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Important Disclosures

MICHIGAN OFFICE OF RETIREMENT SERVICES
Big Plans. Small Steps.

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We Are Here to Help



There is a wealth of information contained in today's session and we understand that you may find yourself slightly overwhelmed



Getting more information is easy:

Voya Plan Information Line:
1-800-748-6128

Local Voya Education Office:
517-284-4422

Website:
https://stateofmi.voya.com



We want to work with you on an individual basis to meet your individual needs

Retirement Plan Election

- You have a choice between two retirement plans:
  - *Defined Contribution (DC) Plan*
  - *Pension Plus 2 Plan*
- You must make your retirement plan election in miAccount no later than 75 calendar days from the end of your first payroll period
- Once you make your election or the deadline passes, your retirement plan election can't be changed

Your Retiree Healthcare Benefit

- Regardless of your retirement plan choice, you are placed in the Personal Healthcare Fund (PHF), a special fund established to help you save now for healthcare expenses in retirement in the following ways:
  - *As of your date of hire, you will be automatically enrolled in a 2% employee contribution to the State of Michigan 457 Plan account which will earn a 100% employer match (up to 2%) into a 401(k) account*
  - *You may be eligible for a credit to a Health Reimbursement Account (HRA) at termination if you attain at least 10 years of service*
    - $2,000 credit if you are at least 60 years of age at termination
    - $1,000 credit if you are less than 60 years of age at termination

Defined Contribution (DC) Plan

- Savings component only; no pension component
  - *Consists of portable, tax-deferred investment accounts*
    - All employee contributions go into a 457 account
    - All employer contributions go into a 401(k) account
  - *Retirement benefit from employer*
    - 4% mandatory employer contribution
    - Employer match of 100% (up to 5% of salary) on voluntary employee contributions
  - *You are auto-enrolled at 5% (3% retirement savings + 2% PHF). You can change this amount at any time, but you won't get the full employer match unless you contribute at least 5%.*
  - *Contributions are invested in a State Street Target Retirement Fund (based on an anticipated retirement age of 65)*
  - *You may change your investment options at any time*

Defined Contribution (DC) with Personal Healthcare Fund (PHF)

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- Contributions to Savings Component

Contribution	Percentage
Employer Mandatory	4%
Employee Retirement	**3%**
Employer Retirement Match	3%
Employee PHF	**2%**
Employer PHF Match	2%
Total	**14%**

- Vesting
  - *2 years of service = 50% vested*
  - *3 years of service = 75% vested*
  - *4 years of service = 100% vested*

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You may prefer the DC plan if…

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- You want to decide how much and when you withdraw your vested contributions and investment earnings in retirement
- You want the ability to increase or decrease your contributions throughout your career to help meet your retirement goals
- You want to pass on any remaining vested contributions and investment earnings to your designated beneficiary(ies) upon your death
- You are comfortable risking investment losses while investing to help meet your retirement goals
- You are comfortable that your monthly income in retirement is determined by your employee and employer contributions and your investment returns

* Important: All items listed here also apply to the savings component of the Pension Plus 2 Plan.

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Pension Plus 2 Plan

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- Pension Component
  - *You'll receive a **monthly pension** for life after vesting in this portion of the plan.*

FAC (Final Average Compensation) **x 1.5%** (Pension Factor) **x YOS** (Years of Service)

  - *Eligible to begin receiving payments at age 60 with 10 or more years of service (subject to change).*
  - *You make pretax contributions to the pension fund. The cost of the pension component is shared 50/50 between you and your employer. Both you and your employer will contribute 6.2% of your wages (contribution rate subject to change annually).*
  - *If you leave service prior to becoming fully vested, you may request a refund of your pension contributions with interest, but you will forfeit all corresponding service credit in the plan. If you return back to work for MPSERS, service credit can be reinstated by purchasing it back (plus interest). If you take a refund of DB service, that does not affect your vesting with the savings portion.*

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Pension Plus 2 Plan

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- Savings Component
  - *Consists of portable, tax-deferred investment accounts*
    - All employee contributions go into a 457 account
    - All employer contributions go into a 401(k) account
  - *Provides an employer match of 50% (not to exceed 1% of salary) on voluntary employee contributions*
  - *You are auto-enrolled at 4% (2% retirement savings + 2% PHF). You can change this amount at any time, but you won't get the full employer match unless you contribute at least 4%*
  - *Contributions are invested in a State Street Target Retirement Fund (based on an anticipated retirement age of 65)*
  - *You may change your investment options at any time*

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Pension Plus 2 with Personal Healthcare Fund (PHF)

- Contributions to Savings Component

Contribution	Percentage
Employee Retirement	**2%**
Employer Retirement Match	1%
Employee PHF	**2%**
Employer PHF Match	2%
Total	**7%**

- Vesting
  - *2 years of service = 50% vested*
  - *3 years of service = 75% vested*
  - *4 years of service = 100% vested*

You may prefer Pension Plus 2 if…

- You want a monthly benefit for life in retirement (pension component)
- You are comfortable knowing your contribution rate is set by law (pension component)
- You want the ability to provide a lifetime monthly benefit for an eligible survivor after your death (if you choose a survivor option at retirement)
- You are not comfortable with the risk of falling short of meeting your retirement goals due to potentially lower returns or market fluctuations

Things to Consider

- Each plan has advantages and disadvantages
- Which plan is best depends on your unique situation and retirement goals
- You should understand that this retirement plan election is based on current federal and state law, which takes precedence over any contrary information contained in this presentation, and that those federal and state laws may change in the future and have an impact on the election you have made
- Your decision is irrevocable, regardless of whether you return to public school employment in the future
- If necessary, you may want to consult a financial planner for help making this decision

Making Your Election

- It is extremely important that you log into miAccount to acknowledge that you received a description of your benefit options and **make your election within 75 calendar days of your first payroll date.**
- As a new member of the MPSERS Plan, you are initially placed into the hybrid Pension Plus 2 Plan. This will result in 6.2% of your wages contributed to the pension component and 4% of your wages contributed to the savings component (2% retirement savings + 2% PHF).



Making Your Election continued…

- If you choose the **Pension Plus 2 Plan**, your contribution remains at 6.2% of your wages contributed to the pension component and 4% of your wages contributed to the savings component (2% retirement savings + 2% PHF).
- If you choose the **Defined Contribution Plan** within 75 calendar days from your first payroll date, your contribution will be changed to 0% of your wages contributed to the pension component and 5% of your wages contributed to the savings component (3% retirement savings + 2% PHF).
- If you **do not make an election** within 75 calendar days from your first payroll date, you will be enrolled in the **Defined Contribution Plan**. Your contribution will be changed to 0% of your wages contributed to the pension component and 5% of your wages contributed to the savings component (3% retirement savings + 2% PHF), retroactive to your date of employment.

Contribution Details

- Determine the contribution amount that will help you reach your retirement goal
  - *These contributions may not provide enough money for you to retire on*
- Review your contribution rate annually
- Use Plan tools to increase your contributions:
  - *myOrangeMoney*
  - *Rate Escalator*
  - *Small Steps*



Take Advantage of Small Steps

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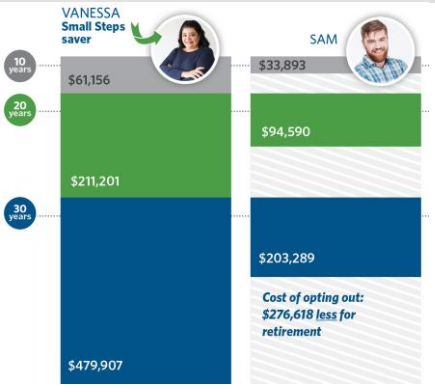
- Vanessa and Sam both earn a salary of $50,000. Both were saving 5% of their salary.
- Vanessa's savings rate goes up 1% each year with Small Steps until her rate reaches 15% and stays there until she retires.
- Sam opts out. He holds his rate at 5% from start to finish.



This is a hypothetical example for illustrative purposes only and does not represent the performance of an actual investment. It assumes an annual salary of $50,000, pre-tax contributions, contributing regularly at age 30 until retiring at age 65, 26 pay periods per year, a 6 percent annual rate of return and reinvestment of earnings. Investments are subject to investment risk including the possible loss of principal. The investment return and principal value of the security will fluctuate so that when redeemed, it may be worth more or less than the original investment. In addition, these figures do not reflect any adjustment for pay raises, inflation, taxes or any fees, expenses or charges of any investment product. Taxes are generally due upon withdrawal of tax-deferred assets.

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Target Retirement Funds

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Your Birth Year	Contributions made by you and the State of Michigan on your behalf will automatically be invested into this Target Date Fund
Prior to 1952	State Street Target Retirement Income Fund
1953 – 1957	State Street Target Retirement 2020 Fund
1958 – 1962	State Street Target Retirement 2025 Fund
1963 – 1967	State Street Target Retirement 2030 Fund
1968 – 1972	State Street Target Retirement 2035 Fund
1973 – 1977	State Street Target Retirement 2040 Fund
1978 – 1982	State Street Target Retirement 2045 Fund
1983 – 1987	State Street Target Retirement 2050 Fund
1988 – 1992	State Street Target Retirement 2055 Fund
1993 – 1997	State Street Target Retirement 2060 Fund
After 1998	State Street Target Retirement 2065 Fund

An investment in a target date fund is not guaranteed and you may experience losses, including losses near, at, or after the target date. There is no guarantee that the fund will provide adequate income at and through retirement.

This presentation is for general education purposes only and does not, nor is it intended to constitute legal, tax, investment or financial advice. To the extent that you need any such advice you are encouraged to speak with your legal, tax or investment advisor.

Advisory Services provided by Voya Retirement Advisors, LLC (VRA)

- Objective Investment Advice
- Current assessment of risks, goals and objectives
- Advice on how much to save and how to invest
- Preparation of a personalized investment strategy and reports



Two ways to access investment advice

- ***Online Advice***
  - **Available at no additional cost**
- ***Professional Management***
  - **Charge is 2.5 basis points per month for the first $100,000 of your account balance, 2.08 basis points for the next $150,000 of your account balance, and 1.67 basis points for the remainder of your account balance over $250,000**

Through its partnership with Voya, the State of Michigan has agreed to provide access to Advisory Services, powered by Financial Engines. The State reserves the right to modify or discontinue this arrangement at any time.

Advisory Services provided by Voya Retirement Advisors, LLC (VRA)

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An Option for Your Previous Retirement Plans

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- If you've made the decision to consolidate your retirement plans:
  - *Contact your current plan provider to request a rollover*
  - *Visit the Plan website at: http://stateofmi.voya.com under the forms section, or contact the Plan Information Line at 800-748-6128, and request your Rollover Contribution Form*
- Potential benefits with the State of Michigan Plans include:
  - *Low investment expenses*
  - *Keeping retirement savings tax-deferred*
  - *Ease of management and monitoring in one convenient place*
- Voya has a team of specialists available to provide you with information so that you may make informed decisions about consolidating your outside qualified plans with your State of Michigan 401(k) and/or 457.

Contact the ACT team for more information today:
1-866-865-2660 or ACT@voya.com

Carefully consider the provisions of your current retirement plan and the new product or investment alternative for differences in cost, benefits, surrender charges or other important features before transferring assets. Consult your own legal and tax advisors regarding your personal situation.

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Additional Services and Information

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- Semi-Annual statements
  - *Display your personal investment performance and beneficiary information*
  - *Investment performance for all funds in the plans*
  - *Newsletter with timely topics*
  - *Insert containing dates, times, locations for seminar/webinar/personal advice sessions*
- MPSERS 401(k)/457 Plans Overview course
  - *Reviews the differences between the 401(k) and 457 plans, investment options, payout options, how to get started, and who to call with questions*
- Basic Investing course
  - *Reviews basic terminology, types of risk, available mutual funds and factors to consider when investing for retirement*
- 1:1 Appointments

Access seminars and 1:1 appointments via the web at
http://www.stateofmiplanseducation.com

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Remember!

- After reviewing your retirement benefit options at http://pickmiplan.org:
  - *Click **I'M READY TO MAKE MY ELECTION**, which takes you to miAccount.* ***NOTE:*** *You'll need your Member ID, which is located in your welcome letter, to register in miAccount*
  - *Acknowledge you received a description of the benefit options, which is available in the Retirement Plan Election Guide on the PickMiPlan website*
  - *Make your retirement plan election in miAccount and print your confirmation*
- After you've made your election, go to the Plan website: https://stateofmi.voya.com
  - *Create your username and password*
  - *Set your Communication Preferences under My Profile*
  - *Designate your beneficiary*
  - *Sign up for 1:1 appointment*