michigan.gov/ors (800) 381-5111
P.O. Box 30171
Lansing, MI 48909-7671

New Hire Retirement Plan Election

Michigan Public School Employees Retirement System

For new hires who first work on or after September 4, 2012. *As a new employee under the Michigan Public School Employees Retirement System (MPSERS), you have 75 calendar days from your first payroll date (the last day of the first payroll period reported to ORS) to make your retirement plan election. If you do not make an election, you will become a member in the Pension Plus plan.*

Section I: Personal Information *(Please print.)*

MEMBER NAME (LAST, FIRST, M.I.)		LAST FOUR OF SSN XXX-XX-
MAILING ADDRESS		EMPLOYER (REPORTING UNIT NAME)
CITY, STATE, ZIP	PHONE: HOME OR CELL ( )	REPORTING UNIT NUMBER
EMAIL ADDRESS	WORK PHONE ( )	FIRST PAYROLL DATE

Section II: Retirement Plan Selection

Please read the information included with this form carefully before choosing your option! Your retirement plan election is irrevocable.

☐ **Option 1: Pension Plus**. I voluntarily choose to become a member of the MPSERS Pension Plus plan. I understand that the Pension Plus plan is a hybrid plan that contains a pension component with a mandatory employee contribution (graded, up to 6.4 percent of salary) and a MPSERS Defined Contribution (DC) plan component that provides an employer match of 50 percent (not to exceed 1 percent of salary) on voluntary employee contributions of up to 2 percent of salary. I understand that retroactive to my date of employment, I will be treated as having been automatically enrolled for a 2 percent employee contribution to my account in the DC 457 plan, which qualifies me for a 1 percent employer match paid into my account in the DC 401(k) plan.

☐ **Option 2: Defined Contribution.** I voluntarily choose to not become a member in the MPSERS Pension Plus plan and to become only a participant in the MPSERS DC plan that provides a 50 percent employer match (not to exceed 3 percent of salary) on voluntary employee contributions of up to 6 percent of salary. I understand that retroactive to my date of employment, I will be treated as having been automatically enrolled for a 6 percent employee contribution to my account in the DC 457 plan, which qualifies me for a 3 percent employer match paid into my account in the DC 401(k) plan. I understand that previous employer and employee contributions will be reconciled and deposited to the DC plan.

Section III: Plan Selection Approval *(Signature required.)*

I acknowledge that my election is based on my individual circumstances. I understand that this election is based on current federal and state law, which takes precedence over any contrary information contained in this election form, and that those federal and state laws may change in the future and have an impact on the election I have made. I understand that each option has pluses and minuses for my situation. I further understand that I may change the automatic enrollment for either DC plan and elect a different contribution percentage, on a prospective basis only. With these understandings, I voluntarily agree to this election.

MEMBER'S SIGNATURE	DATE

New Employee: Return this completed and signed form to your employer as soon as possible but no later than 75 calendar days from your first payroll date ***(the last day of the first payroll period reported to ORS).***

Employer: Fax the completed and signed form within 5 days of the employee's signature date to Office of Retirement Services, Attn: Employer Reporting, (517) 322-5190.

New Hire Retirement Plan Election
Plan Choices Overview & Things to Consider

Michigan Public School Employees Retirement System

You have 75 days to choose your retirement plan

Welcome to the Michigan Public School Employees Retirement System. When you began public school employment, you were automatically enrolled in the Pension Plus plan. You have 75 calendar days from your first payroll date to elect between two retirement plans: the **Pension Plus** plan and the **Defined Contribution (DC)** plan (first payroll date is the last day of your first pay period as reported by your employer to ORS). If you don't make your plan election before the deadline, you will remain a member of the Pension Plus plan. Your decision is irrevocable.

Your two retirement plan choices

1. The **Pension Plus** plan offers two types of retirement plans in one: a **pension component** (a pension), and a portable **savings component** (a retirement investment account combining your employee and employer contributions). This option provides you a lifetime benefit through the pension component once you meet age and service requirements, and enrolls you in a tax-deferred investment account through the savings component to help you enhance your savings for retirement.
2. The **Defined Contribution (DC)** plan is a portable, tax-deferred retirement plan made up of a portable **savings component** (a retirement investment account combining your employee and employer contributions). This option is an investment plan which can help you build your future retirement income.

Healthcare

Regardless of your retirement plan choice, if you first worked for a Michigan public school on or after September 4, 2012, you are enrolled in the **Personal Healthcare Fund** (PHF) to help pay your healthcare expenses in retirement. This feature provides an additional employer match into your investment account throughout your career (part of the **savings component**), and a Health Reimbursement Account (HRA) at termination if you meet eligibility requirements.

Deciding which plan is best for you

Use the information on the following pages to help you understand the features of each plan. Discuss your retirement goals with your family and compare each retirement plan option with your unique goals. If necessary, you may want to consult a financial planner for help making this decision. Remember, your decision is irrevocable.

Plan choices overview

Use this information to help understand each plan's features. Note: The Pension Plus plan combines a **pension component**, a **savings component**, and the **Personal Healthcare Fund**. The Defined Contribution (DC) plan combines a **savings component** and the **Personal Healthcare Fund**.

<table>
<tr><th></th><th>Pension Plus</th><th>Defined Contribution (DC)</th></tr>
<tr><td>Plan Features</td><td>Pension (pension component): You'll receive a guaranteed monthly pension for life after vesting in this portion of the plan.

Investment Account (savings component): You'll receive your employee and employer contributions and any related earnings, subject to vesting and distribution rules.

Personal Healthcare Fund: You'll receive your employee and employer contributions and any related earnings, subject to vesting and withdrawal rules, and a $1,000 or $2,000 credit into an HRA at termination if you meet eligibility requirements (amount depends on age at termination).</td><td>Investment Account (savings component): You'll receive your employee and employer contributions and any related earnings, subject to vesting and distribution rules.

Personal Healthcare Fund: You'll receive your employee and employer contributions and any related earnings, subject to vesting and withdrawal rules, and a $1,000 or $2,000 credit into an HRA at termination if you meet eligibility requirements (amount depends on age at termination).</td></tr>
<tr><td>When will you receive retirement benefits?</td><td>Pension: At age 60 with 10 or more years of service.

Savings/Personal Healthcare Fund: Your employee contributions are invested into a 457 account and your employer contributions are invested into a 401(k) account. These accounts have specific rules for when withdrawals can be taken. 457 Account: The earliest you could begin withdrawing funds from your 457 account is 30 days after you terminate your Michigan public school employment. The IRS premature distribution penalty tax doesn't apply to amounts you contribute to the 457 account, but may apply to amounts you rollover to the account from other non-457 plans. 401(k) Account: Withdrawals may be made from this account beginning at age 59-1/2 or 30 days after you terminate your Michigan public school employment. An IRS premature distribution penalty tax will apply to distributions taken prior to age 59-1/2 unless you meet an IRS exception. HRA: At termination with 10 or more years of service.</td><td>Savings/Personal Healthcare Fund: Your employee contributions are invested into a 457 account and your employer contributions are invested into a 401(k) account. These accounts have specific rules for when withdrawals can be taken. 457 Account: The earliest you could begin withdrawing funds from your 457 account is 30 days after you terminate your Michigan public school employment. The IRS premature distribution penalty tax doesn't apply to amounts you contribute to the 457 account, but may apply to amounts you rollover to the account from other non-457 plans. 401(k) Account: Withdrawals may be made from this account beginning at age 59-1/2 or 30 days after you terminate your Michigan public school employment. An IRS premature distribution penalty tax will apply to distributions taken prior to age 59-1/2 unless you meet an IRS exception. HRA: At termination with 10 or more years of service.</td></tr>
<tr><td>How much will you contribute?</td><td>Pension: You contribute to the pension component based on the following:
<table>
<tr><th>Your Compensation</th><th>Your Contribution Rate</th></tr>
<tr><td>$0 - $5,000</td><td>3% (up to $150 total)</td></tr>
<tr><td>$5,000.01 - $15,000</td><td>3.6% on compensation above $5,000 (up to $510 total)</td></tr>
<tr><td>$15,000.01 and over</td><td>6.4% on compensation above $15,000</td></tr>
</table>
Savings: You will automatically begin contributing 2 percent of your pay. You can change this amount at any time but you won't get the full employer match unless you contribute at least 2 percent.

Personal Healthcare Fund: You will automatically begin contributing an additional 2 percent to the Personal Healthcare Fund. You can change this amount at any time but you won't get the full employer match unless you contribute at least the additional 2 percent.</td><td>Savings: You will automatically begin contributing 6 percent of your pay retroactive to your date of employment. You can change this amount at any time but you won't get the full employer match unless you contribute at least 6 percent.

Personal Healthcare Fund: You will automatically begin contributing an additional 2 percent to the Personal Healthcare Fund. You can change this amount at any time but you won't get the full employer match unless you contribute at least the additional 2 percent.</td></tr>
</table>

	Pension Plus	Defined Contribution (DC)
How much will your employer contribute?	**Savings**: Your employer will match 50 percent of your contributions up to 1 percent of salary. **Personal Healthcare Fund**: Your employer will match up to an additional 2 percent if you contribute up to 2 percent on top of your contributions to the savings component. This employer match is not available for plan loans.	**Savings**: Your employer will match 50 percent of your contributions up to 3 percent of salary. **Personal Healthcare Fund**: Your employer will match up to an additional 2 percent if you contribute up to 2 percent on top of your contributions to the savings component. This employer match is not available for plan loans.
What happens if you leave public school employment?	**Pension**: If you leave public school employment and begin working for an employer not part of the Michigan Public School Employees Retirement System, you cannot take your pension account with you. If you vest in the pension plan, you're guaranteed a pension benefit once you reach eligibility. However, if you leave before vesting, you may request a refund of your pension contributions with interest but you will forfeit all corresponding service credit in the plan. **Savings/Personal Healthcare Fund**: If you stop working or change employers before you retire, you can take a distribution of your savings component benefits (including the employee contribution, vested employer match, and related earnings to the Personal Healthcare Fund); distributions are subject to IRS premature distribution penalty taxes if applicable. However, you can choose to postpone the payment of benefits until a later date and leave your benefits to accumulate. In certain situations, you may also be eligible to rollover your benefits to another eligible retirement investment account or IRA. If you leave public school employment before you're 100 percent vested in your employer's contributions to your retirement investment account, the non-vested portion will be removed from your account and will not be included in future statement balances.	**Savings/Personal Healthcare Fund**: If you stop working or change employers before you retire, you can take a distribution of your savings component benefits (including the employee contribution, vested employer match, and related earnings to the Personal Healthcare Fund); distributions are subject to IRS premature distribution penalty taxes if applicable. However, you can choose to postpone the payment of benefits until a later date and leave your benefits to accumulate. In certain situations, you may also be eligible to rollover your benefits to another eligible retirement investment account or IRA. If you leave public school employment before you're 100 percent vested in your employer's contributions to your retirement investment account, the non-vested portion will be removed from your account and will not be included in future statement balances.
What happens if you become disabled?	**Pension/savings:** If you suffer a disability of any kind and terminate public school employment, you will receive your employee contributions and any related earnings in your retirement investment account, along with any vested employer contributions and related earnings. If and when you meet age and service requirements (10 years of service, 60 years of age), you would also be eligible for a payment based on the pension component of your Pension Plus plan. **Personal Healthcare Fund:** If you suffer a disability of any kind and terminate public school employment, you would have access to your 2 percent employee contributions and related earnings, as well as any vested employer 2 percent matching contributions and related earnings in your PHF. A credit into an HRA would also be made if you have at least 10 years of service at termination (amount depends on age at termination). Neither you nor your beneficiaries would be eligible for any health insurance subsidy from the state.	**Savings:** If you suffer a disability of any kind and terminate public school employment, you would receive your employee contributions and any related earnings in your retirement investment account, along with any vested employer contributions and related earnings. **Personal Healthcare Fund:** If you suffer a disability of any kind and terminate public school employment, you would have access to your 2 percent employee contributions and related earnings, as well as any vested employer 2 percent matching contributions and related earnings in your PHF. A credit into an HRA would be made if you have at least 10 years of service at termination (amount depends on age at termination). Neither you nor your beneficiaries would be eligible for any health insurance subsidy from the state.

	Pension Plus	Defined Contribution (DC)
What happens if you die?	**Pension/savings:** A survivor pension may be payable depending on the timing and cause of your death. • If you suffer a duty-related death while an active employee, a survivor pension may be payable if a worker's compensation benefit is awarded; no vesting required. • If you suffer a non-duty related death while an active employee, a survivor pension may be payable if you are vested with 10 years of service. • If you die after retirement, a monthly pension may be payable to your surviving pension beneficiary if you are vested with at least 10 years of service and chose a survivor option at retirement. If you die while your retirement is in deferred status (that is, you leave public school employment after becoming vested for your pension, but before you're old enough to draw your pension), a monthly survivor pension will be payable to your eligible beneficiary provided you designated your beneficiary with ORS before you terminated employment. The default provision does not apply while in deferred status. Your employee contributions and related earnings, and your vested employer contributions and related earnings, will go to your designated beneficiary or your estate. **Personal Healthcare Fund:** *If you suffer a duty-related death*, the state will pay the maximum health premium allowed by statute for your spouse and health benefit dependents. Your spouse's insurance subsidy may continue until his or her death; your dependents' insurance subsidy may continue until their eligibility ends. The 2 percent employer matching contributions and related earnings in your tax-deferred account will be forfeited. Your beneficiaries would receive your 2 percent employee contributions and related earnings. *If you suffer any other type of death while an active, deferred, or retired employee*, your survivors have access to your 2 percent employee contributions and related earnings in your PHF. Their access to your employer's 2 percent matching contributions and related earnings in your PHF would be determined based on your vesting status. A credit into an HRA would be made upon your death if you had at least 10 years of service. The credit would be considered part of your estate. Your survivors would not be eligible for any health insurance subsidy from the state.	**Savings:** Your employee contributions and related earnings, and your vested employer contributions and related earnings, will go to your designated beneficiary or your estate. **Personal Healthcare Fund:** Your survivors would have access to your 2 percent employee contributions and related earnings in your PHF. Their access to your employer's 2 percent matching contributions and related earnings would be determined based on your vesting status. A credit into an HRA would be made upon your death if you had at least 10 years of service. The credit would be considered part of your estate. Your survivors would not be eligible for any health insurance subsidy from the state.
Vesting schedule	**Pension**: 10 years of service. **Savings/Personal Healthcare Fund**: *HRA*: 10 years of service at any age for $1,000; 10 years of service at 60 years old for $2,000. *Investment accounts:* (see table below)	**Savings/Personal Healthcare Fund**: *HRA*: 10 years of service at any age for $1,000; 10 years of service at 60 years old for $2,000. *Investment accounts:* (see table below)

Pension Plus — Investment accounts:

	Your contributions	Employer contributions
Years of service	**Percent vested**	**Percent vested**
Before 2 years	100%	0%
After 2 years	100%	50%
After 3 years	100%	75%
After 4 years	100%	100%

Defined Contribution (DC) — Investment accounts:

	Your contributions	Employer contributions
Years of service	**Percent vested**	**Percent vested**
Before 2 years	100%	0%
After 2 years	100%	50%
After 3 years	100%	75%
After 4 years	100%	100%

Things to consider

Each plan has advantages and disadvantages -- which plan is best depends on your unique situation and retirement goals. Use the information below as you think through your retirement goals and how each plan may help you reach or exceed those goals.

IMPORTANT: All items in the Defined Contribution column also apply to the savings component of the Pension Plus plan.

	You may prefer the Pension Plus plan if...	**You may prefer the Defined Contribution (DC) plan if...**
Retirement income	You want a guaranteed monthly benefit for life in retirement (pension component).	You want to decide how much and when you withdraw your vested contributions and investment earnings.
Your contributions	You are comfortable knowing your contribution rate is set by law (pension component).	You want the ability to increase or decrease your contributions throughout your career to meet your retirement goals.
Withdrawal flexibility	You prefer a guaranteed monthly benefit in retirement (pension component) rather than setting/changing your monthly withdrawal amount (you will still have this flexibility with your withdrawals in the savings component).	You want to decide how much and when you withdraw your vested contributions and investment earnings.
Beneficiary options	You want the ability to provide a lifetime monthly benefit for an eligible survivor after your death (if you choose a survivor option at retirement).	You want to pass on any remaining vested contributions and investment earnings to your beneficiary(ies) upon your death.
Risk	You are not comfortable with the risk of falling short of meeting your retirement goals due to low returns or market fluctuations (pension component). You want a guaranteed benefit in retirement and are not comfortable with your monthly income being determined by your investment returns (the savings component will be based on this however).	You are comfortable risking investment losses while investing to meet your retirement goals. You are comfortable that your monthly income in retirement is determined by your employee and employer contribution amounts and your investment returns.

Contact

Contact **your employer** for the *New Hire Retirement Plan Election (R0940C)* form you'll use to make your election.

Contact **ING** for help choosing between the Pension Plus and DC plans at (800) 748-6128, 8:00 a.m. – 8:00 p.m., Monday – Friday ET.