

PROactive

Pre Retirement Opportunities for proactive employees

Office of Retirement Services, 2009

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Rev Up Your Retirement

Rev up your retirement planning by understanding how much money you'll have in retirement.

Average **monthly pension** for a **state police retiree**

= \$2,651.75

That's about \$31,821 per year. Will it be enough to cover your living expenses, travel, and leisure plans during retirement years?

It's important to remember that your pension should not be your only – or even your primary – source of income in retirement. A secure retirement depends on a balance of personal savings in addition to your pension.

We encourage you to use the Pension Estimate functionality in miAccount to get an idea of how much money you'll receive in retirement. You may also consider working with a financial planner.

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

The purpose of *PROactive* is to offer ideas and retirement updates to help you plan for a successful financial future.



Total Cost: \$519.84 Total Copies: 1,800
Cost per Copy: \$0.288

3 things you need to know

Essentials to understanding your retirement plan

Account status

Your enclosed statement reports wage, service, and contribution amounts credited to you during the 2008-2009 fiscal year as reported by your human resource office to the State of Michigan, Department of Management and Budget, Office of Retirement Services (ORS).

Carefully review your statement for accuracy by comparing it to the previous year's statement. You can also check updates to your information periodically when you log into miAccount, www.michigan.gov/orsmiaccount.



Retirement plan basics

You became a member of the Michigan State Police Retirement System and began accruing credit toward a pension as soon as you began Recruit School.

Your pension is determined by your final average compensation, or FAC. Your FAC is the average annual salary earned for your last two years of service with the State Police. Earnings used to calculate your FAC are gross earnings, before deferred compensation or other income withholding.

Your pension is a fixed amount determined by the pension formula that multiplies your FAC by 60 percent. ORS determines your FAC by averaging your last two years of total earnings.

Pension Formula

FAC x 60%

If you become ill or injured while an enlisted State Police member and you can no longer work, your retirement plan provides protection for you and your dependents.

Qualifying for your pension

You are eligible for a monthly pension at any age with at least 25 years of credited service (YOS) as an enlisted officer.

Pension Eligibility

ANY AGE with 25 YOS

If you leave State Police employment and have at least 10 years of credited service but less than 25, you may be entitled to a pension at age 50. The pension calculation is your FAC times 2 percent times your years of service.

Should you die before you retire, your spouse or children under age 18 may receive a duty or nonduty preretirement survivor pension if you qualify.





Your pension is safe and sound

As a member of the Michigan State Police Retirement System, you are eligible for one of the best public pensions around – it is guaranteed regardless of how the financial market performs. Our investment strategy centers on diverse funds and steady performance over the long term, putting the system in a better position to maintain stability during economic downturns. While pension funds have not been immune to market decline, they remain financially sound and positioned to continue paying benefits for many years to come.

As of September 30, 2008, the State Police Retirement System covered 1,660 active members, and 2,736 retirees and beneficiaries. The net assets were valued at \$1.1 billion and are invested by the Michigan Department of Treasury. The system paid retirement pensions totaling \$87.6 million in fiscal year 2008.

The retirement plan also serves as a valuable source of economic activity. Last year, in administering retirement plans for Michigan’s state and public school employees, judges, and state police, we delivered over \$5 billion in pension payments and health care. This supports the jobs, services, and institutions healthy communities depend on.

In short, your retirement plan is safe and sound. The retirement plan will provide retirement income for retirees of tomorrow and provide a strong foundation for Michigan’s economy for many years to come.

Retirement preparedness

Health, wealth, and happiness

Whether retirement is two or twenty years away, consider these questions now:

How prepared for retirement will you be?

Will you relocate to a warmer climate or near family?

Are you engaged in activities and behaviors that promote healthy aging?

Do you know how much money you’ll need to sustain your current lifestyle?

Do you envision yourself sitting on a beach watching the waves come in or do you see yourself starting a new career?

Many people live more than 30 years in retirement—have a plan for how you’ll manage your retirement.

When planning for retirement, the first thing that usually comes to mind is the financial factor. While finances are definitely important, retirement well-being is not just about the money. According to the International Foundation for Retirement Education, good health and access to healthcare, social networking, work and volunteer opportunities, and engagement in challenging activities that bring a sense of purpose in life are also important factors. By taking time to think about, explore, and plan for all aspects of retirement, you’re preparing for a secure and fulfilling future.

Don’t delay—plan for your future now!

Know how much you’ll have by calculating your pension in miAccount, www.michigan.gov/orsmiaccount. In addition, review your ING statements if you participate in the 401(k) and 457 plan(s). Use these resources to ensure your financial future.

Engage in activities promoting a healthy lifestyle. Turn your favorite hobby into a source of income. Research cities where you’d possibly like to live. Talk to retired friends who are active and enjoying life. Get involved in your community. Mentor. These are steps to help make your retirement years as rewarding as your career. Your tomorrow starts now. Be prepared.

Check your retirement account today!

Get Started By Following These 3 Steps:

- 1 GO TO WWW.MICHIGAN.GOV/ORSMIACCOUNT
- 2 SELECT YOUR RETIREMENT PLAN TO LOG IN
- 3 ACCESS & UPDATE PERSONAL ACCOUNT INFORMATION

Save time—Sign up for miAccount today!

miAccount, a secure section of our website, allows you to view, print, and change personal account information - making your retirement planning easier! miAccount also features a secure online message board where you can discuss personal account information with our friendly and knowledgeable retirement staff.