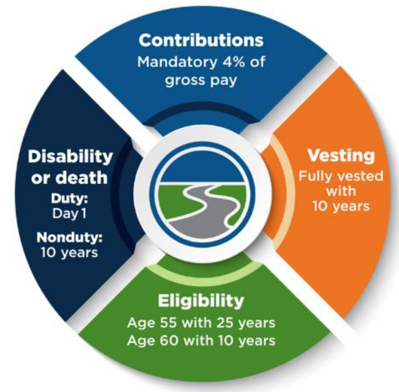
Pension Plus Retirement Plan

Pension + Savings + Healthcare

As an enlisted officer, you are a member of the Michigan State Police Retirement System. Membership is automatic when you complete recruit school and subscribe to the constitutional oath of office. Michigan State Police hired on or after June 10, 2012, are members in the Pension Plus retirement plan.

Pension Component:

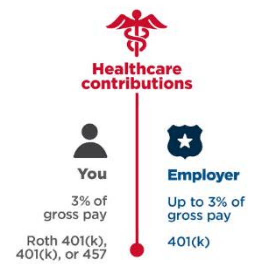
- Guarantees a lifetime monthly payment once you meet age & service requirements.
- Fully vested at 10 years of service.
- Eligible to collect at age 55 with 25 years of service or age 60 with 10 years of service. Disability protection and survivor death benefits, duty or nonduty, available.
- Funded by 4% pre-tax mandatory employee contributions and employer contributions.
- Annual Pension is calculated as your FAC x YOS x Benefit Multiplier.
    - FAC = Final Average Compensation is the average of your highest five consecutive years of earnings
    - YOS = Years of Service enlisted with Michigan State Police. You can receive credit for time you spend in active duty military service with the US Army, Navy, Marine Corps, Air Force, or Coast Guard.
    - Benefit Multiplier = The benefit multiplier is calculated at 2 percent for your first 25 years of service. For each year over 25 years of service, the benefit multiplier declines by 0.4 percent until it reaches 0 percent at 30 years of service. The reduced multiplier applies only to years 26 through 30, not the first 25 years.



Savings Component:

- VOYA Financial 401(k) and 457 retirement savings- tax-deferred investment account, funded by employee contributions and employer matching contributions plus compounding investment earnings.
- Employees may contribute to the pre-tax 401(k), Roth 401(k) or the 457 account at VOYA.
- 50% Employer match on savings component up to 1% of salary, in addition to the 3% PHF match below.
- Automatic enrollment at 5% pre-tax 401(k) employee contributions to receive the full 4% employer matching contribution. You can change contributions at any time. Vesting in the employer contributions to your 401(k):
    - 50% vested after the equivalent of 2 years of full-time service.
    - 75% vested after 3 years.
    - 100% vested after 4 years.
- Low investment expenses, consolidation options and investment advisory services.

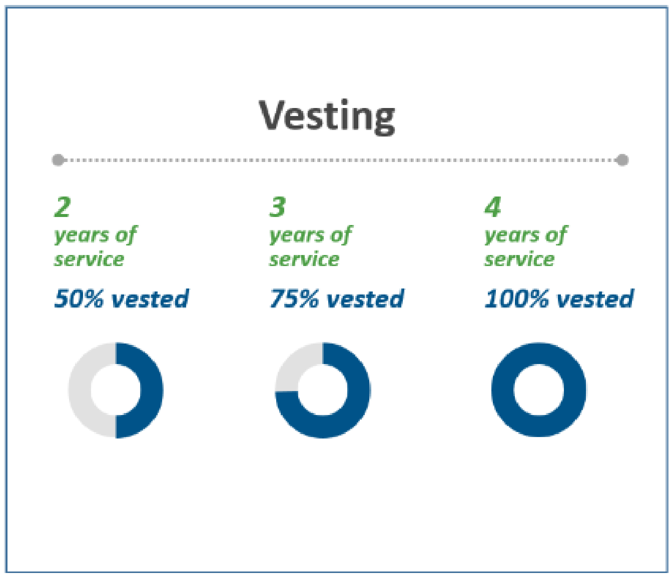
Healthcare Savings (PHF):



- Personal Healthcare Fund (PHF) to help you save now for healthcare expenses in retirement.
- 3% employee contribution to the plan earns a dollar-for-dollar employer matching contribution (up to 3% maximum as pre-tax 401(k) employer contributions).
- HRA- You may be eligible for a credit to a Health Reimbursement Account (HRA) at termination. Your credit will be $2,000 if you are age 55 with 30 years of service or if you are at least age 60 with 10 years of service. Your credit will be $1,000 if you are less than 60 years of age with 10 years of service
- Disability and Death Benefits may include subsidized healthcare options but forfeit the PHF employer contributions and earnings on those contributions, as well as the HRA, if eligible.

Contributions to Savings Component

Contribution	Percentage
Employee PHF	**3%**
Employer PHF Match	3%
Employee Retirement	**2%**
Employer Retirement Match	1%
Total	**9%**



Reasons to be in the plan:

Two words: Employer Match- Maximize your match, maximize your savings. When it comes to saving for the future, more is definitely better. On your first day of work you were automatically enrolled in the 401(k) Plan at the rate that gives you the maximum match from your employer. You may increase or decrease your contributions at any time, but be sure to contribute at least the rate at which you will receive the full employer match. It's an important feature that could boost your retirement savings. Annual Small Steps: The State of Michigan is committed to helping you save as much as possible for your retirement. To help boost your retirement savings even more, your contribution rate will be automatically increased by 1% each year until you are contributing 15% of your wages, unless you opt-out.

Power of the match

Type of savings contribution	You	Employer
Healthcare savings (auto-enrollment)	3%	3%
Retirement savings (auto-enrollment)	2%	1%
Total	5%	4%
Grand total	**9%**	

Get a Tax Break- every pre-tax dollar you save reduces your current taxable income by $1. This means you end up paying less in taxes today. And the money that would have gone toward taxes starts working for you in your retirement investment account. It's almost like you're saving for your future at a discount. You will pay taxes on your savings and earnings at withdrawal but in the meantime, your interest can compound tax-free. Early withdrawals may be subject to IRS penalties.

Your money is always yours- The money you save and the related earnings are always yours while employer matching contributions vest over time. Vesting is a term for ownership of your account balance. Your contributions are always vested 100% and they are portable, meaning they can be rolled over into another employer retirement plan, IRA, or paid back to you if you leave employment. Vesting in the pension component happens at 10 years of service. Vesting in the employer contributions to your 401(k) happens as follows: 50% vested after the equivalent of 2 years of full-time service; 75% vested after 3 years; and 100% vested after 4 years.

Employer match vesting

Years of service*	Percentage vested
1 year	**0%**
2 years	**50%**
3 years	**75%**
4 years	**100%**

*A year of service is defined as 2,080 regular hours.

Invest in your future- The sooner you start, the more you could have. Why? Because the longer you save, the more time your savings have to grow, earning returns that go back into your retirement investment account where you can earn returns on those returns. It's called compounding. Compounding has a snowball effect: each year's gains can build on those of the past, increasing your account's overall growth potential. Your pre-tax contributions and employer matching contributions, as well as earnings, grow tax-free until withdrawal, so you benefit from "tax-deferred" compounding. After-tax contributions to the Roth 401(k), as well as earnings, grow tax-free and may be eligible for tax-free withdrawal in retirement.

Time value of money

Contribution	Susan	Bobby
First 5 years	$5,000	$0
Next 5 years	$5,000	$5,000
Total contribution	$50,000	$25,000
Interest earned	$12,431	$2,038
Grand total	**$62,431**	**$27,038**