



An **Office of Retirement Services** Publication

# Connections

October 2006, Vol. 9 No. 2

## 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.*

## In this issue

- ORS Adds Value...1**
- Message From the Director.....2**
- Apple-solutely Delicious.....2**
- The Buzz ..... 3**
- When to Contact ORS.....3**
- Pension & Holiday Schedule.....4**

## ORS provides value to Michigan

You probably know the Office of Retirement Services (ORS) administers the retirement programs for Michigan’s state and public school employees, judges, and state police.

But you may not realize that we have more than a half a million customers – 186,000 retirees and 375,000 working members – who depend on us to manage the funding of their retirement plans, keep track of their wages and service history while they’re working, and then help them transition into retirement with income and insurances they can depend on.

You may not know that we manage the 19th largest pension fund in the U.S., and the 33rd largest in the world. And you might not realize just how much ORS influences you, your family and community, and, either directly or indirectly, almost every Michigan citizen.

### Solid retirement plans

To begin with, ORS oversees several traditional defined benefit retirement plans. In this day and age, many pension

plans are disappearing or in jeopardy of defaulting. Our defined benefit plans are in good shape with healthy funding ratios and are guaranteed by law. Our defined contribution plans offer mandatory employer contributions and matching funds, unlike many other plans of this type.

Furthermore, the health care plans we administer are highly competitive. If you compare ours with peer public systems in neighboring states, you’ll see that our retirees have lower monthly premiums, lower out-of-pocket maximums, and include vision and dental coverage that their counterparts don’t.

**Secure, healthy, educated citizens**  
Good retirement plans mean that ORS plays a role in attracting and retaining talented

employees – the people providing state services, teaching in our schools, presiding in our courts, and the state police officers who protect us. In addition, this may encourage other Michigan employers to offer retirement plans. By raising the bar for retirement



*Continued on page 4*

## From the Director



Not too long ago, I attended a local high school musical and found myself entranced by the performances of several of the young actors. Their styles and mannerisms so closely mirrored the performances of the original, professional actors. I'm sure the

professionals would have been flattered by these young thespian performances. After all, imitation is said to be the greatest form of flattery.

We also feel flattered at ORS. We have been pleased to assist other retirement systems that wish to imitate the exemplary work being done by staff at ORS. In the past year, ORS has hosted visits by retirement systems from Oregon and Virginia. In recent years, over a dozen systems from around the country have spent time with ORS to review our processes, discuss our strategies, and review our system designs. Some want to see how our call center operates. Some want to learn how a process-based organization achieves success. All of them are looking to improve, and they are turning to ORS as an example of how they can get there. These visits are a testament to the mission and vision of ORS as well as the will and spirit of the many folks striving to achieve them.

I have also been personally flattered by many of you who have commented on the accomplishments of ORS, so it's with a bit of sadness that I report this will be my last Director's letter for *Connections*. In early November I will begin a new position as Executive Director of the Ohio Public Employees Retirement System.

I'm proud to report, however, I'm leaving you in good hands. The state employees who serve you every day are the very best. They care deeply about your needs and finding ways to meet them. Not only have our staff made dramatic improvements in customer service, they have also successfully worked to preserve and protect the benefits that you count on. After all, our ORS vision of fast, easy access to complete and accurate information and exceptional service is measured by how well we meet your expectations.

It has been my great pleasure to serve you these last nine years.

I wish you all the best.

Chris DeRose

## Apple-solutely Delicious



Here's an idea for a fall day. Stop by one of the 113 cider mills or u-pick orchards throughout Michigan and taste test the 20 varieties of apples grown in our state. What's your favorite? Based on production, Red Delicious is the leading Michigan favorite with over two million trees. But the Gala is also gaining popularity with apple connoisseurs.

It is hard to top the taste and quality of a Michigan grown apple. They come in a perfect package – no Tupperware needed – and we all know that they are a healthy treat. Besides being low in calories and high in nutrients, the U.S. Department of Agriculture also

found that boron, a mineral found in apples, can curb calcium deficiencies in people over 50.

Apples are pretty important to our state's economy too. Michigan is the nation's third largest apple producing state, with the apple industry pulling in close to half a billion dollars annually.

There are about 1,000 small, family-owned orchards throughout the state that dominate the Michigan apple industry. Michigan apples are found throughout the Midwest and East Coast states to the Gulf Coast, Texas, and even Mexico. They are also popular in the United Kingdom and the Caribbean.

About 60 percent of Michigan apples are processed into other products that are found nationwide. The

*Continued on page 3*



[www.michigan.gov/ors](http://www.michigan.gov/ors)



[ORSCustomerService@michigan.gov](mailto:ORSCustomerService@michigan.gov)

# Apple-solutely

Continued from page 2

frozen apple pie in your grocer's freezer is probably filled with Michigan apple slices, considering Michigan is the largest supplier for commercially made pies. In 2004, a Michigan apple processor was chosen as one of three suppliers



to McDonald's. McDonald's reports that apple consumption has exceeded its expectations: they use over 35 million pounds of apples per year.

October is National Apple Month, and the state's Select Michigan program is highlighting Michigan apples. Look for the Select Michigan label at your local grocery store. Purchasing Select Michigan produce will also help support our local apple growers.

## What's the Buzz?

Many of the calls we receive this time of year tell us what's going on in your life. We asked our call center staff what you're asking these days, and here are their top picks for information you need to know.

### *I'm heading south soon. What do I need to do?*

If you are one of our many retirees who spend the winter in warmer climates, be sure to change your mailing address with our office. We want to ensure things like your 1099R and insurance correspondence find you this winter.

There are several ways to do this depending upon how you receive your pension. If you receive your pension check through the U.S. mail, you must notify our office in writing. You can use the *Change of Address* form found on our website, or you can drop us a note that includes your name, social security number, signature, your previous address, and your new address. If your pension is direct deposited into your bank account, you can simply phone our office.

However, if you are also changing banks, you can change your bank and address at the same time by using the *Electronic Funds Transfer (EFT)* form.

If you don't change your address with our office, your mail may not reach you since the U.S. Postal Service only forwards first class mail. Contact your local post office for information to ensure all your mail is forwarded timely.

### *How can I change my federal income tax withholding?*

As the end of the year approaches, you may be considering changing how much federal income tax is withheld from your pension. This can be done easily by completing the *Pension Recipient's Federal Income Tax Withholding Authorization (R12X)* which can be found on our website or by calling our office.

When completing the withholding form, remember that you *must* indicate your marital status and the number of personal allowances to be withheld, even if it is zero. If the personal allowance selection is left blank, your choice will automatically default to married with 3. You can also specify an additional amount to be withheld from each pension payment—but IRS rules require that you still indicate your number of personal allowances and marital status. To decide how much to withhold, you may want to consult a tax advisor or use the IRS Withholding calculator at [www.irs.gov](http://www.irs.gov).

### *Will my insurance cover this?*

The best way to find out what's covered under your insurances is to contact the carrier. They can also help you with insurance claims. Nearly all carriers have a toll-free number, and most offer a secure website where you can log on for personalized information. ORS can help you if you have a question about insurance enrollment.

### *Are insurance rates changing?*

As soon as we know what the upcoming insurance rates are, they're published online. You'll also receive a notice in the mail closer to the effective date. Rates are usually effective in October for state employees, state police, and judges. School retirees see rate changes in January.



P.O. Box 30171, Lansing, MI 48909-7671



(800) 381-5111 (within Lansing 322-5103)

# Adding Value

Continued from page 1

plans, ORS helps Michigan citizens build a secure financial future. Sound retirement plans are good for everyone – workers, retirees, and the state.

## An economic stimulus

Each year, we disburse over \$3.6 billion in pension and health care, mostly to people and health organizations within Michigan. Yes, we take some first when employers and employees contribute to the funds, but nearly one third of the money we pay out comes from investments.

A few years ago, we took a look at what people planned to do after retiring. We found that most of the pension dollars ORS pays out largely flow back into Michigan's economy. Our retirees told us:

- They planned to spend most of their retired years in Michigan.
- Within six months of retirement, 63 percent expected to spend up to \$10,000 on things like cars, homes, boats, and vacations.
- Another 8 percent planned to spend between \$10,000 to \$50,000 on other major purchases.
- 10 percent planned on starting a business in retirement.

The more than \$3 billion that is pumped back into Michigan's economy each year generates jobs. Jobs give employees resources that enable them to give back to their communities.

## We're proud of our impact

We are proud to be serving you, along with the one out of every eighteen people in Michigan who are ORS customers. We hope that you are also proud to be part of a retirement system that affects so many Michigan individuals, families, and communities, in so many positive ways.

## WHEN TO CONTACT ORS

*Not sure what needs to be reported? Here we list the most common situations that would require contact with ORS. Please use it as a general guide only. Because we can't list every possible event that should be reported, it's best to contact us if you're unsure.*

**Address Change.** Be sure ORS knows your current mailing address at all times so you receive your statements and other important notices.

**Death.** ORS should be immediately notified upon the death of a pension recipient; a pension beneficiary; or anyone enrolled in your health, dental, or vision insurances.

**Divorce.** Notify ORS immediately if your ex-spouse is enrolled in your insurances. And, if you elected a survivor option with your ex-spouse as beneficiary, it's best to contact us before your divorce because we can only change your pension if ordered by the court.

**EFT Change.** Notify us if you want to sign up for electronic funds transfer (EFT) or change your EFT bank account. Be sure to keep your old account open until your pension payment is deposited to the new account.

**Marriage.** Notify ORS within 30 days whenever an insurance dependent marries, or if you wish to enroll your new spouse in your insurances.

**Medicare.** Any person enrolled in your health insurances must sign up for Medicare Parts A & B when first eligible. Send ORS a copy of the Medicare card if this happens before age 65 or if you are a retired state trooper.

*Details about reporting these and other life events, as well as forms you'll need, can be found online or by contacting ORS.*

## Pension payments

Pension payments are issued on the 25th of the month.

## Holidays – Retirement offices closed

November 7 – Election Day

November 10 – Veteran's Day

November 23-24 – Thanksgiving

December 25 & 26 – Christmas

January 1 & January 2 – New Year's Holiday

January 15 – Martin Luther King Jr. Day

February 19 – President's Day

*Connections* is published semiannually for retirees served by the Office of Retirement Services, Department of Management and Budget.

ORS Director: Chris DeRose

Printed by Authority of 1984 P.A. 431

Number printed: 211,450 Total cost: \$11,799.55 Cost per copy: \$0.056