Introducing Pension Plus and the Defined Contribution plan

On the day you begin public school employment, you are automatically enrolled in the Pension Plus retirement plan. But you have a choice – you can stay in the Pension Plus plan or switch to the Defined Contribution plan.

Pension Plus

Pension Plus offers two types of retirement plans in one: it pairs a **Pension Component** with a **Savings Component**.

- The **Pension Component** guarantees you monthly retirement benefit payments over your lifetime once you meet age and service requirements.
- Retirement income from the **Savings Component** will depend on your contributions to your retirement investment account, employer contributions and investment performance. It is a tax-deferred account, which means you don't pay any taxes on your investments and earnings until you withdraw money from the account, generally at retirement. You choose how to invest the money in the account.

Defined Contribution

The Defined Contribution plan enrolls you in a tax-deferred retirement investment account. You don't pay any taxes on your investments and earnings until you withdraw money from the account, generally at retirement. Retirement income will depend on your contributions to your retirement investment account, employer contributions and investment performance. You choose how to invest the money in the account.

If you decide to become a Defined Contribution plan participant, your enrollment is retroactive to your first day worked. Previous contributions by you and your employer will be moved from your Pension Plus retirement investment account and deposited to your Defined Contribution retirement investment plan account.

Your contributions to the Pension Plus or Defined Contribution plan retirement investment account are invested in the State of Michigan 457 Plan. Your employer's contributions are invested in the State of Michigan 401(k) Plan.

Making Your Election

You were automatically enrolled in Pension Plus on your first day worked. You have the choice to stay in Pension Plus or switch to the Defined Contribution plan.

To make your retirement plan election, complete the New Hire Retirement Plan Election form you received from your employer and return it to your payroll officer. You must return the form within 75 calendar days from the end of your first payroll period.

If you decide to become Defined Contribution plan participant, your enrollment is retroactive to your first day worked. Previous contributions by you and your employer will be moved from your Pension Plus retirement investment account and deposited to your Defined Contribution retirement investment plan account.

If you don't do anything by the deadline, you will remain a member of the Pension Plus plan.

Once you submit your election or the deadline passes, you cannot change your retirement plan.

Income When You Retire

Pension Plus

With the Pension Component, you are eligible to receive a monthly pension as early as age 60 when you have at least 10 years of service. Your pension amount depends on how long you work and how much money you earn. Your annual pension is based on this formula: The average of your highest earnings five years in a row multiplied by a 1.5 percent pension factor multiplied by your years of service.

Your pension also depends on the pension payment option you choose when you retire: a straight life option or a survivor option. The straight life option pays you the maximum monthly pension payable throughout your lifetime, but no ongoing payments or insurances are provided to your survivors. The survivor option pays you a reduced pension throughout your lifetime, but upon your death, your pension continues for the lifetime of your survivor pension beneficiary.

With the Savings Component, retirement income is based on your contributions to your retirement investment account and the Personal Healthcare Fund, employer matching contributions and investment performance. There's no guaranteed benefit, and retirement income ends when the account is depleted. You can decide how much and when to withdraw the money from your retirement investment account, following IRS rules.

Defined Contribution

Retirement income is based on your contributions to your retirement investment account and the Personal Healthcare Fund, employer contributions and investment performance. There's no guaranteed benefit, and retirement income ends when the account is depleted. You can decide how much and when to withdraw the money from your retirement investment account, following IRS rules. The plan does not include a pension.

Vesting

Vesting is a term for ownership of your retirement benefits. The money you save and the related earnings are always yours while employer matching contributions vest over time.

	Your Contributions	Employer Match	
		Years of Service	**Percent Vested**
Pension Plus – Savings Component **Defined Contribution** **Personal Healthcare Fund**	Your contributions are always 100% vested.	Before 2 years	0%
		After 2 years	50%
		After 3 years	75%
		After 4 years	100%

Pension Plus, Pension Component: You are vested for a pension benefit after earning 10 years of service. If you leave public school employment before reaching the 10-year vesting requirement, you may not be eligible to receive a pension at retirement. In that case, you may request a refund of your pension contributions with interest, but you will forfeit all corresponding service credit in the plan.

Retirement Investment Account

The Pension Plus and the Defined Contribution plan retirement investment accounts have features in common:

- You and your employer make contributions to the retirement investment account you choose and to the Personal Healthcare Fund, which is your retiree healthcare benefit.
- Your contributions to your retirement investment account and the Personal Healthcare Fund are deducted from your paycheck before taxes.
- Your contributions are invested in the State of Michigan 457 Plan.
- Your employer's contributions are invested in the State of Michigan 401(k) Plan.
- You can make withdrawals and borrow from your retirement investment account.
- The investment options are the same for both plans and the Personal Healthcare Fund.

Fund Elections and Transfers

The retirement investment account in both the Defined Contribution and Pension Plus plans, and the Personal Healthcare Fund, offer plenty of flexibility when it comes to selecting your investments as well as making changes when you want to. At any time, on any day, you can:

- Choose different funds in which to invest new contributions versus your existing balance
- Transfer balances from fund to fund
- Reallocate your entire portfolio to different fund options

For a list of the investment options, go to **stateofmi.voya.com** > ***Select a plan from drop-down menu*** > ***Plan Investments*** > ***Fund Information.***

Transactions

Account transactions made weekdays by 4:00 p.m. Eastern Time will be processed that evening; transactions made on weekends or after 4:00 p.m. Eastern Time will be processed the next business day.

Fees and Expenses

Details about fees for investment management and services associated with participating in the Defined Contribution plan, the Personal Healthcare Fund and the Savings Component of the Pension Plus plan are available at **stateofmi.voya.com** > ***Select a plan from drop-down menu*** > ***Plan Investments*** > ***Fund Information*.**

Statements

Pension Plus Savings Component and the Defined Contribution plan: You have access to your retirement investment account statement online at any time, including the ability to generate a statement based on the timeframe you select, even the last 24 hours. Printed statements are mailed to you twice a year around January 15 and July 15. You can choose to shut off paper statements, as well as other correspondence, and have the information sent to your account's online mailbox accessible through the plan website. This feature not only helps the environment and reduces mailbox clutter, but it's also more secure.

Loans

The time may come when you just need extra money for something important – a down payment on a house, college tuition, or other large bills. Should you need to, you can borrow from your Pension Plus or Defined Contribution plan retirement investment account or your contributions to the Personal Healthcare Fund. The amounts and terms are established by the Internal Revenue Code and applicable regulations. See the Loan Policy at **stateofmi.voya.com** > ***Select a plan from drop-down menu*** > ***Plan Information*** > ***401(k) Publications*** > ***Loan Policy*.**

You repay the loan and interest by arranging automatic withdrawals (ACH payments) from your bank account. Keep in mind that borrowing from your retirement investment account will have an impact on the growth potential of your savings.

Rollovers

Who wants to keep track of their savings from a lot of different accounts? Consolidate. Balances from eligible retirement savings plans – like a previous employer's 401(k) – may be rolled into your Pension Plus retirement investment account or Defined Contribution plan account. To learn more or for assistance from Voya's Account Consolidation Team (ACT), call toll free **866-865-2660**.

Withdrawals

Retirement investment account withdrawals are available through the Pension Plus and Defined Contribution plans, including hardship withdrawals, unforeseeable emergency withdrawals and Age 59½ withdrawals.

For information and assistance, call the Plan Information Line at **800-748-6128** and speak with a Participant Services Representative.

Retiree Healthcare Benefit

Your retirement plan election does not affect your retiree healthcare benefit.

- You are automatically enrolled in the Personal Healthcare Fund, a portable, tax-deferred investment account that can be used to pay for healthcare expenses in retirement.
- The Personal Healthcare Fund provides a dollar-for-dollar match on the first 2 percent you contribute to your retirement investment account.
- These contributions began immediately upon your first day worked and are in addition to whatever retirement plan contributions you may elect.

In addition, after 10 years of service, you become eligible to receive a credit into a Health Reimbursement Account when you terminate employment. The credit will be $2,000 if you are at least 60 years of age at termination or $1,000 if you are less than 60 years of age at termination.

The Money You Put In

Contribution is the term used for the money you put into your retirement plan. Your contribution amount is deducted automatically each payroll period.

Pension Plus

You contribute toward both your future pension and your retirement investment account.

Pension Component: Your contributions are mandatory and increase incrementally based on your fiscal year earnings: 3 percent of $0 - $5,000; 3.6 percent of $5,000 - $15,000; and 6.4 percent on $15,000.01 and over. These contributions can be returned to you if you leave public school employment.

Savings Component: You're automatically enrolled at a 4 percent contribution rate to your retirement investment account which allows you to receive your employer's full matching contributions to your retirement plan and Personal Healthcare Fund. You can make changes to your retirement investment account contributions at any time.

Defined Contribution

You're automatically enrolled in an 8 percent contribution to your retirement investment account so you receive a full employer matching contribution to your retirement savings and the Personal Healthcare Fund. You can make changes to your contributions at any time.

Additional voluntary contributions

In addition to making mandatory contributions to either Pension Plus or the Defined Contribution plan, you may also make additional voluntary contributions to your retirement investment accounts. These voluntary contributions may be made up to the Plan Contribution Limits. At age 50 and up, you are allowed to make catch-up contributions to save even more. If you have balances in other qualified retirement savings plans such as a previous employer's 401(k), governmental 457 plan or traditional IRA, those balances may be rolled over into either your Pension Plus or Defined Contribution retirement investment plan account.

The Money Your Employer Puts In

The employer match is your savings boost. It doesn't cost you anything – and all you need to do to get it is save in the plan. The employer match is a big part of your compensation package, and it's a really good deal! That extra money adds up over time, enhancing your account's growth potential. Below is a description of your employer's contributions and a comparison chart follows.

Pension Plus

Pension Component: Your employer makes contributions to help fund member benefits.

Savings Component: Starting your first day on the job, you automatically began contributing 4 percent of your paycheck to your retirement investment account, which is made up of your Personal Healthcare Fund and your retirement savings. This automatic enrollment earns you your full employer match.

- For every dollar you contribute, up to 2 percent of your wages, you will receive an equal matching contribution to your account from your employer. This is directed to your Personal Healthcare Fund.
- For the next 2 percent of your wages that you contribute, your employer's matching contribution will be half of what you contributed, up to 1 percent of your wages. This, plus any additional contributions you make, is directed to your retirement savings.

Defined Contribution

Retroactive to your first day worked, you automatically contribute 8 percent of your paycheck to your retirement investment account, which is made up of your Personal Healthcare Fund and your retirement savings. This automatic enrollment earns you your full employer match.

- For every dollar you contribute, up to 2 percent of your wages, you will receive an equal matching contribution to your account from your employer. This is directed to your Personal Healthcare Fund.
- For the next 6 percent of your wages that you contribute, your employer's matching contribution will be half of what you contributed, up to 3 percent of your wages. This, plus any additional contributions you make, is directed to your retirement savings.
- Your employer will contribute an additional 4 percent of your wages to your retirement investment account, regardless of how much you're contributing.
- Starting February 1, 2018, the employer match toward retirement savings will change to 100 percent of your contributions up to 3 percent of your wages. This is in addition to the mandatory 4 percent employer contribution.

Contributions to Retirement Investment Account

(based on wages at automatic enrollment level)

10/1/2017 – 1/31/2018

	Pension Plus Savings Component only	Defined Contribution
Employee contribution to Personal Healthcare Fund	2%	2%
Employer match to Personal Healthcare Fund	2%	2%
Employee contribution to retirement investment account	2%	6%
Employer match to retirement investment account	1%	3%
Employer mandatory contribution	--	4%
Grand total working for you	**7%**	**17%**

Starting 2/1/2018

	Pension Plus Savings Component only	Defined Contribution
Employee contribution to Personal Healthcare Fund	2%	2%
Employer match to Personal Healthcare Fund	2%	2%
Employee contribution to retirement investment account	2%	6%
Employer match to retirement investment account	1%	3%*
Employer mandatory contribution	--	4%
Grand total working for you	**7%**	**17%**

*The employer match changes to 100% of your contributions toward retirement savings, up to 3 percent of your wages. If you don't make any changes to your contribution rate, you won't see any additional changes to your contributions or your employer's contributions after 10/1/2017.

Leaving Public School Employment

Pension Plus

Pension Component: If you are vested with at least 10 years of service and leave Michigan public school employment, you're guaranteed a monthly pension when you reach age 60. If you haven't met the 10-year vesting requirement, you may not be eligible to receive a pension at retirement. You may request a refund of your pension contributions with interest, but you will forfeit all corresponding service in the plan.

Savings Component and Personal Healthcare Fund: When you stop working you can take a distribution of your retirement investment account 45 days after termination, including all employee contributions, vested employer match and related earnings. Distributions from the 401(k) Plan (where your employer contributions are invested) are subject to IRS early distribution penalties if you are under age 59½. Or you may choose to postpone the payment of benefits until a later date and leave your benefits to accumulate. In certain situations, you may also be eligible to roll over your account balance to another eligible retirement investment account or IRA, but you may want to do a comprehensive fee comparison first. If you leave public school employment before you're 100 percent vested in your employer's contributions, the non-vested portion will be forfeited and will not be included in future statement balances.

If you have at least 10 years of service, you will be eligible to receive a credit into a Health Reimbursement Account when you terminate employment. The credit will be $2,000 if you are at least 60 years old at termination or $1,000 if you are less than age 60 at termination.

Defined Contribution

Retirement Investment Account and Personal Healthcare Fund: When you stop working you can take a distribution of your retirement investment account 45 days after termination, including all employee contributions, vested employer match and related earnings. Distributions from the 401(k) Plan (where your employer contributions are invested) are subject to IRS early distribution penalties if you are under age 59½. Or you may choose to postpone the payment of benefits until a later date and leave your benefits to accumulate. In certain situations, you may also be eligible to roll over your account balance to another eligible retirement investment account or IRA, but you may want to do a comprehensive fee comparison first. If you leave public school employment before you're 100 percent vested in your employer's contributions, the non-vested portion will be forfeited and will not be included in future statement balances.

If you have at least 10 years of service, you will be eligible to receive a credit into a Health Reimbursement Account when you terminate employment. The credit will be $2,000 if you are at least 60 years old at termination or $1,000 if you are less than age 60 at termination.

If You Become Disabled

Pension Plus

Pension Component: The Pension Plus plan provides a pension benefit if, while you are an active employee of a participating Michigan public school, you become totally and permanently disabled and unable to perform duties for which you are trained, educated or experienced.

If you incur a permanently disabling injury or illness at work, you may be eligible for a duty disability benefit. Your duty disability protection begins your first day on the job.

If your disabling illness or injury is incurred outside of work, you may qualify for a non-duty disability benefit. Your non-duty disability protection begins when you are vested with the equivalent of 10 years public school employment.

Savings Component: You will have access to your employee contributions and any related earnings in your retirement investment account, along with any vested employer contributions and related earnings.

Personal Healthcare Fund: You will have access to your employee contributions and any related earnings in your Personal Healthcare Fund, along with any vested employer contributions and related earnings. A credit into a Health Reimbursement Account would also be made if you have at least 10 years of service at termination (amount depends on age at termination). Neither you nor your beneficiaries would be eligible for any health insurance subsidy from the state.

Defined Contribution

If you suffer a disability of any kind and terminate public school employment, you would have access to your employee contributions and any related earnings in your retirement investment account and Personal Healthcare Fund, along with any vested employer contributions and related earnings. A credit into a Health Reimbursement Account would be made if you have at least 10 years of service at termination (amount depends on age at termination). Neither you nor your beneficiaries would be eligible for any health insurance subsidy from the state.

Upon Your Death

Pension Plus

Duty Death: If you suffer a duty-related death while an active employee, a survivor pension may be payable if a worker's compensation benefit is awarded. No vesting is required. In addition, your spouse and health benefit dependents would be eligible for subsidized healthcare at the maximum subsidy allowed by statute. Your spouse's insurance subsidy may continue until his or her death. Your dependents' insurance subsidy may continue until their eligibility ends.

In the event of a duty death, the Personal Healthcare Fund employer matching contributions and related earnings in your retirement investment account would be forfeited. However, your beneficiaries would receive the remaining retirement investment account and Personal Healthcare Fund contributions and related earnings.

Non-Duty Death: If you suffer a non-duty related death while an active employee, a survivor pension may be payable if you are vested with 10 years of service. Your beneficiaries would have access to your retirement investment account balance. Their access to your employer's contributions and related earnings would be determined based on your vesting status. Your survivors would not be eligible for any health insurance subsidy from the state. However, a credit would be applied to a Health Reimbursement Account upon your death if you had at least 10 years of service. The credit would be considered part of your estate.

Deferred Member Death: If you die while your retirement is in deferred status (that is, you leave public school employment after becoming vested for your pension, but before you're old enough to draw your pension), a monthly survivor pension will be payable to your eligible beneficiary beginning the month you would have otherwise become eligible to receive your pension. It is paid as if you chose the 100 percent survivor option.

Defined Contribution

Your employee contributions and related earnings, and your vested employer contributions and related earnings in your retirement investment account, including your Personal Healthcare Fund contributions, will go to your designated beneficiary or your estate.

Your survivors would not be eligible for any health insurance subsidy from the state. However, a credit would be applied to a Health Reimbursement Account upon your death if you had at least 10 years of service. The credit would be considered part of your estate.

Your beneficiaries would have access to your retirement investment account balance as well. And a credit would be applied to a Health Reimbursement Account upon your death. The credit would be considered part of your estate.

Death After Retirement: If you die after retirement and you chose a survivor option at retirement, a monthly pension may be payable to your surviving pension beneficiary. Your beneficiaries would also have access to your retirement investment account balance.

Making Your Election

You were automatically enrolled in Pension Plus on your first day worked. You have the choice to stay in Pension Plus or switch to the Defined Contribution plan.

To make your retirement plan election, complete the New Hire Retirement Plan Election form you received from your employer and return it to your payroll officer. You must return the form within 75 calendar days from the end of your first payroll period.

If you decide to become Defined Contribution plan participant, your enrollment is retroactive to your first day worked. Previous contributions by you and your employer will be moved from your Pension Plus retirement investment account and deposited to your Defined Contribution retirement investment plan account.

If you don’t do anything by the deadline, you will remain a member of the Pension Plus plan.

Once you submit your election or the deadline passes, you cannot change your retirement plan.

For More Information

You can contact us if you have questions. However, we cannot advise you on which retirement plan is right for you. Consider consulting a tax or financial advisor about your personal situation.

Visit **PickMiPlan.org** for complete details in the New Hire Retirement Plan Election Guide.

Call **800-748-6128** for information about the Pension Plus retirement investment account, the Defined Contribution plan and the Personal Healthcare Fund.

Log into miAccount at **www.michigan.gov/orsmiaccount** and use the secure Message Board for information about the Pension Component of the Pension Plus plan or call **800-381-5111**.