Save Today for Health Care Expenses Tomorrow

The State of Michigan provides competitive employee benefits and encourages you to take full advantage of them to plan for your future. Your benefits include an innovative way for you to save for health care expenses.

Healthcare

You become eligible for a partial health, prescription drug, dental, and vision insurance premium subsidy after you have terminated state service if you have the equivalent of at least 10 years of full-time service. To participate, you must be terminated from state employment and be age 60, or terminate employment directly from state service after meeting the age and service requirements shown below.

Important: Be sure to apply for retiree healthcare at least one month before you terminate employment if you wish to have continuous coverage.

Position	Age and Service Requirement
Regular State Employee (Classified and unclassified service not otherwise listed)	Age 60 with 10 years of service Age 55 with 30 years of service
Covered Employees (Employees in covered positions responsible for the custody and supervision of prisoners)	Age 56 with 10 years of covered service Age 51 with 25 years of covered service The 3 years immediately before termination must be in a covered position.
Conservation Officers	Any age with 25 years of service You must have 23 years as a conservation officer, and the 2 years immediately before termination must be as a conservation officer.

Determining Years of Service

For most state employees, 2,080 hours equals one year of service. You cannot be credited with more than one year of service in any given year, and you cannot earn more than 80 hours of service in a pay period. Exceptions to the 2,080-hour year are employees who work for the Legislative Service Bureau (1,950 hours). If you are working less than full time, your total hours will be divided by 2,080 hours to determine your equated years of service. Only full years count for vesting or the health insurance subsidy calculation; your total years of service will be rounded down.

Follow these steps to find your current years of service:

- Go to the **Michigan Civil Service HR Gateway** (https://www.michigan.gov/mdcs > Click HR Gateway under MCSC Quick Links)
- Select **HR Self Service**
- Log in
- Navigate to: Personal Information > Leave Balances > Defined Contribution 40

Military Leave of Absence

Up to five years of intervening military leave (which interrupts your State of Michigan employment) can be used to meet the vesting requirements for employer contributions to your 401(k), the retiree health insurance subsidy, nonduty disability benefits, and nonduty death benefits. Upon returning from a military leave of absence, complete an *Application for Military Leave of Absence Credit (R0717G)* and return it to the Office of Retirement Services (ORS) along with the appropriate documentation. You will then be given credit for the years of service, and the state's 4 percent mandatory contributions missed will be credited to your 401(k) account. The form also gives you the option of making up missed employee contributions in order to qualify for missed employer match money.

Nonintervening military service may not be used to meet vesting requirements or to qualify for mandatory or matching employer contributions for the 401(k) plan.

Premium Subsidy

When you meet the age and service requirements, the state will pay a percentage of your monthly health, prescription drug, dental, and vision insurance premiums when you terminate employment and reach eligibility age. You have the Graded Premium Subsidy if you began state employment between March 31, 1997, and December 31, 2011, and did not choose the Personal Healthcare Fund. With the Graded Premium Subsidy you accrue credit towards insurance premiums in retirement. The subsidy is currently set at 30 percent with 10 years of service, with an additional 3 percent credited for each year of service thereafter up to the maximum subsidy in place for active employees. The maximum subsidy is determined by the Michigan Civil Service Commission and is subject to change.

The table shows the amounts you may be eligible for if you terminate employment in 2018-19. The graded subsidy is currently set at 30 percent with 10 years of service with an additional 3 percent credited for each year of service thereafter up to the maximum subsidy in place for active employees. Insurance rates are available on the Michigan Civil Service website in the document entitled, **DC Retiree Insurance Rates (**https://www.michigan.gov/mdcs > Employee Benefits > Insurance Rates > 18-19 Defined Contribution Participants with the Graded Premium Subsidy).

Health Insurance Subsidy Amounts													
Years of service	10	11	12	13	14	15	16	17	18	19	20	25	27
Insurance Subsidy %	30	33	36	39	42	45	48	51	54	57	60	75	80

If you transferred to the Defined Contribution (DC) plan under P.A. 487 of 1996, you retain the Defined Benefit (DB) plan insurance subsidy—you're eligible for the maximum subsidy allowable by statute, once you reach 10 years of service. DB plan insurance rates are available on the Michigan Civil Service Commission website in the document entitled, **Retirement – Monthly Rates, FY2018-2019 Group Insurance Premium Rates** (https://www.michigan.gov/mdcs > Employee Benefits > Insurance Rates > 2018-2019 Retiree - Health, Dental, and Vision Insurance Rates).

Dependent Health Insurance Subsidy

In general, your health benefit dependents* may enroll in your insurance plan after you terminate, as long as you are eligible and remain enrolled.

* Health benefit dependents are your spouse and unmarried children who are considered dependents under Section 152 of the Internal Revenue Code. Children aged 19-25 also need to be enrolled in an accredited school at least half-time.

The Impact of Medicare

Once you become eligible for Medicare, your state subsidy percentage remains the same. The amount you pay each month will be recalculated to reflect your new Medicare supplemental premium amount. Be sure to enroll in Medicare Parts A and B when you (or your dependents) first become eligible.

If you or your dependent will be eligible for Medicare when you apply to retire and haven't enrolled yet, you should contact Social Security to enroll in both Medicare Part A (Hospital) and Part B (Medical) at least three months before your retirement effective date. You will get a Medicare number once you are enrolled that you will need to provide to ORS when you enroll in insurance.

To Enroll in Insurances

About three months before you meet the insurance eligibility requirements and are ready to enroll in insurance benefits, contact the Office of Retirement Services (ORS) to request a Defined Contribution Plan insurance packet. The packet contains all the forms you will need, along with information about state insurance carriers and rates and continuing the state-sponsored life insurance. Forms can also be found on the **Forms and Publications** tab at **www.michigan.gov/orsstatedc**.

At least one month before you want the coverage to start, complete and return the forms to ORS with all required documents listed in the packet. ORS will verify your eligibility and calculate your insurance subsidy amount. You will receive a letter detailing your eligibility, subsidy amount, and life insurance information (if eligible).

Once you terminate employment, we will send your insurance enrollment data to the insurance carriers, and you will receive information packets and identification cards from each. We will also send you payment coupons for your share of the premium to be paid.

* Health benefit dependents are your spouse and unmarried children who are considered dependents under Section 152 of the Internal Revenue Code. Children aged 19-25 also need to be enrolled in an accredited school at least half-time.

Life Insurance

Your state-sponsored life insurance will continue for you and your dependents at no charge to you if you meet both the age and service requirements when you leave state employment and apply for this benefit before termination. If you leave state employment after you have met the 10-year service requirement but not the age requirement, you waive your right to state paid life insurance.

Coverage

The coverage will be 25 percent of the coverage carried at the time you leave state employment, and your dependents' policies are capped at $1,000. The following qualified dependents can continue life insurance coverage after you retire if they were enrolled while you were an active employee:

- Your spouse.
- Your unmarried dependent children under age 23.
- Your incapacitated child who lives with you and depends on you for support as defined by IRS regulations.

Within 30 days of terminating employment, you can convert the remaining 75 percent of your active life insurance to a private, direct pay policy for yourself. You may also convert the amount by which the dependent policy was reduced. Minnesota Life can provide a rate schedule and a conversion application if you wish to convert life insurance coverage for yourself.

Continuing Life Insurance

If you enroll in health insurance through the State of Michigan, you'll receive information about continuing your state-sponsored life insurance when you submit the *Insurance Eligibility Notice (R0517G)* to ORS.

If you do not plan to enroll in health insurance but want to continue your state-sponsored life insurance, you should still submit the *Insurance Eligibility Notice (R0517G)* to ORS along with the *Life Insurance Beneficiary Designation (R0782GHB) form*.

You can find the forms you'll need on our website at **www.michigan.gov/orsstatedc**.

Disability Benefits

If you become totally and permanently disabled because of an injury or illness that occurred outside of work (a **nonduty** disability), you may be eligible for monthly benefits if you have the equivalent of at least 10 years of full time state employment.

If you become totally and permanently disabled because of an injury or illness incurred at work (a **duty** disability), you may be eligible for monthly benefits regardless of how long you have been employed by the state. Totally disabled means you are unable to perform the duties of your current position. Permanently disabled means the disability is likely to last your lifetime.

The benefits for a nonduty and duty disability are:

Health Insurance

If your nonduty or duty disability is approved, the state will pay the maximum health premium subsidy allowed by statute for health, prescription drug, dental, and vision coverage for you, your spouse, and eligible health benefit dependents* if they were covered on the day you became disabled.

Your spouse's health insurance subsidy may continue until his or her death; your health benefit dependents'* insurance subsidy may continue until their eligibility ends (through marriage, age, or other event).

* Health benefit dependents are your spouse and unmarried children who are considered dependents under Section 152 of the Internal Revenue Code. Children aged 19-25 also need to be enrolled in an accredited school at least half-time.

Life Insurance

If you become totally disabled for any reason prior to age 65, your life insurance will continue at no cost to you. The amount of your life insurance will be the amount in force on the day you became disabled.

After age 65 your life insurance amount will be 25 percent of the coverage in force on the day before you became disabled. Any dependents' life insurance policies you have will be reduced to $1,000 each. Your spouse's life insurance policy will continue until he or she dies; your eligible dependents will each be covered until age 23.

Supplemental Payment

If you suffer a nonduty or duty disability, you may be eligible for a monthly supplemental payment from the state. Your payment is based on a calculation that includes a final average compensation (FAC) amount, years of service, and the value of the employer-funded portion of your 401(k) Plan account (excluding Personal Healthcare Fund contributions).

The first step in determining if a supplemental payment will be paid to you is calculating the value of an annual benefit. The annual benefit is calculated by multiplying the FAC times your years of service times 1.5 percent. Your highest three consecutive years of compensation are averaged to determine the FAC.

FAC x years of service x 1.5 percent = annual benefit

For example, if your FAC is $40,000 and you have 17 years of service, your annual benefit is $10,200.

For a duty disability, the calculated annual benefit used will not be less than $6,000; for a nonduty disability, the calculated annual benefit used will not be less than $600.

Next, the state evaluates the employer-funded portion of your 401(k) Plan account (excluding Personal Healthcare Fund contributions). This includes employer contributions the state has made to your 401(k) account during your employment, as well as associated investment growth (employer-funded portion). If this amount is sufficient to provide a lifetime annual income (actuarially determined) equal to the calculated annual benefit, no supplemental payment will be made. If it's insufficient, the state will pay a supplemental benefit to make up the difference—in the case of our example, up to $10,200 per year.

The supplemental payment for a nonduty or duty disability usually ceases at your death. However, if you die before age 60 and within three years of the same injury or illness in which your duty disability was granted, a supplemental payment may continue. Your survivors should contact ORS for further instructions.

Though the state's Office of Retirement Services (ORS) uses the current value of your employer-funded contributions plus the associated investment growth to calculate your disability benefit, it does not recapture assets from your 401(k) Plan account. ORS uses the balances in these accounts to calculate any supplemental disability benefit.

To Apply for Disability Benefits

Your application for disability retirement must be received before your termination of employment and within one year from the date you became totally incapacitated. The filing deadline can be extended if the retirement board determines you have good cause for not filing within one year.

To apply for a disability benefit, contact the Office of Retirement Services (ORS) to request a Defined Contribution (DC) disability application packet. The packet contains information about insurances as well as your application forms. You must sign medical release forms that allow an independent medical advisor to obtain and review the medical records pertaining to your injury or illness.

Once your application is completed, send the forms to Disability Determination Services (DDS). DDS will obtain and review medical documentation and schedule an exam for you with a medical professional if needed. If approved, the Retirement board will review the DDS recommendation and advise ORS of its decision. If denied, ORS will send you a notice explaining the decision and your appeal rights.

Death Benefits

If you die because of an injury or illness that occurred outside of work (a **nonduty** death), monthly benefits may be payable if you have the equivalent of 10 years of full-time state employment.

If you die because of an injury or illness incurred at work (a **duty** death), monthly benefits may be payable regardless of how long you have been employed by the state.

The benefits for a nonduty death and duty death are:

Health Insurance

In the event of a nonduty or duty death, the state will pay the maximum health premium subsidy allowed by statute for health, prescription drug, dental, and vision coverage for your surviving spouse and eligible health benefit dependents* if they were covered at the time of your death. Your spouse's health insurance subsidy may continue until his or her death; your health benefit dependents' insurance subsidy may continue until their eligibility ends (through marriage, age, or other event).

* Health benefit dependents are your spouse and unmarried children who are considered dependents under Section 152 of the Internal Revenue Code. Children aged 19-25 also need to be enrolled in an accredited school at least half-time.

Life Insurance

If you suffer a nonduty or duty death, life insurance coverage continues for your surviving spouse and eligible dependents if they were covered at the time of your death. The amount of the coverage is $1,000 each. Your spouse's life insurance policy will continue until he or she dies; your eligible dependents will each be covered until age 23.

Supplemental Payment

The state may make a monthly supplemental payment to your eligible survivor(s) in the event of a nonduty or duty death. Any payment will be determined based on the calculations defined in the Disability section above.

If a supplemental payment is approved for a nonduty death, it will be paid to your surviving spouse until he or she dies. If a supplemental payment is approved for a duty death, it will be paid to your spouse until he or she dies and to your surviving children until they reach 21 years of age, marry, or die, whichever comes first.

Information about reporting a death can be found at the Michigan Civil Service Commission website at **www.michigan.gov/mdcs**; click on **Employee Benefits**.

If You Die After Terminating Employment

If, at the time of your death, you and your health benefit dependents are eligible for an insurance subsidy, they will remain eligible with the same subsidy rate. Your spouse's insurances continue until his or her death; your other health benefit dependents' insurance subsidy may continue until their eligibility ends (through marriage, age, or other event).

If you left state service with at least 10 years of service but had not yet met the age requirement, upon your death your health benefit dependents can enroll in the health insurances as of the first of the month following the month you would have met the eligibility requirements. The premium subsidy will be based on your total years of service.

More Benefits Information

Returning to State Employment

Participants in the DC Plan are subject to federal rules regarding withdrawals and distributions from the State of Michigan 401(k) and 457 Plans. Upon return to work at a State of Michigan employer, DC Plan participants cannot continue distributions from the 401(k) Plan unless over the age of 59½. DC Plan participants cannot continue distributions from the 457 Plan upon return to work at State of Michigan employer unless they are age 70½ or older. If stopped, distributions can resume no sooner than 45 days after employment ends with the State of Michigan. (A Michigan public school is not considered a State of Michigan employer for purposes of the State of Michigan 401(k) and 457 Plans.)

CONNECT WITH US

Web – stateofmi.voya.com

Mobile – Search **Voya Retire** in your app store*

Phone – Questions? Call the Plan Information Line at **800-748-6128**

* App Store is a service mark of Apple Inc.