POLICY:

As a mandatory condition of employment, regular employees enumerated below, full-time or part-time, are enrolled in one of two retirement programs.

1. All employees of the Support Staff and Faculty Association bargaining units, and all regular part-time and full-time members of the academic, administrative, executive and professional staff first hired prior to January 1, 1996, have the benefit of membership in the Michigan Public School Employees' Retirement System (MPSERS).
2. All employees of the Support Staff and Faculty Association bargaining units, and all regular part-time and full-time members of the academic, administrative, executive and professional staff first hired after January 1, 1996 are required to participate in the optional retirement program as authorized by the 1967 and 1968 legislatures, Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF), unless approved differently by the President.
3. Temporary employees, student workers, and adjunct faculty first becoming employed by the University after January 1, 1996 will not be enrolled in either the Michigan Public School Employees' Retirement System or in the Teachers Insurance Annuity Association-College Retirement Equities Fund after March 27, 1996.

For those staff members eligible for participation election in one of the two retirement programs at the time of employment, the election remains irrevocable for the period of their employment at Lake Superior State University. When a full-time employee moves from a non-exempt to an exempt position, he/she may elect to change from MPSERS to TIAA-CREF, within 90 days of the change, after which time the election remains irrevocable.

CONTRIBUTION RATES

Percentages of contributions in both retirement programs are based on gross earnings.

The University's contribution rate in the TIAA-CREF plan for all employees who participated in the TIAA-CREF plan at Lake Superior State University prior to January 1, 1996 shall be twelve percent (12%) of gross earnings.

All persons not eligible for overtime compensation pursuant to the Fair Labor Standards Act who are first employed as members of the academic, administrative, executive and professional staff on or after January 1, 1996 and employed full-time or part-time, will be enrolled in TIAA-CREF with a University contribution rate of twelve percent (12%) of gross earnings. Any person in this employee group hired after January 1, 2010 will have a University contribution rate of ten (10%) of gross earnings.

All full-time employees in Support Staff bargaining unit positions and all full-time and part-time members of the administrative and professional staff who are eligible for overtime compensation pursuant to the provisions of the Fair Labor Standards Act, first employed by the University after January 1, 1996, shall be enrolled in the Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF), with a twelve percent (12%) contribution rate. Lake Superior State University will contribute eight percent (8%) of gross earnings and the employee will contribute a mandatory four percent (4%) of gross earnings. Effective September 1, 2001, the University will contribute nine percent (9%) of gross earnings and the employee will contribute a mandatory three percent (3%) of gross earnings. Effective September 1, 2002, the University will contribute ten percent (10%) of gross earnings and the employee will contribute a mandatory two percent (2%) of gross earnings.

Percentages of contributions to MPSERS are subject to annual changes based upon changes in Social Security rates, actuarial reports, and legislative appropriations.

I. Michigan Public School Employees' Retirement System (MPSERS).

In order to qualify for an allowance under this plan, the employee must satisfy certain age and service requirements. Briefly, these are as follows:

A. Retirement Age and Eligibility

Upon termination of employment, a member is entitled to receive a monthly retirement allowance after either:

1. Attaining age 60 and having 10 or more years of service credit, or
2. Attaining age 55 and having 30 or more years of service credit, or
3. Attaining age 55 while still working and having accumulated 15 or more years of service, but less than 30, earning at least 0.1 year of **service credit** in **each** of the five school fiscal years immediately before the retirement effective date, and terminating Michigan public educational **service** immediately before the retirement effective date. If retiring under the early retirement provision, MPSERS imposes a **permanent** reduction on the pension amount you would have received had you deferred your pension until age 60. The permanent reduction is one-half percent (0.005) for each month you retire before your 60th birthday.

4. Member Investment Plan (MIP): Upon termination of employment, in addition to the basic plan qualifications, a member who has elected to be in the Member Investment Plan, is entitled to receive a monthly allowance after either:
    a. attaining 30 years of creditable service at any age, or
    b. attaining age 60 while still working with at least five years of **credited** service, with credited service earned in **each** of the five school fiscal years immediately preceding the retirement allowance effective date; having at least 0.1 year of service credit in **each** of the five school fiscal years immediately preceding the retirement effective date, and terminating Michigan public educational **service** immediately preceding the retirement effective date.

   An employee who makes a one-time irrevocable election to contribute to the Member Investment Plan, which has a contribution rate of 4% of annual gross compensation beginning January 1, 1987, or a graduated contribution schedule if hired January 1, 1990 or later, will receive additional benefits to the basic plan: benefits based on 3-year average compensation, annual post-retirement increase of 3% of initial retirement allowance, a non-duty death benefit, and annual credit for interest on MIP contributions for the full fiscal year.

5. Deferred Retirement - Vesting: Any member, regardless of age, having 10 or more years of service credit under the contributory plan, non-contributory, or a combination of both, who terminated employment after August 1, 1974, and left the contributions on deposit, is entitled to receive a monthly allowance upon attaining age 60. Also, any member having 30 or more years of service credit who leaves employment before age 55 and leaves the contributions on deposit is entitled to a monthly allowance upon attaining age 55. In both cases, the member must no longer be working in any Michigan tax-supported school, community college, college or university or as a State of Michigan employee. The allowance is computed according to the benefit formula in effect at the time the member terminated employment.

B. Benefits

A retirement allowance is computed by a formula which is the average of the member's best five consecutive years of earnings (or best three under the MIP), multiplied by 1 1/2%, and the result then multiplied by total years of service figured to the closest tenth of a year.

(A faculty member on academic year appointment satisfies the full-time requirement). Proportionate service credit is granted for part-time work. Various options for payment of benefits are available, and selection is made at time of retirement. The election must be signed by the retiree and the retiree's spouse, if any.

There are alternate plans for disability retirement, and death benefits for dependents of members who die before retirement and who have had 10 or more years of service.

C. Out-of-System Service

A maximum of 15 years of service performed in public school work outside this retirement system, including community colleges, colleges and universities, and overseas employment for the United States government as a teacher or an administrator of American nationals in public elementary or secondary schools, may be purchased for credit. A member may not receive credit for more out-of-system service than service performed under this system. Such service must be followed by at least five years under this system and may not be used as part of the minimum of 10 years necessary to qualify for an allowance.

Out-of-system service is not creditable if a member is or will be receiving a pension or annuity for the same service from another retirement system.

Under certain circumstances service credit may be purchased for years worked in non-public U.S. elementary and secondary schools, institutions of higher education, active duty military service, for sabbatical leaves, maternity/paternity and child rearing leaves. A universal buy-in credit of five years is also available, which will not be counted toward minimum service requirements. The Retirement Board should be contacted for further information.

D. Detroit Board of Education, State of Michigan Service and Local Government Service

Persons employed by the Detroit Board of Education or the State of Michigan and those in certain pension systems available through local units of government who become members of this retirement system, may receive credit for all years of service credit under these systems. Details related to individual circumstances should be checked with the Retirement Board.

E. Military Service Credit

1. Intervening: a member who left public school work under this retirement system to enter directly active duty in the U.S. armed forces, and who returned to public school work under this system within 24 months of discharge, may receive up to six years of retirement service credit at no cost. This service may be used to satisfy the 10

years of service credit required to qualify for an allowance, but cannot be used to qualify for the purchase of additional creditable service.

2. Nonintervening: a qualified member who served on active duty in the U.S. armed forces may purchase up to a maximum of five years of credit for military service after completing 10 years of credited service under this system.
3. Both: if a member has both intervening and non-intervening military service, a member may purchase and receive credit for a maximum of six years of combined service. Partial payments for one year or more may be made.

F. Additional Contributions

There is no provision for additional contributions by the member.

G. Health and Medical Coverage

The State of Michigan has contracted with insurance carriers to provide comprehensive group health and medical insurance (including hearing, vision and dental insurance in 1990) for pension recipients, their spouses and dependent children under age 19, and/or parents residing in the retiree's home. A significant portion of the premium is paid by the retirement system and the balance deducted from the monthly retirement check. A member retiring with an immediate retirement effective date is eligible for the full subsidy. Members receiving a deferred retirement with less than 30 years of service will have the subsidy reduced proportionately. Those with less than 21 years will receive no subsidy but may participate by paying the complete premium. In the event of a retiree's death, a beneficiary receiving a survivor allowance may continue in the group plan.

H. Working after Retirement

The retirement law permits retired members to work for tax-supported schools, colleges, or universities, without loss of retirement allowance, to the same extent as Social Security does for all work. There is no limitation for work in private or parochial schools, or in private industry.

I. Refund

Members who terminate their employment before satisfying the age and service requirements to start receiving a monthly allowance, may withdraw their accumulated contributions made under the contributory plan (pre-1974) or any contributions made under the MIP program.

J. Repayments of Refunds

Service credit cancelled by a refund can be reinstated if the amount refunded is repaid, together with regular annual compounded interest, and the member returns to public school work under this system for a certain length of time.

K. Application for Benefits

A member planning to retire is encouraged to make application 3 to 6 months in advance of the time he/she wishes to start receiving an allowance. Application forms may be obtained by phoning or writing the Retirement System.

Note: Employees enrolled in the MPSERS should be informed that this information is a summary of the Michigan Public School Employees Retirement Act 136 of 1945, 300 of 1980, as amended in 1985 and subsequent amendments. Employees would be well advised to obtain a personal copy and be informed as to its contents.

II. Teachers Insurance Annuity Association-College Retirement Equities Fund (TIAA-CREF)

Under this retirement program individual contracts providing retirement and death benefits for or on behalf of electing employees are purchased from TIAA-CREF. The annuity is based on the accumulated value of contributions in the account. Premiums to TIAA are invested in fixed dollar investments and purchase a definite amount of future retirement income. Premiums to CREF buy accumulation units (like shares of ownership) in a broadly diversified Common Stock Fund, Money Market Funds, Social Choice, Bond Market, Global Equities, Equity Index and Growth accounts, if so elected. The earnings on the employee's portion of the funds are reinvested, buying additional units for the employee's account. During retirement CREF pays to the annuitant each month for life, the current value of a certain number of annuity units - the annuitant's retirement shares in the fund. The allocation of premiums between TIAA and CREF is at the employee's option and may be changed at any time.

A. Retirement Age

Normal retirement age is 65 years. If the employee retires from the University, he/she may, at his/her option, begin to receive annuity payments at an earlier or a later age, up to age 71.

B. Vesting

The participant has full and immediate vesting of all retirement and death benefits purchased by University contributions.

C. Benefits

Option of several annuity incomes, survivor annuity, and transition benefit plans is available. There is no special disability provision, but the employee may elect to receive an annuity from the accumulated value of contributions, based on the employee's age at the time disability begins.

D. Transfer

As TIAA and CREF benefits are fully and immediately vested in the individual, transfer among the several thousand public and private universities, colleges, private schools, foundations and other educational research organizations throughout this country is possible. Individual premiums by a former employee may be continued by direct payment to TIAA-CREF after leaving the University regardless of future employment. A participant may at any time, also at time of retirement, make an irrevocable transfer of accumulations from the CREF fund to the TIAA fund by contacting TIAA-CREF.

E. Additional Contributions

The employee may make additional single or periodic payments at any time without having to apply for a new contract. Such payments are made directly to TIAA-CREF.

F. Working After Retirement

Income earned after retirement from any source will not affect the TIAA-CREF annuity income. A retirement annuitant may work for a participating institution which has a compulsory retirement plan. There is no limit on the amount that the retired annuitant can earn from this institution.

G. Cashability Option

Members of the TIAA-CREF Retirement System may take all or part of their accumulations in a cash settlement on retirement or termination of employment at the University, subject to tax regulations and penalties required by the IRS.

III. Tax Deferred Annuities

The University permits all full-time and part-time employees to participate in tax deferred annuity plans approved by the University and subject to limitations set by law. Under the plans, employees may elect a voluntary salary reduction. Such amount is then used by the University to purchase an employee annuity. This amount is not taxed for either federal or state income tax purposes under present legislation. Only after retirement, when benefits are received, do such amounts become taxable. Generally, this is at a time when earned payroll and other income may be less, and with additional personal exemptions, the overall result should be reductions in the amount of federal and state income taxes paid on these amounts. On the amount of voluntary salary reduction, retirement and Social Security contributions are paid at the time of reduction. Employees electing this option should keep accurate income tax records to permit correct filing of tax returns after retirement. Benefits after retirement may be partially taxable or entirely taxable, depending upon whether purchased with "before-tax dollars" or "after-tax dollars".

This summary describes the principal features of the retirement programs and is offered as a guide for your general understanding. Those who wish to review the programs in further detail should contact the Human Resources Office. Future legislation, on both the state and federal levels may necessitate changes in the current retirement programs. The University will keep employees informed of any changes which may occur.

IV. Lake Superior State University Retirement Program

A. Age and Service Requirements for Official Lake Superior State University Retirees

1. There is no mandatory retirement age for University employees. Ten (10) years of continuous full-time or equivalent part-time service at Lake Superior State University are required, and the age and service requirements for retirement as defined under the provisions of the Michigan Public School Employee's Retirement System - MIP program.
2. Eligibility: The employee must be entitled to retirement benefits under MPSERS or TIAA-CREF retirement plans.

B. Total, Permanent Disability Retirement

1. Age: An employee who is unable to continue work at the University because of total disability which must reasonably be expected to continue for at least six (6) months after date of application, may apply for total, permanent disability retirement without age requirement.
2. Eligibility: The employee must be entitled to total, permanent disability benefits under the MPSERS retirement plan, based on the employee's age at time disability begins, or to an annuity from the accumulated value of contributions under the TIAA-CREF retirement plan.

C. Contributions During Sabbatical Leaves

Employees who are granted paid sabbatical leaves by the University will have retirement contributions paid by the University. Those in the TIAA-CREF system will have regular contributions paid at the time they receive their pay. Regular contributions will not be made for those in MPSERS. Employees in MPSERS must make application to the retirement system on their return from the sabbatical leave, to purchase this out-of-service time, and the University will then pay the amount required to do so.

D. Payment of Unused Sick Leave

Fulfillment of the University age and service requirements at the time of separation entitles the employee to receive payment for accumulated unused sick leave up to a maximum of eight hundred (800) hours or one hundred (100) working days. This benefit will be discontinued for members of the faculty association and for non-union members hired after July 1, 1987, and for members of the Support Staff bargaining unit hired after January 1, 1990.

E. Other Benefits and Provisions for Official University Retirees

1. Lifetime entitlement to participate in the University's Tuition Fee Refund program.
2. Participation at the annual retirement and service awards ceremony to be honored as an official Lake Superior State University retiree at the time most appropriate to the employee's retirement date.
3. Retirees are entitled to receive two free passes from the Norris Center that entitle them to walking, jogging and swimming privileges during normal public hours. This pass may be obtained from the Ticket Office in the James Norris Center.

F. Processing

Employees retiring under the retirement provisions of the University should contact the Human Resources Office three to six months in advance of their expected retirement date to receive assistance in the preparation and processing of their retirement applications, if desired.