

MICHIGAN OFFICE OF RETIREMENT SERVICES

Big Plans. Small Steps.

Josey McCloud, Customer Education

MICHIGAN DEPARTMENT OF TECHNOLOGY, MANAGEMENT AND BUDGET National Council on Teacher Retirement May 23, 2019

Who We Are



Our Purpose Statement

ORS is an innovative retirement organization driven to empower our customers for a successful today and a secure tomorrow.



System Background

V V

ers Custom

417,970

203,981 active 213, 989 retiree

\$56.5 Billion E I S 5

MPSERS net assets

Defined Benefit (DB), Hybrid, Defined Contribution (DC) and Retiree Healthcare

775

K-12, ISD, Charter Schools, Community Colleges, and 7 Universities

/ees 245 m p l o v Employees, IT partners, and onsite contractors



mployers

Working After Retirement Resources



We have different ways for our customers to learn how working after retirement impacts their pension.

- ORS member information website
- Review of the retirement law
- Pension Impact Estimator



Pension Impact Estimator



Rev. 1/2019



Rules Before 2010

- Retired before July 1, 2010
- Two path decision tree:
 - 1. Social Security limit for full retirement age, or
 - 2. One third of their Final Average Compensation (FAC) per calendar year.
 - The FAC is a factor used in their pension calculation
- For every dollar they earn above the limit, they must return one dollar to the retirement system, up to their annual pension amount.



New Legislation - 2010

- Process mapped
- Risk assessment
- Leveraged software used for Instructional Design
 - Articulate Storyline 2





Rules after 2010



New rules

- 68 paths
- Up to 11 decision points per path

Risks

 Under certain conditions, the retiree could immediately forfeit their pension and insurance subsidy



Resources For Our Customers

- Pension Impact Estimator for retirees
- Working After Retirement Employer Guide for employers





HELP. CONNECT. SOLVE.



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Working After Retirement Pension Impact Estimator

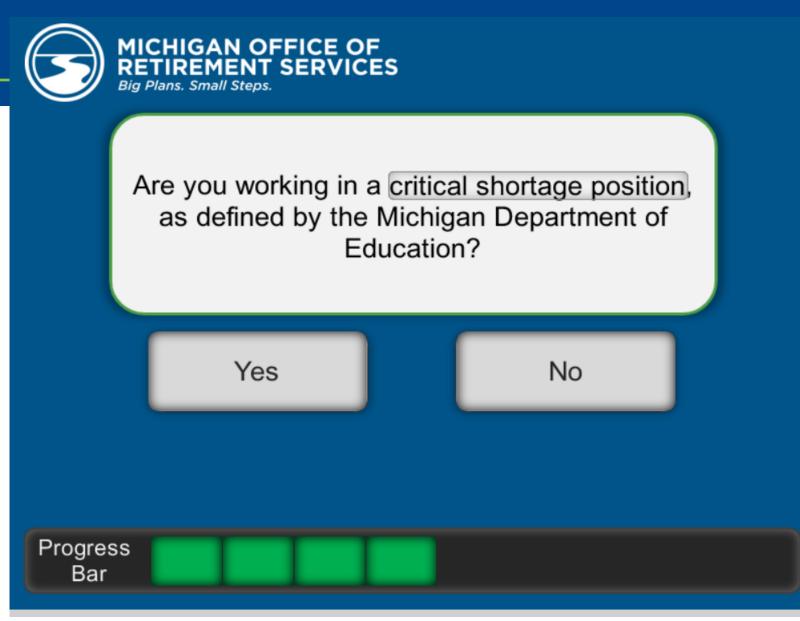
As a participant in the Michigan Public School Employees' Retirement System who may be considering returning to work after retirement, it's important that you understand how your decision will affect your pension. By answering the following series of questions, this program will let you know how your pension will be affected.

Let's get started

Rev. 1/2019



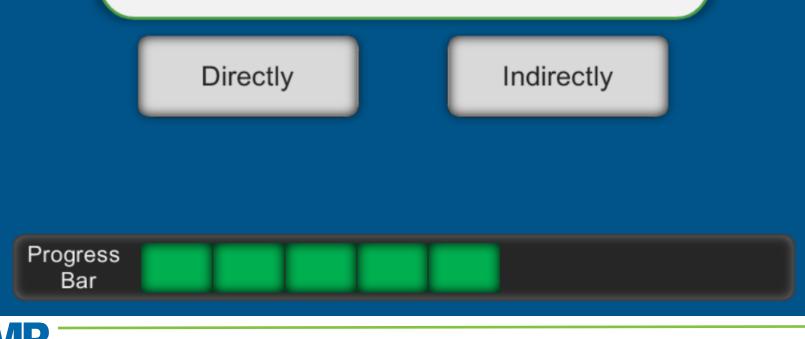






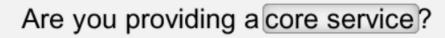


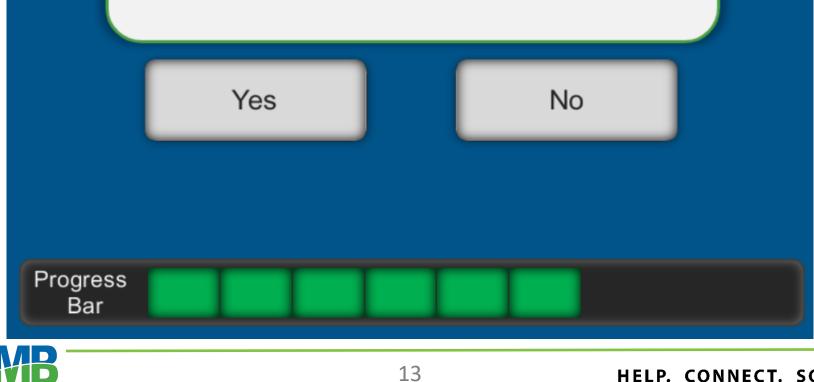
Are you being hired directly by the reporting unit or indirectly as an independent contractor or through a third party?



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1/3 of your Final Average Compensation

If you choose to return to work, your earnings limit will be 1/3 of your Final Average Compensation (FAC) Your earnings limit is the most you can earn in a calendar year, January 1 to December 31, without affecting your pension or insurance subsidy.

EXAMPLE

If your FAC is **\$60,000**, you can earn up to **\$20,000** without impacting your pension.



Your earnings limit is based on the gross earnings as reported by the reporting unit. Note: This may include wages or earnings from prior employment, like bonus payments or payouts connected to a retirement incentive.



For more information, visit the Office of Retirement Services website

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NEXT

PensionForfeited

If you choose to return to work in a position that provides core services, your pension and insurance premium subsidy are **forfeited**.

For a list of core services, click here

You will continue to keep your insurance coverage, but you will be required to pay the full unsubsidized premium. If you do not assume responsibility for the subsidy payment, you will lose insurance coverage.

If you are not sure if you are working in a core service position, please send a letter to ORS with:

-Your official job description

-Who will be paying you

-What reporting unit you'll be providing a service to



For more information, visit the Office of Retirement Services website NEXT



Successes



- Shifting the responsibility of understanding the impact from the employer to the retiree.
- 19,224 views since the Pension Impact Estimator was deployed in January 2017

