

OPER 374 - 2002 Early Retirement Program When Participant retires under 2002 Early Out

OBJECTIVE

EDROs – To clarify current policy on payments to Alternate Payees when Participant retires under 2002 Early Out.

APPLICATION

When a Participant retires with an Early Out incentive, Alternate Payee's payments are calculated at the regular 1.5% rate, unless there is evidence to support that the parties intended to include the incentive. If the EDRO does not specifically state that an early out incentive is to be paid to the Alternate Payee, but there is evidence that the parties intended such a result, the counselor should request a legal review.

OPER 375 - 2002 Early Retirement Program Insurance premium payments

OBJECTIVE

To outline how premiums are paid when Defined Contribution (DC) participants retire under the Early Out.

APPLICATION

The DC participant who retires under the 2002 Early Out is treated as a DC retiree in all respects, including the continuation of insurance coverage for eligible beneficiaries. The Early Out DC participant will receive a partial Defined Benefit pension from which ORS will deduct the retiree portion of insurance premiums. Regardless of the payment option elected by the DC participant, the insurance coverage will continue for an eligible insurance beneficiary (assuming payment of premiums).

OPER 376 - 2002 Early Retirement Program Corrections Officers and Others In Covered Positions

OBJECTIVE

To clarify eligibility requirements under the 2002 Early Out.

APPLICATION

Corrections officers and others who do not meet the age and service requirements for a supplemental retirement under covered employment between July 1, 2002 and their retirement effective date, but who do meet the 2002 Early Out retirement requirements, are eligible under the 2002 Early Out. (Section 19g(1)(e) and (2)(e) State Employees Retirement Act).

OPER 377 - 2002 Early Retirement Program Conservation Officers ineligibility for 2002 Early Out

OBJECTIVE

To clarify ineligibility of conservation officers described in section 48 of the State Employees Retirement Act for the 2002 Early Out.

APPLICATION

Section 19g (1)(f) states that conservation officers as described in section 48 of the Act are not eligible for the Early Out. This ineligibility applies whether the conservation officer is a Defined Benefit (DB) member or a Defined Contribution (DC) participant who earlier transferred from DB to DC.

OPER 378 - 2002 Early Retirement Program Act 88 (Reciprocal Retirement Act)

OBJECTIVE

To clarify current policy and ensure consistent treatment of Early Out Applicants and the use of Act 88.

APPLICATION

Under circumstances consistent with the provisions of the Reciprocal Retirement Act, a member of the State Employees Retirement System may be able to combine his/her state service with other Michigan governmental service to qualify for a pension under the Early Out.

OPER 379 - 2002 Early Retirement Program
When a Participant is eligible for, but does not retire under 2002
Early Out

OBJECTIVE

EDROs - To clarify current policy on payments to the Alternate Payee when the Participant is eligible for, but does not retire under 2002 Early Out.

APPLICATION

If an EDRO contains the “Earliest Retirement” provision and Participant is eligible to retire under the 2002 Early Out, but not under the normal SERS age and service requirements, the Alternate Payee is not eligible to begin drawing benefits during the Early Out Retirement “window” unless the Participant retires under the Early Out.

OPER 380 - 2002 Early Retirement Program Paying Off TDPs in Conjunction with Termination

OBJECTIVE

To clarify current policy on how a TDP Agreement can be paid off in conjunction with termination.

APPLICATION

Under current federal tax law and legal interpretation, TDP agreements can be paid off prior to termination by one of the following methods:

1. An eligible rollover (that is, by 401(k), 457, or 403(b) funds)
2. Accelerated payments
3. Post-Tax money
4. One-time lump sum

Annual leave pay off (NOTE: In certain cases where annual leave is paid off after termination, payment may be accepted. These situations require review by Customer Accounts staff prior to termination.).

OPER381 2002 Early Out Application Processing

PURPOSE

To identify steps to follow for processing a 2002 Early Out retirement application.

STEPS

(1) Application arrives

- Confirm that it is an early out application
- Review Section 1 – If A or B are yes, mark on the front of file with either EDRO or WWC. Continue processing
- If C is yes and they have not already received bill, a bill will need to be completed before you finish with this file- continue processing
- Review checklist and make a note of any items that are missing from the packet – continue processing
 - If they are choosing an equated option note this and when you complete the benefit summary on file you will need to add in comments that they need a social security estimate provided before we can complete file

(2) Obtain Information from HRMN Query

- Request member's information:
- Query will provide the following information
 - Assignment (full time or part time service)
 - Time accrual (annual leave balance)
 - Salary History (current rate of pay)
- Current Benefits (life insurance benefit, amount and dependent coverage)
- Retirement Code
 - 04 – regular state employee in defined benefit 1.75%
 - **40 – regular state employee in the defined contribution 25%**
 - **01 – covered employee, must ensure they do not meet covered criteria**
(both of these codes will have different process to follow – see flow chart
- *Department & Agency*
- *Sick leave balance*
- *Last hire date*
- *City tax code*
- ***PRINT SCREEN and obtain copy in member's file***

(3) Obtain Information from FAC Hours Estimator

- Go to Shortcut for FAC estimator (screen attached)

- Enter ss#
- Enter Effective Date (from app)
- Enter last day worked (from app)
- **PRINT SCREEN**

(4) Obtain Information from SRVS Earning query (State Retirement Icon)

- Log on to SRVS
- Access code is retireopena (screens attached)
- Password is retireopen
- Under file choose Earnings Totals and hit enter (screen attached)
- Enter SS#
- Enter hours from FAC estimator (hours of SRVS wages needed) and click earnings summary (screen attached)
- Next screen shows the retirement FAC and total hours that you should have requested. If different hours a more thorough investigation will need to occur – see supervisor (screen attached)
- Hit earnings detail button
- Print Detail
- On printed sheets if member is a full time employee you simply want to look through the regular hours column and make sure that it is showing 80 hours consistently through the report (screen attached)
- **PRINT SCREEN and obtain copy in member's file**

(5) Enter information into Wage Estimator

- *Open Wage Estimator shortcut and open*
- *Enter SS#*
- *SRVS Hours requested is from the FAC estimator*
- *SRVS Hours received is from the SRVS earnings total screen*
- *Total SRVS hours – from SRVS earnings total screen*
- *Wages earned in earliest pay period – from earnings detail screen*
- ***PRINT SCREEN and obtain copy in member's file***

(6) SERS TDP Shortcut

- Only go to this step if the member has noted on application that they have a TDP
- Enter password – ORSSERSTDP (screen attached)
- Go to balance report, enter (screen attached)
- Enter social security number -with dashes (screen attached)
- If there is a billing **PRINT SCREEN** – you will need this info for CPP

(7) Prepare Billing if requested – check application to see if they have already received billing from ORS

If they have requested a Universal buy in or a military bill, you will prepare bill. If any other type has been requested, bring to supervisor

- Go to billings Shortcut
 - For **UBI bills** choose SERS actuarial bills
 - Enter SS# and all fields are then completed
 - Print file copy and print member copy
- For **military (must have member's DD214 discharge paper before this bill can be processed)**
- Bring to Supervisor and we will assist you with the first one
- Any bills prepared **PRINT** file copy

(8) EFT Forms

- Locate EFT form in file
- If they are requesting EFT – write on front of file in big print EFT

(9) ENTER information into CPPUP

- Click on Internet Icon and access CPPUP
- On CPPUP home page change System # to 42-SERS
- Select New Application (double click) from the News Adds section of the home page
- Enter SS#, application received date
- Double check information on demographics page against information on retirement application, complete requested information in blank fields and change retirement type to “6”
- Move to Pension Option page
- Enter beneficiary information from retirement application
- Move to IRS/EFT page
- Enter IRS withhold choice member selected on IRS withholding form and select pension delivery method
- Move to Insurance page
- Enter health insurance carrier and coverage levels selected on Group Insurance Application, do the same for vision and dental insurance. Please note spouse's date of birth must be entered only if they are covered on the health insurance plan. Life insurance info should be entered based on HRMN Current Benefits printout.
- Move to Service Credit page
- Enter service credit hours from SRVS from FAC Estimator
- Enter projected hours to last day worked from FAC Estimator
- **IF THE MEMBER REQUESTED A BILLING ADD THE AMOUNT OF SERVICE AND TYPE OF BILLING THEY REQUESTED IN THE ADDITIONAL SERVICE SECTION.**
- Move to Pay page
- Enter final hourly wages from HRMN “Salary History” printout
- Enter wages determined from SRVS Wage Earnings Total Screens
- Check life insurance multiplier from HRMN “Current Benefit” printout
- Enter Social Security Estimate amount if Equated Option was selected

- Enter amount of Annual Leave (A/L), Comp. Time and 81 deferred hours from HRMN Time Accrual Balances printout into the Wage Adjustment section. NOTE: In most cases there will be no Comp. or Def 81 hrs. printout balances.
- Click on Submit button on bottom of the page
- If all necessary data has been input you will receive a message saying “New Application transaction successfully updated”, click on OK
- If at this point any forms necessary to complete a file have not yet been received from the member go to the Forms Info tab. Here you can request the necessary forms by clicking by the missing document. If your file requires a Social Security estimate that you have not received you need to request that in the Benefit Summary comments field. The requested forms will then appear on the Benefit Summary when printed.
- A Print Dialog box will then appear. You will need to print all 5 reports listed.
 1. Benefit Estimate (member’s copy) – sent to member
 2. Application/Initial letter –sent to member
 3. Human Resource Letter – put in designated basket
 4. Benefit Estimate (ORS copy) – kept in member’s file
 5. Benefit Summary – sent to member
- If the retiree has elected to have their pension electronically deposited enter the EFT transaction for the new application by following the following procedures.

OPER 382 - 2002 Early Out Application Processing using Reciprocal Act 88.

PURPOSE

To identify steps to follow for processing a 2002 Early Out retirement application, that is using Reciprocal Service to be eligible for benefits.

STEPS

(1) Application arrives

- Confirm that it is an early out application
- Review Section 1 – If A or B are yes, mark on the front of file with either EDRO or WWC. Continue processing
- If C is yes and they have not already received bill, a bill will need to be completed before you finish with this file- continue processing
- Review checklist and make a note of any items that are missing from the packet – continue processing
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- Retirement Code
 - 04 – regular state employee in defined benefit 1.75%
 - **40 – regular state employee in the defined contribution 25%**
 - **01 – covered employee, must ensure they do not meet covered criteria**
(both of these codes will have different process to follow – see flow chart
- *Department & Agency*
- *Sick leave balance*
- *Last hire date*
- *City tax code*
- ***PRINT SCREEN and obtain copy in member's file***

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- Enter social security number -with dashes (screen attached)
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- Enter SS#, application received date
- Double check information on demographics page against information on retirement application, complete requested information in blank fields and change retirement type to “6”
- Move to Pension Option page
- Enter beneficiary information from retirement application
- Move to IRS/EFT page
- Enter IRS withhold choice member selected on IRS withholding form and select pension delivery method
- Move to Insurance page
- Enter health insurance carrier and coverage levels selected on Group Insurance Application, do the same for vision and dental insurance. Please note spouse's date of birth must be entered only if they are covered on the health insurance plan. Life insurance info should be entered based on HRMN Current Benefits printout.
- Move to Service Credit page
- Enter service credit hours from SRVS from FAC Estimator
- Enter projected hours to last day worked from FAC Estimator
- **IF THE MEMBER REQUESTED A BILLING ADD THE AMOUNT OF SERVICE AND TYPE OF BILLING THEY REQUESTED IN THE ADDITIONAL SERVICE SECTION.**
- Reciprocal Service added to Service Credit – If member is requesting the reciprocal service to meet eligibility you must have data from the reciprocal unit to complete the estimate. A reciprocal unit is another governmental agency within the State of Michigan. The following criteria must be met in order to qualify as reciprocal:

- The member must have 30 months or more in preceding unit
 - They must have left their contributions on deposit, or if they withdrew those contributions, plus interest must be paid to Office of Retirement
 - They must have began employment with the succeeding unit (State) within 15 years of termination from the preceding unit
 - The time with both units combined meets or exceeds our eligibility requirements
 - The pension will be paid only on those years with the State of Michigan, unless time and money were transferred to our system.
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- Once you have established the following and determined that the time with another unit does qualify as reciprocal you would check the Act 88 box on the service credit page and add the dates of service provided by the reciprocal unit. Hit add service when completed.
 - If they only provided you with years and months, you would go to the additional service section of service credit tab and again check the Act 88 box and then fill in the years, months, and days section and hit add service when completed.
 - Move to Pay page
 - Enter final hourly wages from HRMN “Salary History” printout
 - Enter wages determined from SRVS Wage Earnings Total Screens
 - Check life insurance multiplier from HRMN “Current Benefit” printout
 - Enter Social Security Estimate amount if Equated Option was selected
 - Enter amount of Annual Leave (A/L), Comp. Time and 81 deferred hours from HRMN Time Accrual Balances printout into the Wage Adjustment section. NOTE: In most cases there will be no Comp. or Def 81 hrs. printout balances.
 - Click on Submit button on bottom of the page
 - If all necessary data has been input you will receive a message saying “New Application transaction successfully updated”, click on OK
 - If at this point any forms necessary to complete a file have not yet been received from the member go to the Forms Info tab. Here you can request the necessary forms by clicking by the missing document. If your file requires a Social Security estimate that you have not received you need to request that in the Benefit Summary comments field. The requested forms will then appear on the Benefit Summary when printed.
 - A Print Dialog box will then appear. You will need to print all 5 reports listed.
 1. Benefit Estimate (member’s copy) – sent to member
 2. Application/Initial letter –sent to member
 3. Human Resource Letter – put in designated basket
 4. Benefit Estimate (ORS copy) – kept in member’s file
 5. Benefit Summary – sent to member
 - If the retiree has elected to have their pension electronically deposited enter the EFT transaction for the new application by following the following procedures.

OPER 383 - 2002 Early Retirement Program Changing Retirement Effective Date of 2002 Early Out Retirement Application

OBJECTIVE

To ensure consistent processing of requests to change retirement effective dates on 2002 Early Out Retirement Applications.

APPLICATION

- I. If a state employee who has applied for Early Out Retirement and did not request or was not approved for an extension wishes to change their retirement effective date, the applicant must:
 1. Submit to ORS a signed written request to change the retirement effective date indicated on their Early Out retirement application.
 2. The written request to change the effective date must
 - a) Be received at ORS no less than 30 days prior to the applicant's revised retirement effective date, and
 - b) Must indicate a revised retirement effective date between July 1, and November 1, 2002
- II. If a state employee has applied for Early Out Retirement and been approved for an extension:
 1. The extended retirement effective date is irrevocable and cannot be changed.

OPER 384 - 2002 Early Retirement Program Treatment Of Early Out Service Credit Purchase Money When Early Out Retirement Application Is Rescinded

OBJECTIVE

To outline what happens to monies from service credit purchases that are paid by Defined Contribution (DC) or Defined Benefit (DB) Early Out applicants who later rescind their Early Out application.

APPLICATION

1. DB members and DC participants can purchase service credit any time up to their termination date. The purchase does not have to be made before April 30, 2002 or before submitting a retirement application.
2. **Those who purchase and later rescind their applications will not receive a refund of the service credit purchase cost until they terminate employment.**
3. If the individual wants to purchase service credit for the sole reason of qualifying for the Early Out, but believes there is a possibility that he/she may rescind the application, they should not make the purchase until after they can no longer rescind their application. Applications can be rescinded on or before May 15, 2002, unless an extension of employment has been requested. If an employment extension has been requested and is denied, the applicant has 7 days from the rejection of the extension to rescind the application.

OPER 385 - 2002 Early Retirement Program CETA Service Credited to the DC Participant during the Early Out

OBJECTIVE

To outline what happens to CETA service credited to a DC participant who applies for the Early out, but later rescinds the application.

APPLICATION

If a DC participant obtains credit for CETA service during the Early Out, but rescinds the application and does not retire through the Early Out, the CETA service is removed from the individual's account and any monies received for the CETA service are refunded to the employer.

OPER 386 - 2002 Early Retirement Program Notification to Human Resource Offices

OBJECTIVE

The purpose of this procedure statement is to notify Human Resource Offices of Retirement Services policy regarding the rescinding of pending retirement applications.

APPLICATION

The following message was sent to all Human Resource Office Directors informing them of Retirement Services policy regarding the rescission of pending retirement applications.

COMMUNICATION FROM ORS TO THE HR/PERSONNEL DIRECTORS:

In an attempt to take advantage of the proposed early out legislation, the Office of Retirement Services (“ORS”) has received requests from state employees wanting to withdraw their pending retirement application.

While ORS allows anyone to withdraw their retirement application prior to being placed on the retirement payroll, if the employee has already separated from state service they are **not** eligible under this proposed plan. If they have not yet separated from state employment, they may withdraw their application for retirement and continue working which is consistent with current practice.

To qualify under the proposed early out retirement plan, an individual must be in active employment status. We have confirmed with the Office of the State Employer that individuals who have already separated do not meet this criterion even if they have not yet received their first retirement check.

State employees/retirees who have separated from state employment may be contacting you regarding their employment status in an attempt to return to work in order to meet the eligibility criteria in the proposed early out retirement program.

The Budget Office and the Office of the State Employer have confirmed that an exception to the hiring freeze would need to be approved by Budget before an employee could be returned to work once they have separated from state employment. A request for a hiring freeze exception for the sole purpose of returning an employee to work in order to qualify for the proposed early out retirement plan will not be approved by the Budget office.

Also, there have been several questions from employees interested in extensions of employment under the proposed plan. As in the 1997 early out retirement plan, the proposed plan includes a provision allowing Department Directors to nominate a limited number of essential employees for extensions of employment. These will be carefully reviewed and must be approved by Budget. Approval is expected only where it can be

shown that extending the employee's retirement date is critical to the overall mission of the department/agency.

Questions concerning this communication can be directed to the Office of the State Employer.

OPER 387 - 2002 Early Retirement Program Policy/Procedure for Rescinding a Pending Retirement Application

OBJECTIVE

To clarify current policy and determine a uniform response to individuals interested in rescinding a pending retirement application in order to participate in the 2002 Early Retirement Program.

APPLICATION

All individuals making an inquiry to Retirement Services regarding the rescission of a pending retirement application because of the pending early retirement program should be informed that:

1. Retirement Services will rescind any pending retirement application that has not yet been placed on payroll, presuming the employee has not terminated employment.
2. The current legislation regarding the early retirement program has not yet passed and become law.
3. In order to be eligible for the early retirement program, if passed, an individual must be an active employee.
4. Inquirers must contact their Human Resource Office regarding the determination of their employment status. An individual who has terminated employment will not be eligible to rescind their application.
5. If the individual has not terminated employment, before a pending application is rescinded, the individual must send, in writing, a signed statement that the individual understands the following:
 - The Early Retirement Program legislation is currently pending and is not yet law
 - The individual understands that s/he must be an active employee to qualify under the proposed program. Terminated employees will not be eligible.
 - The individual has contacted his/her Human Resource Office regarding employment status and the Human Resource Office has agreed to allow the individual to remain in active employment status.
 - The individual will make a new application for retirement at a later date.

OPER 389 - Auditing Early Out Payroll Files

PURPOSE

Identify the auditing steps for staff to complete in reviewing Early Out payroll files to ensure accuracy of information.

STEPS

1. Check SRVS2 to determine last day worked.
2. Check the Agreements section of the TDP database for non-posted TDP agreements. Place your cursor in SSN field, hit ctrl F and enter SSN to locate specific member's information.
3. Go to SRVS2 to see if purchases stated on member's retirement application have been posted to their account. If purchase has not been posted, make notation and return file to processor.
4. Pull up members account in CPPUP
 - Make sure EFT transaction has been entered (if applicable), if not enter EFT transaction information and submit.
 - Go into Application Closeout.
 - In DEMOGRAPHICS tab verify address, retiree birth date and last day worked.
 - Go into PENSION OPTION tab and verify Option Selection and beneficiary data (if applicable).
 - Go into CLARETY tab – select most recently approved transaction.
 - Parameters tab – verify hourly rate & potential service and Estimated SS amount (if applicable).
 - Average Comp, tab – check hard copy SRVS2 earning detail to verify member received 80 hrs. of pay for each of the pay periods in the FAC period. If not earnings must be adjusted to include 6240 hours worth of wages.
 - Scroll through FAC wages used looking for “blobs” and unusual wages.
 - Verify A/L hours and Longevity payoff entered into Clarety.
 - Click on return to CPPUP button.
 - Verify data entered into IRS/EFT tab against IRS/EFT election forms.
 - Verify data entered into INSURANCE tab against Insurance option form. Make sure most recent form information is entered; check to see if member or spouse is 65 or turning age 65, if so make sure Medicare option is selected. Make sure Insurance effective date is the same as the retirement effective date due to many changes in this area.
 - Verify life insurance multiplier in PAY tab against HRMN report.
 - Verify data entered into CON/INT tab from SRVS2 Yearly Summary Tab report.
5. Check final pension amount and years of service against estimate totals to look for discrepancies.

6. Verify Pre-Tax amount written on top of code sheet if pre tax dollars appear on SRVS2 Yearly Summary Tab report.
7. If file has been completed correctly click the audit button and submit. If not, return to processor for corrections.
8. Sign code sheets.
9. When all steps are completed return file and final letter to the staff assigned to update file and send out final letter.

Effective: 10/29/02