

# PROactive

Pre Retirement Opportunities for proactive employees

Office of Retirement Services, 2010

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## Rev Up Your Retirement

### 4 tips for successful retirement planning

- 1) Participate in employer sponsored savings options, such as the state of Michigan 401(k) or 457 plans.
- 2) Resist the temptation to borrow or withdraw from your retirement savings.
- 3) Plan early and start saving for your goals and retirement date.
- 4) Seek professional advice from a financial planner.

This newsletter is brought to you by the Office of Retirement Services, Department of Technology, Management and Budget.

PROactive provides retirement information to help you plan for a secure financial future.



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## Study finds value in Michigan retirement plans

You've heard that pensions benefit the economy, but have you ever wondered about the actual impact of each dollar invested or paid in retirement income?

**For every \$1 in contributions to Michigan's state and local pension plans, \$6.49 in economic activity is generated.**

**In the past 15 years, 66 percent of ORS's pension fund revenue came from investment earnings.**

**ORS retiree spending supports 41,635 jobs in Michigan.**

**For every \$1 paid to ORS retirees, \$1.58 in total economic activity is generated.**

### 1 in 9

The number of Michigan households served by the Office of Retirement Services.

### \$6.44 billion

The amount per year generated by retiree spending. Imagine what the Michigan economy would look like without this money spent in our communities during these challenging economic times.



Information in this article is from a: (1) 2009 Wayne State University economic impact study of Michigan's two public retirement systems (Office of Retirement Services and Municipal Employees' Retirement System) that explored the impact on Michigan and its counties and the state as a whole; and (2) National Institute for Retirement Security ([nirsonline.org](http://nirsonline.org)) study evaluating the impact of state and local government pension plans.

## Planning a secure financial future

Every important aspect of life – education, family, career, a healthy lifestyle – is as successful as the amount of time and care put into it.

Take time to plan your retirement – there’s no time like the present to get started. Use the checklist below to gauge your retirement preparedness.

- | Yes                      | No                       |  |
|--------------------------|--------------------------|--|
| <input type="checkbox"/> | <input type="checkbox"/> | I understand my pension plan.  |
| <input type="checkbox"/> | <input type="checkbox"/> | I know how much service credit I have.   |
| <input type="checkbox"/> | <input type="checkbox"/> | I’ve discussed retirement plans and goals with my family.  |
| <input type="checkbox"/> | <input type="checkbox"/> | I save using my employer sponsored plan, such as my 401(k) or 457.   |
| <input type="checkbox"/> | <input type="checkbox"/> | I know my approximate future retirement income based on income from all sources.                             |
| <input type="checkbox"/> | <input type="checkbox"/> | I have hobbies or other interests to keep me active and fulfilled in retirement.                             |
| <input type="checkbox"/> | <input type="checkbox"/> | I projected my retirement expenses and considered whether I have to work after retirement to make ends meet. |
| <input type="checkbox"/> | <input type="checkbox"/> | If relocating to another state, I know the effect on insurances and taxes.                                   |

If you have more No than Yes answers, don’t despair. Take those questions and turn them into action steps.

### Know the Facts

Three things you will need for a secure financial future:

- The 3-legged stool ( combination of your personal savings, social security, and employer-sponsored retirement).
- About 80 percent of your preretirement income to maintain your standard of living.
- An additional \$240,000 to pay out-of-pocket health care costs for the rest of your life (estimate based on average senior retiring at age 65 - Fidelity Investments).

## Investing made easy

In addition to your Defined Benefit plan, you can participate in a Deferred Compensation plan where you contribute to a 401(k) plan, 457 plan, or both.

### Advantages of contributing to a deferred compensation plan

1. The **simplicity** of contributing money directly with payroll deductions.
2. **Pre-tax** contributions that **lower** your current **taxable income**.
3. Your **choice** of 18 different investment funds or a Self-Managed Account.

ING offers two advisor services to meet your needs.

#### The Personal Online Advisor

This interactive, web-based tool allows you to see how changes to risk, contribution levels, or retirement age may affect your financial outlook. You get personalized retirement forecasts and recommendations for changing your savings and investment strategy.

With the click of a button, you can accept and implement recommendations, or you can save them for future consideration.

#### The Professional Account Manager

The full-service, fee-based account manager allows a professional to take charge of your account with minimal involvement from you. Advisors set up the optimal portfolio, monitor your account, and make adjustments to keep you diversified and on track for your retirement goals. You can speak with a licensed Investment Advisor Monday-Friday, 8:00 a.m. to 8:00 p.m. Eastern Time.



#### Contact ING

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