



# MICHIGAN OFFICE OF RETIREMENT SERVICES

*Big Plans. Small Steps.*

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Michigan School Business Officials Annual Conference

ORS Processor Workshop

April 23, 2024

# Agenda

- Hints and tips.
- Changes for new to MPSERS employees.
- Answers for commonly asked questions
- Audit.
- Secure Act 2.0.
- Break.
- Voya Financial.
- Questions and answers.

Hints and tips.



# Should you report student teachers?





## Report student teachers when...

- Paid through your reporting unit for their role as a student teacher.
- 19 years old or older.
- New to MPSERS members must make a retirement plan election.

# Don't report student teachers when...

- They receive pay with funds provided through by Department of Treasury through the School Aid Budget.





# Overload payments

- Effective July 1, 2023.

# Overload payments

- The payment is offered to all employers under the 1240 teaching class code.
- The contract specifies this payment ahead of the payment being made.





# Changes for new to MPERS employees.



# New law changes the default retirement plan for new members.

Beginning July 1, 2024:

- Pension Plus 2 becomes the default.
- New members will have 75-days to elect between the Pension Plus 2 or Defined Contribution plans.
- All educational information comes from the Office of Retirement Services and Voya Financial.

# View Election Status page

- Check the election status on the View Election Status page.
  - Communication dates.
  - Adjustments needed.

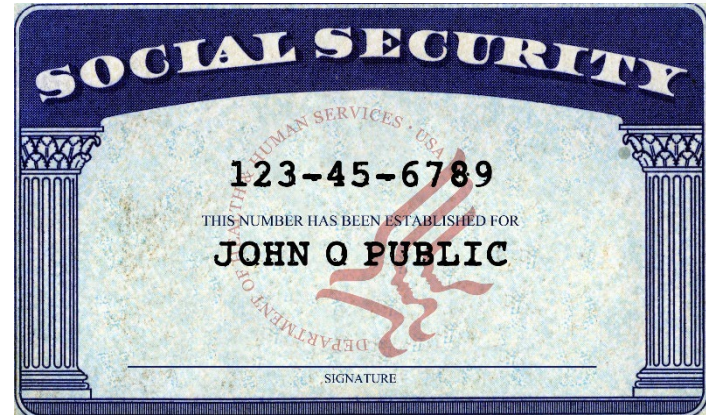


**MICHIGAN OFFICE OF RETIREMENT SERVICES**  
Big Plans. Small Steps.

	<a href="#">Michigan.Gov</a>	<a href="#">Logoff</a>	<a href="#">Employer Info Site</a>	<a href="#">Contact Us</a>	<a href="#">ORS Home</a>																																																						
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# Double check SSN

- Verify SSN before reporting new employees.
- Contact ORS with any SSN issues or corrections.



# Pension Plus 2



## Navigating Your Pension Plus 2 Plan


As a member of the Pension Plus 2 Plan, you have two retirement plans in one: a pension component and a savings component.

The **pension component** guarantees you a monthly pension payment for life after reaching age and service requirements. The Michigan Office of Retirement Services (ORS) administers and services the pension fund.

The **savings component** is based on your contributions, your employer's contributions, and investment performance in the State of Michigan 401(k) and 457 Plans. ORS administers the savings component and Voya Financial takes care of the daily management of the Plans.



**We've automatically enrolled you in the savings component at a 4% contribution rate, so you're getting the maximum employer match.**



### Contributing to your retirement

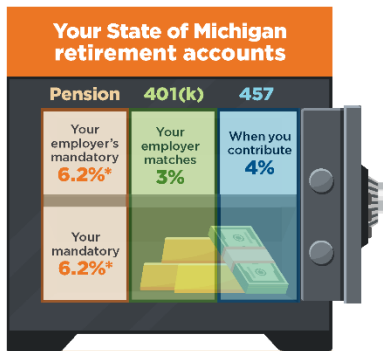
Your contributions are made conveniently through payroll deduction and are invested through pretax in the pension fund and the State of Michigan 457 Plan. Your employer's contributions are invested in the pension fund and the State of Michigan 401(k) Plan.

#### Pension component

The cost of the pension component is shared 50/50 between you and your employer. Each of you are contributing 6.2% of your wages.

#### Savings component

You may contribute as much as you want to the 457 Plan, as long as you don't exceed the annual IRS contribution limits. For every dollar you contribute, up to 4% of your wages, your employer will match up to 3%.



\*This rate could change each year. You are responsible for contributing half the cost of the plan.

# Defined Contribution




## Navigating Your Defined Contribution Plan

As a participant in the Defined Contribution (DC) Plan, you're enrolled in the State of Michigan 401(k) and 457 Plans, which are tax-deferred retirement savings accounts. Your retirement income is based on your contributions, your employer's contributions, and investment performance in your 401(k) and 457 accounts. The Michigan Office of Retirement Services administers the plan while Voya Financial takes care of the daily management of the DC Plan.



**We've automatically enrolled you at a 5% contribution rate so you're getting the maximum employer match.**




### Contributing to your retirement

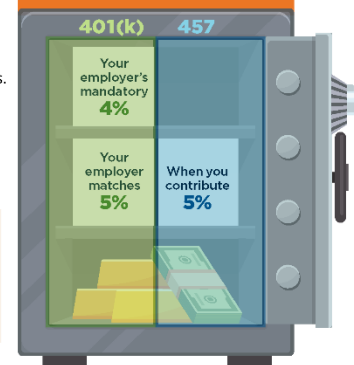
Your contributions are made conveniently through payroll deduction and are invested in the State of Michigan 457 Plan. Your employer's contributions are invested in the State of Michigan 401(k) Plan. You may contribute as much as you want to the 457 Plan, up to 70% of your pay, as long as you don't exceed the annual IRS contribution limits.

Your employer is automatically contributing 4% of your wages, regardless of how much you're contributing. For every dollar you contribute, up to 5% of your wages, you'll receive a matching contribution from your employer.

**If you have a retirement plan balance from previous employment, you may be able to transfer or roll over this balance into your 401(k) or 457 Plan account.**



### Your State of Michigan retirement accounts



# The Pension Plus 2 plan

## Pension component

- Vesting
  - 10 years
- Eligibility
  - Age 60 with 10 years of service
- Personal Healthcare Fund (PHF).

## Savings component

- Graded vesting

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

- Personal Healthcare Fund (PHF).



# The Defined Contribution plan

## Savings component

- Graded vesting

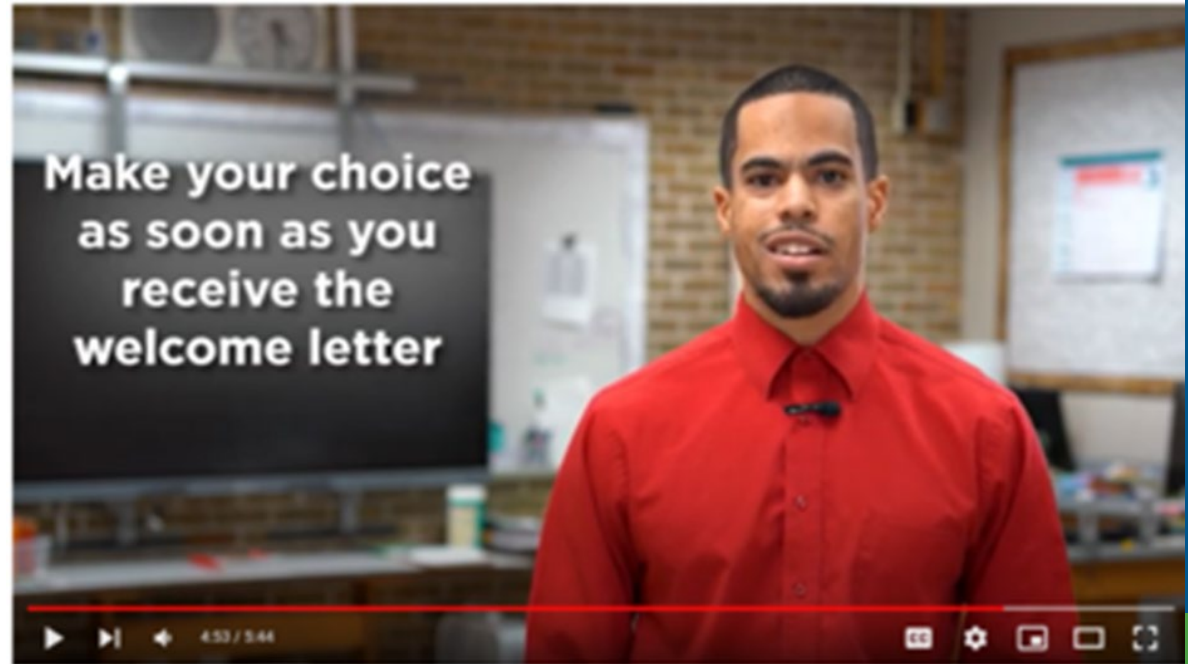
Years of Service	Percent Vested
After 1 Year	0%
After 2 Years	50%
After 3 Years	75%
After 4 Years	100%

- Personal Healthcare Fund (PHF).

From the Voya website, access the [401\(k\) & 457 Plan Highlights](#).

# New to MPERS resources

- Voya Financial / [pickmiplan.org](http://pickmiplan.org).
  - Get To Know The Plans.
  - FAQs.
- Resources for New Members
  - Choosing Your Retirement Plan video.



Choosing Your Retirement Plan - New Public School Employees



# Resources for Employers

- MPSERS Employer Toolkit
- [michigan.gov/psru/resources-for-new-members](https://michigan.gov/psru/resources-for-new-members)



Welcome to the **MPSERS Employer Toolkit**, your one-stop shop for the most-used materials and resources for public school professionals managing contributions to the **State of Michigan 401(k) and 457 Plans (the Plans)**.



Voya Financial® works with the Michigan Office of Retirement Services to administer the Plans.

Whether you or your employees have questions regarding the Defined Contribution (DC) Plan or the DC portion of the Pension Plus or Pension Plus 2 plans, you've come to the right place.

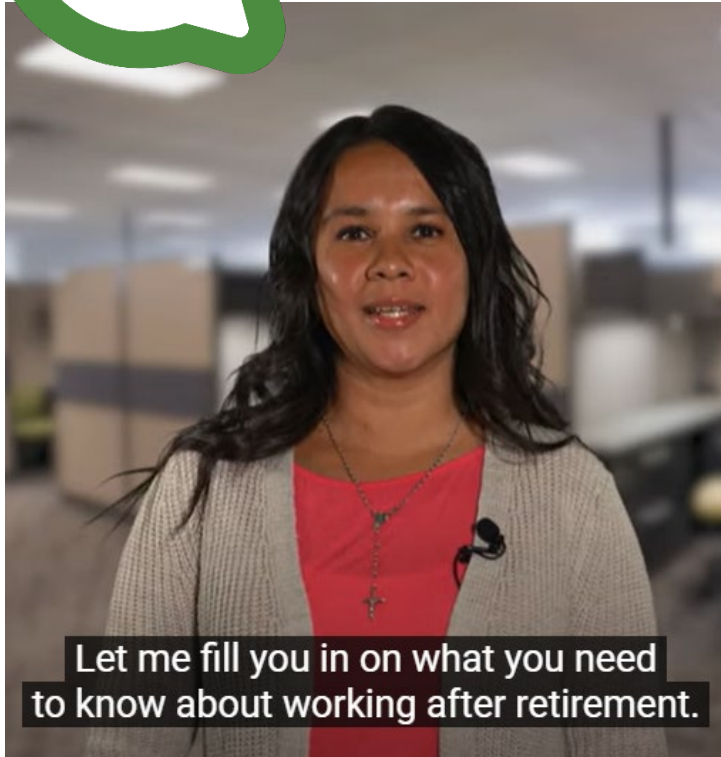
Answers for commonly asked  
questions

**Ask  Our  
Experts**

# Ask Our Experts

**Q: I'm a Michigan public school retiree and I'm considering returning to work. Can you explain the working after retirement rules?**

# YouTube @michiganors



- Other videos:
  - Avoiding Phishing and Spam Emails.
  - 2024 State Tax Withholding Update.
  - Accessing Your 1099-R form.
  - Snowbird Advice.
  - Clarifying Medicare Benefits.

# Future videos

- If you have a general question for our experts, submit it by email and we may feature it in a future video.



# Payroll Audits





## What is audited?

- Wage and service.
- Membership.
- Retiree earnings.
- Employment class code.
- Census.
  - Gender.
  - date of birth.

# Reportable and non-reportable compensation



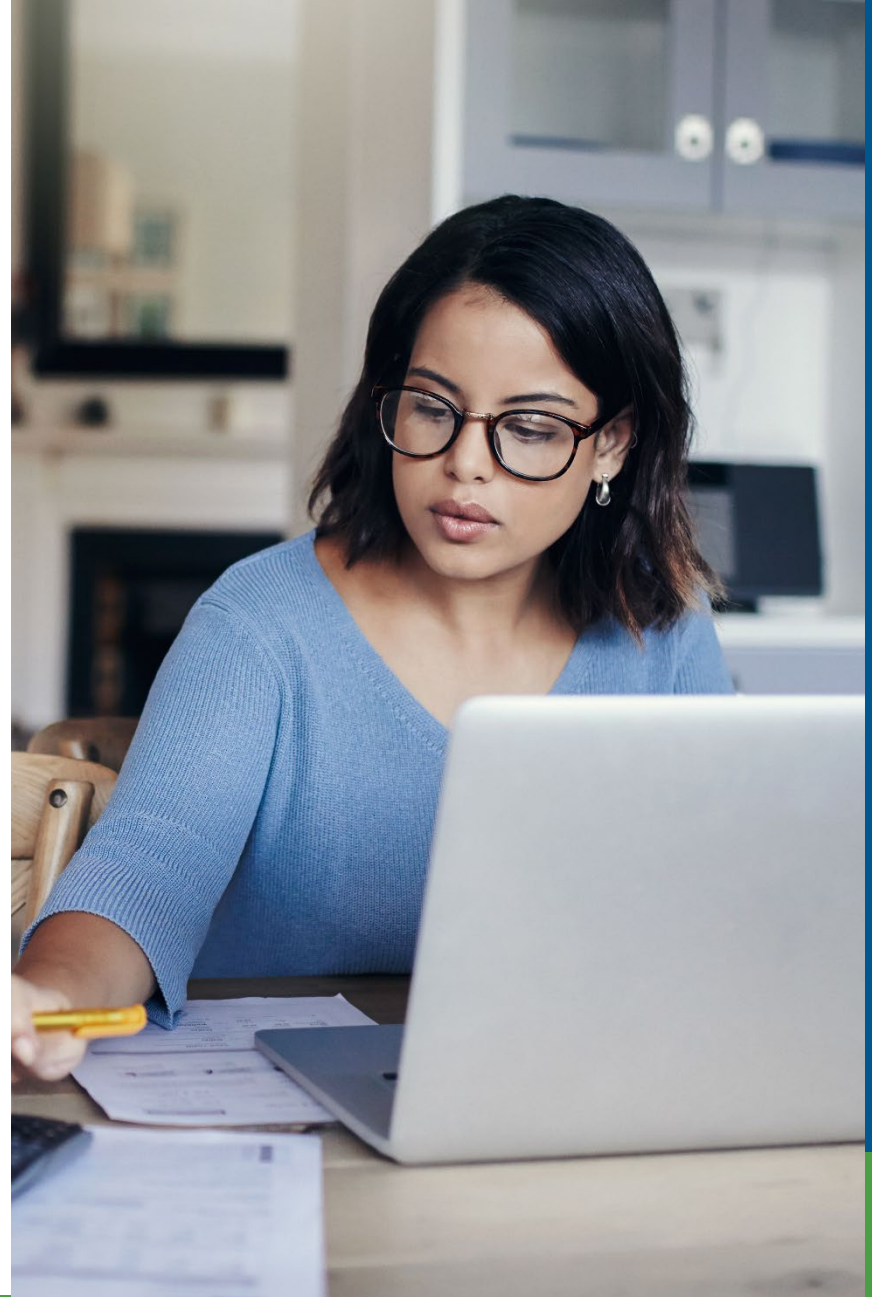


# DTL2 - Reportable vs. non-reportable compensation

4.02: Reportable	4.03: Non-Reportable
Coaches wages, regular wages, and salary	Bonus payments
Education pay or increased academic certifications	Cash paid in lieu of benefit
Holiday, sick leave, vacation leave pay	Fringe benefits
Longevity pay	Incentives (attendance, referral, retirement)
Merit pay	Payments to increase retirement benefits
Overtime pay	Reimbursements and allowances
Weekly Workers' Compensation	Unused leave payout (vacation leave and/or sick leave)

## Detail 2 - Reportable

- Education.
- Holiday, sick leave, vacation leave pay.
- Longevity.
- Merit pay.
- Overtime pay.





## Detail 2 – Non-reportable

- Fringe benefit.
- Bonus payments.
- Incentives.
- Reimbursements and allowances.
- Unused leave payout.

# Detail 4 - Reportable vs. Non-reportable Compensation

4.02: Reportable	4.03: Non-Reportable
Gross earnings	Reimbursements
Life insurance over 50k	
Allowances	

# Upcoming audit schedule

Next few months:

- Under age 19.

Ongoing:

Contract Review



# Employees Under Age 19





## Do Not Report

- Employees under age 19 in a temporary, intermittent, or irregular seasonal, or athletic position.
- Employees enrolled in and attending full time classes.



## Do Not Report

- Employees under age 19 in a temporary, intermittent, or irregular seasonal, or athletic position.
- Employees enrolled in and attending full time classes.



A woman with her hair in a ponytail, wearing a lifeguard vest, is shown in profile. She is holding a large, orange and white inflatable life preserver. The background is a swimming pool with a tiled edge. The entire image is overlaid with a semi-transparent green filter.

## Do Not Report

- Seasonal includes only working in the Summer.
- Athletic Position includes coach and lifeguard.

- Employees under

and attending full time classes.

# Report

- Employees who are age 19 and over who work any time outside of “enrolled and attending status”. Including summer and winter breaks.
- Employees under age 19 if working in a permanent position and not a student.



# Allowable Salary Increase



# Changes to the Normal Salary Increase (NSI)

- **NSI Schedules:** the Normal Salary Increase (NSI) schedules described in the Reporting Instruction Manual will no longer be used past fiscal year 2020.
- **Salary Schedules:** ORS will request a salary schedule from reporting units for those positions that generally have fewer than three members in the same job classification.

# Changes to the Normal Salary Increase (NSI)

- **What if there isn't a schedule available?**  
If a salary schedule doesn't exist for that position, then ORS will request a salary schedule for the most nearly identical job classification in that reporting unit.



## Determine Reportable or Nonreportable increases

- The salary schedule provided by the reporting unit is used to determine the allowable salary increase for the position.
- Wages above the salary schedule increase may be considered nonreportable.

# Resources for Reporting Units

- Reporting Instruction Manual (RIM) section 4.05: Normal salary schedule.
- Salary Schedules and Allowable Salary Increase FAQs.



# Contract Review and Submitting Supporting Documents





# Contract Review

- Wage Detail Sheets and request for contracts.
- Contracts for all years in the letter.
- No contracts – Salary schedule.
- Extra payments – require documentation.
- Final Payroll Detail (FPD) still required.
- Salary schedule.



# Reported Wage Detail

- Checks and balances.
- Reminders of supporting document.
- Consistent language is required.



MICHIGAN OFFICE OF  
RETIREMENT SERVICES  
PO Box 30171 · Lansing, MI 48909-7871

Michigan.gov/ORS

Toll Free: 800-381-5111  
Local: 517-940-6511  
Fax: 517-284-4416

## Reported Wage Detail

SCHOOL DISTRICT

RU #: 00000

<First Name Last Name>	School Year: <Audit>
Position(s) (please complete)	

## Reported Wage Detail

Please identify the base contract amount and itemize amounts earned for each type of compensation equal to the total reported wages listed by ORS. This may include, but not limited to, reimbursements, bonuses, merit pay, annuities, longevity, etc. All reported wages should be properly documented and sent for review. Examples of acceptable documentation include contracts, bargaining unit agreements, meeting minutes, etc.

*Base Contract Amount + Detail Itemization MUST = Total Reported Wages*

BASE CONTRACT AMOUNT	\$
----------------------	----

DETAIL		
Payment Type	Amount Paid	Documentation Provided
<i>Annuity (Example)</i>	<i>\$5,400.00 (Example)</i>	<i>Contract (Example)</i>
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	
	\$	

TOTAL REPORTED WAGES	\$
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COMMENTS: .

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Employer Contact Name	Employer Contact Title
Employer Contact Signature (*FORM IS ONLY VALID IF SIGNED)	Date

A green paperclip is shown on an orange surface. The paperclip is positioned diagonally, with its top loop on the left and its bottom loop on the right. The background is a solid orange color with a slight gradient.

# How to Submit Supporting Documents

- Email attachments.
  - FTS for sensitive information.
- Documents submission that ORS cannot access and will not accept:
  - End-to-end encryptions.
  - Documents on sites that require a login.

# Secure Act 2.0

The background of the slide features four stacks of papers, two on the left and two on the right, arranged in a 2x2 grid. The papers are white and appear to be stacked on a reflective surface. A solid blue horizontal band is positioned across the center of the image, containing the main title and subtitle. The top and bottom corners of the slide are white, while the right and bottom edges are decorated with solid blue and green vertical bars, respectively.

## THE SECURE ACT 2.0

WHAT YOU SHOULD KNOW

# Early 2025

- Additional IRS limit for members ages 60-63.
- Communication to eligible members.





## Late 2025

- Open Roth 457 for all members and retirees.
- Implement requirement to monitor Medicare wages.

# What to Expect

- Technology changes to payroll systems.
- Download detail.
- DC Feedback File.
- Communication to members affected by the changes.

15 minute  
break





# MICHIGAN OFFICE OF RETIREMENT SERVICES

*Big Plans. Small Steps.*

State of Michigan 401(k) & 457 Plans

## New Employee Orientation for Michigan Public School Employees

CN2760208\_0325  
03/07/2023

**VOYA**  
FINANCIAL

# Questions



# Contacts

## Office of Retirement Services

- Website - [www.michigan.gov/ors](http://www.michigan.gov/ors)
- Customer Service – 800-381-5111
- Employer Reporting – 800-381-5111
  - Email – [ORS\\_Web\\_Reporting@michigan.gov](mailto:ORS_Web_Reporting@michigan.gov)
  - [ORS-Contract-Review@michigan.gov](mailto:ORS-Contract-Review@michigan.gov)
  - Website – [www.michigan.gov/psru](http://www.michigan.gov/psru)