










# Teacher Pension Policy in Michigan

For more information about Michigan and other states' teacher retirement policies, including full narrative analyses, recommendations and state responses, see [www.nctq.org/statepolicy](http://www.nctq.org/statepolicy)

## Michigan's pension system ratings

<b>Sustainability</b>	Pension system is stable and well funded.	
<b>Flexibility</b>	Pension system is flexible and fair to all teachers.	
<b>Neutrality</b>	Benefits accrue uniformly with each year of work.	
<b>Transparency</b>	Teachers and the public have a clear depiction of the system's standing and future health.	

 fully meets goal 
  nearly meets goal 
  meets goal in part 
  meets a small part of goal 
  does not meet goal

## Snapshot of Michigan's pension system

Teacher pension system is well funded (at least 90%).	NO
Teachers have the option of a fully portable primary pension plan.	YES
Teachers vest in three years or less.	NO
Teachers leaving early can take at least a partial employer contribution with them.	NO
Teacher and employer contribution rates are reasonable.	NO
Retirement eligibility is based on age only.	YES
Pension benefits accrue in a way that treats each year of work uniformly.	YES
Future contributions required to fully amortize total pension debt are projected and reported.	NO
Contributions required to fully amortize pension debt under different discount rates are reported.	NO
The source(s) of employer contributions (e.g., state and/or school districts) are disclosed, as well as the proportion of total contributions for which each contributor is responsible.	YES
The amount of retirement contributions that are normal costs and amortization are reported.	NO
Individual teachers are provided with information that breaks out employee and employer contributions.	NO
Individual teachers are provided with information about how their benefits accrue over time.	NO

## Michigan pension system characteristics

Type of plan	Choice of Hybrid or Defined Contribution
Unfunded liabilities (percent of system funded)	\$24,973,627,000 (62.9%)
Vesting period	10 years (Hybrid)/Immediate (DC)
Teacher contribution rate (percent of salary)	Hybrid: DB part 3-6.4% depending on wages; DC part minimum 2%; DC: minimum 2%
Employer contribution rate (percent of salary)	25.8%
Basis for retirement eligibility	Age only
Cost-of-living adjustments	No COLA
Participation in Social Security	Yes
Contributions teachers may withdraw from plans if they leave after five years	Hybrid DB portion: own with interest
Policy for purchasing time for prior teaching or approved leave	Hybrid: Limited (prior teaching); Not permitted (approved leave)

*For states with multiple tier teacher pension systems, this analysis applies to the tier that applies to current new teachers joining the system.*