

# PROactive

PreRetirement Opportunities for proactive people

Office of Retirement Services, 2010

## In This Issue

- Study finds great value in Michigan retirement plans
- miAccount offers faster, easier retirement application
- Directing your secure financial future
- Understanding your retirement plan

## Rev Up Your Retirement

The age you begin making plans is critical to the type of investments and risk factors you make. If you wait until your 50s to plan for retirement, you may not have what you need for your retirement goals.

## 4 tips to avoid some common retirement planning mistakes

- 1) Participate in the ING 401(k) or 457 Deferred Compensation plans for enlisted officers.
- 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 or ING's Advisor Service.

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

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



Total Cost: \$605.83 Total Copies: 1,600  
Cost per Copy: \$0.38

## Study finds great 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?

Economic impact key findings:

- \* ORS retiree spending supports 41,635 jobs in Michigan.
- \* For every \$1 paid to ORS retirees, \$1.58 in total economic activity is generated.
- \* For every \$1 in employer contributions to Michigan's state and local pension plans, \$6.49 in economic activity is generated.
- \* Although important to the pension system, contributions are not the major funding source – investment earnings make up the largest portion. In the past 15 years, 66 percent of ORS's pension fund revenue has come from investment earnings.

## \$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.

## 1 in 9

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

Information in this article is from: 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 counties and the state as a whole; and 2) a similar National Institute for Retirement Security study that evaluated the impact of state and local government pension plans.

To learn more about the value of Michigan's pension plans, check out [nirsonline.org](http://nirsonline.org).

## miAccount offers faster, easier retirement application

In preparation for the recent state employee retirement incentive, 12,666 state retirement plan members registered for miAccount in just four weeks! By registering, all 4,755 retiring employees were able to apply for retirement online.

"miAccount allows prospective retirees to obtain pension estimates and view service credit totals. It also includes a secure message board that allows users to submit account specific questions – during the incentive application period, more than 27,000 questions were answered through miAccount," said Phil Stoddard, ORS Director.

## Make Your Retirement Application a Breeze

Don't miss out on important account information. Register for miAccount today and visit often to track your service credit totals and make sure your retirement planning is on track. When you're ready to retire, you can submit your application in just five simple steps!



Phil Stoddard, Director

# Directing your secure financial future

It's never too early or too late to plan for your 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 the time to plan for your future in retirement. We provide tools and services that help you develop a plan (your retirement guideline book, preretirement meetings hosted by your human resource liaison, and a website full of information). 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 attended an ORS retirement seminar.  |
| <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 the state's 401(k)/457 plan.   |
| <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've projected my retirement expenses and considered whether I may 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 to a secure financial future.



**As you create your action steps for a secure financial future, understand that you will need:**

- The 3-legged stool (a combination of your personal savings, social security, and employer-sponsored retirement);
- 80 percent of your preretirement income to maintain your standard of living; and
- \$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).

**DID YOU KNOW?**

44 percent of all Americans are at risk of going broke in retirement.

Don't let this be you – plan and prepare today!

## Understanding your retirement plan

Carefully review your wage and service information for accuracy on a regular basis using miAccount [www.michigan.gov/orsmiaccount](http://www.michigan.gov/orsmiaccount)

### 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.

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. This deferred retirement 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.

### Calculating your pension

Your pension is determined by a pension formula – your final average compensation (FAC) times 60 percent. Your FAC is the average annual salary earned for your last two years of service with the State Police.

### Pension Eligibility

**ANY AGE with 25 YOS**

### Pension Formula

**FAC x 60%**