



DEXTER
COMMUNITY
SCHOOLS

**Dexter Community Schools
Employee Retirement Plans**

Dexter Community Schools Employee Retirement Plans

- 1) Michigan Public School Employees Retirement System (MPERS) Pension**
- 2) Dexter Community Schools 403b/457 Retirement Savings Plan**
- 3) Social Security**

Dexter Community Schools Employee Retirement Plans

1) State of Michigan MPERS

Choice 1 Savings only

Defined Contribution
and Personal
Healthcare Fund

VOYA 457 and 401k

DC=6%
(3% as of 2/1/18)
PHF=2%

4% +
401k Match
DC=3% PHF=2%

Choice 2

Pension + Savings

Pension

Office of
Retirement
Services (ORS)

3% \$0-\$5k
3.6% \$5-\$15k
6.4% \$15k+

Pension =
1.5%*YOS*FAC

Defined Contribution
and Personal
Healthcare Fund

VOYA 457 and 401k

DC=2%
PHF=2%

401k Match
DC=1% PHF=2%

2) Dexter Community Schools

Dexter Schools
403b/457

The Standard

403b up to \$18,000
457 up to \$18,000
(\$24,000 if 50+)

3) Social Security

Social Security /
Medicare

You contribute
6.2% to Social
Security

You contribute
1.45% to Medicare

MPSERS Pension

- 1) Michigan Public School Employees Retirement System (MPSERS) Pension**
- 2) Dexter Community Schools 403b/457 Retirement Savings Plan
- 3) Social Security

MPSERS Pension

- When you were hired into any Michigan public school you made a one time irrevocable unchangeable election**

MPSERS Pension

❑ Hired after 9/4/2012

Choice 1 (Savings only):

▪ Defined Contribution

- ✓ The District contributes 4%
- ✓ You contribute 6.0% (goes into a State 457 plan at VOYA)
- ✓ The State matches 3.0% (goes into a State 401k plan at VOYA)
- ✓ On 2/1/2018 you are only required to contribute 3% to get the 3% match
- ✓ You may change your contribution or reduce to 0% after initial enrollment
- ✓ The State increases your contribution by 1% every January (up to 10%) unless you go on the VOYA system and change it back

▪ Personal Healthcare Fund

- ✓ You contribute 2.0% (goes into a State 457 plan at VOYA)
- ✓ The State matches 2.0% (goes into a State 401k plan at VOYA)
- ✓ You may change your contribution or reduce to 0% after initial enrollment
- ✓ This is really not healthcare money
- ✓ The State increases your contribution by 1% every January (up to 2%) unless you go on the VOYA system and change it back

MPSERS Pension

Choice 2 (Pension + Savings):

- **Defined Pension Plan (pension = 1.5% * years of service * FAC)**
 - 3.0% on \$0 - \$5,000 earnings in a fiscal year
 - 3.6% on \$5,001-\$15,000 earnings
 - 6.4% on earnings over \$15,001
- **Defined Contribution**
 - ✓ You contribute 2.0% (goes into a State 457 plan at VOYA)
 - ✓ The State matches 1.0% (goes into a State 401k plan at VOYA)
 - ✓ You may change your contribution or reduce to 0% after initial enrollment
 - ✓ The State increases your contribution by 1% every January (up to 10%) unless you go on the VOYA system and change it back
- **Personal Healthcare Fund**
 - ✓ You contribute 2.0% (goes into a State 457 plan at VOYA)
 - ✓ The State matches 2.0% (goes into a State 401k plan at VOYA)
 - ✓ You may change your contribution or reduce to 0% after initial enrollment
 - ✓ This is really not healthcare money
 - ✓ The State increases your contribution by 1% every January (up to 2%) unless you go on the VOYA system and change it back

Note: FAC = your highest 60 consecutive months of earnings

MPSERS Pension

What does it look like on your paycheck?

Choice 1 (Savings only):

Withholdings and Deductions

12.R.D63	MPSERS Defined Contribution 6%+3%
20.R.PHF	MPSERS Personal Health Fund 2%

Choice 2 (Pension + Savings):

Withholdings and Deductions

10.R.PP	MPSERS Pension Plus 3.0-6.4%
11.R.D21	MPSERS Defined Contribution 2%+1%
20.R.PHF	MPSERS Personal Health Fund 2%

MPSERS Pension

❑ **Hired after 9/4/2012**

- **District Contribution**

- The District makes a mandatory payment to MPSERS of 37.08 % (in 2017-18)**

- This is not your money. It funds the Pension system itself.**

- **You may not buy years of service**

MPSERS Pension

❑ Hired before 9/4/2012

Your Pension Election	Basic <i>bef.</i> 1/1/1990	Basic 4% <i>bef.</i> 1/1/1990	MIP-fixed <i>bef.</i> 1/1/1990	MIP-graded <i>eff.</i> 1/1/1990	MIP-plus <i>eff.</i> 7/1/2008	MIP 7%	MIP or Basic Converted to DC <i>eff.</i> 2/1/2013	Pension Plus <i>eff.</i> 7/1/2010	DC <i>eff.</i> 2/1/2013
Pension Multiplier (YOS before 2/1/2013)	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	1.5%	
Pension Multiplier (YOS after 2/1/2013)	1.25%	1.5%	1.25%	1.25%	1.25%	1.5%	0%	1.5%	0%
Employee deduction	0.0%	4.0%	3.9%			7.0%	0.0%		0.0%
\$0-\$5,000 earnings				3.0%	3.0%			3.0%	
\$5,001-\$15,000				3.6%	3.6%			3.6%	
Over \$15,000				4.3%	6.4%			6.4%	
Employee contribution to your VOYA 457								up to 2.0%	up to 6.0% (3% as of 2/1/18)
State contribution to your VOYA 401k							4.0%	up to 1.0%	4% plus match up to 3.0%

Your Healthcare Election	Healthcare benefit	Personal Healthcare Fund (PHF)
Employee deduction	3.0%	0.0%
Employee contribution to your VOYA 457		up to 2.0%
State contribution to your VOYA 401k		up to 2.0%

MPSERS Pension

☐ Hired before 9/4/2012

MIP and Basic Pension Formulas

Benefit Structure	Pension Formula
MIP (Graded, Fixed, and Plus) <i>and</i> Basic	FAC x 1.5% x YOS before February 1, 2013* PLUS FAC x 1.25% x YOS on or after February 1, 2013*
MIP 7% and Basic 4% , (retained 1.5 percent multiplier for entire career)	FAC x 1.5% x YOS
MIP 7% and Basic 4% , (retained 1.5 percent multiplier up to 30 years of service)	FAC x 1.5% x YOS, up to 30 years PLUS FAC x 1.25% x YOS above 30 years
MIP DC Converted and Basic DC Converted	FAC x 1.5% x YOS as of February 1, 2013*

*Note: MIP FAC = your highest 36 consecutive months of earnings
Basic FAC = your highest 60 consecutive months of earnings*

MPSERS Pension

❑ Hired before 9/4/2012

▪ District Contribution

**The District makes a mandatory payment to MPSERS of 37.08 % (in 2017-18)
This is not your money. It funds the Pension system itself.**

▪ Purchasing service credit.

- ✓ If you initiated a contract to purchase service credit before 9/29/2017, you may continue paying for your years of service.
- ✓ Any service purchase contract initiated after July 2006 is charged interest on the outstanding balance each June 30th
- ✓ Any service purchase contract initiated after July 2008 does not accrue toward the health subsidy upon retirement
- ✓ After September 29, 2017 service credit purchases are only available for military service and repayment of refunded pension contribution.

MPSERS Pension

What does it look like on your paycheck?

Withholdings and Deductions

13.R.B4	MPSERS Basic 4%
21.R.HCF	MPSERS Health Care Fund 3%

Withholdings and Deductions

15.R.MF	MPSERS MIP Fixed 3.9%
21.R.HCF	MPSERS Health Care Fund 3%

Withholdings and Deductions

16.R.MG	MPSERS MIP Graded 3.0-4.3%
21.R.HCF	MPSERS Health Care Fund 3%

Withholdings and Deductions

17.R.M7	MPSERS MIP 7%
21.R.HCF	MPSERS Health Care Fund 3%

MPSERS Pension

❑ Things to remember if you were hired after 9/4/2012

- You may change your Defined Contribution deduction or reduce to 0% after initial enrollment
- The State increases your Defined Contribution by 1% every January (up to 10%) unless you go on the VOYA system and change it back EVERY YEAR!
- You may change your Personal Healthcare Fund deduction or reduce to 0% after initial enrollment
- Personal Healthcare Fund is really not healthcare money
- The State increases your Personal Healthcare Fund deduction by 1% every January (up to 2%) unless you go on the VOYA system and change it back
- The State sends you a newsletter and the automatic increase notification is buried in the newsletter
- You get a match from the State on the Defined Contribution and Personal Healthcare Fund up to the original contribution base
- Don't turn down the free money, but after you get the match consider ...

A Better 403(b)/457 Plan-
The 4-Bucket Plan

Dexter Community Schools 403b/457 Plans

- 1) Michigan Public School Employees Retirement System (MPERS) Pension
- 2) **Dexter Community Schools 403b/457 Retirement Savings Plan**
- 1) Social Security

Washtenaw ISD and Wayne RESA 403(b)/457 Plan

A Better 403(b) Plan-
The 4-Bucket Plan

Dexter Community Schools 403b/457 Plans

- Dexter Community Schools 403(b) Plan and Dexter Community Schools 457 Plan allow for pre-tax and rollover contributions. You do not pay federal or state income tax on contributions, earnings, or gains until you begin making withdrawals from the plan, usually after you retire.
- The 403(b) and 457 Plans operate similar to 401k plans in private business
- As an employee of a public school AND state government, you can participate in either or both plans.
- The maximum contribution for 2017 calendar year is \$18,000 each into a 403(b) plan and a 457 plan. If you are age 50 or older, you may contribute up to a total of \$24,000 each. You may contribute up to a total of \$36,000 and \$48,000 if you are age 50 or older if you choose to participate in both plans.
- You are eligible to enroll immediately on your date of hire
- You may change or stop or start elections at any time
- All employees are eligible, full time or part time or temporary
- Loans are available from your 403b and 457 plans with payroll deduction repayment. Hardship withdrawals are also available.
- If you have chosen to participate in the MPERS Defined Contribution 457 plan at VOYA, you should monitor your overall 457 contributions so you do not exceed the IRS limits.

Dexter Community Schools 403b/457 Plans

- The Dexter Community Schools 403(b) and 457 Plans are administered by The Standard
- The Plan was launched in 2009 by a consortium of school districts in Washtenaw ISD and Wayne RESA
- The combined assets of all schools in the consortium at 9/30/2017 exceeded \$50,000,000
- Dexter Community Schools employees have saved \$12,500,000 towards their retirement

Dexter Community Schools 403b/457 Plans

What does it look like on your paycheck?

Withholdings and Deductions	
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41.403	403b Contribution-The Standard
45.457	457 Contribution- The Standard

The 4-Bucket Plan: A Better 403(b) Retirement Plan

- ❑ 29-Fund Core Lineup
 - Covers 15 asset classes
 - Active and passive funds in each asset class
- ❑ 5-Guided Portfolios (Built from 29-Fund Core Lineup)
 - Conservative
 - Moderately Conservative
 - Moderate
 - Moderately Aggressive
 - Aggressive
- ❑ Mainspring Managed (Built from 29-Fund Core Lineup)
 - Fee for planning services \$10 per month
- ❑ Schwab PCRA
 - More than 5,000 mutual funds available
 - Fee to access PCRA \$35 per year
 - Can employ your own advisor to pick your funds

The 4-Bucket Plan: A Better 403(b) Retirement Plan

The 403(b) and 457 was carefully designed to:

#1 Provide compliance with new IRS regulations and IRS expectations

#2 Maximize participant retirement savings with the selection of investments and by minimizing erosion caused by high vendor fees

The 4-Bucket Plan: A Better 403(b) Retirement Plan

In addition, it offers:

- Low cost: mutual funds with low internal fees; low cost plan administration; and, efficient structure (no loads; no surrender charges)
- Total disclosure of fees charged and return of revenue sharing to offset fees (complete transparency)
- The plan provider to accept fiduciary responsibility for fund selection (a truly unbiased fund selection process)
- Independent: no proprietary mutual funds or other insurance products to sell to participants
- Large enough vendor with solid established history of managing retirement plans; our plan should not make up the majority of their funds under management

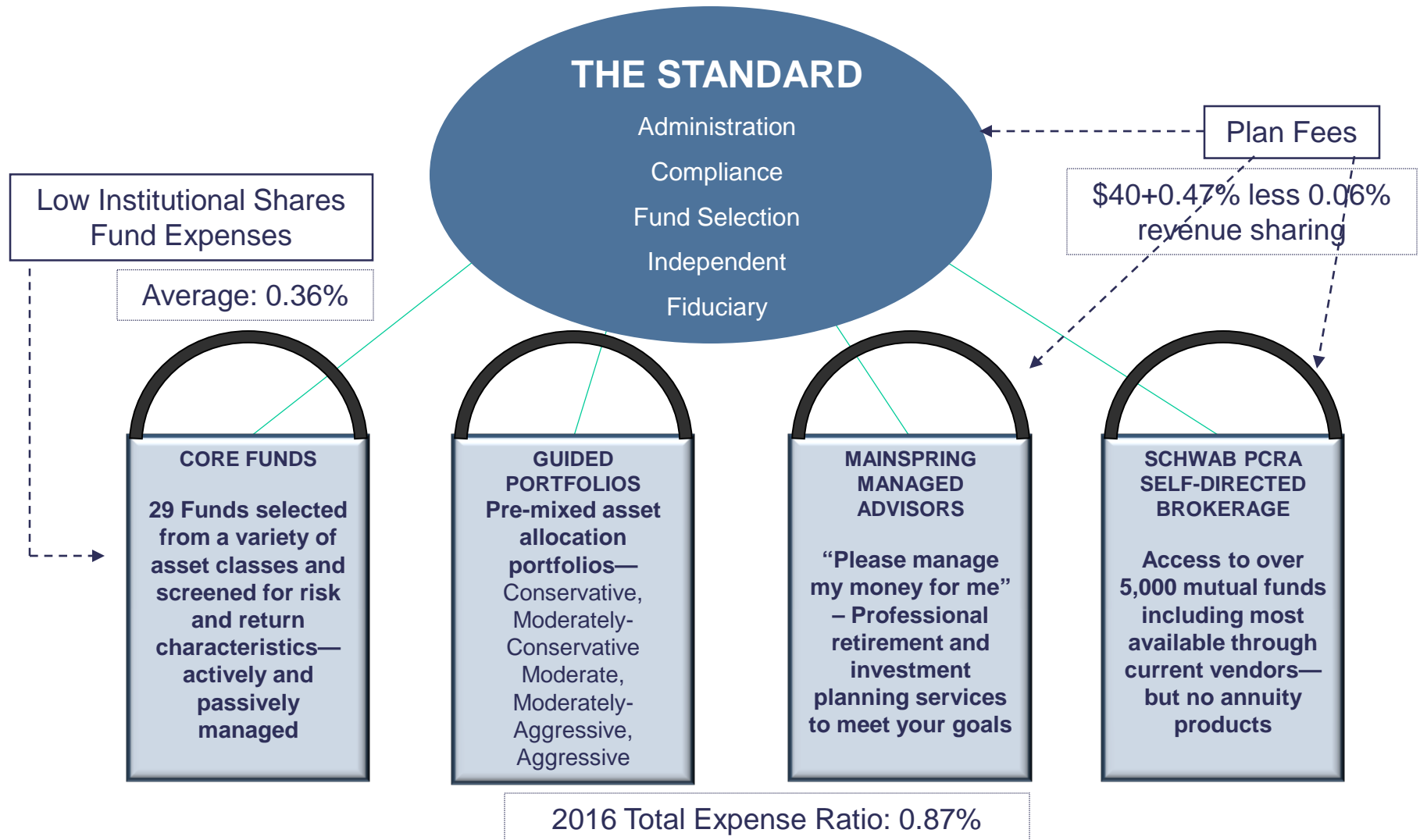
The 4-Bucket Plan: A Better 403(b) Retirement Plan

In addition, it offers:

- Structured fund selection process by a team of professionals, not one or two salespeople
- As much structure as before for those who need it, i.e. “I don’t know, just pick what I should do.”
- More flexibility than before: virtually unlimited access to legal 403b mutual fund investments
- Ability to work with a personal or previous financial advisor: Participant would continue to pay for the financial advice, just in a different way; if you don’t use advice you don’t have to pay for it
- Improved/consistent education on saving for retirement

The 4-Bucket Plan: A Better 403(b) Retirement Plan

Dexter Community Schools



The Standard: 403b/457 Core Funds

United States Mutual Funds | Release Date 9/21/2017 | 1 of 1

Morningstar Data Date	Ticker	Name	Morningstar Category	Style	Total Ret % Rank Cat 3 Yr	Prospect us Net Expense Ratio	Category Expense Ratio
6/30/2017	VVIAX	Vanguard Value Index Adm	Large Value	Passive Index	8	0.06	1.06
6/30/2017	STVTX	Virtus Ceredex Large Cap Value Eq I	Large Value	Active	53	0.97	1.06
6/30/2017	VFIAX	Vanguard 500 Index Admiral	Large Blend	Passive Index	9	0.04	1.00
6/30/2017	JUSRX	JPMorgan US Equity R5	Large Blend	Active	18	0.56	1.00
6/30/2017	VIGAX	Vanguard Growth Index Admiral	Large Growth	Passive Index	30	0.06	1.14
6/30/2017	MLAIX	MainStay Large Cap Growth I	Large Growth	Active	42	0.74	1.14
6/30/2017	HACAX	Harbor Capital Appreciation Instl	Large Growth	Active	22	0.65	1.14
6/30/2017	VMVAX	Vanguard Mid-Cap Value Index Admiral	Mid-Cap Value	Passive Index	16	0.07	1.16
6/30/2017	MVCKX	MFS Mid Cap Value R6	Mid-Cap Value	Active	31	0.75	1.16
6/30/2017	ABMIX	AMG Managers Fairpointe Mid Cap I	Mid-Cap Value	Active	63	0.87	1.16
6/30/2017	VIMAX	Vanguard Mid Cap Index Admiral	Mid-Cap Blend	Passive Index	14	0.06	1.13
6/30/2017	VMGMX	Vanguard Mid-Cap Growth Index Admiral	Mid-Cap Growth	Passive Index	30	0.07	1.24
6/30/2017	NRMGX	Neuberger Berman Mid Cap Growth R6	Mid-Cap Growth	Active	28	0.67	1.24
6/30/2017	VSIAX	Vanguard Small Cap Value Index Admiral	Small Value	Passive Index	22	0.07	1.31
6/30/2017	DFFVX	DFA US Targeted Value I	Small Value	Active	56	0.37	1.31
6/30/2017	VSMAX	Vanguard Small Cap Index Adm	Small Blend	Passive Index	40	0.06	1.21
6/30/2017	DFSTX	DFA US Small Cap I	Small Blend	Active	30	0.37	1.21
6/30/2017	VSGAX	Vanguard Small Cap Growth Index Admiral	Small Growth	Passive Index	63	0.07	1.30
6/30/2017	PRNHX	T. Rowe Price New Horizons	Small Growth	Active	6	0.79	1.30
6/30/2017	VTMGX	Vanguard Developed Markets Index Admiral	Foreign Large Blend	Passive Index	31	0.07	1.10
6/30/2017	HAOYX	Hartford International Opportunities Y	Foreign Large Blend	Active	15	0.79	1.10
6/30/2017	RERGX	American Funds Europacific Growth R6	Foreign Large Growth	Active	21	0.50	1.24
6/30/2017	OIGIX	Oppenheimer International Growth I	Foreign Large Growth	Active	54	0.70	1.24
6/30/2017	VBIAX	Vanguard Balanced Index Adm	Allocation--50% to 70% Equity	Passive Index	7	0.07	1.17
6/30/2017	VMFXX	Vanguard Federal Money Market Investor	Money Market - Taxable	Active	-	0.11	0.51
6/30/2017	VSGDX	Vanguard Short-Term Federal Adm	Short Government	Active	13	0.10	0.77
6/30/2017	VFIUX	Vanguard Interm-Term Treasury Adm	Intermediate Government	Active	10	0.10	0.86
6/30/2017	VBTLX	Vanguard Total Bond Market Index Adm	Intermediate-Term Bond	Passive Index	37	0.05	0.78
6/30/2017	PTTRX	PIMCO Total Return Instl	Intermediate-Term Bond	Active	28	0.46	0.78

Charles Schwab

Brokerage Access

The 4-Bucket Plan: A Better 403(b) Retirement Plan

ASBO's 2010 Pinnacle of Achievement Award



Dexter Teacher Example

Dexter Community Schools DEA Salary Schedule								403b Contribution	
2017-18							SPEC	1%	
Level	BA	BA+10	BA+20	MA	MA+10	MA+20	MA+30	11%	per pay
1	39,250	39,592	40,119	43,328	44,597	45,799	47,374	\$ 4,318	\$ 180
1.5	40,211	40,562	41,102	44,389	45,689	46,920	48,534	\$ 4,467	\$ 186
2	40,813	41,153	41,589	45,092	46,396	47,641	49,252	\$ 4,618	\$ 192
2.5	41,813	42,161	42,608	46,196	47,532	48,807	50,458	\$ 4,778	\$ 199
3	42,865	43,293	43,639	47,496	48,858	50,157	51,821	\$ 4,995	\$ 208
3.5	43,915	44,265	44,618	48,562	49,955	51,283	52,984	\$ 5,158	\$ 215
4	45,750	46,100	47,466	52,147	53,403	54,803	56,595	\$ 6,089	\$ 254
5	48,038	48,405	49,839	54,755	56,074	57,543	59,425	\$ 6,457	\$ 269
6	51,643	51,998	52,356	57,858	59,437	60,990	62,880	\$ 7,080	\$ 295
7	54,193	54,549	54,905	61,118	62,762	64,418	66,335	\$ 7,551	\$ 315
8	57,512	57,963	58,161	64,406	66,186	67,944	70,142	\$ 8,256	\$ 344
9	60,215	60,687	60,895	67,948	69,959	71,817	74,140	\$ 8,814	\$ 367
10	63,165	63,661	63,878	71,278	73,317	75,264	77,699	\$ 9,631	\$ 401
11	63,292	63,661	63,942	71,620	73,647	75,603	77,932	\$ 9,756	\$ 407
12	63,418	63,788	64,070	71,849	73,860	75,731	77,987	\$ 9,861	\$ 411
13	63,501	63,788	64,070	71,943	73,934	75,807	78,065	\$ 9,969	\$ 415
14	63,577	63,864	64,147	71,978	74,023	75,898	78,158	\$ 10,081	\$ 420
15	64,000	64,355	64,719	72,474	74,505	76,372	78,548	\$ 10,233	\$ 426
16	64,039	64,393	64,759	72,627	74,550	76,418	78,596	\$ 10,341	\$ 431
17	64,103	64,458	64,759	72,627	74,552	76,494	78,597	\$ 10,445	\$ 435
18	64,167	64,522	64,760	72,628	74,552	76,571	78,597	\$ 10,549	\$ 440
19	64,231	64,587	64,787	72,658	74,583	76,648	78,630	\$ 10,659	\$ 444
20	65,283	65,645	66,017	74,038	75,999	77,902	80,122	\$ 10,970	\$ 457
21	65,283	65,645	66,017	74,038	75,999	77,903	80,123	\$ 11,080	\$ 462
22	65,284	65,646	66,018	74,080	76,000	77,948	80,169	\$ 11,197	\$ 467
23	65,383	65,746	66,118	74,152	76,116	78,022	80,246	\$ 11,320	\$ 472
24	65,418	65,780	66,153	74,191	76,156	78,063	80,288	\$ 11,439	\$ 477
25	67,214	67,585	67,969	76,227	78,246	80,207	82,492	\$ 11,871	\$ 495
26	67,295	67,667	68,051	76,319	78,340	80,303	82,592	\$ 12,004	\$ 500
27	67,295	67,667	68,051	76,319	78,340	80,303	82,592	\$ 12,124	\$ 505
								\$ 266,113	

This Hypothetical Illustration is based on the following assumptions:

- Start on Step 1 BA
- Invest 11% of your paycheck
- Move up one salary step per year
- Each year the salary schedule increases by 1%
- Moves education levels once every 2 years through MA+30
- DEA salary schedule is as currently negotiated

After 30 years you will have invested

\$266,113

Dexter Teacher Example

Year	Savings Balance	Gross Return	Expenses	Net Return
1	\$ 4,318	10.00%	0.88%	9.12%
2	\$ 9,179	10.00%	0.88%	9.12%
3	\$ 14,634	10.00%	0.81%	9.19%
4	\$ 20,757	10.00%	0.81%	9.19%
5	\$ 27,659	10.00%	0.79%	9.21%
6	\$ 35,365	10.00%	0.79%	9.21%
7	\$ 44,712	10.00%	0.79%	9.21%
8	\$ 55,287	10.00%	0.79%	9.21%
9	\$ 67,459	10.00%	0.79%	9.21%
10	\$ 81,222	10.00%	0.79%	9.21%
11	\$ 96,958	10.00%	0.79%	9.21%
12	\$ 114,702	10.00%	0.79%	9.21%
13	\$ 134,897	10.00%	0.79%	9.21%
14	\$ 157,077	10.00%	0.79%	9.21%
15	\$ 181,405	10.00%	0.79%	9.21%
16	\$ 208,082	10.00%	0.79%	9.21%
17	\$ 237,327	10.00%	0.79%	9.21%
18	\$ 269,418	10.00%	0.79%	9.21%
19	\$ 304,572	10.00%	0.79%	9.21%
20	\$ 343,068	10.00%	0.79%	9.21%
21	\$ 385,214	10.00%	0.79%	9.21%
22	\$ 431,352	10.00%	0.79%	9.21%
23	\$ 482,049	10.00%	0.79%	9.21%
24	\$ 537,526	10.00%	0.79%	9.21%
25	\$ 598,230	10.00%	0.79%	9.21%
26	\$ 664,647	10.00%	0.79%	9.21%
27	\$ 737,300	10.00%	0.79%	9.21%
28	\$ 817,076	10.00%	0.79%	9.21%
29	\$ 904,333	10.00%	0.79%	9.21%
30	\$ 999,746	10.00%	0.79%	9.21%

This Hypothetical Illustration is based on the following assumptions:

- 10% gross return
- Low plan and fund expenses
- Past performance is no guarantee of future results

After 30 years you will have

\$999,746

Dexter Community Schools Employee Retirement Plans

1) State of Michigan MPERS

Choice 1 Savings only

Defined Contribution and Personal Healthcare Fund

VOYA 457 and 401k

DC=6%
(3% as of 2/1/18)
PHF=2%

4% +
401k Match
DC=3% PHF=2%

Choice 2

Pension + Savings

Pension

Office of Retirement Services (ORS)

3% \$0-\$5k
3.6% \$5-\$15k
6.4% \$15k+

Pension =
1.5%*YOS*FAC

Defined Contribution and Personal Healthcare Fund

VOYA 457 and 401k

DC=2%
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401k Match
DC=1% PHF=2%

2) Dexter Community Schools

Dexter Schools
403b/457

The Standard

403b up to \$18,000
457 up to \$18,000
(\$24,000 if 50+)

3) Social Security

Social Security / Medicare

You contribute
6.2% to Social Security

You contribute
1.45% to Medicare

Dexter Community Schools Employee Retirement Plans

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