



An Office of Retirement Services Publication

Connections

March 2002, Vol. 5 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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Public School Employees Retirement System Enters 2002 Financially Sound

We are pleased to present a financial summary for fiscal year 2001 for the Public School Employees Retirement System (page 5). Although 2001 was highlighted by a roller coaster ride in the financial markets, the Retirement System funds were well cared for over the course of the year.

Your pension is guaranteed by the Michigan Constitution. Funding of your pension begins when you start public school employment. The Retirement System estimates what your pension will be and how much retirement funds will earn during your career, then projects how much money is needed each year to ensure sufficient funding is available when needed.

The funded status of the System is determined by dividing the actuarial value

of assets by the actuarial accrued liabilities. As of September 30, 2001, this amounted to 99.3%. Generally, the higher the percentage, the stronger the pension system, which helps ensure that your pension benefits are secure.

During fiscal year 2000-2001 the Retirement System's net assets decreased to \$35.1 billion. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments.

As of September 30, 2001, there were 130,681 retirees and beneficiaries receiving monthly benefits.

Approximately 330,763 active employees were reported during FY 2000-2001. Of these, about 118,057 have fully vested rights to their retirement benefits.

Long-Term Care Insurance Introduced

Long-term care insurance can be a vital part of your financial plan. If you have been considering such an option, you may be interested in the following information when selecting an insurance carrier. The state and ORS are offering this new insurance option to members because group insurance rates are generally more affordable than individual insurance plans.

Background

In early 2001 the state of Michigan, with the assistance of independent consultant

William M. Mercer, Incorporated, obtained and evaluated proposals for a group long-term care (LTC) insurance plan for state employees. ORS was able to partner with the Office of the State Employer in order to include the retirees of all systems administered by ORS in the group plan. Several insurance carriers submitted proposals. After careful consideration of factors such as plan benefits and cost, MetLife was selected as the carrier. Effective April 1, 2002, the plan is available on a self-pay basis

See LTC Insurance on page 3

From the Director

Spring brings promises of pleasant weather, renewed growth, and improvements in the landscape around us. At Retirement Services, we're looking forward to some of these same promises for our country—reductions in the unemployment rate, a stronger economy, renewed consumer confidence, and continued growth in the marketplace. We have all experienced many changes in the past year, especially in light of the terrorist attacks on September 11. Life will never be the same as it was, but we can strive to make it the best it can be for ourselves and those around us.

At Retirement Services we continue to make progress in streamlining our processes and implementing new tools to provide quality service to you and to our new retirees. We project a large increase in the number of individuals retiring over the next two to three years, so

we've been gearing up our operations to effectively and efficiently handle this surge of new retirees.

As part of the Michigan Department of Management and Budget, we've been building new partnerships and strengthening our existing relationships with other state agencies to ensure the most cost-effective use of retirement funds. These efforts and sound investment principles help to ensure the strength of your retirement system for the future. Please take a few minutes to review the financial summaries presented in this issue of *Connections*.

As always, I welcome your questions and comments. Your letters, emails, and calls help us stay in touch with your needs and wants, so keep them coming.



Ford Freeway Funnies

This article, written by Tom Shawver, first appeared in the July/August 2000 issue of Michigan History magazine. We thank the author and the Michigan Historical Center for permitting us to share it with you.

It was a bright, sunny morning in July 1978 when a crowd gathered in the rest area along eastbound I-196 freeway near Zeeland for the unveiling of a large and handsome metal plaque honoring Gerald R. Ford. The former president was there for the occasion, having just completed a tour of his old congressional district that he had represented for twenty-four years before President Richard Nixon elevated him to vice president in 1973 following the resignation of Spiro Agnew.

The Michigan legislature, in a burst of state pride, had designated I-196 the Gerald R. Ford Freeway soon after Ford succeeded to the presidency following Nixon's resignation. White House duties kept the new president in Washington when the eighty-mile freeway, running from Benton Harbor to Grand Rapids, was formally dedicated in December 1974. Ford's three brothers, Tom, Jim and Dick, represented the family at the ribbon-cutting for the final twenty-four-mile stretch of the new highway.

Unexpectedly, signing the freeway with the Ford name ran into a bit of a snag. Friends and supporters wanted to erect a dozen or so signs displaying a maize-colored text reading "Gerald R. Ford Freeway" on a rich blue

background. The color combination would recognize Ford's ties to the University of Michigan where he had played football for four years and been named the most valuable player on the 1935 team. The Michigan Department of State Highways and Transportation duly fabricated several signs in Wolverine colors and started to put them up along the roadside. But the Federal Highway Administration quickly informed the state agency that the new signs were "nonconforming." The signs were the wrong colors, said the federal monitors, and in locations that violated federal regulations. They had to be replaced, and they were,

See Ford on page 6

Pensions Issued

March 25	April 25	May 24
June 25	July 25	August 23
Sept 25	Oct 25	Nov 25

If your EFT is not credited within two days of the above 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 27 – Memorial Day
July 4 – Fourth of July
September 2 – Labor Day

LTC Insurance *(continued from page 1)*

Participants are responsible for the full premium, with no portion of the premium paid by the state or retirement systems.

Enrollment

Retirees may file an application to enroll in the plan at any time—there is no set open enrollment period. Coverage will take effect the first of the month following the application acceptance date. The application process is initiated by you directly with MetLife. Premiums are paid to MetLife either by check on a quarterly, semiannual, or yearly basis, or you may set up an automatic checking account deduction with MetLife. Applications should *not* be sent to ORS.

Much of MetLife's informational materials refer to state of Michigan employees. However (with the exception of a guaranteed acceptance period for state employees who enroll within a specified time frame) the information provided by MetLife also applies to retirees. *All retirees* (state, public school, judges, and state police retirees) are eligible to apply. There is no difference in plan benefits for active state employees, retirees, or eligible family members who apply for acceptance into the plan.

Plan Highlights

- With evidence of good health, any retiree, retiree's spouse, parents, parents-in-law, grandparents, and grandparents-in-law will be eligible to enroll.
- Premiums are based on age as of the coverage effective date.
- The plan offers competitive group premium rates.
- Three benefit levels of coverage are offered.
- Retirees will be able to choose where to receive care (nursing facility and/or home care setting).

More Information

Long-term care insurance may not be necessary for everyone. To help you decide if an LTC plan is right for you, we encourage you to follow the link found under Online Services on the Michigan.gov web page (www.michigan.gov; or go directly to www.1866michltc.net) for a wealth of information on long-term care.

If you or your spouse are on Medicare, we also encourage you to contact the Michigan Medicare/Medicaid Assistance Program (MMAAP) at

1-866-MICH-LTC. MMAAP can explain Medicare's limited long-term care coverage, whether your health benefits provide any coverage, and how a long-term care policy will coordinate with your existing benefits.

To learn more about the MetLife LTC plan, call MetLife directly at **1-800-438-6388** to request a no-obligation Information & Enrollment Kit. When calling MetLife, please say "State of Michigan" loud and clear when prompted for your company name. MetLife has long-term care specialists available to answer any questions about the LTC plan as well as the enrollment process. You can also visit the MetLife web site at <http://stateofmichigan.metlife.com> for plan information and rates. You may expect to receive your information packet within 10 working days.

MetLife LTC Insurance Information Meetings

To further explain the MetLife LTC plan, a number of informational meetings have been scheduled over the coming months. If you are interested in learning more, we encourage you to order an information and enrollment kit, review the LTC materials, and to attend one of the informational meetings listed on page 4.

Worth Noting ...



• **The Office of Retirement Services** is one of seven theme areas under the newly streamlined Department of Management and Budget. Together, these offices provide financial, acquisition, infrastructure, and tenant and land services, as well as organizational, agency, and retirement services to state agencies and their customers. We welcome our strengthened relationship with these partners, because our shared focus on excellence in customer service can only help each of us to achieve that vision.

• **Beginning April 15**, our Detroit office will have a new home at Cadillac Place, 3068 West Grand Boulevard, Suite 4-700, in Detroit. Be sure to phone first if you plan to visit: (313) 456-4010.

• **Michigan.gov**, the official State of Michigan web site, is a great place to begin planning your summer travels. Get the latest on our great state's festivals, parks, attractions, and many more recreational opportunities.

LTC Information Meetings

A MetLife representative will be available to answer questions on the days and locations listed. In addition, there will be informative presentations at the times specified. You may call MetLife at **1 800 GET-MET 8** (1-800-438-6388) for a no-obligation enrollment kit prior to attending one of these meetings.

MICHIGAN

April 15 Monday	NOVI FIA Office of Professional Development Training Center – Michigan Classroom 24245 Karim Blvd., Novi MI	9:00 AM 11:00 AM 1:00 PM 3:00 PM
April 16 Tuesday	DOWNTOWN DETROIT Courtyard by Marriott 333 E. Jefferson Avenue, Detroit MI	9:00 AM 11:00 AM 1:00 PM 3:00 PM
April 17 Wednesday	LIVONIA Best Western Laurel Park Suites 16999 S. Laurel Park Drive, Livonia MI	9:00 AM 11:00 AM 1:00 PM 3:00 PM
April 18 Thursday	DOWNTOWN DETROIT Courtyard by Marriott 333 E. Jefferson Avenue, Detroit MI	9:00 AM 11:00 AM 1:00 PM 3:00 PM
April 19 Friday	SAGINAW Saginaw Intermediate School District Board Room 1 6235 Gratiot Road, Saginaw MI	9:00 AM 11:00 AM 1:00 PM
April 22 Monday	LANSING State Secondary Complex General Office Building, Conf. Room A 7150 Harris Drive, Lansing MI	9:00 AM 11:00 AM 1:00 PM 3:00 PM
April 23 Tuesday	FLINT Michigan Schools for the Deaf & Blind Auditorium 1667 Miller Road, Flint MI	9:00 AM 11:00 AM 1:00 PM
April 24 Wednesday	JACKSON Holiday Inn 2000 Holiday Inn Drive, Jackson MI	9:00 AM 11:00 AM 1:00 PM
April 25 Thursday	ANN ARBOR Washtenaw Intermediate School District Vogel Room A 1819 S. Wagner Road, Ann Arbor MI	9:00 AM 11:00 AM 1:00 PM

April 26 Friday	LANSING State Secondary Complex General Office Building, Conf. Room A 7150 Harris Drive, Lansing MI	9:00 AM 11:00 AM 1:00 PM 3:00 PM
April 29 Monday	TRAVERSE CITY Holiday Inn 615 E. Front Street, Traverse City MI	10:00 AM 1:00 PM
April 30 Tuesday	GRAYLING Holiday Inn 2650 I-75 Business Loop, Grayling MI	9:00 AM 11:00 AM
May 1 Wednesday	SAULT STE. MARIE Quality Inn 3290 I-75 Business Spur, Sault Ste. Marie MI	9:00 AM 11:00 AM
May 2 Thursday	MARQUETTE Ramada Inn 412 W. Washington Street, Marquette MI	10:00 AM 1:00 PM
May 3 Friday	ESCANABA State Office Building, Conference Room 305 Ludington Street, Escanaba MI	10:00 AM
May 7 Tuesday	GRAND RAPIDS Radisson Hotel – North 270 Ann Street NW, Grand Rapids MI	9:00 AM 11:00 AM 1:00 PM
May 8 Wednesday	KALAMAZOO Michigan Department of Transportation 1501 E. Kilgore Road, Kalamazoo MI	9:00 AM 11:00 AM 1:00 PM

FLORIDA

April 15 Monday	SARASOTA, FLORIDA Holiday Inn Airport Marina 7150 N. Tamiami Trail, Sarasota FL	10:00 AM 1:00 PM
April 16 Tuesday	MIAMI, FLORIDA Miami Airport Marriott 1201 NW LeJeune Road, Miami FL	10:00 AM 1:00 PM

ARIZONA

April 19 Friday	SCOTTSDALE, ARIZONA Courtyard by Marriott - North Scottsdale 17010 N. Scottsdale Rd, Scottsdale AZ	10:00 AM 1:00 PM
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Public School Employees Retirement System

Assets & Liabilities

	FY 2001	FY 2000
Assets:		
Cash	\$ 96,868,380	\$ 88,115,368
Receivables	590,209,900	665,749,669
Collateral on Loaned Securities	1,483,051,672	529,146,365
Investments	34,678,758,298	39,786,152,315
Total Assets:	36,848,888,250	41,069,163,717
Liabilities:		
Accounts Payable and Other Liabilities	235,264,606	94,383,113
Obligations Under Securities Lending	1,483,051,672	529,146,365
Total Liabilities:	1,718,316,278	623,529,478
Net Assets:	\$ 35,130,571,972	\$ 40,445,634,239

Revenues & Expenditures

	FY 2001	FY 2000
Revenues:		
Public Financed and Member Net Investment Income	\$ 1,675,712,238	\$ 1,439,883,827
	(4,565,104,945)	4,765,433,415
Total Revenues:	(2,889,392,707)	6,205,317,242
Expenditures:		
Benefit Payments Health, Dental, and Vision Benefits	1,890,812,400	1,735,936,328
Transfers and Refunds	456,257,416	425,760,691
Admin. Expenses	19,908,136	17,486,704
	58,691,608	53,957,715
Total Expenditures:	2,425,669,560	2,233,141,438
Beginning of Year Net Assets:	40,445,634,239	36,473,458,435
End of Year Net Assets:	\$ 35,130,571,972	\$ 40,445,634,239

Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income
Fixed Income	\$ 6,974,546,565	20.1%	\$ 905,947,749
Common Stock	14,338,964,544	41.2	(4,015,262,814)
Real Estate	3,172,623,210	9.1	282,963,496
Alternative	5,217,511,296	15.0	(1,006,514,378)
International Equities	2,271,316,068	6.5	(790,307,736)
Short-term Investments**	2,800,664,995	8.1	107,503,318
Securities Lending Net Income			49,219,088
Investment Expenses			(98,653,667)
Total	\$ 34,775,626,678	100.00%	\$ 4,565,104,944

* Short-term investments are at cost, which approximates market.

** 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 \$1,483,051,672 and \$529,146,365 in cash collateral for security lending for fiscal year 2001 and 2000 respectively.

Note: For a copy of the complete Annual Report from which this summary was derived, call the Office of Retirement Services at 800-381-5111, or download a copy from our web site at www.state.mi.us/dmb/ors.

Ford *(continued from page 1)*

quietly and with little notice in the news media.

Three and a half years later, Ford was to have his day on the freeway that bore his name. The crowd in the rest area where the plaque and pedestal had been placed was large and friendly. It included Governor William G. Milliken and many friends and admirers of Ford, a sizable representation of other public officials and political leaders, a band from Grand Valley State College (now University) and lots of passing motorists who stopped in the rest area to get a glimpse of the former president.

The band entertained the audience with several lively tunes. One by one, speakers stepped to the microphone to offer praise for the only man from Michigan ever to serve in the nation's highest office. Then Ford stepped forward for the unveiling. The plaque had been covered with a three-by-five foot blue blanket emblazoned with a maize-colored block **M**. As the band blared forth with "The Victors," the Michigan fight song, Ford pulled off the blanket. There, staring him in the face, was a somewhat smaller green flag with a white block **S** at its center—the colors and symbol of Michigan's archrival, Michigan State University. At a signal, the band switched from "The Victors" to the MSU fight song. The crowd, including me, was



As former Governor Milliken lifts the U-M blanket during the Ford Freeway dedication, former President Gerald Ford, a proud Michigan graduate, is surprised to find an MSU blanket beneath. At right is former State Representative Drew Albritton.

Photo courtesy of MDOT

momentarily transfixed. As the public information director for the state highway department, it was my job to help public events involving the department go smoothly. That was doubly true for any event involving a former president of the United States.

Ford stared at the offending flag, looked out at the audience and said in a voice that all could hear, "Where's Secchia?"

Peter Secchia was the man half hidden in the crowd who, at that moment, was grinning like the proverbial Cheshire cat. Ford had identified the culprit immediately. A prominent Grand Rapids

businessman and Republican party stalwart, Secchia is also an MSU grad and loyalist who, not for the first time, was pursuing a friendly feud with Ford.

Secchia had played a lead role in planning the Ford dedication and, on the morning of the event, had surreptitiously slipped the MSU flag beneath the maize and blue blanket. He also persuaded the Grand Valley band director to go along with the gag.

Ford took the prank in good stride, made some gracious remarks when the plaque was fully revealed and was driven back to Grand Rapids on the Ford Freeway. The identifying signs are now in place along the full length of the freeway at the approaches and entrance ramps. The colors are the standard green and white of all highway signs.

Michigan History magazine is part of the Michigan Historical Center, which is part of the Department of History, Arts and Libraries. Dedicated to enhancing the quality of life in Michigan, the department also includes the Mackinac Island State Park Commission, the Library of Michigan, the Michigan Film Office, and the Michigan Council of Arts and Cultural Affairs. For more on *Michigan History* magazine, telephone 1-800-366-3703, or visit them online at www.sos.state.mi.us/history/mag.

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