

Understanding the ORS Michigan Public Schools Employee Retirement System pension plans – as included in the MiCase HR/Payroll System

Employees participate in one of three retirement plans: the Basic Plan, the Member Investment Plan (MIP) or the Hybrid Plan.

The attached spreadsheet (*ORS Retirement Plans.xlsx*) shows the items included in the MiCase HR/Payroll System, for each plan.

Since 1977, employees in the Basic Plan have not contributed to their retirement; the system was funded entirely through employer contributions. In the MiCase HR/Payroll System, this is known as a Benefit, with the code “MPSRS”.

In 1986, the Member Investment Plan (MIP) was introduced. Depending on when the employee was hired and possibly what choice they made regarding their plan, they contribute between 3.0% and 6.4% of their retirement wages to their retirement plan. In the MiCase HR/Payroll System, this is known as a Deduction, with the code “MIP”.

Effective July 1, 2010, all MPSERS members – whether they are members of the Basic or the MIP plan - began contributing an additional 3.0% of their reportable wages, toward retiree health care. In the MiCase HR/Payroll System, this is known as a Deduction, with the code “RHC”.

Also effective July 1, 2010, the Hybrid Plan was introduced. This plan is for all employees who first work as members of MPSERS on or after July 1, 2010. The Hybrid Plan combines a defined benefit (DB) plan and a defined contribution (DC) plan.

The defined benefit (DB) portion consists of the three items described above:

- Employer paid Benefit, with the code “MPSRS”.
- Employee paid Deduction, with the code “MIP”.
- Employee paid Deduction, with the code “RHC”

The defined contribution (DC) portion consists of the two new items:

- Employer paid Benefit, with the code “DC-EM” (e.g. Defined Contribution – Employer Match)
- Employee paid Deduction, with the code “DC-MC” (e.g. Defined Contribution – Member Contribution)

The Employee paid Deduction, with the code “DC-MC” is currently set as a default of 2.0% of the employee’s **gross** wages. Note that the deduction is based on gross wages – as opposed to MPSERS reportable wages as all prior contributions are. It is expected that employees may decrease – up to and including “opting-out” of this deduction, per rules to be explained shortly by ORS. It is also expected that employees may be able to increase the percentage, again based on rules to be explained in the future by ORS.

The Employer paid Benefit, with the code “DC-EM” is currently defined to be fifty percent of the employee’s contribution – or 1.0% of the employee’s gross wages. Again, it is expected that this may change per rules defined by ORS in the future.