

Your Election in 3 Steps



Legislation that affects your retirement plan was recently signed into law and gives you two elections to make—a retiree healthcare election and a pension election. Follow these steps to make your elections in miAccount—the election window closes Friday, October 26, 2012, at 5 p.m. EDT.

1 Log In To **miACCOUNT** www.michigan.gov/orsmiaccount



Once you log in to miAccount, you'll be ready to complete steps 2 & 3.



Scan this code with your smartphone for instant access to miAccount!

2 Find Out How the Reform Affects You

Educate yourself and evaluate your options using the tools provided in miAccount.



3 Make Your Election



Once you've decided which options best meet your future financial and healthcare needs, make your election in miAccount.

ELECTION DEADLINE

October 26, 2012
by 5:00 p.m. EDT

www.michigan.gov
 (To Print: use your browser's print function)

Release Date: July 17, 2012
 Last Update: October 05, 2012

Reform FAQs (For Basic and MIP members only)

[Click here to return to Resources.](#)

Below are the most Frequently Asked Questions (FAQs) about the 2012 Public School Employees Retirement Reform for **Basic, and MIP members only**.

Click on a topic bar and you will see a list of questions. Click on any question to see the answer or use the Expand All | Collapse All feature below to scan the entire list of FAQs. Questions may be added or revised -- check back regularly.

[Expand All](#) | [Collapse All](#)

Temporary court order may affect deadline for retirement reform elections

[Click here to learn more under the What's New section of the public schools home page.](#)

10 most popular questions

Top FAQs - As of October 1, 2012

1. **What are my choices for the healthcare election?**

Under the new law, you have a choice regarding your retiree healthcare. You can continue to contribute 3 percent of compensation to the Retiree Healthcare Fund and keep the premium subsidy benefit you currently have, or you can choose the Personal Healthcare Fund which can be used to pay healthcare expenses in retirement. Any changes to your healthcare benefit would be effective as of your transition date, which is defined as the first day of the pay period that begins on or after December 1, 2012. If you choose the Personal Healthcare Fund, you will opt-out of the premium subsidy benefit, as of the day before your transition date (defined above). You will be automatically enrolled in a 2 percent employee contribution into your 457 account as of your transition date, earning you a 2 percent employer match into a 401(k) account. You will stop paying the 3 percent contribution to the Retiree Healthcare Fund as of the the day before your transition date, and your prior contributions will be deposited into your 401(k) account on or before February 1, 2013.

Your retiree healthcare election must be made in miAccount by 5:00 p.m., Eastern Daylight Time, Friday, October 26, 2012. If you do not make a healthcare election, you will remain with the premium subsidy (Basic, MIP-Fixed, and MIP-Graded) or graded premium subsidy (MIP Plus).

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2. What are my choices for the pension election?

Under the new law, you can voluntarily choose to increase, maintain, or stop your contributions to the pension fund. You have the following options:

- **Option 1:** Under Option 1 you voluntarily elect to increase your contributions to the pension fund as noted below, and retain the 1.5 percent pension factor in your pension formula. The increased contribution would start with the first pay period beginning after December 1, 2012, and continue until they terminate public school employment.
Basic Plan members: 4 percent contribution (currently 0 percent).
MIP-Fixed, MIP-Graded, and MIP-Plus Plan members: a flat 7 percent contribution (currently 3.9 percent for MIP-Fixed, or graded up to 6.4 percent for MIP-Graded and MIP-Plus).

- **Option 2:** Under Option 2 you voluntarily elect to increase your contribution to the retirement plan as stated in Option 1 and retain the 1.5 percent pension factor for your pension formula. The increased contribution would start with the first pay period beginning after December 1, 2012, and continue until you reach 30 years of service. If and when you reach 30 years of service, your contribution rate will return to the previous levels in place as of the pay period before the first pay period beginning after December 1, 2012, (0 percent for Basic Plan members, 3.9 percent for MIP-Fixed, and graded, up to 6.4 percent for MIP-Graded and MIP-Plus members). The pension formula for any service thereafter would include a 1.25 percent pension factor.

- **Option 3:** Under Option 3 you voluntarily elect not to increase your contribution to the pension fund and maintain your current level of contribution to the pension fund. The pension formula for your years of service as of the pay period before the first pay period beginning after December 1, 2012, will include a 1.5 percent pension factor. The pension formula for any service thereafter would include a 1.25 percent pension factor.

- **Option 4:** Under Option 4 you voluntarily elect no longer contribute to the pension fund. Your pension will be calculated based on your years of service and final average compensation as of the pay period before the first pay period beginning after December 1, 2012, and a 1.5 percent pension factor. You will be switched to a Defined Contribution (DC) plan as of the first pay period beginning after December 1, 2012, where you will receive a 4 percent employer contribution to a tax-deferred 401(k) account and you can choose to contribute up to the maximum amounts permitted by the IRS to your 457 account.

Your pension election must be made in miAccount by 5:00 p.m., Eastern Daylight Time, Friday, October 26, 2012. If you do not make a pension election, your contribution rate will not change and your pension formula for your years of service through the pay period before the first pay period beginning after December 1, 2012, will include a 1.5 percent pension factor. The pension formula for any service thereafter will include a 1.25 percent pension factor.

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3. How does my pension plan election affect my retiree healthcare?

Your pension election and your healthcare election are two separate things. If you elect to stay with the premium subsidy (Basic, MIP Fixed, or MIP Graded) or graded premium subsidy (MIP Plus), you'll retain your eligibility for healthcare benefits in retirement (assuming you meet age and service requirements), regardless of which retirement plan election you make.

If you elect the Personal Healthcare Fund, you opt out of retiree healthcare benefit regardless of which retirement plan election you make. Instead you'll receive a 2 percent employer matching contribution to a state-sponsored, tax-deferred retirement account, if you contribute up to 2 percent of pay. If you elect the PHF you would not be eligible for any healthcare coverage in retirement.

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4. If I stay with the premium subsidy and continue making the 3 percent healthcare contributions and then lose my job, what happens?

If you elect to stay with the premium subsidy and continue making the 3 percent contribution, and then lose your job, you *may* qualify for an insurance premium subsidy.

If you began working for a Michigan public school before July 1, 2008 (Basic, MIP-Fixed and MIP-Graded plan members) and if you have at least 21 years of service when you terminate public school employment, your premium subsidy will be 10 percent for each year of credited service you have over 20 years, up to the maximum allowed by statute. With 21 years you get 10 percent of the full subsidy. With 25 years the subsidy increases to 50 percent.

If you began working for a Michigan public school on or after July 1, 2008 (MIP-Plus plan members) and have at least 10 years of service, you become eligible for a graded premium subsidy if/when you are age 60. The subsidy is 30 percent after 10 years of service, with a 4 percent increase for each year thereafter, up to the maximum allowed by statute.

If you leave public school employment and do not qualify for any premium subsidy you can request a refund of your 3 percent contributions when you reach age 60. The refunds would be issued in equal monthly installments over a 60 month (5 year) period as a supplemental retirement allowance.

Learn more at http://www.michigan.gov/orsschools/0,1607,7-206-36504_36533_48173---,00.html.

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5. I don't have internet access. Can I make my election through the mail?

No, your election must be made online in miAccount. Your human resources office can help you make your election online, or you can log into miAccount using computers and internet access provided by your local library.

In addition, ORS is hosting walk-in centers in various locations across the state for members who don't have internet access or need technical assistance for using miAccount. **Click here for dates, locations, and times.**

Updated October 2, 2012.

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6. How can I get help making my decision?

While ORS staff is not in a position to offer retirement financial advice, we have provided several tools in miAccount to help you figure out which retiree healthcare and pension option is best for you. We've provided personalized estimates of what each pension option might mean for you, and calculators so you can see how adjusting the numbers might affect you.

Be sure to review the short, recorded seminar available anytime on the Reform Tools page or sign up for one of the many reform seminars and webinars hosted by ORS. [Click here to learn more.](#)

Also, ING provides information on retirement planning and calculators that show how investment earnings can grow over time. Go to <http://stateofmi.ingplans.com> to learn more. For further assistance, contact ING at (800) 748-6128.

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7. I didn't get a letter. What do I do?

Letters were sent to all public school members in the Basic and MIP plans who are eligible to make an election (see eligibility criteria explained above). If you do not meet these criteria, you would not have received a letter. If you do meet these criteria and did not receive a letter, odds are your contact information is not up-to-date with your employer, who provides ORS with member contact information. Notify your employer of your correct mailing address AND log into miAccount to update your contact information there as well.

But you don't need a letter to make your election. Everything you need can be found in miAccount, including personalized estimates of what each option means to you and your family, and a Retiree Healthcare Election Decision Guide. You can also continue reviewing these FAQs and the legislative summary for additional information. If you need assistance, use the ORS Message Board for secure, online email assistance or call our customer service center at (517) 322-5103 or toll-free at (800) 381-5111, Monday-Friday, 8:30 a.m. - 5:00 p.m.

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8. What if I don't make a choice?

If you do not make your elections in miAccount by 5:00 p.m., Eastern Daylight Time, Friday, October 26, 2012, the default provisions of the legislation go into effect. For the healthcare election, the default is to continue the 3 percent contribution to the Retiree Healthcare Fund (Basic, MIP-Fixed and MIP-Graded) or graded premium subsidy (MIP Plus). For the retirement plan election, the default is to continue your existing level of contribution to the pension fund and take the reduced pension factor (1.25 percent) for future service as of your transition date (the first day of the pay period that begins on or after December 1, 2012).

Revised September 11, 2012.

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9. How does the 2 percent matching contribution for the Personal Healthcare Fund work?

If you elect the Personal Healthcare Fund, you would be eligible for an employer match of

up to 2 percent of pay to a state-sponsored tax-deferred savings account. Your contributions would go into a 457 account; your employer contributions would be placed in a 401(k) account. Both accounts will be administered by ING.

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10. Does the new legislation change the rules regarding pension eligibility?

No, the legislation does not change the rules for pension eligibility. To be eligible for a monthly retirement pension, you must meet minimum age and service requirements as described below: MIP: age 46 with at least 30 years of service or age 60 with 10 years of service, Basic: age 55 with at least 30 years of service or age 60 with 10 years of service.

Some exceptions may apply; learn more at http://www.michigan.gov/orsschools/0,4653,7-206-36504_36505---,00.html.

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FAQs by topic

Understanding the Election Process

1. What are the election choices?

Under Public Act 300 of 2012, Michigan Public School Employees Retirement System members who are in the Basic and MIP plans and who qualify (see below) have two choices to make during the reform election window, a retiree healthcare election and a pension election. The options under these choices are spelled out in the FAQs below.

Any changes to a member's healthcare benefit and pension would be effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after December 1, 2012.

All elections must be made in miAccount beginning Tuesday, September 4, 2012, and before the 5:00 p.m. Eastern Daylight Time, Friday, October 26, 2012, deadline. In miAccount, you will only see the election information that pertains to you.

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2. How do I know if I need to make an election?

You need to make your elections if you first became a member of the Michigan Public School Employee Retirement System before July 1, 2010 and earned any service credit in the twelve months ending September 3, 2012, and are considered a current employee of the school, or if you were on an approved professional services or military leave of absence on September 3, 2012.

Your elections must be submitted in miAccount beginning September 4, 2012 and before the 5:00 p.m. Eastern Daylight Time, Friday, October 26, 2012.