



# 2010 Retirement Legislation



# Agenda

- **Early Retirement Incentive Basics**  
Kristi Dawley, MCC Human Resources  
Ronda Brinch, MCC Human Resources

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- **Financial Implications**  
Bob Darnton, W.J. Phillips Insurance Agency
- **Social Security Basics**  
Andie Templeton,  
Social Security Administration



# Background

On May 14<sup>th</sup>, 2010, Congress passed a bill that reforms the MPERS pension program and offers a retirement incentive to Michigan Public School employees.

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Early Retirement Bill

<http://www.michigan.gov/orsschools/0,1607,7-206-55384-231465--,00.html>

# Eligibility

## Regular Full Retirement

- BASIC Members

Age 55 and older with 30 years of service

Age 60 and older with 10 years of service

- MIP Members

Age 46 and older with 30 years of service

Age 60 and older with 10 years of service

Age 60 and older with 5 years of service (with add'l requirements\*)

## Special Retirement Incentive

- Employees whose age and service add up to 80 or more years

\*Standards for Regular Full Retirement

[http://www.michigan.gov/orsschools/0,1607,7-206-36450\\_36467---,00.html#FullRetirement](http://www.michigan.gov/orsschools/0,1607,7-206-36450_36467---,00.html#FullRetirement)

# Formula

## Regular Full Retirement

- 1.6% vs. 1.5% of FAC (Final Average Compensation\*) on first \$90,000 of earnings (1.5% on anything over \$90,000)

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## Special Retirement Incentive

- 1.55% vs. 1.5% of FAC on first \$90,000 of earnings (1.5% on anything over \$90,000) if age and years of service total 80 years

### \* Final Average Compensation

*MIP* members, the highest three consecutive years of earnings (36 months) are averaged to determine your FAC. *Basic Plan* members, highest five consecutive years of earnings (60 months) are averaged to determine your FAC.



# Deadlines

- Retirement must be on or after July 1, 2010 and no later than September 1, 2010\*
- Employees must file by June 11, 2010
- The application is irrevocable after June 11, 2010

\*Ten (10) extensions for a retirement date no later than September 1, 2011 are allowed if requested by both the employee and MCC.

# Process

1. Log into your miAccount and complete the retirement application

How to create your miAccount

<http://www.michigan.gov/ors/0,1607,7-144-48961---,00.html>

**-OR- Contact The Office of Retirement Services at (800) 381-5111**

2. Submit a letter of intent to retire to your Mott supervisor and copy HR
3. HR will schedule your Exit Meeting



# Health Insurance Subsidy

- Medical, Dental & Vision available effective on your date of retirement
- Whether or not the state helps cover insurance premium costs (subsidy) depends on when membership with MPERS began as well as other factors.

Health Insurance Subsidy

[http://www.michigan.gov/orsschools/0,1607,7-206-36504\\_36533\\_48173---,00.html](http://www.michigan.gov/orsschools/0,1607,7-206-36504_36533_48173---,00.html)

[http://www.michigan.gov/documents/orsschools/Insurance\\_Premium\\_Subsidies\\_215744\\_7.pdf](http://www.michigan.gov/documents/orsschools/Insurance_Premium_Subsidies_215744_7.pdf)



# Post Retirement Employment Implications

- You may not work within the month of your retirement effective date (even as a volunteer) for a participating reporting unit

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- If you are hired directly by a school and earn **more** than 1/3 of your FAC (final avg. compensation), you forfeit your pension and health care subsidy (though you can pay for health care)
- If you are hired by a 3<sup>rd</sup> party or employed as an independent contractor, you forfeit your pension and health care subsidy (though you can pay for health care)

# Helpful Links

## Early Retirement Bill

<http://www.michigan.gov/orsschools/0,1607,7-206-55384-231465--,00.html>

## How to contact MPSERS

<http://www.michigan.gov/orsschools/0,1607,7-206-36633-103671--,00.html>

## Standards for Regular Full Retirement

[http://www.michigan.gov/orsschools/0,1607,7-206-36450\\_36467---,00.html#FullRetirement](http://www.michigan.gov/orsschools/0,1607,7-206-36450_36467---,00.html#FullRetirement)

## MPSERS FAQs

<http://www.michigan.gov/orsschools/0,1607,7-206-55384-231465--,00.html>

## How to create your miAccount

<http://www.michigan.gov/ors/0,1607,7-144-48961---,00.html>

## Health Insurance Subsidy

[http://www.michigan.gov/orsschools/0,1607,7-206-36504\\_36533\\_48173---,00.html](http://www.michigan.gov/orsschools/0,1607,7-206-36504_36533_48173---,00.html)

[http://www.michigan.gov/documents/orsschools/Insurance\\_Premium\\_Subsidies\\_215744\\_7.pdf](http://www.michigan.gov/documents/orsschools/Insurance_Premium_Subsidies_215744_7.pdf)

## Social Security Administration

<http://www.socialsecurity.gov/>



**Q & A**

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**Questions?**



# Financial Implications

Presented by:

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**Bob Darnton,**

**W.J. Phillips Insurance Agency**



# Social Security Basics

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