

Understanding MPSERS



Introduction and Background

- Stacey Viers, Huron Intermediate School District
 - Certified Public Accountant (CPA)
 - Certified Administrator of School Finance & Operations (SFO)
- 10 years in public accounting – included auditing local districts
- 3 years as Special Education Accountant at HISD
- 11 years as Local Education Agency Business Manager
 - Providing full business services to Akron-Fairgrove School District, Caseville Public Schools, and Harbor Beach Community Schools

Who or What is MPSEERS?



Michigan Public School Employees
Retirement System



Administered by ORS (Office of
Retirement Services)



ORS operates within the Michigan
Department of Technology, Management,
and Budget



State of Michigan Office of the Auditor
General performs routine audits and
reviews of ORS



MPSERS: Available Plan Types

- Defined Benefit (DB)
 - Provides a guaranteed lifetime pension payment
 - “Traditional” pension
- Defined Contribution (DC)
 - A percentage of earnings are set aside by employer and employee and invested in State of Michigan 401(k) and 457 plans
- Hybrid
 - Combination of both DB and DC

Available Benefit Plans

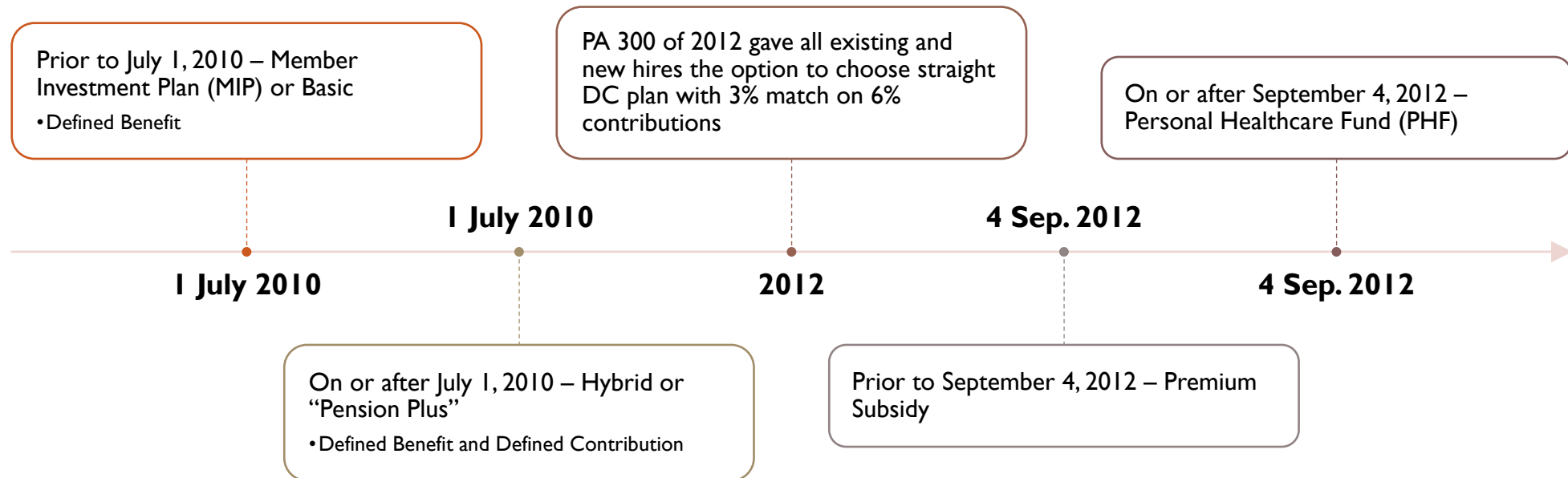
Defined Benefit (DB)	Hybrid of DB and DC	Defined Contribution (DC)
<ul style="list-style-type: none">• MIP Fixed• MIP Graded• MIP Plus• MIP 7%• Basic• Basic 4%	<ul style="list-style-type: none">• Pension Plus	<ul style="list-style-type: none">• DC• MIP DC Converted• Basic DC Converted

Retiree Healthcare Plan

Premium Subsidy –
portion of monthly
insurance premiums
are paid by retirement
system after retirement

Personal Healthcare
Fund (PHF) – fund
established to provide
for medical expenses in
retirement

Plan Options based on 1st Hire Date



Member Investment Plan (MIP)

MIP Fixed

- Elected the MIP plan before January 1, 1990 OR Basic Plan participant enrolled in MIP by January 1, 1993

MIP Graded

- First worked between January 1, 1990 and June 30, 2008 OR returning member who did not work between January 1, 1987 and December 31, 1989

MIP Plus

- First worked between July 1, 2008 and June 30, 2010

MIP 7%

- Elected MIP during enrollment periods, OR first worked between January 1, 1990 and July 1, 2010 AND chose higher contribution rate beginning February 1, 2013

MIP DC Converted

- Elected MIP during enrollment periods, OR first worked between January 1, 1990 and July 1, 2010 AND chose to convert to DC plan on February 1, 2013

Basic

Basic

- Did not elect the MIP during enrollment periods OR did not work after December 31, 1986

Basic 4%

- Did not elect the MIP during enrollment periods OR did not work after December 31, 1986 AND chose 4% contribution rate beginning February 1, 2013

Basic DC Converted

- Did not elect the MIP during enrollment periods OR did not work after December 31, 1986 AND chose to convert to DC plan beginning February 1, 2013

Budgeting for MPSEERS Costs

Know what plan your employees are in

Budgeting for vacancies

Communicate with HR and Payroll regarding changes

- ORS Feedback file



**MICHIGAN OFFICE OF
RETIREMENT SERVICES**
Big Plans. Small Steps.

MPERS Member, Retiree, and Employer Contribution Rates for K12 Districts, ISDs, Charter Schools/PSAs, Libraries, and Community Colleges

Effective Oct. 1, 2023 - Sept. 30, 2024

		Active Members Employee DB Contribution Rates (DTL2)			Active Members and Retirees Employee DC Contribution Rates (DTL4)			Active Members Employer DB Contribution Rates (DTL2)							Active Members and Retirees Employer DC Contribution Rates (DTL4)			
Benefit Plan	Healthcare Plan	DB Contributions	Premium Subsidy	DB TOTAL	DC Contributions	PHF Contributions	DC TOTAL	Pension Normal Cost	Pension UAAL	Pension Total	Health Normal Cost	Health UAAL	Health Total	DB TOTAL	Mandatory	Matching*	PHF*	DC TOTAL
Basic	Premium Subsidy		3.00%	3.00%				9.13%	13.90%	23.03%	1.25%	7.06%	8.31%	31.34%				
Basic	PHF					2.00%	2.00%	9.13%	13.90%	23.03%		7.06%	7.06%	30.09%			2.00%	2.00%
Basic 4%	Premium Subsidy	4.00%	3.00%	7.00%				9.13%	13.90%	23.03%	1.25%	7.06%	8.31%	31.34%				
Basic 4%	PHF	4.00%		4.00%		2.00%	2.00%	9.13%	13.90%	23.03%		7.06%	7.06%	30.09%			2.00%	2.00%
Basic DC Converted	Premium Subsidy		3.00%	3.00%	3.00%		3.00%		13.90%	13.90%	1.25%	7.06%	8.31%	22.21%	4.00%	3.00%		7.00%
Basic DC Converted	PHF				3.00%	2.00%	5.00%		13.90%	13.90%		7.06%	7.06%	20.96%	4.00%	3.00%	2.00%	9.00%
MIP Fixed	Premium Subsidy	3.90%	3.00%	6.90%				9.13%	13.90%	23.03%	1.25%	7.06%	8.31%	31.34%				
MIP Fixed	PHF	3.90%		3.90%		2.00%	2.00%	9.13%	13.90%	23.03%		7.06%	7.06%	30.09%			2.00%	2.00%
MIP Graded	Premium Subsidy							9.13%	13.90%	23.03%	1.25%	7.06%	8.31%	31.34%				
Salary: \$0 - \$5,000.00		3.00%	3.00%	6.00%														
\$5,000.01 - \$15,000.00		3.60%	3.00%	6.60%														
over \$15,000.00		4.30%	3.00%	7.30%														
MIP Graded	PHF					2.00%	2.00%	9.13%	13.90%	23.03%		7.06%	7.06%	30.09%			2.00%	2.00%
Salary: \$0 - \$5,000.00		3.00%		3.00%														
\$5,000.01 - \$15,000.00		3.60%		3.60%														
over \$15,000.00		4.30%		4.30%														
MIP Plus	Premium Subsidy							9.13%	13.90%	23.03%	1.25%	7.06%	8.31%	31.34%				
Salary: \$0 - \$5,000.00		3.00%	3.00%	6.00%														
\$5,000.01 - \$15,000.00		3.60%	3.00%	6.60%														
over \$15,000.00		6.40%	3.00%	9.40%														
MIP Plus	PHF					2.00%	2.00%	9.13%	13.90%	23.03%		7.06%	7.06%	30.09%			2.00%	2.00%
Salary: \$0 - \$5,000.00		3.00%		3.00%														
\$5,000.01 - \$15,000.00		3.60%		3.60%														
over \$15,000.00		6.40%		6.40%														
MIP 7%	Premium Subsidy	7.00%	3.00%	10.00%				9.13%	13.90%	23.03%	1.25%	7.06%	8.31%	31.34%				
MIP 7%	PHF	7.00%		7.00%		2.00%	2.00%	9.13%	13.90%	23.03%		7.06%	7.06%	30.09%			2.00%	2.00%
MIP DC Converted	Premium Subsidy		3.00%	3.00%	3.00%		3.00%		13.90%	13.90%	1.25%	7.06%	8.31%	22.21%	4.00%	3.00%		7.00%
MIP DC Converted	PHF				3.00%	2.00%	5.00%		13.90%	13.90%		7.06%	7.06%	20.96%	4.00%	3.00%	2.00%	9.00%
Pension Plus	Premium Subsidy				2.00%		2.00%	5.27%	13.90%	19.17%	1.25%	7.06%	8.31%	27.48%		1.00%		1.00%
Salary: \$0 - \$5,000.00		3.00%	3.00%	6.00%														
\$5,000.01 - \$15,000.00		3.60%	3.00%	6.60%														
over \$15,000.00		6.40%	3.00%	9.40%														
Pension Plus	PHF				2.00%	2.00%	4.00%	5.27%	13.90%	19.17%		7.06%	7.06%	26.23%		1.00%	2.00%	3.00%
Salary: \$0 - \$5,000.00		3.00%		3.00%														
\$5,000.01 - \$15,000.00		3.60%		3.60%														
over \$15,000.00		6.40%		6.40%														
Pension Plus 2	PHF	6.20%		6.20%	2.00%	2.00%	4.00%	6.20%	13.90%	20.10%		7.06%	7.06%	27.16%		1.00%	2.00%	3.00%
DC	PHF				3.00%	2.00%	5.00%		13.90%	13.90%		7.06%	7.06%	20.96%	4.00%	3.00%	2.00%	9.00%

MPERS Revenue – the I47s

- \$ I47a(1) – MPERS Cost Offset
- \$ I47a(2) – MPERS Normal Cost Offset
- \$ I47a(3) – MPERS Cost Offset - ISDs
- \$ I47c(1) – MPERS UAAL Rate Stabilization
- \$ I47e – MPERS Reform – Defined Contribution
- \$ I47f – MPERS 0.5 UAAL Rate Reimbursement

MPERS 147a

- 147a(1) and 147a(2) and 147a(3) are used to offset the district's retirement expenditures
 - Revenue account – Major Class Code 312, Suffix 0000, Grant Code 208x
 - No need to actually recode expenditures to the grant code
- Distributions to districts are calculated based on share of MPERS payroll statewide
- Budget Considerations
 - Did last year's payroll increase or decrease?
 - Did statewide payroll increase or decrease?
 - Does proposed State Budget increase or decrease the 147a appropriations?
 - Be conservative

MPERS 147c(1)

Revenue account – Major Class Code 312, Suffix 0000, Grant code 208x

- Tip: Use a different grant code from 147a revenue (ie 2081 or 2082)

Actual amount received in revenue will differ from calculated expenditures using illustrative rate

- Illustrative rate provided by ORS based on estimated impact of funding on statewide payroll

Receive revenue through State Aid

ORS invoices districts the same amount received in State Aid

Apply 147c(1) rate to payroll, may include Special Ed funding and federal grants

Need to adjust at year-end so revenue = expense

MPSERS 147e

- Revenue account – Major Class 312, Suffix 0000, Grant Code 208x
- Reimbursement to Schools for Additional MPSERS costs associated with PA 92 of 2017
 - Effective 2/1/18 new modified DC plan and “Pension Plus 2”
 - Currently the two plans new employees can choose from
 - Legislation included language that cost increases will be divided 50/50 between employer and employee



MPSERS 147f

- Revenue account – Major Class Code 312, Suffix 0000, Grant code 208x
- One-time funding
 - Reimburses districts an additional 0.5% of MPSERS UAAL costs

MPERS Forfeiture Credit

- Revenue account – Major Class Code 312, Suffix 0000
- Employees with DC and PHF employee contributions that do not fully vest

Years of Service	Percent Vested
After 1 year	0%
After 2 years	50%
After 3 years	75%
After 4 years	100%

A year of service is defined as 1,020 hours in a school fiscal year.

- Credit received annually from ORS
- Email notification in early February

YEAR END REPORTING/AUDITING



Audit Workpapers



Finance Software
Reports by
retirement plan

Break down by Normal
Cost, Unfunded Accrued
Liability, Normal Health,
Unfunded Health



New Hire report with Driver's Licenses
and ORS screenshots showing what
retirement plan employee is in



Email from ORS with MPSERS Forfeiture
credit notification



Reconciliation for MPSERS 147c
showing Revenue = State Aid Status
Report = Expenditures

Resources

<https://www.michigan.gov/orsschools>

<https://www.michigan.gov/mde/-/media/Project/Websites/mde/OFM/State-Aid/Bulletin-1022/saacct03.pdf>

<https://www.michigan.gov/psru/administration-and-compliance/archive-legislative-updates/2017-reform>

https://www.michigan.gov/-/media/Project/Websites/orsschools/MPSERS-Legislative-Summaries/R3514C_Summary_of_PA92_of_2017.pdf?rev=d47b2abea8ee4b82ab2cc1c37ea0f644

<https://www.msbo.org/school-finance/payroll-benefits/mpsers/>

<https://www.msbo.org/school-finance/funding/state-school-aid/>

Regional MSBO groups

MSBO School Finance Committee

MSBO ListSrvs



Questions?

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