



BENEFITS TERMINOLOGY

Related to the Purchase of Service Process

- **Actuarial Liability:** The value of the member's creditable service (or potential creditable service) held by either MPERS or another retirement system whether fully funded or not.
- **DD214:** Military discharge record reflecting the periods of active duty service used to calculate the purchase of service.
- **Down Payment:** Funds submitted by a member to partially pay for service they are wishing to purchase.
- **NGB23:** Military discharge record, reflecting active duty points used to calculate the purchase of service.
- **Partial Rollover:** Funds submitted by a financial institution to partially pay for service a member is wishing to purchase.
- **Present Value:** The total amount needed in today's dollars to fully fund the monthly benefit that will be payable in the future.
- **Transfer Agreement:** Agreement between MPERS and another retirement system allowing for the transfer of all service from the other system to MPERS. The other system must agree to transfer the required funds to MPERS. Members must be vested in both MPERS and the transferring system.

The purchase or transfer of service is too complicated to describe in this dictionary. Members interested in purchasing or transferring service should contact MPERS.

Related to the Retirement Process

- **Cost of Living Adjustment (COLA):** Yearly percentage increase in benefits received. COLAs vary by the retirement plan selected at retirement. Closed Plan retirees get a guaranteed 4% COLA (max 5%) each year until the total increases equal 65% of the initial benefit. After the cap is reached, the COLA is calculated as shown below for the Year 2000 Plan/2011 Tier retirees. They are paid in October assuming the person received a September retirement benefit. Retirees of the Year 2000 Plan and 2011 Tier receive their COLAs on the anniversary of their retirement (or BackDROP date). Their COLAs are calculated at 80% of the increase in the Consumer Price Index U for All Urban Consumers (CPI-U) with a max of 5%.

- **Division of Benefits Order (DBO):** Court order which provides a portion of a member's retirement benefit to an ex-spouse. The ex-spouse may be referred to as a DRO in our benefits administration system or appear on statements generated by that system.
- **Pop-Up:** Process that increases a member's benefits due to death of their spouse. If a member is married at retirement and selects a survivor option that reduces their monthly benefit, and their spouse precedes them in death, the member's benefit will "pop-up" to the full amount.
- **Power of Attorney - POA:** Used to determine who has power to make decisions or update information for members. Legal paperwork must be completed through a law office and paperwork must be approved by MPERS prior to use. For an agent to change or designate a beneficiary under a POA, it must be specifically stated in the POA. If an agent attempts to change or designate a beneficiary, the documents must be approved by MPERS. Under a POA, it is possible for the member to still act for themselves even though the agent may have already acted on behalf of the member.
- **Temporary Benefit:** Members retiring under the Year 2000 Plan (with Rule of 80) or 2011 Tier (with Rule of 90) are eligible for a temporary increase to their normal retirement amount. The temporary increase ends at age 62. There is no temporary benefit for members retiring under the Closed Plan.
- **Vested:** Members of Closed Plan or Year 2000 Plan who have at least 5 years of service, and are therefore eligible for retirement benefits when eligibility criteria are met. Tier 2011 members are vested at 10 years.

Related to the Disability Process

- **Disability Approval Letter:** A letter received via fax from the insurance company notifying MPERS of member's approval for disability, listing the date of disability and the date of approval.

Related to Deceased Members

- **Benefit Payment Affidavit:** Forms filled out by survivors of members. These forms are then used to determine who is entitled to final benefit check or continuing benefit (if applicable) of deceased member when a beneficiary is unknown.
- **Conservatorship of Minors:** If a member dies and a survivor benefit is payable to a minor who has no living parent as natural guardian, MPERS requires a copy of the court-certified conservatorship order. At age 18, the minor receives payments directly and is able to handle all changes or requests.

- **Death Certificate (DC):** MPERS only requires a copy of a DC for processing survivor payments.
- **Natural Parent Affidavit:** The affidavit must be completed by the natural parent with custody of the minor child. At age 18, the minor can request to receive payment directly and is able to handle all changes or requests.
- **Survivor Application:** A form completed by a survivor that has been designated, by the member, to receive any benefits remaining upon the member's death.