An **Office of Retirement Services** Publication

Connections

March 2004, Vol. 7 No. 1

Our Mission

We deliver pensions, related benefits and services to promote the future financial security of our customers.

Our Vision

Fast, easy access to complete and accurate information and exceptional service.

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State Police Retirement System enters 2004 financially sound

This issue of *Connections* includes the financial summary of your retirement system for fiscal year 2003. Although 2003 was a volatile year on Wall Street, the retirement system funds were well cared for over the course of the year. The financial summary can be found on page 4.

After two years of net investment losses, the funds have once again posted significant net investment gains. Because of market volatility, the retirement system invests for the long run in both a responsible and prudent manner. Therefore, investments are made in a broad diversified group of assets. This strategy helps to limit losses during turbulent times.

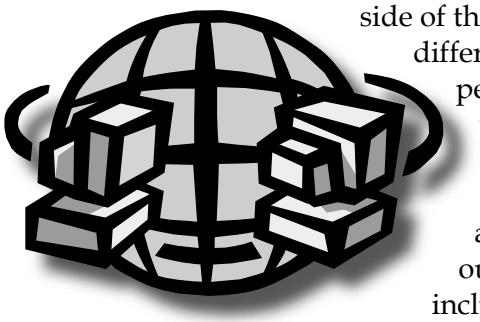
The funded status of the system, as reported in the *2003 Comprehensive Annual Financial Report* (CAFR), was 100.5 percent on September 30, 2002. The funded status for September 30, 2003, that will be reported in the *2004 CAFR* is estimated at 96.0 percent. The higher the percentage, the stronger the pension system. The calculation of this percentage is explained in detail in the financial section of the *2003 CAFR* which can be found at www.michigan.gov/ors.

During fiscal year 2002-2003 the retirement system's net assets increased to $979.2 million. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments.

As of September 30, 2003, there were 2,569 retirees and beneficiaries receiving monthly benefits. Approximately 1,850 active employees were reported during fiscal year 2002-2003. Of these, about 955 have fully vested rights to their retirement benefits.

Go to the ORS website for retirement information

Have you ever visited the Office of Retirement Services website? We have lots of information and links that we believe will be useful to you.



You can find our website at www.michigan.gov/ors and navigate to your retirement system. Once you are at your system, you will find a section called *"What's New."* We use this page to list any new information that we think is valuable to you.

The Quick Links tool bar on the right side of the page links to different websites that pertain to you and your retirement, like links to insurance carriers. You can also find most of our publications, including this newsletter, and forms by clicking on Publications and Forms on the navigation bar on the left.

From the Director

In past issues of *Connections,* I have talked to you a lot about Vision ORS. Vision ORS is the map we use to guide us to our vision of providing you with "fast, easy access to complete and accurate information and exceptional service."

What this means to you is that we have been hard at work to improve our service. Your feedback tells us our efforts are being noticed. See the article below for details on our latest retiree survey.

We are also working to serve you faster. The time it takes to determine retirement eligibility or answer a letter has improved. This is due, in part, to our new technology. If you call with a question, our retirement information representatives are now able to view your information on one computer screen. So, we are able to give you a more complete, personalized answer. And we can usually answer your question right away instead of having to research documents in your paper file and call you back. We get a lot of comments on how much you appreciate being able to get what you need in one phone call.

Our new mail system has played a big part in our improved service. In the past, mail was sorted and hand delivered throughout the office. The work was completed and sent to the records department to be filed in a paper file folder for each retiree. If representatives needed to see a document in your file, they would have to request the paper file from our records department. Now, when we receive mail, it is scanned into a computer and a copy is placed into your electronic file. This is the process that gives us the ability to view your electronic file on the computer screen.

Technology is great, but in the end, any good organization is only as good as the people who work there and how well they work together. You have a great group of folks serving you at ORS and I am proud to be part of this organization. No matter what, they find ways to improve our service to you, our customer—and they have some fun doing it.

One final note. As stewards of your retirement system, we never lose sight of being budget conscious. In that vein, we continue to provide service to you at about two-thirds of the cost of our peers. We have found a way to provide high quality service at a low cost. We think that makes us a pretty good value.

We are always looking for your input. Let us know how we are doing.

Cheers!

Chris DeRose

Customer surveys reveal positive results

The Office of Retirement Services continues to receive high ratings for service to our customers.

We randomly selected 400 State Police retirees and asked them how well ORS is meeting their needs. The survey shows that 93 percent of our retirees are satisfied with the level of service. Respondents who have contacted ORS by phone or mail reported that they received timely, complete responses from ORS.

While we are pleased with your overall satisfaction, we are striving to do even better. Regular surveys help identify what is being done well and where improvement is needed. For example, it is clear from your responses that you rely on your pension payment message and *Connections* for information. Because you've said these are important to you, we will continue to use these tools to provide you quality retirement system information.

Since we began surveying retirees regularly in 1997, we have found your responses to be invaluable for planning services. Survey participants are chosen randomly, but your comments are *always* welcome, even if you don't receive a survey.

Thank you to all who take the time to respond to our surveys or write to us.

Connections is published semiannually for retirees served by the Office of Retirement Services, Department of Management and Budget.

ORS Director: Chris DeRose

Printed by Authority of 1984 P.A. 431
Number printed: 3,000 Total cost: $383.35 Cost per copy: $0.128

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A Message from Governor Jennifer Granholm

Dear Michigan Retiree:

I want to take this opportunity to thank you for your service to Michigan and for your dedication to our citizens. You are the unsung heroes – the educators, protectors, administrators and workers - who made sure that our children were educated, our streets were safe, and our families had the day-to-day support and information they needed to manage the activities of their lives.

Thank you also for your continued support of today's public employees. The men and women who turn the wheels of our administrations are often forgotten beneath a blanket of cynicism toward anything connected to the public sector. However, the example of excellence and professionalism that you set is what truly defines public service today and is what reminds our communities of the nobility of this wonderful profession.

We are working hard in Lansing right now on initiatives that will grow our economy, create jobs, and improve the quality of life for all of our citizens. The seven-point plan I introduced in January includes initiatives to make prescription drugs more affordable, make health care more accessible, and make criminals who prey on our seniors pay a much greater price for their crimes. In addition, we have introduced initiatives to improve education, attract new businesses, create cool cities, and protect our precious natural resources.

As we continue this year to move Michigan forward, know that your service to our state is not forgotten. Even though we no longer see you in the halls of our state office buildings or classrooms of our schools, you still remain our colleagues and our friends. Thank you for serving the people of Michigan.

Sincerely,

Jennifer M. Granholm
Governor

Mail call – Your cost saving suggestions

Thanks to all of you who responded to our call for cost-saving ideas! You had some great recommendations. Each suggestion is being reviewed and carefully considered. Those that affect other state agencies were forwarded to the appropriate agency contact.

Your most frequent suggestions centered around reducing our mailing costs. Many of our retirees are married couples who asked us if we can combine mailing in one envelope. Though an excellent idea, we cannot do this because of privacy issues. A large number recommended that we mail EFT statements less often or better yet, send them electronically. And quite a few had the same advice for *Connections* and other mailings, proposing email or the ORS website as an alternative delivery method. We're happy to tell you that our Vision ORS project is taking us closer to that reality. In the near future you should be able to access your personal pension information and even change your address or beneficiary through our secure website.

Technology is taking us closer to our vision of fast, easy, access to complete and accurate information and exceptional service. We also know that not everyone we serve has an electronic connection to us, and assure you that we will strive to meet your needs as well.

Pension payments

Pension payments are issued on the 25th of the month. If your EFT is not credited within three days after that date, please call ORS. If your check is delayed, we can reissue it after the seventh of the following month.

Holidays – Retirement offices closed

May 31 – Memorial Day
July 5 – Fourth of July Holiday
September 6 – Labor Day

State Police Retirement System

Assets & Liabilities

	FY 2003	FY 2002
Assets		
Cash	$ 3,987,711	$ 1,625,869
Receivables	4,870,870	5,559,174
Collateral on Loaned Securities	24,893,895	40,124,269
Investments	971,038,062	880,277,281
Total Assets	**$ 1,004,790,538**	**$ 927,586,593**
Liabilities		
Accounts Payable and Other Liabilities	668,283	1,131,024
Obligations Under Securities Lending	24,893,895	40,124,269
Total Liabilities	**$ 25,562,178**	**$ 41,255,293**
Net Assets	**$ 979,228,360**	**$ 886,331,300**

Revenues & Expenditures

	FY 2003	FY 2002
Revenues		
Public Financed and Member Contributions	$ 57,131,527	$ 49,220,436
Net Investment Income	133,377,428	(108,017,263)
Total Revenues	**$ 190,508,955**	**$ (58,796,827)**
Expenditures		
Benefit Payments	$ 70,152,288	$ 64,418,130
Health, Dental, and Vision Benefits	27,035,862	26,029,522
Transfers and Refunds	–	–
Admin. Expenses	423,745	353,403
Total Expenditures	**$ 97,611,895**	**$ 90,801,055**
Beginning of Year Net Assets	**$ 886,331,300**	**$1,035,929,182**
End of Year Net Assets	**$ 979,228,360**	**$ 886,331,300**

Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income ***
Fixed Income	$ 179,734,244	18.4%	$ 9,809,917
Common and Preferred Stock	438,922,039	45.1%	94,996,948
Real Estate and Mortgages	89,100,959	9.1%	5,825,294
Alternative	127,916,004	13.1%	7,339,236
International Equities	94,128,898	9.7%	16,631,030
Short Term Investments**	45,223,629	4.6%	609,259
Securities Lending Income			504,591
Investment Expenses			(2,338,847)
Total Assets & Net Investment Income	**$ 975,025,773**	**100.0%**	**$ 133,377,428**

* Short Term Investments are at cost, which approximates market value.

** Excludes the amounts payable and receivable for sales and purchases of securities with a settlement date after September 30 for each fiscal year. Amount also excludes $24,893,895 in cash collateral for security lending for fiscal year 2003.

***Total Investment & Interest Income excludes net security lending income of $86,650 for fiscal year 2003.

Note: The complete *2003 Comprehensive Annual Financial Report* from which this summary was derived is available on our website at www.michigan.gov/ors. If you are unable to download it from the Internet, you can email the Office of Retirement Services at ORSCustomerService@michigan.gov or call us at (800) 381-5111 to request a copy.