



Recommendations for Leaders on PA 300 of 2012

Now that Governor Snyder has signed SB 1040 into law as PA 300, members will be seeking information regarding how to make the best decisions on their pensions and retiree health care. By now, all MPSERS members should have received a letter from the Office of Retirement Services (ORS). We encourage you to let your members know the following important points:

- Members who have not yet registered for MIAccount **should do so immediately** by going to www.michigan.gov/ors. They should have their member identification number with them when they register; this number can be found on any communication they have received from the Office of Retirement Services.
- **Please encourage members to make use of available resources to learn about their options** and determine what choices make most sense for themselves and their families. Although you may be asked what options you think are best for a member, it is better not to do, for both ethical and legal reasons.
- During the next two months, members may be invited to events encouraging them to purchase retirement-related financial products. Please remind members that these are sales meetings and encourage them **not to sign anything at such events** but rather to take the information to an impartial financial adviser before making such decisions. They should also first make good use of the information available from ORS.
- A recent ruling by Judge Rosemarie Aquilina means that **for now there is no legal “end date” by which members must select their options and the October 26 date is no longer in effect**. However, this decision is being appealed, so members should educate themselves and decide which choices are best for them.
- If your members are full-time instructors or administrators at a community college, please be sure that anyone hired on or after September 4, 2012 looks at your college’s Optional Retirement Plan (ORP) with the realization that the MPSERS plan effectively **no longer provides retiree health care**. Additionally, your college’s ORP is very likely a “richer” option than the defined contribution options offered by MPSERS. The site includes a Contribution Comparison Calculator so that each of your members can research his or her estimated retirement income and contributions for each pension choice. Members can also use a 401 (k)/457 option Calculator to estimate how much they would have in these accounts if they chose to save using a retirement investment

account. Additionally, there is contact information available for members with questions that are not answered.

- We recommend that you open up your own “MIAccount Page” to walk through your own options to enable you to understand questions your members may have. Please note that MIP and BASIC members have decisions to make **both regarding retiree health care and pension benefits**. Regarding the choice of opting out of retiree healthcare for a “portable, tax-deferred fund that can be used for paying healthcare expenses in retirement”, you will want to remind members how little a “2 percent employee contribution” plus a “2 percent employer match” would actually purchase in terms of healthcare.
- Please remind members that **if they do not make their own choices for retiree health care and pension benefits, decisions will be made for them**—the default for health care is that members continue to pay the 3% but remain in MPSERS health care, and default for pension benefits is that members will continue their current level of contribution (0 for BASIC) to receive a pension based on 1.5% for previous service credits and based on 1.25% on future years of service. **Again, please remain alert for updates regarding whether the October 26 deadline is re-instated by the courts or other court rulings impact the deadline.**
- ORS is offering **8 online webinars and 30+ seminars at various locations around the state**. With speakers, it should be possible for a group to watch/listen to the webinar together. The Coalition for Secure Retirement has requested having a CSR representative available at the seminars to provide additional support. A list of the locations, dates, and times is available at www.michigan.gov/orsmpsersreform
- At that same site you can find other helpful materials, including a legislative summary, a copy of the new law, and frequently asked questions. You can also sign up at this site for email or text message alerts, which we encourage you to do.

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