MARSP Retirement Planning Services

Retirement Education & Preparation: Getting Your Questions Answered

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DISCLOSURES

COMPLETE MARSP-RPS DATA FORM

RECEIVE A ONE-YEAR ASSOCIATE MEMBERSHIP IN MARSP

- MARSP Membership for One Year
- MARSP Newsletter (VANGUARD)
- Website Access
- Area Conferences
- Real People to Help with Questions or Concerns
- Project MPSERS Benefits: Equated Income | Survivor Benefits
- Explain Personal Savings Needs

RECEIVE A FREE LIFETRAXX

A Guide To Your Retirement Plan

Michigan Public Schools Employees' Retirement System (MPSERS) Provides Two Benefits to the Retiree

1

HEALTH INSURANCE

- Major Medical
- Prescriptions
- Hearing
- Dental
- Vision

2

PENSION BENEFITS

- Income

MPSERS HEALTHCARE • **2 GROUPS**

WORKED ***BEFORE***

SEPT. 4, 2012

WORKED ***ON*** OR ***AFTER***

SEPT. 4, 2012

WORKED ***ON*** OR ***AFTER***

SEPT. 4, 2012

- Automatically Enrolled into the Personal Healthcare Fund (PHF)
- You will pay 2% and receive a 2% match into an account

MPSERS HEALTHCARE

Employees Automatically Contribute 2%

Employer Matches the 2%

$40,000 salary

Employee contributes 2%	$ 800
Employer matches 2%	$ 800
Total Annual Contribution	**$ 1,600**

This hypothetical example is for illustrative purposes only and each individual's situation is different. Please consult your financial or tax professional regarding your circumstances.

PERSONAL HEALTHCARE FUND

50% Vested After 2 Years

75% Vested After 3 Years

100% Vested After 4 Years

WITH ALL EMPLOYER CONTRIBUTIONS

EMPLOYER CONTRIBUTIONS VESTING SCHEDULE

If you have the **PERSONAL HEALTHCARE FUND**, you do not have the Premium Subsidy benefit and are not eligible for subsidized health, prescription drug, dental, or vision insurances through the retirement system.

You, your spouse, and your dependents may enroll in insurances if you enroll immediately when you retire but you will be responsible for the entire premium. If you, your spouse or dependents are dis-enrolled at any time, they will not be able to re-enroll.

Employees have a maximum 80% insurance subsidy if they are still paying 3% into the health insurance trust after the 2013 pension reform.

HEALTH INSURANCE

Hired **BEFORE** July 1, 2008

- Maximum of 80% Healthcare Subsidy
- Pay 3% into the Retiree Healthcare Fund

Hired **AFTER** July 1, 2008

- Graded Subsidy
- 10 Years 30% with an additional 4% each year worked
- Maximum of 80%

2013 HEALTHCARE CHANGES

MPSERS
MASTER
HEALTHCARE
PLAN

Your Retirement Healthcare Benefit is
VERY DIFFERENT from What You Have Today.

If you will receive a pension check from MPSERS,
you will qualify for a Health Care Plan, which includes:

- Major Medical
- Prescriptions
- Hearing
- Dental
- Vision

SIGN UP IN 2 PARTS

PART 1: Major Medical • Prescriptions • Hearing

PART 2: Dental • Vision

HEALTHCARE BENEFIT

Three Different Major Medical Plans

PPO Plan → Blue Cross Blue Shield

HMO Plans →

- Blue Care Network
- Priority Health

Three Different Plans
SAME MONTHLY PREMIUMS

MM/P & HMO premium
(Medicare Part B)

→ **2024 PRE-MEDICARE**

$183.46 deducted from MPSERS check with spouse for $338.44

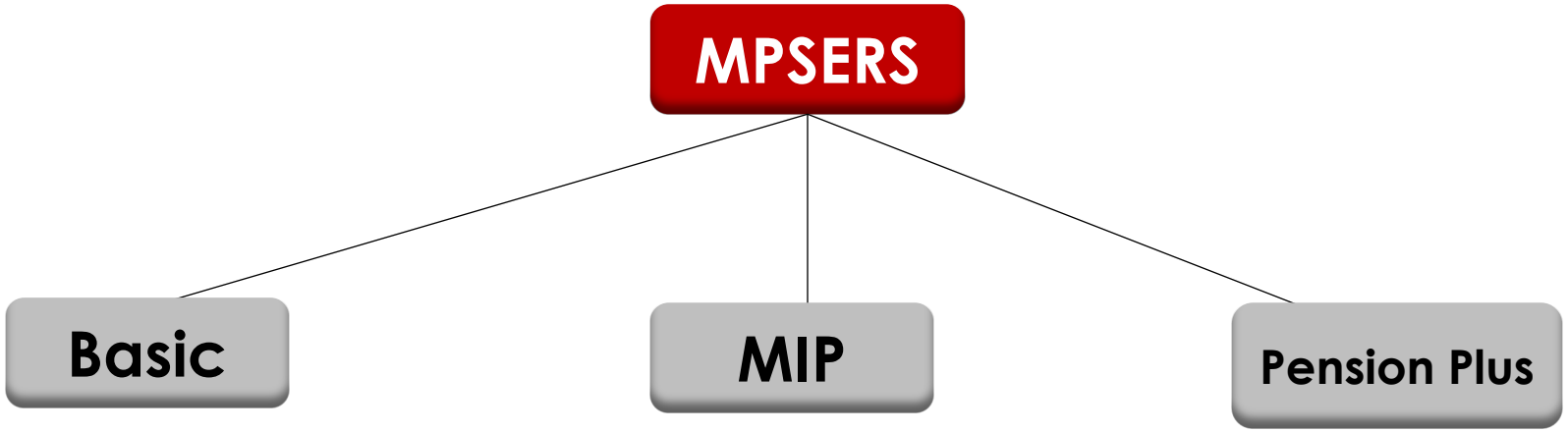
Dental/Vision → **$6.68** per person

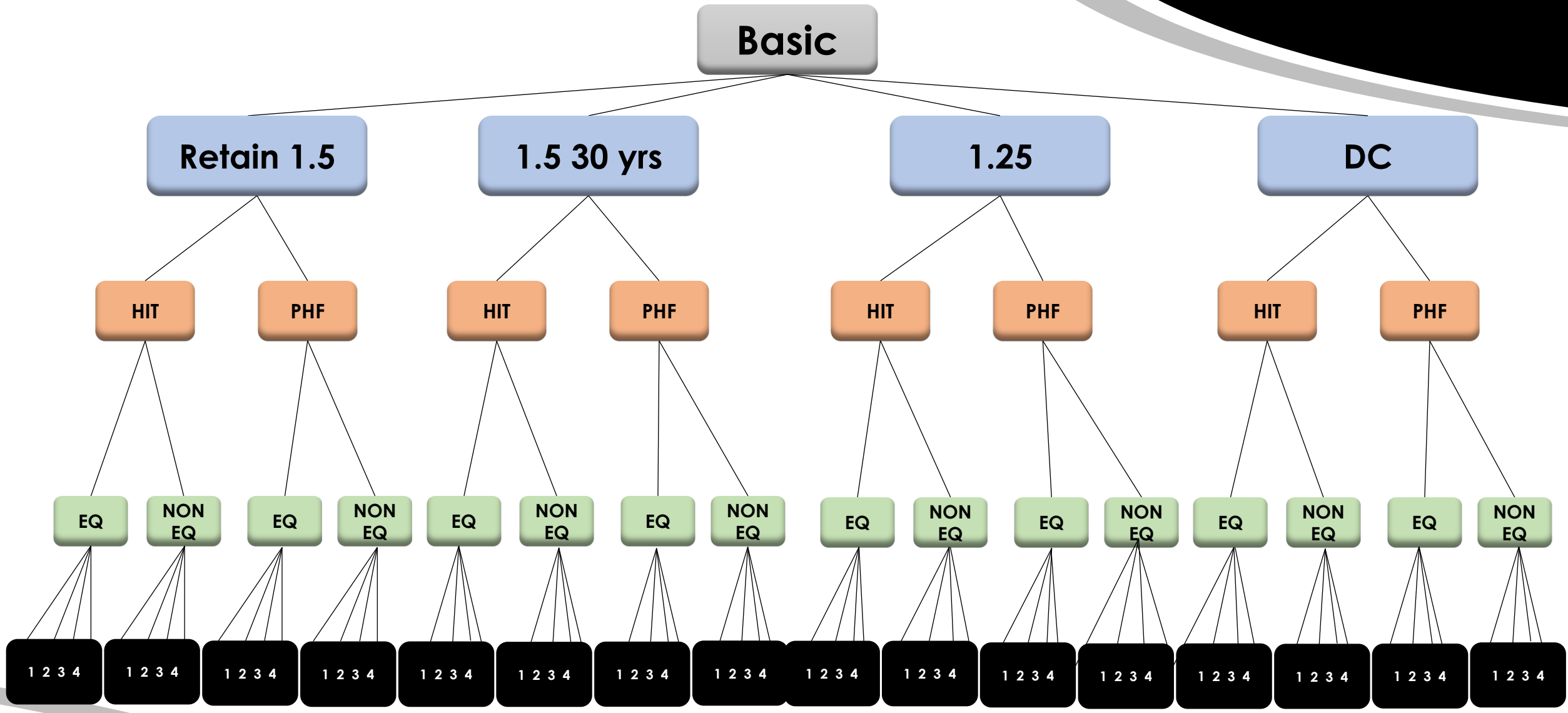
Non-Medicare Summary Comparison Sheet*			Effective January 1, 2024
HEALTHCARE BENEFIT	**Blue Preferred PPO (Blue Cross) 800-422-9146 Optum Rx 866-288-5209**	**Blue Care Network HMO 800-662-6667**	**Priority Health 844-403-0847**
Hospital Care			
Inpatient hospital care	10% coinsurance, plus deductible.	10% coinsurance, after deductible.	10% coinsurance, after deductible.
Outpatient hospital care, including diagnostic services	10% coinsurance, plus deductible.	10% coinsurance, after deductible. $150 copay, after deductible for high tech imaging services.	10% coinsurance, after deductible. $150 copay, deductible does not apply, for high tech imaging services.
Alternatives to Hospital Care			
Home healthcare	Deductible.	$35 copay, after deductible.	10% coinsurance, after deductible.
Skilled nursing facility	10% coinsurance, plus deductible, up to 100 days (can be renewed).	10% coinsurance, after deductible. Coverage for 120 days per calendar year. (Can't be renewed in the same calendar year).	10% coinsurance, after deductible, up to 100 days. Can be renewed after 60 days.
Hospice	Covered in full.	Covered in full, after deductible. Inpatient hospice care requires prior authorization.	10% coinsurance, after deductible.
Emergency Services			
Emergency room care	10% coinsurance, plus deductible. $135 copay/visit after coinsurance maximum met.** Waived if admitted within 72 hours.	$150 copay after deductible, waived if admitted within 72 hours.	$150 copay, waived if admitted.
Urgent care	10% coinsurance, plus deductible. $65 copay/visit after coinsurance maximum met.**	$65 copay.	$60 copay.
Surgical Services			
Surgical services	10% coinsurance, plus deductible.	10% coinsurance, after deductible.	10% coinsurance, after deductible.
Doctor Office Visits and Services			
Office visits	10% coinsurance, plus deductible.	Primary doctor: $25 copay. Specialist: $35 copay after deductible.	Primary doctor: $25 copay. Specialist: $40 copay.
Online visits	10% coinsurance, plus deductible.	$25 copay.	Covered in full.
Allergy testing and treatment	10% coinsurance, plus deductible.	50% coinsurance, after deductible. $5 copay for allergy injections.	Included in office visit.
Chiropractic visits	10% coinsurance, plus deductible, up to 26 visits annually.	$35 copay, after deductible.	$30 copay. Maximum benefit 30 visits/year with PT and OT.
Physical, occupational, speech therapy	10% coinsurance, plus deductible.	$35 copay after deductible, limited to 60 consecutive days per episode.	$30 copay. Maximum benefit 30 visits/year with PT and OT.
Preventive Services			
Annual routine physical exams	Covered in full.	Primary doctor: $25 copay. Specialist: $35 copay, after deductible.	Covered in full.
Routine pap smears	Covered in full.	Covered in full.	Covered in full.
Routine mammograms	Covered in full.	Covered in full.	Covered in full.
Screening colonoscopy	Covered in full.	10% coinsurance, plus deductible.	Covered in full.
Vaccines (Influenza, Pneumonia, Hepatitis B, COVID-19)	Covered in full. Additional vaccines are covered under the prescription drug plan.	Covered in full.	Influenza, COVID-19, and Hepatitis B vaccines are covered in full. Pneumonia vaccine is only covered in full if a member is considered high risk or has a history of asthma or smoking.
Location of Care			
Care in Michigan, but outside the network	Additional 20% coinsurance, waived if member has referral from Blue Preferred PPO physician. If provider does not participate with Blue Cross, member also pays difference between the approved amount and provider's charge. Routine hearing care is only covered when members use TruHearing providers.	Emergency and urgent care covered; other care not covered unless member has prior authorization on file.	Emergency and urgent care same as in network.
Care outside Michigan	Same in U.S. and its territories; emergency and urgent care outside U.S., member pays cost of care up front and files for reimbursement.	Routine, urgent, and follow-up care through BlueCard.	Emergency and urgent care same as in network. Most other covered services, travel deductible, and coinsurance apply.
Medical Deductible			
Deductible The amount you pay each year before the plan pays	$1,000 individual.***	$500 individual/$1,000 family.	**In network:** $750 individual/$1,500 family. **Out of network:** $1,500 individual/$3,000 family.
Medical Maximum			
Medical coinsurance maximum The maximum amount of coinsurance paid in a calendar year for in-network services	$900 individual.	$1,000 individual/$2,000 family.	**In network:** $5,000 individual/$10,000 family. **Out of network:** $10,000 individual/$20,000 family.
Prescription Drugs			
Traditional prescription drugs	**Generic and Preferred Brand:** 20% coinsurance with $15 minimum/$45 maximum (31 day); $37.50 minimum /$112.50 maximum (90 day). **Non-Preferred Brand:** 40% coinsurance with $15 minimum/no maximum (31 day); $37.50 minimum/no maximum (90 day).	**Generic:** $20 copay. **Preferred Brand:** $60 copay. **Non-Preferred Brand:** $80 copay. 50% coinsurance for sexual dysfunction drugs (30-day supply). **Mail Order:** Up to 90-day supply for two copays.	**Generic:** $10 copay. **Preferred Brand (may include some high-cost generics):** $50 copay. **Non-Preferred Brand (may include some high-cost generics):** $80 copay. **Mail Order:** 90-day supply for two copays.
Specialty prescription drugs	**Optum Specialty Pharmacy:** **Preferred Specialty:** 20% coinsurance with $50 minimum/$100 maximum (30 day). **Non-Preferred Specialty:** 40% coinsurance with $50 minimum/no maximum (30 day). **Non-Preferred Pharmacy:** 40% coinsurance with $50 minimum/no maximum.	**Preferred Specialty:** 20% coinsurance, with $200 maximum per prescription. **Non-Preferred Specialty:** 20% coinsurance, with $400 maximum per prescription.	**Specialty:** 20% coinsurance, with $150 maximum per prescription.
Prescription Drug Maximum			
Prescription drug coinsurance maximum	$1,750 individual.	Specialty only: $4,800 individual pharmacy out-of-pocket maximum.	No pharmacy out-of-pocket maximum.

- Deductibles, Copays and Coinsurance
- Network Availability
- Prescriptions

SAMPLE OF BENEFITS

MPSERS
PENSION BENEFIT


MPSERS
Basic
MIP
Pension Plus


Basic
Retain 1.5
1.5 30 yrs
1.25
DC
HIT
PHF
HIT
PHF
HIT
PHF
HIT
PHF
EQ
NON EQ
EQ
NON EQ
EQ
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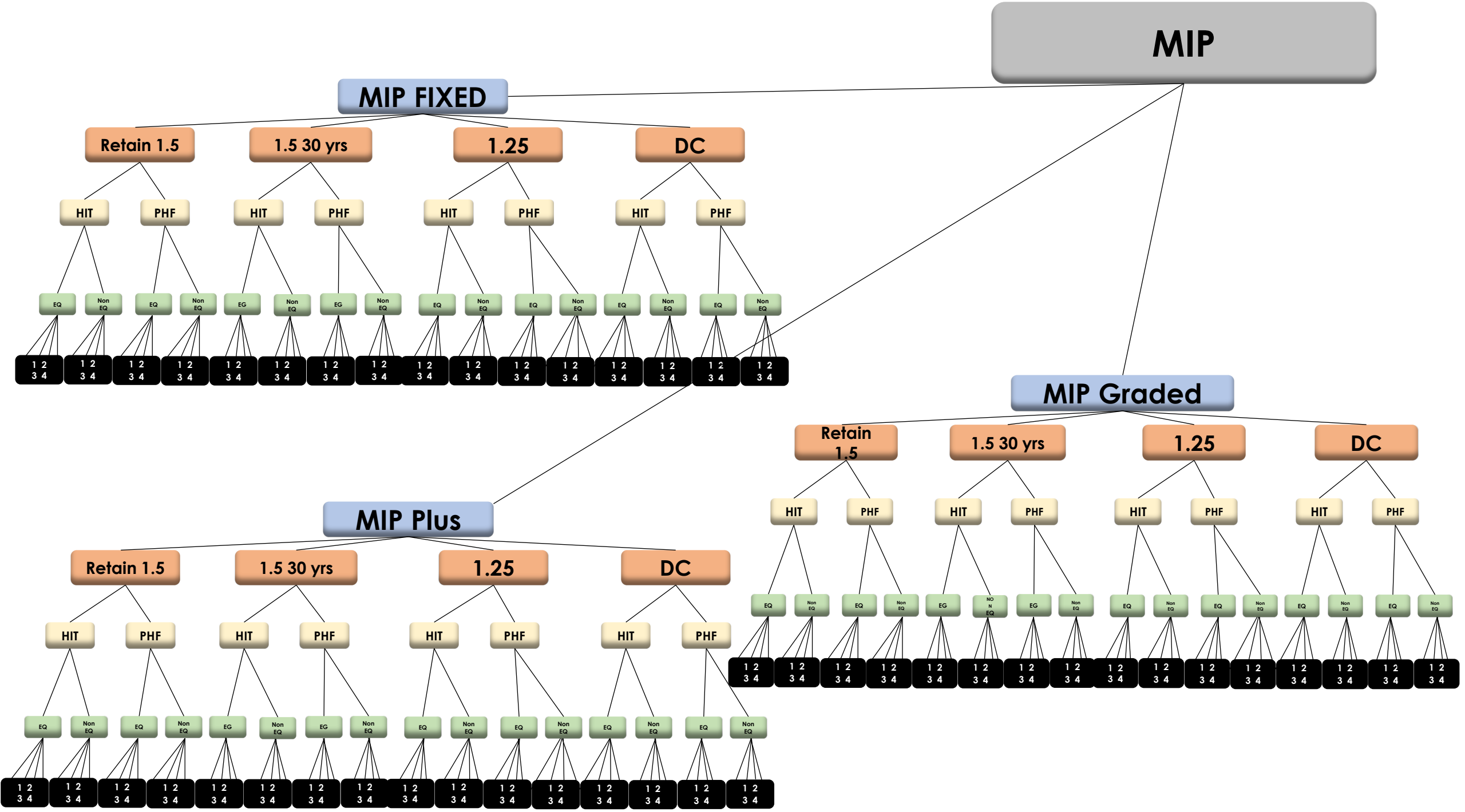
NON EQ
1 2 3 4


MIP
MIP FIXED
Retain 1.5
1.5 30 yrs
1.25
DC
HIT
PHF
EQ
Non EQ
EG
1 2 3 4
MIP Graded
Retain 1.5
1.5 30 yrs
1.25
DC
HIT
PHF
EQ
Non EQ
EG
NON EQ
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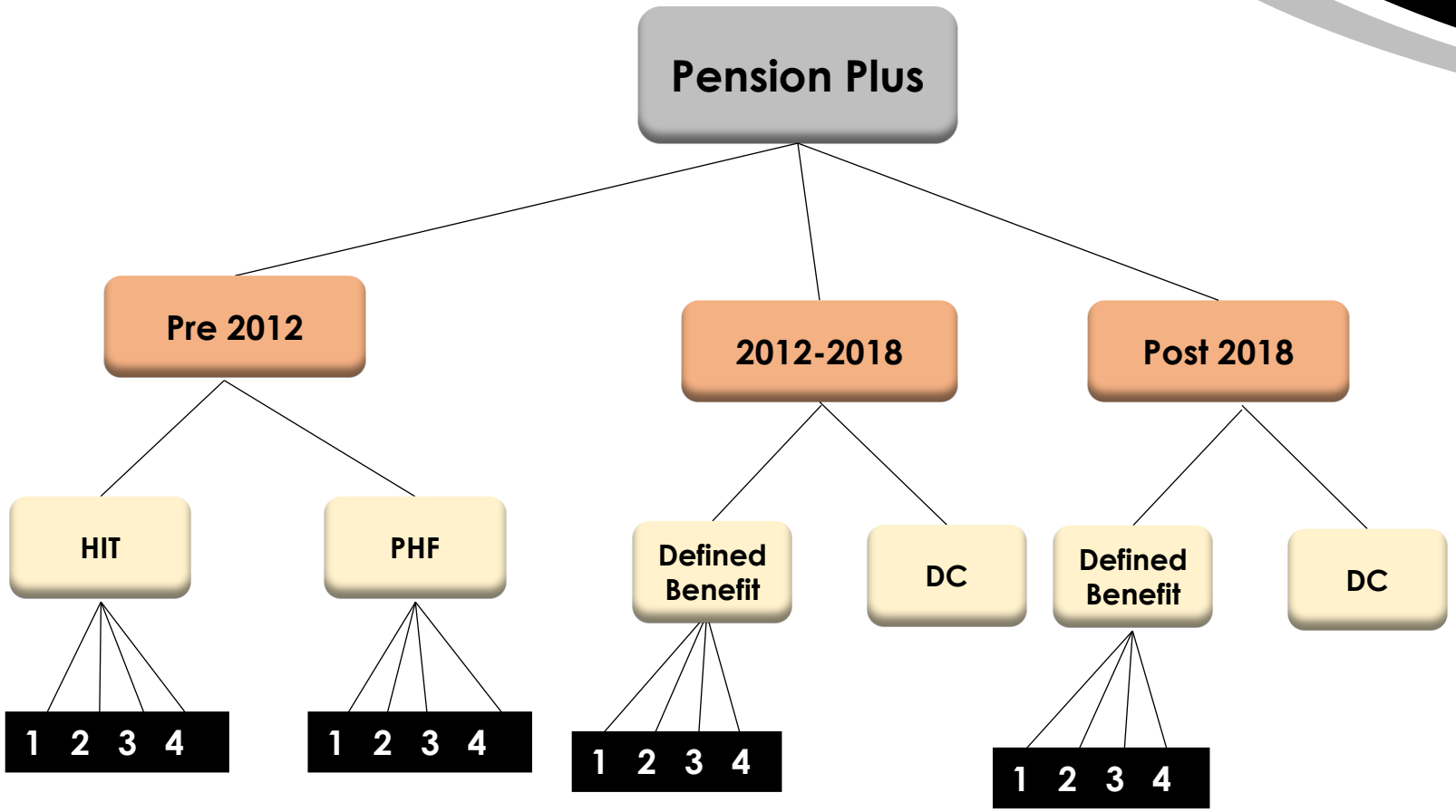
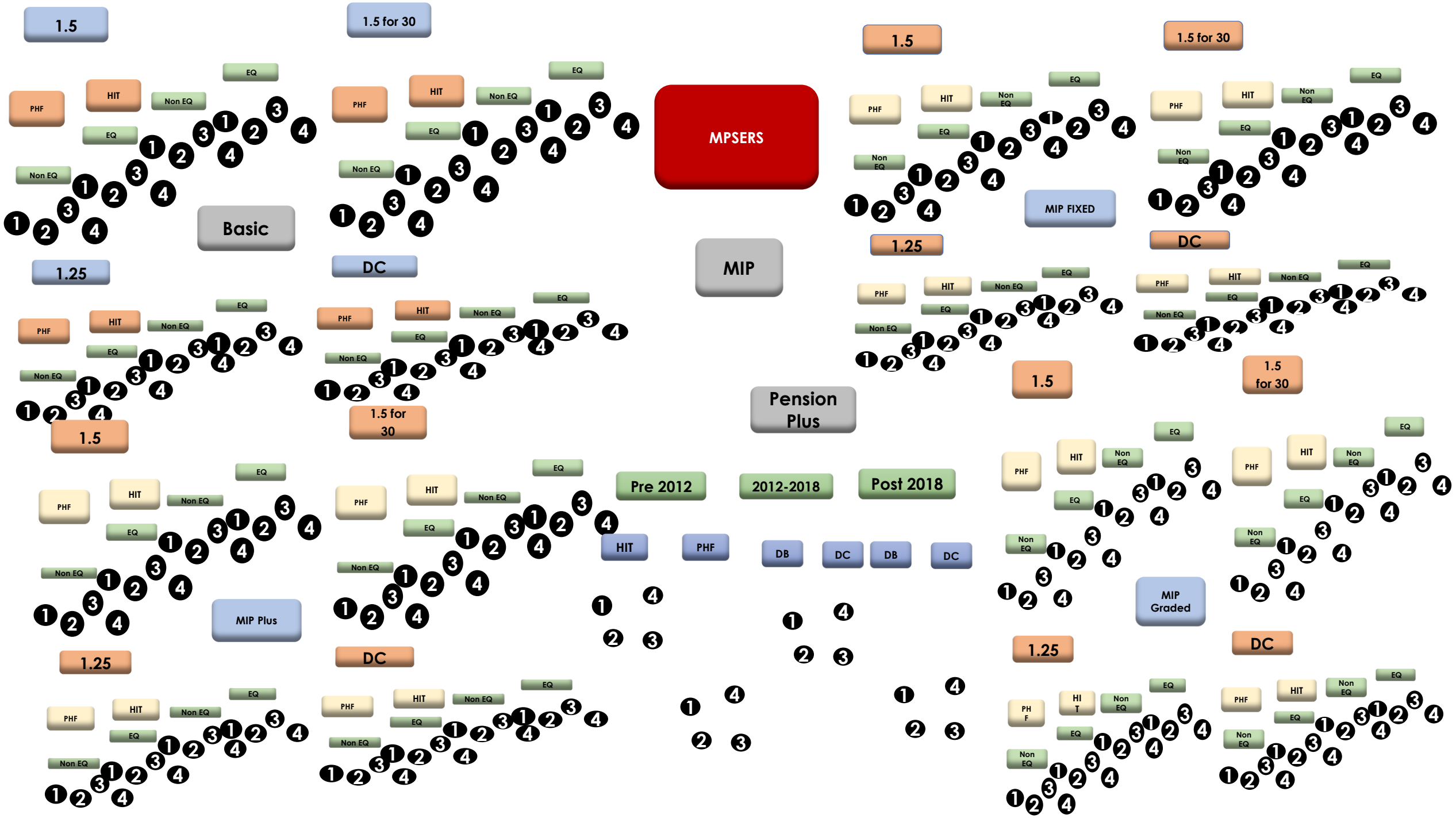
MIP Plus
Retain 1.5
1.5 30 yrs
1.25
DC
HIT
PHF
EQ
Non EQ
EG
1 2 3 4


Pension Plus
Pre 2012
2012-2018
Post 2018
HIT
PHF
Defined Benefit
DC
Defined Benefit
DC
1 2 3 4
1 2 3 4
1 2 3 4
1 2 3 4


MPSERS
MIP
Pension Plus
Basic
1.5
1.25
DC
1.5 for 30
MIP FIXED
1.5
1.25
DC
1.5 for 30
1.5
1.5 for 30
MIP Plus
1.25
DC
MIP Graded
1.25
DC
Pre 2012
2012-2018
Post 2018
HIT
PHF
DB
DC
DB
DC
PHF
HIT
Non EQ
EQ

How many retirement scenarios?

THOUSANDS!

MARSP
Retirement
Planning Services

You had 75 days from your first payroll date to choose between:

- **DEFINED BENEFIT PLAN**

  PENSION PLUS PLAN (7/1/2010 – 1/31/2018)
  PENSION PLUS 2 PLAN (2/1/2018 – PRESENT)

- **DEFINED CONTRIBUTION PLAN**

NEW HIRES

Employees Automatically Contribute 3%

Employer Matches 100% of this up to 3%

$40,000 salary

Employee contributes 3%	$ 1,200
Employer matches 100%	$ 1,200
Total Annual Contribution	**$ 2,400**

This hypothetical example is for illustrative purposes only and each individual's situation is different. Please consult your financial or tax professional regarding your circumstances.

DEFINED CONTRIBUTION PLAN SAVINGS COMPONENT

Started the first pay period after October 1, 2017

Employer will have a mandatory 4% contribution

DEFINED CONTRIBUTION PLAN
EMPLOYER CONTRIBUTION

- Increases contributions 1% per year until contributions are at 15%
- Negative consent email beginning of December
- If you don’t opt out you can never stop these increases

SMALL STEPS

From where could I receive income?

Income Previous to Retirement 100%

Retirement Income Goal 70% - 90%

MPSERS 35 - 45%

RETIREMENT INCOME GOALS

TOTAL NUMBER YEARS OF SERVICE X AVERAGE SALARY X MULTIPLIER

ANNUAL INCOME FROM OPTION 1

(No Survivorship Benefit)

PENSION QUALIFIERS

- Full Retirement
- Early Reduced
- Deferred
- Age 60 & Up

MPSERS **OPTION 1** DEFINED BENEFIT CALCULATION

Formula	Basic	MIP	Pension Plus
Average Salary	60 Highest Consecutive Months	36 Highest Consecutive Months	60 Highest Consecutive Months
X	X	X	X
Years of Service	Age 55 w/ 30 Years	Age 46 w/ 30 Years	Age 60 w/ 25 Years
X	X	X	X
Multiplier	Multiplier	Multiplier	1.5
Annual Increase	Potential 13th Check	3% Non-compounding Increase	No Increase

MPSERS Post 2008 Changes

- Impact of Buying Years of Service on Insurance Subsidy
- Increase in MIP Contributions
- Creation of Pension Plus
- Taxes on Michigan Pensions
- Working After Retirement

POST 2/1/2013
PENSION REFORM

OPTION 1

Maintain 1.5% multiplier with added cost

OPTION 2

Maintain 1.5% multiplier until you reach 30 years then switch to 1.25%

OPTION 3

Reduce your multiplier to 1.25% for the balance of your career with no added increase

OPTION 4

Freeze pension, 4% deposited in a retirement account

2013 PENSION REFORM COSTS TO KEEP 1.5%

BASIC MEMBERS

PAY 4%

MIP MEMBERS

PAY 7%

TOTAL NUMBER YEARS OF SERVICE X AVERAGE SALARY X 1.5%

ANNUAL INCOME FROM OPTION 1

(No Survivorship Benefit)

HOW MPSERS CALCULATES YOUR BENEFIT IF YOU ELECTED 1.5%

PRE 2013

Years of Service X 1.5%

POST 2013

Years of Service X 1.25%

X

AVERAGE SALARY

= YOUR PROJECTED ANNUAL STRAIGHT LIFE **MPSERS** BENEFIT

HOW MPSERS CALCULATES YOUR BENEFIT IF YOU ELECTED 1.25%

Benefits under the **defined benefit system** are frozen and starting in 2013 you will be in a defined contribution plan. You have a 4 percent employer contribution going to a 401k. Employees would qualify for a 1.5 percent multiplier on all existing accrued benefits.

As of 6/4/2018 There is also a 3% 401k match to every employee that opted out on top of the 4% mandatory contribution.

HOW MPSERS CALCULATES YOUR BENEFIT IF YOU ELECTED 4% DC PLAN

2013
PENSION REFORM

This is the **DEFAULT** if you didn't elect a choice on **miAccount**

REDUCE YOUR MULTIPLIER TO 1.25%
for the balance of your career with no added increase

ORS Public School Employees
Retirement Application (continued)

Section IV: Election of Pension Option and Beneficiary

Member ID: _____

R0009C (Rev. 7/2008) - 2 -
ORS Public School Employees
Retirement Application (continued)

Section IV: Election of Pension Option and Beneficiary

Pension Option: Read about each option in the instructions and the *Retirement Readiness.* Be sure you understand how this choice will affect your pension amount and any potential survivor benefits. Select your desired option. **No corrections or visible erasures are permitted on this page**. If you make a mistake, you can print a new page at **www.michigan.gov/ORSschools**.

I elect the following pension option (select one):

☐ **Straight Life** ☐ **100% Survivor** ☐ **75% Survivor** ☐ **50% Survivor**

4 OPTIONS

Equated Option: *I wish to combine the above pension option with the Equated Plan. I understand I will receive a larger pension until age 62 when it will be permanently reduced. I have enclosed a Social Security estimate with this application.*
Beneficiary Designation: If you selected a survivor pension option above, you MUST name a beneficiary. You can only name one person as beneficiary. See instructions for eligible beneficiaries. If you selected a straight life option above, your beneficiary named below will receive a one-time refund of contributions, if any.
Beneficiary Name: _____ **Relationship:** _____
Beneficiary's SSN: _____ **Birth Date:** _____ Male Female
STOP Do not sign until you are in front of a Notary Public. All signatures must be notarized AT THE SAME TIME.

PENSION OPTIONS

WHO CAN BE MY PENSION BENFICIARY?

SPOUSE

(If someone else is elected, spouse must sign off.)

CHILD

PARENT

SIBLING

Dependency is not required

WHICH IS BEST FOR **YOU**?

	YOU	BENEFICIARY	BENEFICIARY PERCENTAGE	BENEFICIARY HEALTH	POP UP
Straight Life **OPTION 1**	$1,500	$0	0%	NO	NO
100% Survivorship **OPTION 2**	$1,100	$1,100	100%	YES	YES
75% Survivorship **OPTION 3**	$1,200	$900	75%	YES	YES
50% Survivorship **OPTION 4**	$1,300	$650	50%	YES	YES

Monthly benefits are based on a retiree who has 30 years of service and an FAC of $40,000. Benefits will vary depending on each individuals circumstance.

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MPSERS RETIREMENT OPTIONS

Compared to Straight Life,
you are reducing your pension benefit by

$400/mo. 〉 **$4,800/yr** 〉 **$144,000**
in the first 30 years of retirement!

100% SURVIVORSHIP
"HONEY, I LOVE YOU" OPTION

WHO IS LIKELY TO TAKE…

STRAIGHT LIFE

- Someone who is single
- Spouse has **guaranteed** health insurance in retirement
- Two school employees

100% & 75% SURVIVOR

- Life expectancy issues
- Didn't plan for higher income option

50% SURVIVOR

- Wanted highest income of all survivor options
- Planned in advance to maximize pension income

"NEW SPOUSE" BENEFIT

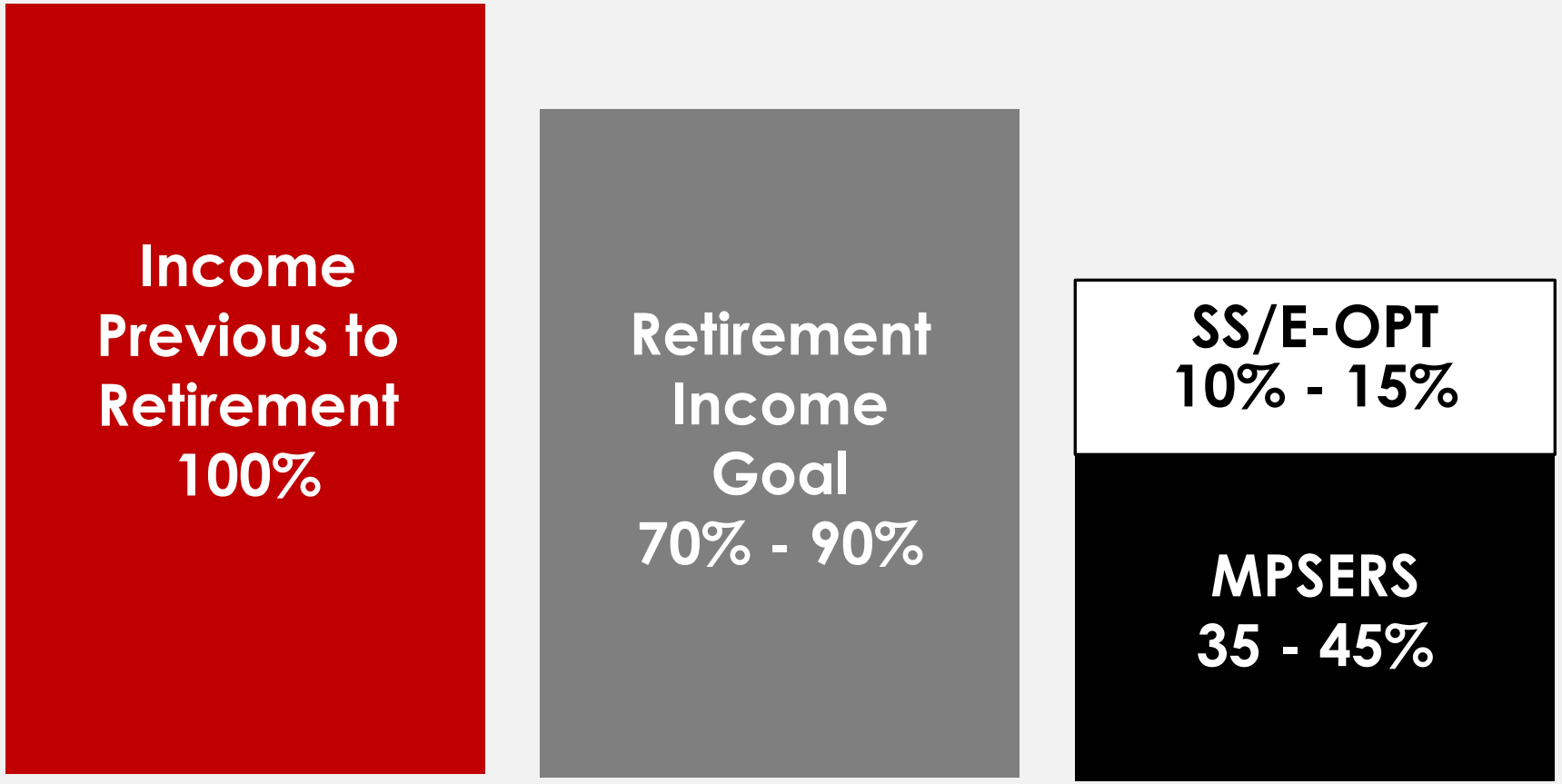
JANUARY 1, 2009

Allows you to add a new spousal beneficiary if your spouse at retirement dies before you or you are single at retirement and marry later

179 days - 1 year to enroll new spouse after marriage

Not available for non-spouse beneficiary

From where could I receive income?



RETIREMENT INCOME GOALS

ORS Public School Employees
Retirement Application (continued)

Section IV: Election of Pension Option and Beneficiary

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R0009C (Rev. 7/2008) - 2 -
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Equated Option: *I wish to combine the above pension option with the Equated Plan. I understand I will receive a larger pension until age 62 when it will be permanently reduced. I have enclosed a Social Security estimate with this application*

Beneficiary Designation: If you selected a survivor pension option above, you MUST name a beneficiary. You can only name one person as beneficiary. See instructions for eligible beneficiaries. If you selected a straight life option above, your beneficiary named below will receive a one-time refund of contributions, if any.

Beneficiary Name: _____ **Relationship:** _____

Beneficiary's SSN: _____ **Birth Date:** _____ Male Female

THE EQUATED OPTION

RETIREMENT INCOME **WITHOUT** EQUATED PLAN

AGE 55	AGE 62
	Social Security $1,100
Pension $1,500	Pension Amount Unchanged at 62

RETIREMENT INCOME **WITH** EQUATED PLAN

AGE 55	AGE 62
	Social Security $1,100
Initial Pension + Equated $2,000	Pension Reduced to $900

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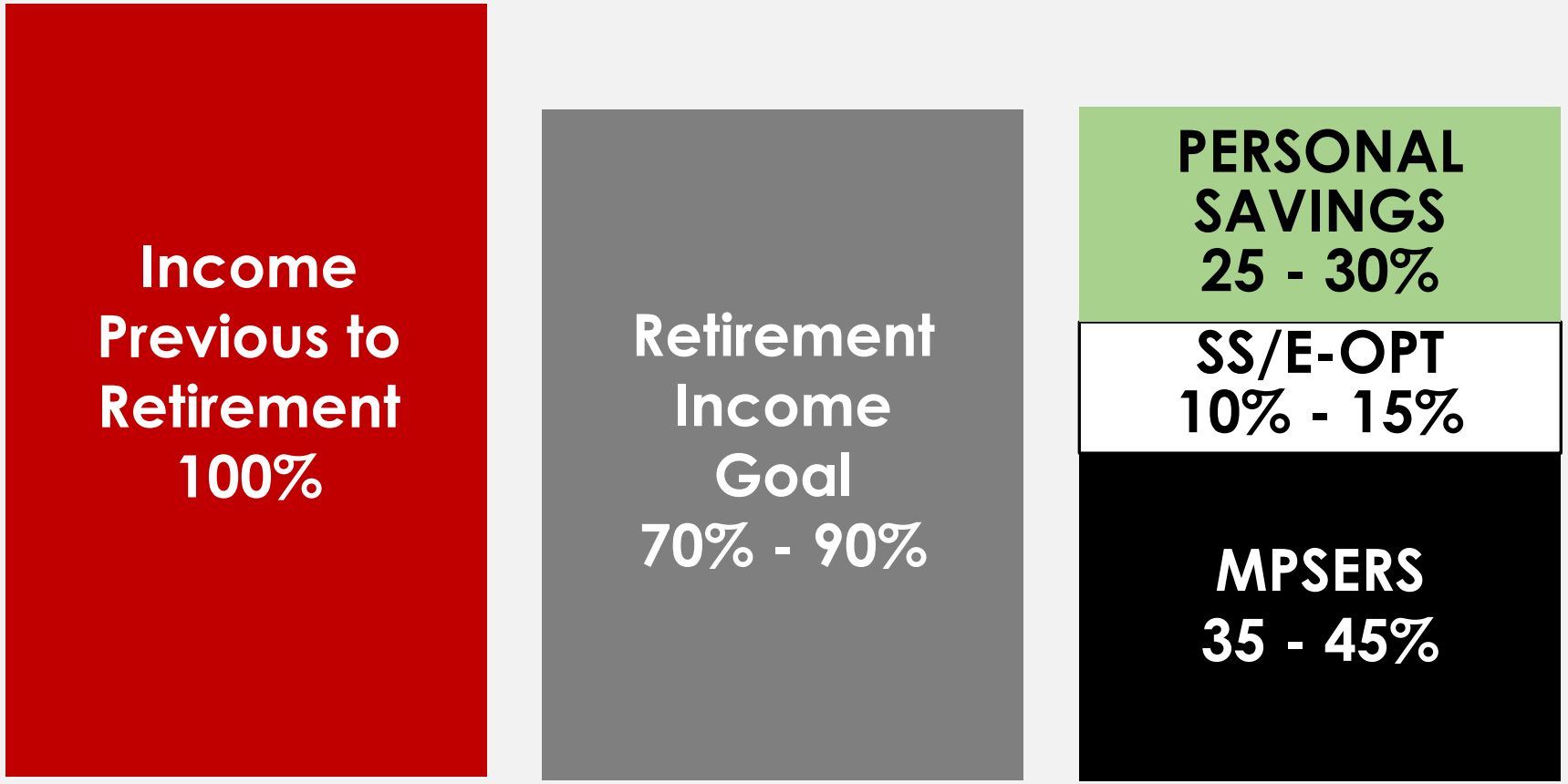
MPSERS STRAIGHT LIFE EXAMPLE

WHO IS LIKELY TO TAKE THE EQUATED OPTION

- Someone with a short life expectancy
- Someone who needs to bridge their income before 62
- Someone who thinks they can do better investing the extra money

From where could I receive income?



RETIREMENT INCOME GOALS

PERSONAL RETIREMENT SAVINGS

What is a 403(b)?

How much can I contribute?

100% of Compensation up to $23,000

403(b) CATCH-UP PROVISIONS

**15 Yrs of Service - $3,000 for 5 Years

Over Age 50 Catch-up $7,500 per year

Amounts withdrawn from a 403(b) account are included in taxable ordinary income in the year distributed. Distributions prior to age 59 1/2 may be subject to a 10% IRS penalty.

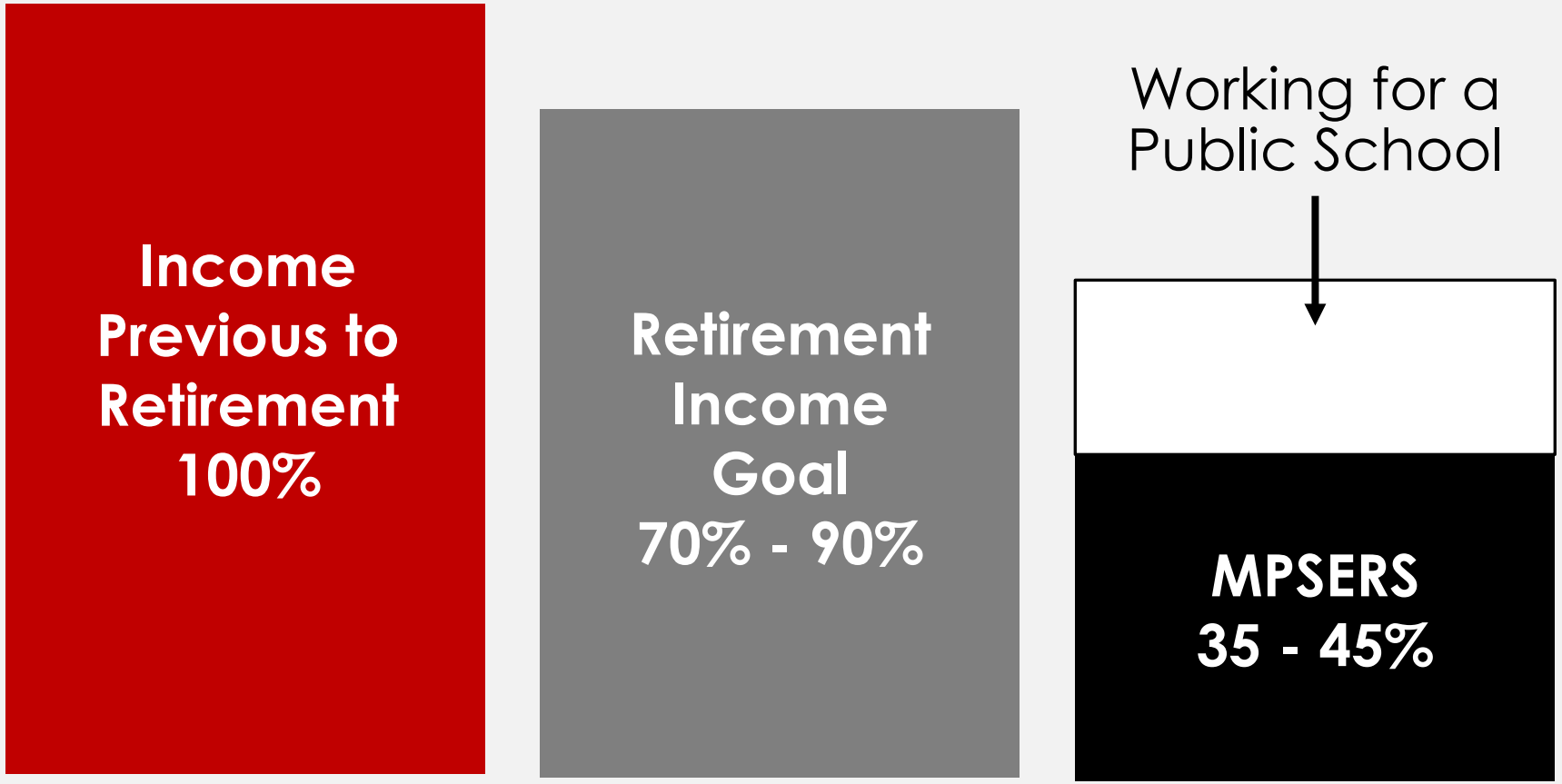
**Assumes participant is eligible for catch-up

* 2024 contribution and catch up limits

[Taken From IRS.gov]

403(b) DEFERRAL LIMITS*

From where could I receive income?



RETIREMENT INCOME GOALS

Retirement date on or after Oct 10, 2023

- Non Superintendents that retired on or after 10/10/2023 can come back after 1 month directly or indirectly and make up to $15,100 in any position.
- Superintendents that retired on or after 10/10/2023 can come back after 1 month directly or indirectly and make up to $15,100 in any position other than superintendent.
- After 6 months employees can be hired directly or indirectly in any position and they have no earnings limits.

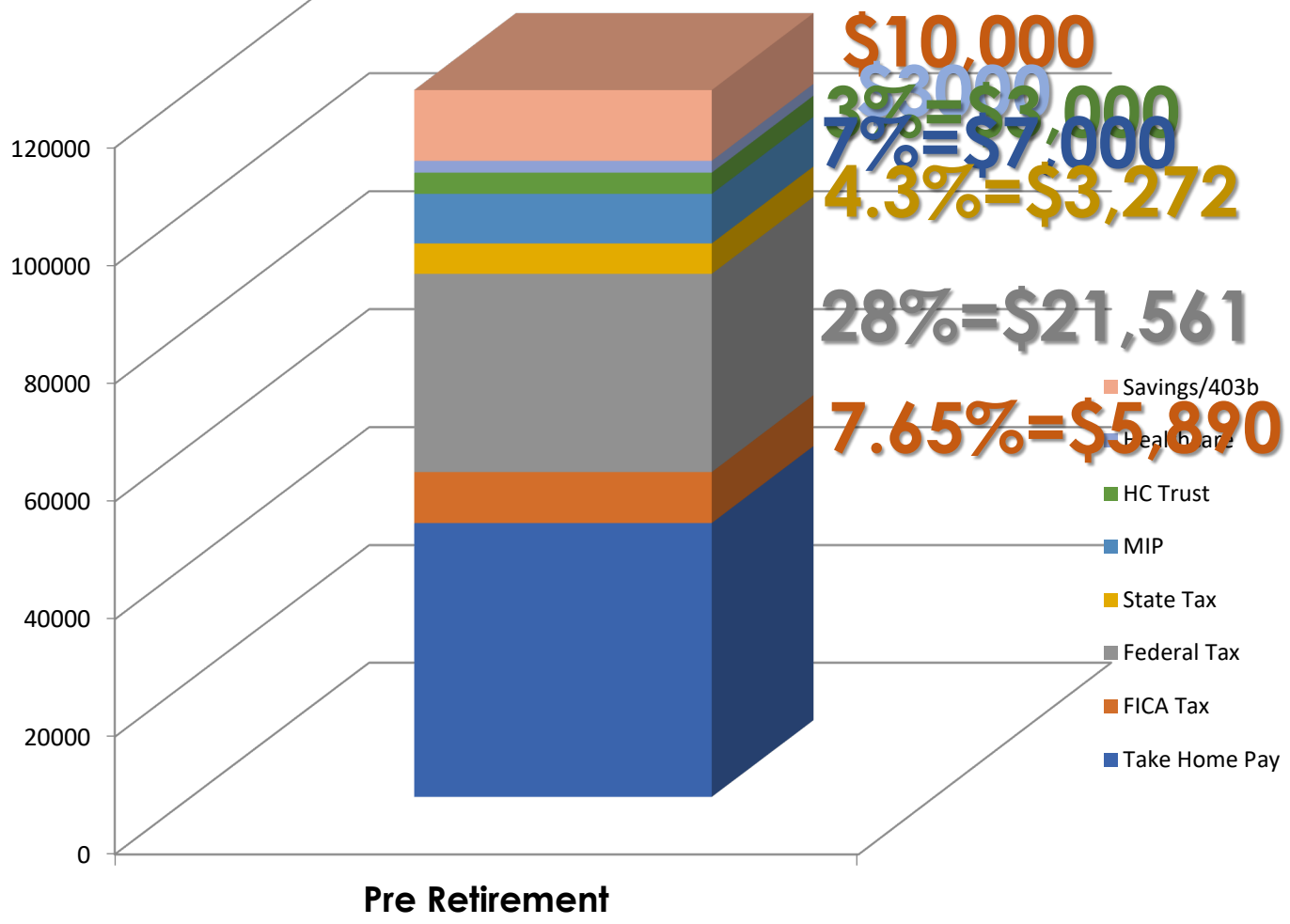
WORKING AFTER RETIREMENT

From where could I receive income?

RETIREMENT INCOME GOALS

INCOME COMPARISON EXAMPLE: **PRE-RETIREMENT**

Net Income = $46,277



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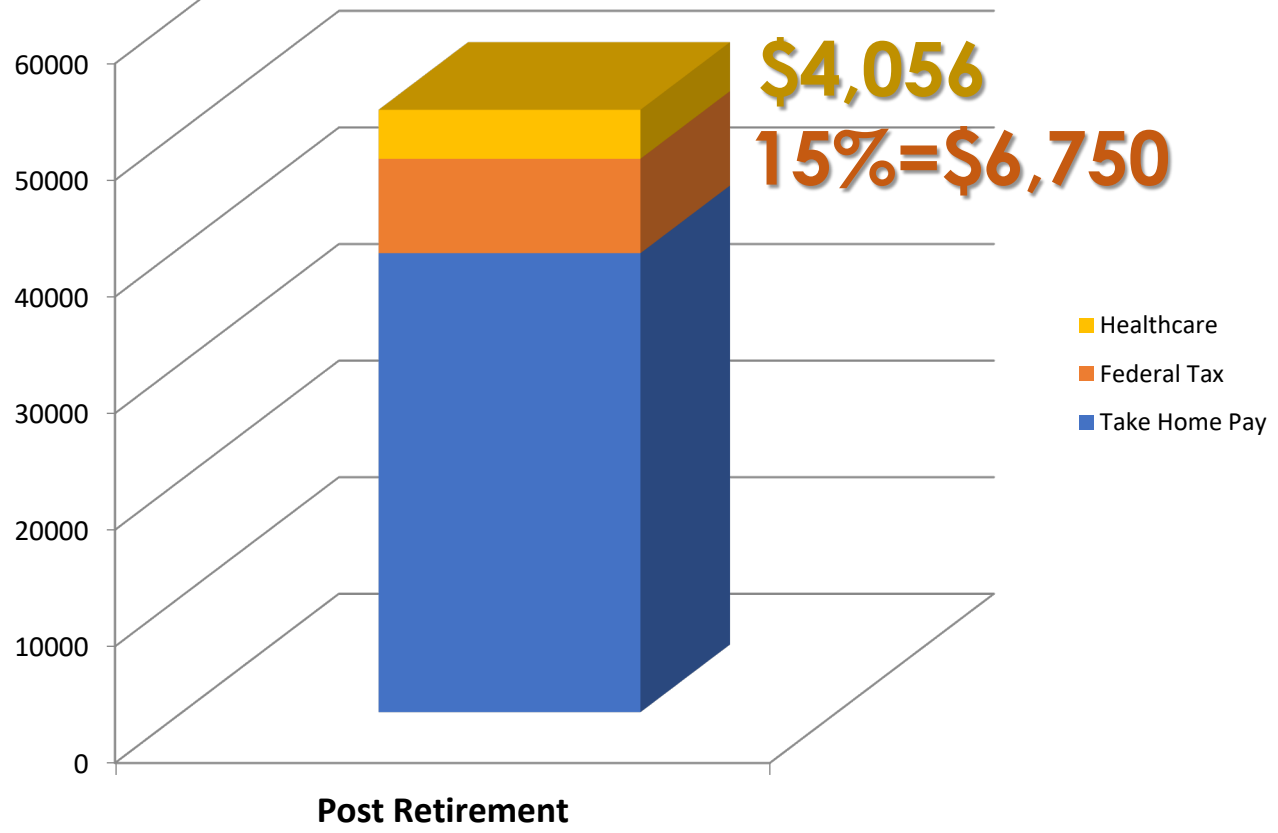
INCOME COMPARISON EXAMPLE: **POST-RETIREMENT**

Net Income = $54,194



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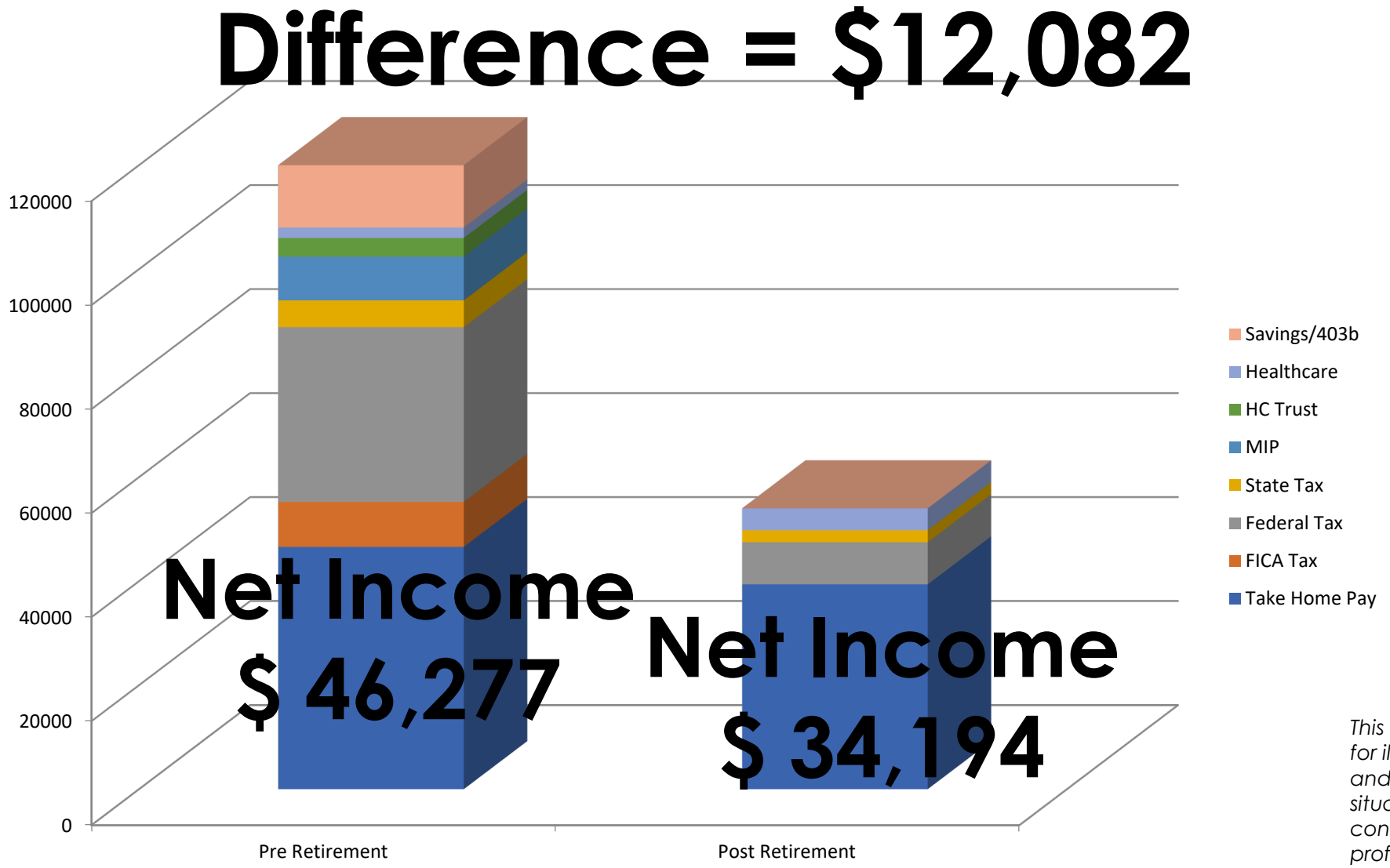
INCOME COMPARISON EXAMPLE



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MPSERS INFORMATION

www.Michigan.gov/ors
800.381.5111

COMPLETE MARSP-RPS DATA FORM

RECEIVE A ONE-YEAR ASSOCIATE MEMBERSHIP IN MARSP

- MARSP Membership for One Year
- MARSP Newsletter (VANGUARD)
- Website Access
- Area Conferences
- Real People to Help with Questions or Concerns
- Project MPSERS Benefits: Equated Income | Survivor Benefits
- Explain Personal Savings Needs

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