Saving Today, Planning for Tomorrow

The State of Michigan provides competitive retirement and health care benefits and encourages you to take full advantage of them to plan for your future. This Plan Highlights guide provides you with useful plan information and resources to help you and your family make sound retirement decisions.

The State offers a series of retirement plans that provide you with a choice of how you save for retirement, including both pre-tax and after-tax Roth options.

- The State of Michigan 401(k) Plan for pre-tax contributions
- The State of Michigan Roth 401(k) Plan for after-tax contributions
- The State of Michigan 457 Plan for pre-tax contributions

Who Should Use This Guide:
Participants in the Defined Contribution (DC) Plan with Subsidized Retiree Insurances

For more details about who this e-book applies to, please return to the Plan Information page at https://stateofmi.voyaplan.com.

Questions? Need More Information?
This document has helpful links to more detailed information if you need it.
State of Michigan
401(k) & 457 Plan Highlights

How Enrollment Works

The State offers you the flexibility to customize your long-term investment strategy based on your individual needs and tax situation. You may choose one plan, or a combination of plans, as you see fit.

Employees are Automatically Enrolled

Because the State of Michigan supports your efforts to achieve retirement readiness, State employees are automatically enrolled when they become eligible for the 401(k) Plan.

• State employees are automatically enrolled up to a 3% contribution starting into the pre-tax 401(k) plan with their first day in the DC plan (unless they are contributing more than 3% currently). You can sign up for an additional employee pre-tax or after-tax Roth contribution.

• This contribution is invested in a SSgA Target Retirement Fund (based on date of birth and an anticipated retirement age of 65). You may change your contribution and investment options at any time.

• Employees will automatically receive password information from Voya Financial® in the mail for online access to their accounts to make contribution and investment changes, or to contribute to the 457 plan.

• You can confirm the amount coming out of your pay by reviewing your Statement of Earnings and Deductions on MI-HR Self-service. If you have questions about enrollment you can call the Plan Information Line at 1-800-748-6128.

Additional Retirement Savings Plan Opportunities

The State also offers an after-tax Roth 401(k). If you are looking for the most in plan flexibility and trying to shelter as much of your income from current taxes, the State of Michigan offers a 457 Plan. The 457 Plan has many of the same features as the pre-tax 401(k), but also some key differences. See Key Features for more details on the differences between the 401(k) and 457 Plans.

Manage Your Investments

To learn about your investment options go to Fund Information. To choose different investment options after you are automatically enrolled, log in to your account and go to Manage Investments under My Account. To learn more about investing, be sure to take advantage of our resources, such as:

• Free information seminars
• Investment advice offered by the Voya Advisory Service and Financial Engines
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How Contributions Work

Contributions are made conveniently through payroll deduction, and the State also makes contributions on your behalf. By working together, our goal is to help you achieve sufficient income in retirement.

Supporting Your Efforts to Save

Starting with your first day in the DC plan, the State of Michigan begins contributing an amount equal to 4% of your pay into an account established for you in the State of Michigan 401(k) Plan. In addition, the State matches dollar for dollar the first 3% of your contributions each pay period.

You can make contributions to any combination of the pre-tax 401(k), pre-tax 457, or Roth 401(k) Plans, receiving a match on your first 3%. You may contribute any percentage you wish to any plan, as long as you do not exceed the annual contribution limits.

Vesting

To be vested is to legally own the money in your account. You are immediately 100% vested in your own contributions and any earnings on those contributions. The State of Michigan contributions made on your behalf are vested according to the table to the right.

The Power of the Match

<table>
<thead>
<tr>
<th>Type of Contribution</th>
<th>You</th>
<th>State</th>
</tr>
</thead>
<tbody>
<tr>
<td>State of Michigan contribution to the 401(k) Defined Contribution Plan</td>
<td>___</td>
<td>4%</td>
</tr>
<tr>
<td>Retirement Savings</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Automatic enrollment level</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>3%</td>
<td>7%</td>
</tr>
<tr>
<td>Grand total working for you!</td>
<td></td>
<td>10%</td>
</tr>
</tbody>
</table>

Employer Contributions Are Vested As Follows:

<table>
<thead>
<tr>
<th>Years of Service*</th>
<th>Percent Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>After 1 Year</td>
<td>0%</td>
</tr>
<tr>
<td>After 2 Years</td>
<td>50%</td>
</tr>
<tr>
<td>After 3 Years</td>
<td>75%</td>
</tr>
<tr>
<td>After 4 Years</td>
<td>100%</td>
</tr>
</tbody>
</table>

*Years of service is defined as 2080 hours. If you converted from the Defined Benefit (DB) to the DC Plan, your years of service while in the DB plan would count towards your DC Plan vesting.
Take Advantage of The Catch-Up Opportunity If You Are Over 50

If you’ll be 50 or older this year, you’re eligible to make catch-up contributions in the Plans. This is a good opportunity to make up for years you may not have been able to contribute. If you are at least age 50 by the end of the calendar year, your contributions will automatically be allowed up to the maximum catch-up limit. If you have questions or want to make a catch up contribution, call 1-800-748-6128.

- In the 457 Plan, if you have not made the maximum contribution in prior years, you may be eligible for the Traditional Catch-Up Contribution. This allows you to contribute up to twice the annual dollar limit for the three calendar years prior to the year in which you become eligible for normal retirement benefits (between age 50 and age 70½). If you wish to take advantage of the Traditional Catch-Up Contribution, you must call the Plan Information Line at 1-800-748-6128.

- You may not participate in the Over 50 Catch-Up and the 457 Traditional Catch-Up during the same calendar year in the 457 Plan.

Consolidating Your Retirement Assets

If you have a retirement plan balance from previous employment, you may be able to transfer or roll over this balance into your 457 or 401(k) Plan account.

- **457 Plan:** Only approved balances from other governmental 457(b) plans may be transferred into the 457 Plan

- **401(k) Plan:** Balances from an eligible retirement plan such as a 401(a), 401(k), 403(b), Roth 401(k), Traditional IRA or SEP-IRA may be rolled over into the 401(k) Plan

To request a Rollover Contribution, you must complete a Rollover Contribution Form or Roth Rollover Contribution Form. For assistance, you may also contact the Plan Information Line and speak with a Customer Service Associate.
Don’t Forget to Name Your Beneficiaries

It’s important to name beneficiaries for your 401(k) and 457 Plans so that in the event of your death, your savings will be distributed the way you want. Here’s how it works:

- You may have the same beneficiary for both the 401(k) and 457 Plans, or you can have different beneficiaries for each Plan.
- You can change your designated beneficiary whenever you need to online.
- If you have a balance in both the 401(k) and 457 Plans, you will need to complete beneficiary information for each Plan.
- Beneficiary elections may also be made through written request using the Designation of Beneficiary form.
- Paper beneficiary forms are required if you are married and you wish to name someone other than your spouse as your primary beneficiary in the 401(k) Plan, since your spouse must provide consent. This form is available on the Plan Web site or by calling the Plan Information Line at 1-800-748-6128.
- Your beneficiary election for your Defined Benefit (DB) plan or other benefits is a separate election that should be made with the Office of Retirement Services by logging in to miAccount at www.michigan.gov/ormiaaccount.
Pay Attention to Your Account

One of the best ways to stay on top of your account is to take a hands-on approach.

- **Account statements** — Quarterly statements are mailed about two weeks after the end of each quarter. It is very important for you to review your statement each time you get it. These statements summarize your transactions, account balance and investment performance. The statements also list your contribution rates, plan administration fees ($10.25 per quarter) and beneficiary elections. You may choose to receive your statements electronically.

- **Online** — You can access account information online at anytime.

- **By Phone** — When you have questions about your account, you can call the Plan Information Line at 1-800-748-6128.

- **You can access your Plan account using** — Your iPhone, iPod touch or Android™ device. Download the free app directly from the App StoreSM or the Google™ play store (keywords: Voya Retire).

**Quarterly Newsletter**

Each quarter you will receive a newsletter along with your account statement that includes important plan information, updates about any changes in the plans, or the effect of new laws on the plans. This newsletter is the primary way the State of Michigan communicates with plan participants, so please read your newsletter.

Save Some Trees

Many participants are choosing to receive their statements and confirmations electronically. Go to the Preferences section of your online account to add your email address, select your preferred delivery options and you will be notified when your statement is available.
Loans

Plan loans are available if you occasionally need access to your money for non-recurring financial needs. Bear in mind that the size and frequency of loans may affect the amount of money you will have at retirement. It’s always a good idea to stay fully invested until retirement to improve your chances of retirement readiness.

Applying for a Loan

You can borrow from your 457 or 401(k) Plan account and pay yourself back with interest through after-tax payroll deductions.

- **Two Types of Loans** — General loans have a repayment period of 2 months to 60 months. Residential loans are designed to help you purchase your primary residence and have a repayment period of 61 to 360 months. Proof of purchase is necessary to qualify for a residential loan.

- **Loan Amounts** — The minimum loan amount allowed is $1,000. The maximum loan amount allowed is 50% of your vested account balance up to $50,000, minus your highest outstanding loan balance in the last 12 months and any defaulted loan balances, including accrued interest on defaulted loans.

- **Interest Rate** — The interest rate for loans is the Prime Rate as quoted in the Wall Street Journal on the first day of the month prior to the month in which you request a loan.

Considering a Loan?

Although a loan is available if you need it, remember it’s always a good idea to stay fully invested until retirement. To learn more about loans, call the Plan Information Line at 1-800-748-6128.
Loans (continued)

- **Restrictions** — Effective January 1, 2015, participants hired before December 1, 2010 will be limited to two outstanding loans at a time. If you currently have two or more loans outstanding (or in default), you will not be able to take a new loan until your total number of outstanding loans is reduced to one or less. Effective January 1, 2016, all participants in the Plan will limited to one outstanding loan at a time. All outstanding loans after January 1, 2016, (including defaulted loans) will need to be repaid in order to request another loan.

- **Fees** — There is a $75 non-refundable application fee for each loan and a loan maintenance fee of $8.75 per quarter.

**Repaying a Loan**

Repayment is typically made through after-tax payroll deductions. Automatic repayment plans with your bank are allowed under certain conditions. Loans can be repaid in full at any time by contacting the Plan Information Line to receive your loan payoff amount and instructions.

All outstanding loans must be kept up-to-date or fully repaid when you go on leave of absence (except military leave) or terminate employment. Contact the Plan Information Line to setup a periodic automatic repayment plan with your bank or the loan will default after 90 days and the balance will become a taxable distribution to you.

Defaulting on a loan will prevent you from taking another loan for 24 months. In addition, defaulted loans that have not been paid in full or offset by plan distributions after 24 months will count against the maximum number of loans you are allowed. Plus, defaulted balances are taxable in the year of default and may be subject to a 10% IRS early withdrawal penalty.

For additional details, see the Loan Policy Statement online under **Publications**.

*Balances in a Self-Directed Brokerage Account (SDBA) are not available for loans. In order to take a loan using money from your SDBA, you will need to transfer the money back to the core funds.*
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In-Service Withdrawals

Age 59-1/2 Withdrawals

Participants over age 59½ who are still actively employed may take a distribution from their 401(k) accounts. Before taking a distribution, you should consider your decision carefully. Such distributions are made without a 10% penalty, but are taxable as ordinary income unless being rolled over. 20% will be automatically withheld from your distribution for Federal tax purposes. Due to US Department of Labor regulations, this type of in-service distribution is not available in the 457 Plan.

Rollover Withdrawals

Participants who have made rollover contributions may take a distribution of eligible monies from their 401(k) or 457 Rollover Contribution account. If you are under 59½, though, IRS early withdrawal penalties will apply unless you are rolling over the assets to another qualifying tax-deferred plan.

Hardship Withdrawals

Hardship Withdrawals may be taken from your 401(k) Plan account for the following reasons:

- To purchase a primary residence
- To prevent foreclosure or eviction from your primary residence
- To pay post-secondary education tuition for yourself or a dependent
- To pay certain unreimbursed medical expenses
- To pay certain education expenses
- To pay for repairs to your principal residence
- To pay for funeral expenses
Withdrawals (continued)

Unforeseeable Emergency Withdrawals

Unforeseeable Emergency Withdrawals can be taken from your 457 Plan account for certain extreme financial emergencies that are caused by circumstances beyond the control of the participant.

You must first exhaust all other loan and withdrawal possibilities before requesting an Unforeseeable Emergency Withdrawal. After taking a 401(k) Plan Hardship Withdrawal or a 457 Plan Unforeseeable Emergency Withdrawal, you will be suspended from making contributions to the Plans for six months and lose all State matching contributions for this period. However, you will still receive the state mandatory 4% contribution.

Hardship withdrawals are limited to contributions only. If you take a 401(k) Plan Hardship or 457 Plan Unforeseeable Emergency Withdrawal, the amount will be subject to federal, state and local income taxes. A 10% early withdrawal penalty may also apply to 401(k) withdrawals.

If you receive any distributions from your Roth account, and you are not age 59½ and have not had the Roth account for at least five years, there will be a 10% federal penalty on the Roth earnings portion, and this portion will also be considered taxable income.

Requesting Withdrawals

- To request a Hardship or Unforeseeable Emergency Withdrawal, you must complete a Financial Hardship Withdrawal Form. For assistance, call the Plan Information Line and speak with a Customer Service-Associate.

- To request an Age 59½, After-tax or Rollover In-Service Withdrawal, call the Plan Information Line and speak with a Customer Service Associate for assistance.

- There is a service fee of $50 for each approved In-Service Withdrawal request.
Options When Leaving State Employment

When you leave State employment you have several options for your retirement savings.

Options For Your Retirement Savings

For most individuals, no immediate action is required. If your account balance is $500 or more and you are less than 70½ years of age, you have four choices:

1. **Leave the money in your 401(k) and/or 457 Plan account(s) and maintain tax-deferred growth.**
   You must begin taking distributions in the year you reach age 70½. Remember: If you withdraw your money before age 59½, the distribution is subject to income taxes and maybe a 10% federal penalty.

2. **Consolidate your retirement savings by rolling additional money in from other retirement plans** — such as from a 401(k), 401(a), 403(b), 457, or IRA. You can do this as an active employee or within one year of your termination of employment.

3. **Select among several flexible payout options**, similar to those in an IRA.

4. **Roll your account assets over** to an IRA or other eligible retirement plan.

If your vested account balance is less than $500, you will automatically receive a lump-sum payment if you take no action within 60 days. There is a service fee of $75 on all full distributions or rollovers from the 401(k) or 457 Plan and $25 on all partial distributions or rollovers from the 401(k) or 457 Plan.* Be sure to speak with an advisor to ensure you fully understand the consequences of rolling assets out of the State 401(k) or 457 plans.

*Excludes installments, participants over age 70, Required Minimum Distributions, distributions under $100, and automated payouts (for residuals and deminimus loans).
Leaving Employment (continued)

Your Distribution Payments*

You may begin receiving payments 45 days after Voya® receives your termination date from the State if your paperwork is received in a timely manner. For Payout Request Forms received after 45 days, payment will be made as soon as administratively feasible. Voya must receive notice of your termination from the State of Michigan before payment can be issued.

All installment payments are made in the last week of the month for receipt by the 1st of the following month. A lump-sum payment may be issued on any business day.

Don’t Forget To

- Update your beneficiary designation information with Voya.
- Update your address information with Human Resources and Voya.
- Near retirement age? Attend a pre-retirement seminar. You can sign up through the State of Michigan Civil Service Commission.

*All payments, regardless of frequency, will be issued on a pro-rata basis from your existing funds. If all your money is in a Self-Directed Brokerage Account, you will have to sell assets and transfer money to the core funds as needed to allow liquidation and disbursement to you. You may choose to have payments made from your pre-tax funds or your Roth funds. Otherwise, payments will be made pro-rata across all fund sources.
Additional Benefits

The State of Michigan provides you with a competitive suite of benefits beyond retirement savings. These include retiree insurance benefits and certain benefits in the event of your disability or death.

- **Retiree Insurances** — When you reach the age and service requirements, your monthly retiree health, dental, and vision insurance premiums may be covered, in part, by the State when you terminate employment.

- **Disability Benefits** — If you become totally and permanently disabled because of an injury or illness, monthly benefits may be payable. 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.

- **Death Benefits** — If you die because of an injury or illness, monthly benefits may be payable to your survivors.

Have Questions About Your Benefits?

It's important to understand how all your benefits work together so you can make the most of them.

<table>
<thead>
<tr>
<th>If You Have Questions About</th>
<th>Who to Contact</th>
<th>How to Reach</th>
</tr>
</thead>
<tbody>
<tr>
<td>401(k) and 457 Plans Need retirement plan forms</td>
<td>Voya Financial</td>
<td><a href="https://stateofmi.voyalplans.com">https://stateofmi.voyalplans.com</a> 1-800-748-6128, 8:00 a.m. – 8:00 p.m.</td>
</tr>
<tr>
<td>Retiree Insurances (pre-enrollment), disability benefits, and death benefits</td>
<td>Voya Financial</td>
<td><a href="https://stateofmi.voyalplans.com">https://stateofmi.voyalplans.com</a> 1-800-748-6128, 8:00 a.m. – 8:00 p.m.</td>
</tr>
<tr>
<td>Conversion of life insurance at retirement and health plan booklets and bulletins for current employees</td>
<td>Employee Benefits Division (EBD) Civil Service Commission</td>
<td>1-800-788-1766</td>
</tr>
<tr>
<td>Terminating employment Verification of total hours counter</td>
<td>MI-HR Civil Service Commission</td>
<td>1-877-766-6447</td>
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