

PROactive

PreRetirement Opportunities for active employees

Office of Retirement Services, 2010

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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 employer sponsored savings options, such as your 403(b).
- 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 Department of Technology, Management and Budget, Office of Retirement Services.

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



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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?

- * 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 came from investment earnings.

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.

Learn more about the value of Michigan's pension plans at nirsonline.org.

\$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

miAccount offers faster, easier service

The recent public school employee retirement incentive led over 17,000 members to retire. Many used miAccount to run pension estimates, purchase service credit, and apply for retirement.



"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 review 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

Planning your secure financial future

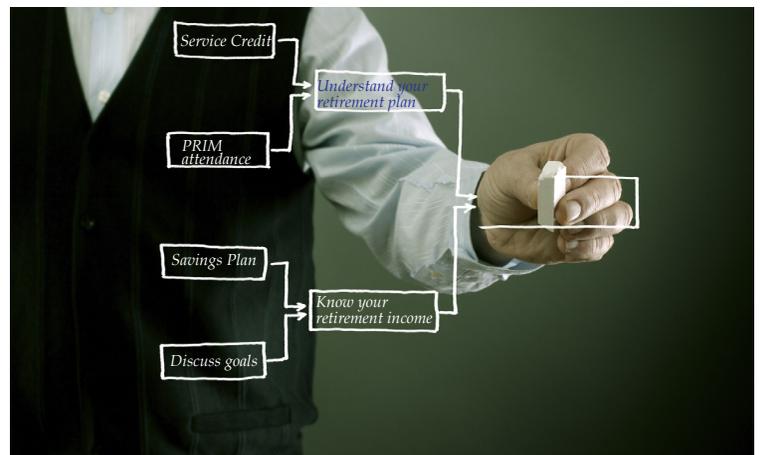
It's never too early or too late to plan for your financial future. Every important aspect of life – education, family, career, a healthy lifestyle – is as successful as the amount of time and care put into it.

Take time to plan your future in retirement. On our website you will find publications, tutorials, pre-retirement information meetings, and access to miAccount. 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 attended an ORS Preretirement Information Meeting (PRIM). |
| <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 403(b). |
| <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, you will need:

- The 3-legged stool (a 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).

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

Use miAccount to review your wage and service information on a regular basis: www.michigan.gov/orsmiaccount.

Qualifying for your pension

You are eligible for a monthly retirement pension when you meet minimum age and service requirements.

Full Retirement Provisions

MIP members

Age 46 with 30 Years of Service

Age 60 with 10 Years of Service

Age 60 with 5 Years of Service *Must earn creditable service in the five school fiscal years before your retirement effective date and terminate your service before your retirement effective date.*

Basic Plan members

Age 55 with 30 Years of Service

Age 60 with 10 Years of Service.

Calculating your pension

Your annual pension amount is based on a formula that multiplies your final average compensation (FAC) by 1.5 percent times your years of service.

The Pension Formula

$$\text{FAC} \times 1.5\% \times \text{YOS}$$

Final Average Compensation Pension Factor Years Of Service