

# **MichiganTech**

## **Retirement Planning TimeLine MPERS Retirement Plan Participant**

**Retirement planning is essential early in your career!** Your MPERS retirement pension is based on your best 3 years (MIP plan) or 5 years (Basic plan) of salary and your years of service credit earned at one of Michigan's seven universities (Michigan Tech, Northern Michigan University, Lake Superior State University, Central Michigan University, Eastern Michigan University, Ferris State University and Western Michigan University), also you can earn service credit if you worked in a Michigan public school. **Learn all you can about your MPERS plan- it is never too early to plan for your retirement!**

- Know what plan you are in - MIP or Basic.
- Review your MPERS account statements sent to you yearly - make sure the years of service and your beneficiary information are correct.
- Attend MPERS meetings when they are held in the Houghton area.
- View your MPERS account and information on-line by accessing the MPERS website at <http://www.michigan.gov/orsschools> and setting up your own on-line account (mi-account).

By setting up a MPERS on-line account (mi-account), you can work on different retirement scenarios and view if you are on track to funding your future retirement plans. Your specific retirement plans can affect your income needs in retirement. In general you will need 85% of your current income which you will receive from your savings, Social Security, MPERS pension, SRA/IRA accounts and possible employment. **It's all about being prepared!**

### **Are You Ready to Retire?**

The following are some helpful hints and information you should consider before you decide on a retirement date. If you take the time to think about your retirement plans in advance, you will not feel rushed into making a decision. So let's begin!

- What kind of income will you need in retirement? Begin a retirement budget and review your personal spending and savings.
- **Check with MPERS** regarding your retirement status (years of service credit and eligibility) before you pick a retirement date.
  - You can call MPERS at 1-800-381-5111.
  - Or you can go on-line to <http://www.michigan.gov/orsschools> and set up your own on-line account (mi-account).

- Check your most current statement, sent to you yearly, from MPERS for accuracy.
- You can retire under the MPERS program with a full pension plus be eligible (currently) for medical insurance if you met the following MPERS criteria.
  - Age 60 with 5 years of service if you are a MIP participant
  - Age 60 with 10 years of service if you are a Basic participant
  - 30 years of service and you are at least 55 if you are a Basic participant
  - 30 years of service and you are at least 46 if you are a MIP participant
- You can also retire with a reduced pension and be eligible (currently) for the medical insurance if you are at least 55 with 15 to 29 years of service.
- Review your yearly Social Security statement. Visit the Social Security office in Houghton or go on-line to <http://www.ssa.gov/>.
- Check with the Benefits office regarding your eligibility to participant in Michigan Tech's Retirement Severance Voluntary Program (RSVP).
- Begin thinking about paying off your debts - credit cards, car loans and/or mortgage.
- Review your investment strategy if you have a TIAA-CREF/Fidelity account - less riskier investments as you age.
- Begin to build up your emergency fund to cover at least six months or more of your current salary.
- Now add up your sources of retirement income -MPERS pension, Social Security income, savings and possible employment.
- How will you spend your time in retirement? - traveling, working on a hobby, or other employment. This will affect your retirement spending.
- Where will you live? Think about property taxes, homeowners insurance, heating/cooling costs, snow/sun, medical care, or a university or college where you can work or take classes.
- You are fortunate!! Currently, MPERS offers inexpensive medical insurance - the cost is deducted monthly from your check. Go on-line to MPERS to check the current cost of medical premiums <http://www.michigan.gov/orsschools>.

- If you are 65 plus your Medicare premiums will be deducted from your Social Security check. Check with Medicare for the monthly cost of premiums <http://medicare.gov/>
- Do you have a will, powers of attorney, or medical directive? If so check and update.
- Do you need life insurance or additional life insurance?
- Do you need long-term care insurance?
- Are your beneficiary forms (life insurance, SRA's, MPSERS) up to date?

After reviewing your plans, if your retirement income is not what you expect or need - you might want to consider working longer and saving more.

### **Ready to Retire!**

Following is a timeline on how to make your transition to retirement a little bit easier! Use the attached retirement checklist for MPSERS participants to keep on schedule.

#### **36 Months Before Retirement**

- Make sure you can locate birth certificates, Social Security cards, marriage license. If you can't locate your copies, order new copies.
  - Some states allow you to order birth certificates and marriage licenses on line. The State of Michigan website is <http://www.michigan.gov/mdch/>
  - For new Social Security cards either visit the Social Security office in Houghton or go on-line to <http://www.ssa.gov/>
- Begin thinking of a retirement date by reviewing your MPSERS pension estimates, Social Security pension estimates, RSVP eligibility, savings and retirement budget.
- MPSERS Information
  - Estimate your pension income by contacting MPSERS at 1-800-381-5111 or going on-line to your mi-account <http://www.michigan.gov/mdch/> .
  - Your MPSERS retirement always begins the first day of the month.
  - You cannot work for a MPSERS institution during your first month of retirement.
  - Your MPSERS medical insurance begins the first day of the month, and there will be no break in your medical insurance coverage since Michigan Tech's coverage ends the last day of the month.
  - You will receive your first MPSERS retirement check usually the 2<sup>nd</sup> or 3<sup>rd</sup> month of your retirement.

- Visit the local Social Security office in Houghton to schedule a meeting to review your Social Security options and to estimate your Social Security income or go on-line to <http://www.ssa.gov/> .
  - When will you be eligible for Social Security?
  - Will you work when you retire?
  - How much income can you make while on Social Security?
  - Will the date you retire affect the amount of your Social Security income for that year?
  - When and how do you apply for Medicare if you are age 65 plus? If you sign up for Medicare you must take part A and B.
  
- When are you eligible for Michigan Tech's Retirement Supplemental Voluntary Program (RSVP)?
  - Call the Benefits office at 487-2517 and make an appointment to review you RSVP status (date of full-time hire - date when you become eligible).
  - Rule of 80 - age plus years of full-time service at Michigan Tech.
  - Receive 50% of salary (maximum of \$50,000) at time of retirement.
  - Since you will have medical insurance currently through MPSERS you will receive a lump-sum payment in cash (taxable).
    - Should you pre-tax your lump-sum into a TIAA-CREF/Fidelity SRA?
  - You must give a 365 day notice - forms are available on the Benefits website or call the Benefits office.
  
- If you are planning on moving to a new and warmer/colder location - start visiting areas. Keep in mind the following:
  - Is it important to have family near-by?
  - Is there a major airport near-by to easily fly to family, friends and fun locations?
  - How is the climate?
  - What are the taxes? Property, personal, and is your MPSERS pension taxed?
  - Do you want to live there year-round?
  - Is there a university or college near-by to take classes or work?
  - What is the cost of housing? Cost of living?
  - Should you keep your house in the Keweenaw or sell? If you are selling it's a good time to start your cleaning, updating, and clearing out un-needed items. Begin talking to a realtor or maybe you want to sell it yourself.
  
- Meet with your accountant or financial advisory regarding your retirement plans.
  - Discuss your MPSERS eligibility requirements.
  - Plan your retirement date by reviewing Social Security estimates, Medicare eligibility, RSVP (taxed or pre-tax) lump-sum payments.

## 24 Months Before Retirement

- Call MPSERS at 1-800-381-5111 or go on-line <http://www.michigan.gov/mdch/> to your mi-account to estimate your pension using your most current information.
- Review your most current Social Security statement.
- Are your retirement projections on track?

## 12 to 18 Months Before Retirement

- Make an appointment with the Benefits office at 487-2517 to sign your RSVP forms.
  - The RSVP forms must be signed and in the Benefits office 365 + days before your retirement date.
  - Remember your MPSERS retirement pension starts the first day of the month so you might think of retiring sometime later in the previous month.

## 6 Months Before Retirement

- Call MPSERS at 1-800-381-5111 and request a retirement packet to be sent to your home. Or access your MPSERS mi-account on-line at <http://www.michigan.gov/orsschools> and print out the retirement forms.
  - Complete the forms - call the Benefits office at 487-2517 to review and mail your retirement paperwork.
    - Bring a copy of yours and your spouse's birth certificates.
    - If you are taking the equated plan you will need your original Social Security statement which is sent to you each year by Social Security.
    - You must have the MPSERS form where you actually choose your retirement beneficiary payment option notarized.
  - After the packet is mailed to MPSERS you will receive, in about 2 to 3 weeks, a statement from MPSERS that illustrates your choices (retirement option, date of retirement, medical insurance choices) make sure this is correct.
- If you have a supplement retirement contact with either TIAA-CREF/ Fidelity or another retirement vendor you might want to call to have them provide you with different retirement payment options.
- Begin thinking of how you want to receive your lump-sum RSVP payment - either fully taxed (state, federal, and Social Security taxes) or pre-tax (just Social Security tax).
  - You can pre-tax into a 457(b) account and/or a 403(b) SRA account. Check the Benefits office on what the new IRS maximum deferral amount is for the year.
  - Or you might want to change your W-4's. Check with your accountant or tax person.

### **3 Months Before Retirement**

- If you are age 62 plus begin your Social Security paperwork either on-line at <http://www.ssa.gov/> or by visiting the Social Security office in Houghton.
- If you are age 65 plus begin your Medicare application process at the same time you visit the Social Security office.
  - You must choose Medicare part A and B.

### **1 Month Before Retirement**

- Call the Benefits office at 487-2517 to schedule an Exit Interview - this process takes about 15 minutes.
  - Your RSVP payment options will be discussed.
    - Pre-tax
    - Cash
    - Update your W-4 forms
  - Receive paperwork for retiree life insurance.
  - Vacation accrual and final paycheck payments will be discussed.
  - Time to tie-up all loose ends.
- Remember MPERS does not allow you to work for another MPERS organization (Michigan Tech or public schools) for one month following your retirement.
- Begin to clean out your office area - bring lots of boxes!

### **1 Month After Retirement**

- Return your life insurance application if enrolling.
- Make sure any employment after retirement will not impact your MPERS monthly pension and/or Social Security benefits.

### **During Retirement**

- If you do move please inform MPERS, Social Security office and Michigan Tech's Benefits office (906-487-2517) of your new address. Also you might need to update your wills and medical directives.
- **Enjoy! You have worked hard to get here!**

## MPERS Retirement Checklist

Timeline	Completed ✓	To Do List
36 Months - before estimated retirement date		<u>Locate</u> your family's birth certificates. Some states allow you to order certificates on-line. Michigan's website is <a href="http://www.michigan.gov/mdch/">http://www.michigan.gov/mdch/</a> - needed for your many retirement documents and for a passport (to travel!!).
		<u>Review</u> your MPERS pension estimates by calling MPERS at 1-800-381-5111 or going on-line to establish a mi-account at <a href="http://www.michigan.gov/orsschools">http://www.michigan.gov/orsschools</a>
		<u>Review</u> your Social Security pension estimates either by visiting the Social Security office in Houghton or on-line to <a href="http://www.ssa.gov/">http://www.ssa.gov/</a> . <u>Locate</u> your Social Security cards.
		<u>Call the Benefits office at 487-2517</u> to review your RSVP eligibility and other retirement options,
		<u>Begin to prepare</u> a retirement budget now that you have all your pension estimates.
		Are you <u>on track</u> to retirement!? In general you will need? 85% of your current income - from your retirement Social Security pension, MPERS pension, savings, and possible employment.
24 Months - before estimated retirement date		<u>Review</u> your most current MPERS pension estimates by calling MPERS at 1-800-381-5111 or going on-line to establish a mi-account at <a href="http://www.michigan.gov/orsschools">http://www.michigan.gov/orsschools</a>
		<u>Review</u> your most current Social Security statements on-line to <a href="http://www.ssa.gov/">http://www.ssa.gov/</a> .
		Are your retirement projections <u>on track</u> ?

Timeline	Completed ✓	To Do List
18 Months - before estimated retirement date		<u>Contact the Benefits office at 487-2517</u> to review your retirement options and plans.
		<u>Discuss</u> your MPERS eligibility/timeline.
		<u>Discuss</u> your RSVP eligibility/timeline and how you will receive your lump-sum either pre or post tax. -What is the IRS maximum pre-tax amount allowed for the year? -If you have a SRA - will you continue your contributions in your final year or stop contributions to allow for the maximum contribution of your RSVP payment?
		<u>Discuss</u> Michigan Tech's retirement protocol.
		<u>Discuss</u> your other Michigan Tech retirement benefits. - Retiree life insurance - Techfit benefits
12 Months - before your retirement date		<u>Choose your retirement date.</u> Remember MPERS retirement and MPERS medical insurance (currently) always begins on the first day of the month.
		<u>Make an appointment with the Benefits office at 487-2517</u> and bring in your completed RSVP forms. The forms must be in the Benefits office 365 plus days before your retirement date.
		<u>Work hard and enjoy</u> your last year at Michigan Tech - the time really does go fast and you should now <u>be well prepared</u> for your new adventure.

Timeline	Completed ✓	To Do List
6 Months - before your retirement date		Call <u>MPERS</u> at 1-800-381-5111 to request a retirement packet to be sent to your home. Or go on-line to <a href="http://www.michigan.gov/orsschools">http://www.michigan.gov/orsschools</a> to print a retirement packet.
		<p><u>Complete the forms</u> - and bring to the Benefits office (make an appointment 487-2517) to have them review and mail the forms.</p> <ul style="list-style-type: none"> <li>-Need copies of birth certificates</li> <li>-If you are taking the equated plan you will need your original Social Security statement.</li> <li>-The MPERS form that requires you to choose your retirement beneficiary option must be notarized.</li> </ul>
		A statement from MPERS will be sent to you in 2 to 3 weeks regarding <u>your retirement choices</u> - <b>please review.</b>
		If you have supplemental retirement contracts with TIAA-CREF/Fidelity or another vendor <u>contact</u> them to discuss your retirement plans especially if you want to pre-tax your RSVP lump-sum payment.
		<p><u>Check</u> with your financial advisory or tax person on what you should do with your RSVP lump-sum payment.</p> <ul style="list-style-type: none"> <li>-pre-tax up to the IRS maximum</li> <li>-change your W-4 to lower your taxes</li> </ul>
3 Months - Before your retirement		<p>If you are age 62 plus and want to begin your <u>Social Security</u> pension either stop in at the Social Security office in Houghton or begin the process on-line at <a href="http://www.ssa.gov/">http://www.ssa.gov/</a></p> <ul style="list-style-type: none"> <li>-You will receive your Social Security check the 2<sup>nd</sup> full month after your birthday (i.e. birthday is September, benefits begins October 1 and your check arrives in November).</li> </ul>
		If you are age 65 plus you can sign up for <u>Medicare</u> at the same time you apply for Social Security. Remember you must take Part A and Part B.

Timeline	Completed ✓	To Do List
1 Month - Before your retirement		Call the Benefits office at 487-2517 to schedule an Exit Interview - or they might call you first! Process takes about 15 minutes.
		Your <u>RSVP payment options</u> will be discussed - either taxed or pre-tax TIAA-CREF/Fidelity SRA form should be completed. Or update your W-4's.
		<u>Retiree life insurance</u> program and costs will be discussed - this insurance is only for the employee. You have 1 month to submit the application.
		<u>Vacation payout and final check</u> will be discussed.
		Time to tie up any loose ends - keys, credit cards.
		Begin to clean up your office area.
		Remember MPERS does not allow you to work for another MPERS organization (Michigan Tech or public schools) for one month following your retirement.
1 Month - After your retirement		<u>Return</u> your life insurance application if you are enrolling.
		Make sure any employment after retirement will not impact your MPERS pension or your Social Security benefit.
		As a Michigan Tech retiree you are still eligible for the TechFit benefit which is currently offers a \$150/employee and \$85/one dependent. Check this website <a href="http://www.admin.mtu.edu/hro/techcomwellness/index.shtml">http://www.admin.mtu.edu/hro/techcomwellness/index.shtml</a>
		A website recommend by the TechCommunity Wellness program - <a href="http://www.sparkpeople.com/">http://www.sparkpeople.com/</a>
		If you do move please inform MPERS, Social Security office and Michigan Tech's Benefits office of your new address. Also you might need to update your wills and medical directives.

✓ **NOW - ENJOY YOUR RETIREMENT - YOU HAVE WORKED HARD TO GET HERE!!!**