ORS Announces New Director
Agenda

• Reporting Unit Resources
• New Hire Elections
• Defined Contribution Participant Outreach
• Small Steps Campaign
• Dedicated Gains Policy
• Pension Obligation Bonding
Reporting Unit Resources
MPSERS Employer News Newsletter

- Hot topics and ongoing topics:
  - Compensation Corner
  - Small Steps campaign instructions
PSRU Website Redesign

• Categorized based on retirement reporting roles
  • Administration and Compliance
  • Reporting Resources
• Easier to navigate
Employer Certificate Program

• Comprehensive reporting staff training program.
• The program categorizes training by the user’s reporting role and job experience.
New Hire Elections
Seasonal Trends

- More new hires made their retirement plan election in September.
- More new hires defaulted into the Defined Contribution (DC) retirement plan during the winter months.
2019 DC Seasonal Default Trends
Tools for New Hires

- Retirement Plan Election Guide
- Retirement Plan Decision Guide
- PickMIPlan.org

Retirement Plan Decision Guide

Welcome to the Michigan Public Schools Retirement System. You may be thinking it’s too soon to be talking about retirement, but taking the time now to learn about your options can make a big difference when you’re retired.

You have the choice between two options: the Pension Plus 2 plan or the Defined Contribution plan. Which retirement plan should you choose? There’s no right or wrong answer. Everyone’s situation is different.

Which Retirement Plan Is Best For You?

This activity is a tool to help you pick your retirement plan. Once you make your decision, wait for your welcome letter with your Member ID, then log in to miAccount and make your election.

1. How confident are you that you’ll retire within the next 10 years?
   - Not confident
   - Confident
2. How confident are you that you’ll leave Michigan public school employment within the next 10 years?
   - Not confident
   - Confident
3. How confident are you that you can handle risk in your investment strategy?
   - Not confident
   - Confident
4. How confident do you feel in managing your retirement investments?
   - Not confident
   - Confident
5. How confident are you in managing how much and when to withdraw money from your retirement account?
   - Not confident
   - Confident

Now examine your score: Consider the number of selections you have in the first two columns and the last two columns. Now read the corresponding boxes below to figure out which path might be right for you.

- If you have more selections in the first two columns, then you might consider the Pension Plus 2 plan which pairs a pension with a savings plan.
- If you have more selections in the last two columns, then you might consider the Defined Contribution plan which is a savings plan only.

If you want to know why these questions matter when choosing your retirement plan, then review the rationale on the next page.
Defined Contribution Participant Outreach
Services offered by Voya Financial®

• Seminars and webinars
• One-on-one appointments regarding participant accounts.
Services offered by Voya Financial®

- Resources for new employees including those within their 75-day Plan election window.
- Resources for the Human Resources department.
Small Steps Campaign
Small Steps Campaign

• Annual campaign in January
• Increases a participant's deferral by 1% each January until it reaches 15%.
2018 Campaign Results

- Over 91,000 participants targeted.
- 2% opted out during the opt-out window.
- 656 participants immediately increased their deferral to 10%.
- 86,257 participants received the 1% increase in January 2018.
2018 Campaign

- After 90 days, 95% had retained the 1% increase or increased their deferral even further.
The Dedicated Gains Policy
The Dedicated Gains Policy

• Dedicated Gains is working to bring down the assumed rate of investment return (AROR) below the current assumption.
## Effect of Dedicated Gains on AROR

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Pension AROR</th>
<th>Retiree Healthcare AROR</th>
</tr>
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<tbody>
<tr>
<td>Adopted by the Retirement Board in 2017</td>
<td>7.5%</td>
<td>7.5%</td>
</tr>
<tr>
<td>FY2017</td>
<td>7.05%</td>
<td>7.15%</td>
</tr>
<tr>
<td>FY2018</td>
<td>6.8%</td>
<td>6.95%</td>
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Contribution Rates

• The upcoming FY21 contribution rates will be published in February/March.
• FY21 rates will reflect the impact of the 2017 Experience Study and Dedicated Gains.
  • Longer assumed lifespans increase liabilities.
• Dedicated Gains did not increase the UAAL rate but did increase normal cost rates.
Pension Obligation Bonding
Pension Obligation Bonding

• Over the summer a proposal was made to issue a $10 billion pension obligation bond to fund the Michigan Public School Employees’ Retirement System (MPSERS) and use the reduction in annual pension contributions to fund the costs of repairing Michigan’s roads.
• Ultimately, this plan was not pursued by the legislature and the administration.
Questions