State of Michigan
401(k) & 457 Plan Highlights

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

Questions? Need More Information?
This document has helpful links to more detailed information if you need it.

For a complete list of who this e-book applies to, please return to the Plan Information page at **http://stateofmi.ingplans.com**.

Navigation Tips

This document is optimized to help you navigate easily and includes tabs and hyperlinks (noted in green) to more information.

- To **Go to a Section**, click on any tab above.
- To **Move Forward or Back**, click on any page arrow below or scroll up or down.
- View in **Full Screen** mode for optimal viewing. Touch the escape key on your keyboard to exit Full Screen mode.

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 ING 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 ING Advisor Service and Financial Engines

State of Michigan
401(k) & 457 Plan Highlights

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.

2013 IRS Contribution Limits

	401(k) Plan*	457 Plan
Regular Limit	$17,500	$17,500
Over 50 Catch-Up Limit**	$5,500	$5,500
457 Traditional Catch-Up Limit**	N/A	$17,500

**Combined limit for pre-tax and after-tax Roth contributions.*
***These limits are in addition to the regular limit of $17,500.*

The Power of the Match

Type of Contribution	You	State
State of Michigan contribution to the 401(k) Defined Contribution Plan	—	4%
Retirement Savings *Automatic enrollment level*	3%	3%
Total	**3%**	**7%**
Grand total working for you!	**10%**	

Employer Contributions Are Vested As Follows:

Years of Service*	Percent Vested
After 1 Year	0%
After 2 Years	50%
After 3 Years	75%
After 4 Years	100%

**A year 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.*

State of Michigan
401(k) & 457 Plan Highlights

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 of $5,500 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 age 50 limit of $23,000 for 2013. 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 — $35,000 in 2013 — for the three calendar years prior to the year in which you become eligible for normal retirement benefits (between age 50 and age 70½), in addition to the $5,500 contribution. 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, but you may contribute to the Over 50 Catch-Up in both the 457 and 401(k) Plans in the same calendar year, or in the Traditional Catch-up within the 457 plan and Age 50 Catch-Up in the 401(k) plan.
- Contributions to both Plans combined may not exceed 100% of your total salary in any given year.

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.

State of Michigan
401(k) & 457 Plan Highlights

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/orsmiaccount**.

Do you know who your beneficiaries are?

State of Michigan
401(k) & 457 Plan Highlights

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 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**.

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.

State of Michigan
401(k) & 457 Plan Highlights

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.

You can borrow from your 401(k) account and pay yourself back with interest through after-tax payroll deductions. There are two types of loans: General loans, with a repayment period of 2 months to 60 months; and loans for the purchase of your primary residence, with a repayment period of 61 to 360 months.

How Loans Work

- The minimum loan amount allowed is $1,000.
- The maximum is the lesser of 50% of your vested account balance or $50,000, minus your highest outstanding loan balance in the last 12 months and any defaulted loans, including accrued interest on defaulted loans.
- You may not take a loan from your Roth 401(k), but your Roth balance will be added to your pre-tax balance to calculate the total amount you may be able to borrow from your State of Michigan 401(k) Plan account. The maximum loan that will be allowed is then limited by your pre-tax balance. For example, if you have $15,000 Roth and $5,000 pre-tax, the total loan calculation would be 50% of $20,000; however, the largest loan allowed would be the pre-tax total of $5,000.

Considering a Loan?

When you borrow from your account you pay yourself back with interest. 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**.

State of Michigan
401(k) & 457 Plan Highlights

Loans (continued)

- There is a $50 non-refundable application fee for each loan. All outstanding loans must be kept up-to-date when you go on leave of absence (except military leave) and repaid when you terminate employment **within 30 days** or the loan will default and the balance will become a taxable distribution to you.
- 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 the loan is requested.
- Loans are not available in the 457 Plan.
- For additional detail, see the Loan Policy Statement online under **Publications**.

Check Your Loan Online

You can request or model a loan, or see your current loan balances online, or by calling the Plan Information Line at **1-800-748-6128**. Loans for the purchase of a home require a signed promissory note.

State of Michigan
401(k) & 457 Plan Highlights

In-Service Withdrawals

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

Considering a Withdrawal?

To withdraw your retirement money you must meet certain criteria. Call the Plan Information Line at **1-800-748-6128** to discuss your options.

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 Hardship Withdrawal or an 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.

State of Michigan
401(k) & 457 Plan Highlights

Hardship withdrawals are limited to contributions only. If you take a Hardship or 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.

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.

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.

State of Michigan
401(k) & 457 Plan Highlights

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. 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.

Leaving State Employment?

- If you are leaving State employment, review all available information to be sure you fully understand your options.
- If you are considering a distribution of your money, it's a good idea to call the Plan Information Line to discuss the process.
- Remember, it's best to stay invested until you retire to improve your chance of readiness.

State of Michigan
401(k) & 457 Plan Highlights

Your Distribution Payments

You may begin receiving payments 30 days after ING receives your termination date from the State if your paperwork is received in a timely manner. For Payout Request Forms received after 30 days, payment will be made as soon as administratively feasible. ING must receive notice of your termination from the State of Michigan before payment can be issued.

All installment payments are made to the participant 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 ING.
- Update your address information with Human Resources and ING.
- Near retirement age? Attend a pre-retirement seminar. You can sign up through the **State of Michigan Civil Service Commission**.

State of Michigan
401(k) & 457 Plan Highlights

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.

More Information

For more information about retiree insurance or benefits available in the event of a death or disability, visit **Publications** at ING's website or call **1-800-748-6128**.

Have Questions About Your Benefits?

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

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