

# Connections

Staying connected with Michigan's retirees

December 2017

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## Change in Medicare Numbers Begins in April 2018

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MICHIGAN OFFICE OF RETIREMENT SERVICES



## From the Director

Welcome to the December issue of the *Connections* newsletter.

Occasionally I receive inquiries from retirees about whether market conditions or changes in law may negatively impact their pensions. Be assured your pension is safe – it's guaranteed by the Michigan constitution. And as the plan's fiduciaries, we're taking steps to ensure your pension fund remains vital well into the future.

An important piece in maintaining your pension's health is the assumed rate of return. What's that? It's an estimate of how well we think the pension fund investments will perform in the future. The Department of Technology, Management and Budget director and our retirement boards recently approved a policy lowering our assumption from 8 percent to 7.5 percent. Why is that important? If the assumed return rate is too optimistic, we risk underfunding the system. By adopting a lower rate, we are protecting the long-term security of your pension. We're also following industry best practices. National Association of State Retirement Administrators' data shows the median assumed rate of return nationwide has been trending downward and is 7.5 percent.

In addition, we implemented a policy of dedicating investment gains to lower the assumed rate of return in the future. These changes won't affect your monthly pension check. In the meantime, please read our article in this issue that goes into more detail about what these changes mean to you.

I know hobbies and interests figure prominently in retirement. An article in this issue highlights the "gig" economy, which is a way for you to stay active, meet people, and make some pocket change in retirement. In another article, we'll also meet Dan, one of our retirees and co-owner of the EagleMonk Pub and Brewery. He turned his beer-brewing hobby into a money-making venture.

It's policy changes like the ones I mentioned above that will give retirees, such as Dan of EagleMonk Pub and Brewery, the peace of mind to pursue their dreams. Hearing stories like this makes my day. If you have a story to share, please send it to **[ORS-RetireeStories@michigan.gov](mailto:ORS-RetireeStories@michigan.gov)**.

A handwritten signature in black ink that reads "Kerrie L. Vanden Bosch". The signature is written in a cursive, flowing style.

Kerrie L. Vanden Bosch, Director  
Office of Retirement Services

# New Medicare Cards Starting April 2018

You may have heard Medicare will be removing Social Security numbers from Medicare cards and issuing new cards to help guard against identity theft.

Your new Medicare card will show an 11 digit number that is unique to you. Medicare will mail new cards gradually between April 2018 and April 2019. Mailing everyone a new Medicare card will take some time. Your card may arrive at a different time than your friend's and neighbor's. Also, go to [www.ssa.gov](http://www.ssa.gov) to update your address since your new Medicare card will be mailed to your address on file with the Social Security Administration.

If you are enrolled in Medicare Parts A and B before April 2018, you don't need to take any action. Medicare will provide your health and prescription drug provider and ORS your new Medicare number.

If you become eligible for Medicare Parts A and B after April, 2018, ORS will mail you instructions on how to update your insurance enrollment with your Medicare number. Tell ORS your Medicare number as soon as you receive your Medicare card. Once ORS receives your Medicare number, it will be sent to your insurance and prescription drug provider and your insurance rate will be adjusted.

## Retiree Spotlight—Brewing Success

Easy Blonde, Scottish, and The Raven. These are just a few of the beers on tap at EagleMonk Pub and Brewery located at 4906 W. Mt. Hope Highway in Lansing, Michigan. For owners Dan and Sonia Buonodono, opening the brewery was a dream that became a reality in retirement.

Dan retired from DTMB, Office of Project Management, in November 2010. He had nearly 30 years of home brewing experience and was the president of a local homebrew club for several years. After retirement, he immediately started researching breweries.

Dan and Sonia purchased the building in August 2011 and spent more than 50 weeks transforming the old party store into a brewery and pub. Dan's dreams came true when the brewery officially opened on August 15, 2012. He said he was "focused and driven (and scared to death)!"

During the Olympics nine years ago, Dan was daydreaming about potential names for his brewery. He figured the eagle is the greatest symbol representing the United States and a monk is the symbol for beer. (Monks make excellent Trappist Ales, one of his favorite beer styles.) Thus, the name EagleMonk Pub and Brewery was born.



*Pictured (L to R) Dan Buonodono and Sonia Buonodono*

Dan said his State of Michigan pension helped him to realize his dream of opening a brewery. The State of Michigan retiree health insurance offers "great peace of mind." If other retirees are considering opening their own business, he said, "do your research prior to opening a business."

EagleMonk Pub and Brewery has a Mug Club which entitles you to a handmade mug by a local artist and lifetime membership. If you'd like to learn more about EagleMonk, visit its website at [www.eaglemonkbrewing.com](http://www.eaglemonkbrewing.com).

*If you have a story to share, please send it to [ORS-RetireeStories@michigan.gov](mailto:ORS-RetireeStories@michigan.gov).*

Every dollar paid to a Michigan retiree comes from three sources:

68¢

Investment Earnings

25¢

Employer Contributions

7¢

Member Contributions

## Dedicating Investment Gains for a More Secure Pension Fund

How does your pension system ensure the funds will be there for all retirees? The contributions you and your employer made during your career make up only a small part of the money needed to pay your lifetime pension. The rest comes from earnings on investments.

Investing and fund management both require making educated assumptions about the future. Pension fund managers use several assumptions, and one with a big impact is the assumption of how well we think the pension fund investments will perform. After many years of assuming a return of 8 percent on our investments, the rate was recently lowered to 7.5 percent based on the advice of our investment and actuarial professionals.

And this fall, we implemented a new policy that will continue to lower the assumed rate of return in any year when our actual investment returns exceed our assumed return by a specified amount.

When investment earnings are higher than assumed in

a given year, what usually happens? Simply stated, the systems' assets grow and the contributions needed from employers are usually less. With this new policy, assets and contributions will remain stable as we dedicate those unexpected gains to buying down the assumed rate of return on investments.

The new policy is a more conservative and prudent approach to pension fund management. By assuming lower investment returns, the fund is more likely to meet the assumption which means our financial plans for the systems are accurate. The lower return rate also means the funds will be better able to weather downturns in the market. This approach keeps the pension fund healthier regardless of how the market is performing.

Each year, the spring edition of *Connections* provides a report on the financial health of your retirement system. Look for a further discussion of the impact of the dedicated gains policy on pension financial health in June 2018.

We want to hear from you!



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# Gig Economy Offers Work in Retirement

After years of hard work, you've finally retired! Congratulations!

The transition from busy, full-time work to the slower pace of life in retirement can be challenging for some retirees. Returning to some form of work may be an interesting and profitable option. New technologies have emerged in the last few years providing an effective way to match people who want to work with job opportunities in what is known as the Gig Economy.

Gig work involves using an online website or a mobile application that connects workers directly with people who want to hire them. Some gigs are

completed online: graphic design work, technical writing, and editing. Other gigs may involve short-term work performed in your community: completing home maintenance, creating garden plans, painting, helping people move, making deliveries, tutoring, shopping, and driving.

Aaron Smith, associate director of research at Pew Research Center, observed, "It's a great deal in particular for older adults looking for something not quite full-time employment but keeps them active and engaged in the job market."

If you are interested in pursuing gig work, go online to see what gigs are available in your area.

# Vaccines—They Aren't Just For Kids!

Did you know that every year tens of thousands of American adults suffer serious health problems that could have been prevented by vaccines?

Vaccines don't just protect the person receiving the vaccine. They also help prevent the spread of diseases in a community, especially to people who are most at risk, such as infants and young children, the elderly, and those with weak immune systems.

While many adults suffer from vaccine-preventable diseases, immunization rates are still very low in Michigan. Fewer than 30 percent of adults in the U.S. receive shingles and Tdap (tetanus, diphtheria, and pertussis, or whooping cough) vaccines.

All adults should get an annual flu shot to protect against seasonal flu and Td/Tdap vaccine to protect against tetanus, diphtheria and whooping cough.

Some other vaccines you may need include hepatitis A and B, pneumococcal, and/or shingles vaccines. Here are steps you can take to make sure you're up-to-date

on all vaccines:

- Talk to your healthcare provider today about vaccines recommended for you.
- If your insurance does not cover the cost of a recommended vaccine, contact your local public health department to see if you qualify for free or low-cost vaccines.
- Keep your shot record up-to-date by encouraging your provider to put your immunizations into the Michigan Care Improvement Registry (MCIR), a secure statewide database of immunizations that healthcare providers can access.

**Protect your retirement years and those around you—get immunized today!**

*Submitted by the Southeast Michigan Adult Immunization Best Practices Workgroup, a consortium of public health professionals working together to increase adult immunization rates.*

# Ask Our Experts

ORS experts answer frequently asked questions

## Q: How do I update my address with ORS?

A: You can quickly update your address in miAccount:

1. Log in to miAccount.
2. Click Update Address & Phone.
3. Click Edit.
  - a. Physical Address - Where you actually live.
  - b. Mailing Address - Where you want your mail to go.
4. Click Save Changes.

Note: If you are changing your address to a winter/seasonal home, you should only change your mailing address. Changes to the physical address may also result in insurance plan changes due to regional plan availability.

## Pension Pay Dates

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Pension payments are issued on the 25th of the month. If the 25th falls on a weekend or holiday, your pension will be paid the previous business day. If your payment is not credited within three days after the scheduled payment date, check with your bank first, then contact ORS.

## Office Closures

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December 22 and 25 - Christmas  
December 29 and January 1 - New Year's  
January 15 - Martin Luther King, Jr. Day  
February 19 - Presidents' Day  
May 28 - Memorial Day

Our website is available seven days a week, even when our office is closed. Go to [michigan.gov/ors](http://michigan.gov/ors).

# Let Us Know

**Address, email, tax, or direct deposit changes.** It is critical that you make these changes with our office.

The fastest, easiest way to report these and other life events is through miAccount at [michigan.gov/orsmiaccount](http://michigan.gov/orsmiaccount).

**Death.** Contact us right away if a pension recipient, a pension beneficiary, or anyone enrolled in your health, prescription drug, dental, or vision insurances dies.

**Divorce.** Contact us right away.

**Marriage.** Contact us right away if you want to add your new spouse to your insurances.

**Medicare.** Anyone enrolled in health insurance must sign up for Medicare Parts A and B if and when first eligible. If you or your dependents become eligible for Medicare before age 65, and you're not covered under your spouse's active insurance, let us know.



**MICHIGAN OFFICE OF  
RETIREMENT SERVICES**  
*Big Plans. Small Steps.*