



What every member should know about...

RETIREMENT SERVICES

MFT&SRP Retiree Network <http://retirees.mftrs.org>

Michigan Public Schools Retirement System <http://michigan.gov/ors>

It may seem odd as you're just beginning your career to be asked to think about retirement. However, making informed decisions now can help make your retirement more comfortable and financially secure. By enhancing the value of your pension early in your career it will cost you far less and realize far more.

Public school and community college employees are covered by the Michigan Public Schools Retirement System (MPERS). Most employees are vested in this system after ten years of service. Under some very special circumstances an employee can be vested in only five years. Employees of four-year colleges and universities are not included in MPERS and must set pensions, retiree health care and survivor benefits through collective bargaining.

The MPERS retirement plan is designed to provide you with a monthly income, called a pension, when you retire. This plan also helps protect you and your family by providing health insurance and survivor benefits.

The information in the following pages reflects a brief and very focused snapshot of what MPERS offers. At this point you are likely interested in only in what is commonly called "buying years." The Office of Retirement Services (ORS) refers to this as "purchasing service credits", so for all intents and purposes we are going to view them as interchangeable terms.

Complete information concerning retirement can be found in the booklet, *Retirement Guidelines*, available from either your local union office or the Michigan Federation of Teachers and School Related Personnel. However, the easiest way to access information and forms is by going to the MFT&SRP retiree website: MFT&SRP Retiree Network News at <http://retirees.mftrs.org>. The 'Links' section of this website lists a number of information sites to choose from. Or, as a second option you may choose to go directly to the Michigan ORS web address, <http://michigan.gov/ors> and select 'School Employees Retirement Services', the MPERS site.

Service Credit

You accumulate service credit for the hours you work for a participating public school. As a member of this system, you can also purchase credit. Your total service credit, which includes credit you earn and credit you purchase is used to calculate your pension. The more years of service credit you have, the larger your pension will be.

Earning service credit

As a member of this system, you receive credit for employment - teaching or nonteaching; full-time or part-time; permanent, temporary, intermittent or substitute work. You earn one year of service credit for working at least 170 days, at least six hours per day, within the July 1-June 30, school fiscal year, up to a maximum of 378 hours per calendar quarter. Credit is received for used vacation, sick leave, and short-term disability payments. **You do not earn service credit while receiving long-term disability payments.**

Partial years of service credit: If you work less than 1,020 hours per year, you earn partial credit for that year. For instance, 17 days at six or more hours per day (102 hours) equals one-tenth year of credit. The following chart shows examples of partial credit granted during a school fiscal year for a variety of work schedules.

<u>Days</u>	<u>Per Day</u>	<u>Credit Earned</u>
17	6	.1
34	6	.2
68	6	.4
85	6	.5
119	6	.7
51	4	.2
102	4	.4
153	4	.6
204	4	.8

For verification of your service credit or if you do not agree with the years of service on record, call 800-381-5111; e-mail ORSCustomerService@michigan.gov; fax 517-322-6643, or write Office of Retirement Services (ORS), P.O. Box 30171, Lansing MI 48909-7671.

Additional service credit

As a member you may buy credit at any time. However, purchased credit will not become part of your total service until you earn at least 10 years of service credit through this Retirement System, unless otherwise noted*. For regular retirement with at least 30.0 years of service credit, *at least 15 years of service credit must be earned through this system.*

After submitting your application, your records are reviewed to determine eligibility. A *Member Billing Statement* will then be sent to you. You are not obligated to buy any or all of the credit. You can purchase most types of service credit in any incremental amount.

To apply for and purchase credit, you must be employed in a participating Michigan public school and pay for additional credit BEFORE leaving employment.

If you leave public school employment before fulfilling the minimum service requirement for a pension, you can request a refund of payment for any service credit purchased.

Credit purchased by employer: If your employer pays for some or all of your service credit purchase and does not process these payments through the Tax-Deferred Payments (TSP), it is considered a "member" contribution toward retirement as an after-tax contribution. You are then responsible for any tax obligation that results.

Tax-deferred purchases/refund repayments

As a Michigan public school employee, you can take advantage of the tax-deferred program to purchase service credits realizing substantial tax benefits, which in effect lower the cost.

The Internal Revenue Service attached 3 conditions to the tax-deferred purchase program:

- 1. The tax-deferred purchase, once initiated, is irrevocable.** Once you begin making a tax-deferred purchase, you cannot stop until you complete the purchase or terminate employment.
- 2. The employee must not have constructive receipt of tax-deferred funds used to purchase credit.** Participants will make payments by payroll deduction.
- 3. The employer must pass a resolution agreeing to withhold tax-deferred payments via payroll deduction.**

To participate, submit an application to purchase credits. After receiving your billing statement, contact your payroll office to complete an agreement form. For forms and further information visit <http://michigan.gov/ors> or <http://retirees.mftsrp.org> which can link you to ORS.

*As a MIP member, if you retire at age 60 with 5.0 or more years of service, you may be eligible to purchase certain types of service credit and use them in your retirement calculation without accumulating 10 years of service. Contact ORS for details.