Connections

Staying connected with Michigan's retirees

March 2015 Vol. 18 No. 1

Our investment returns are strong.

Inside

OFFICE of RETIREMENT SERVICES ORS

INSIDE

From the Director

Address updates are easy in miAccount

FY 2013-14 Financial Summary

Ask Our Experts

State Police Retirement System

From the Director

"The first person to live to 150 years old has already been born," claims scientist Dr. Aubrey De Grey. As life expectancy increases, so does the need to be prepared for a longer working life and a longer retirement. With this in mind, ORS is prepared to serve you for the long haul.

One of the most important ways we do this is with our prudent, long-term investment strategy. As you'll see in the financial summary inside, our investment returns are strong, restoring some of the losses from the recession and putting us on the path for future growth. Across the nation, Michigan stands out in this accomplishment.

We have also made our services more convenient and accessible with miAccount. A few things you can do in miAccount include monitoring your account, making changes to your address, printing your *1099-R*, and updating your direct deposit. You can even get answers to your questions using the miAccount Message Board.

Plus, we're finding innovative ways to communicate with you. One way is through social media. We use Facebook and Twitter to bring you retirement news and information every day. You may have also noticed the new design of this newsletter. We found a way to give you a more readable and colorful *Connections* at a lower cost!

This issue of *Connections* provides additional detail on the financial health of your retirement system. And if you're racing to be one of the 150 year olds, stay in touch. ORS and your pension will be with you for the ride.

Phil Stoddard, Director
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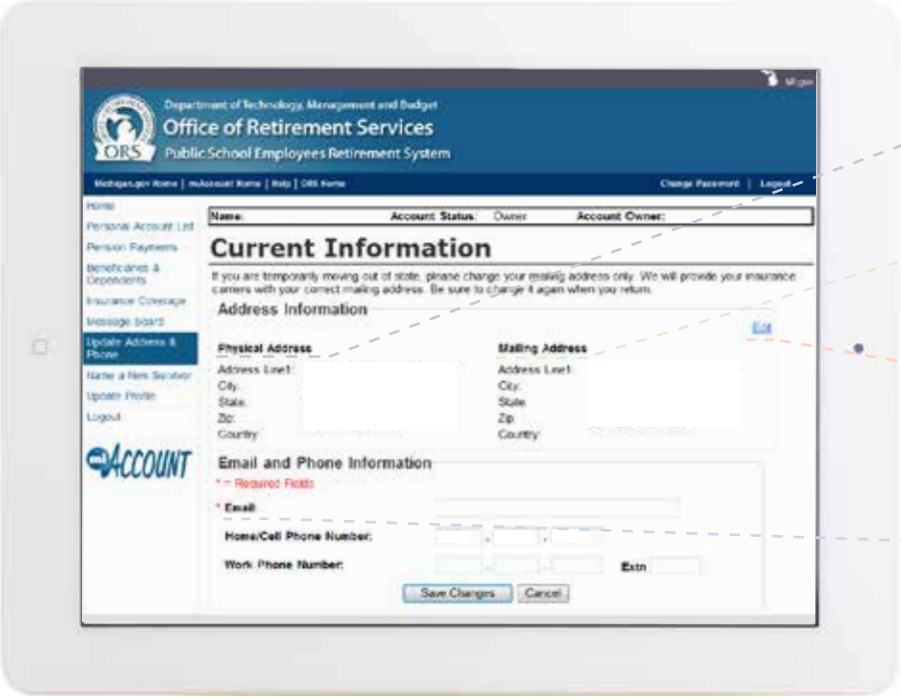
Address updates are easy in miAccount

We have new functionality in miAccount that allows you to enter a physical address and a mailing address. This change makes it easy to update your address throughout the year. It also helps ORS and your insurance carrier get you the information you need. If your physical and mailing addresses are the same, you don't need to make a change in miAccount.

It's also important to keep your personal email address on file and up-to-date with ORS because we often use email to send notifications. It's especially important to make sure we don't have your old work email address on file, and if you and your spouse are both ORS retirees, you'll each need a separate email address. This is for your privacy and so we can ensure we send the right message to the right person.

Rest assured, we protect your privacy and security. We do not sell your contact information for any reason.

If you need to make changes, log in to miAccount then click Update Address & Phone:



Physical Address
This is where you live.

Mailing Address
This is where you want your mail to go.

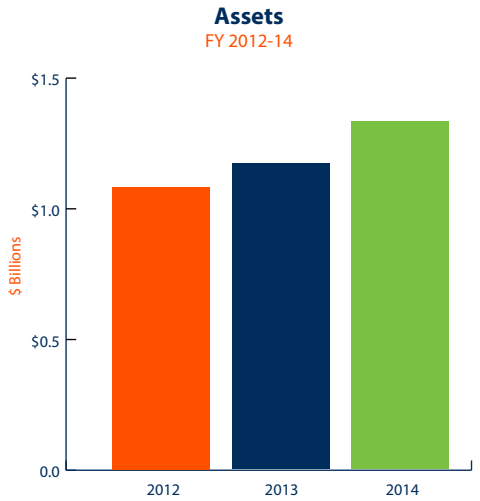
Edit
Click here to make changes.

Email Address
Update your email address here.

FY 13-14 Financial Summary

For the State Police Retirement System

Revenue and Expenditures



Additions (in thousands)	FY 2014	FY 2013
Member Contributions	$ 3,373	$ 2,608
Employer & Other Governmental Contributions	106,764	94,664
Net Investment Income (loss)	182,722	139,275
Transfers and Misc. Income	-	46
Total Additions	$ 292,858	$ 236,593

Deductions (in thousands)	FY 2014	FY 2013
Benefit Payments	$ 110,543	$ 110,782
Health, Dental, & Vision Benefits	31,373	30,572
Transfers & Refunds	8	19
Administrative Expenses	1,985*	1,714*
Total Deductions	$ 143,909	$ 143,087

Assets (in thousands)	FY 2014	FY 2013
Beginning of Year Assets	$ 1,178,884	$ 1,085,378
End of Year Net Assets	$ 1,327,832	$ 1,178,884

* Reflects participation in federal programs that provide a federal subsidy for eligible healthcare claims, producing a net overall savings to the System.

Nearly **70 percent** of the system's funding comes from investment earnings.

Assets and Liabilities

Total net assets held in trust for pension and Other Post-Employment Benefits (OPEB) increased $149 million from the previous year, primarily due to net investment gains. Net assets were $1.3 billion at the close of FY 2014.

Assets (in thousands)	FY 2014	FY 2013
Cash	$ 14,125	$ 25,721
Receivables	7,155	6,150
Securities Lending Collateral	88,398	74,789
Investments	1,311,794	1,169,961
Total Assets	$ 1,421,472	$ 1,276,621

Liabilities (in thousands)	FY 2014	FY 2013
Accounts Payable and Other Liabilities	$ 2,159	$ 2,573
Obligations Under Securities Lending	91,481	95,164
Total Liabilities	$ 93,640	$ 97,737
Net Assets	$ 1,327,832	$ 1,178,884

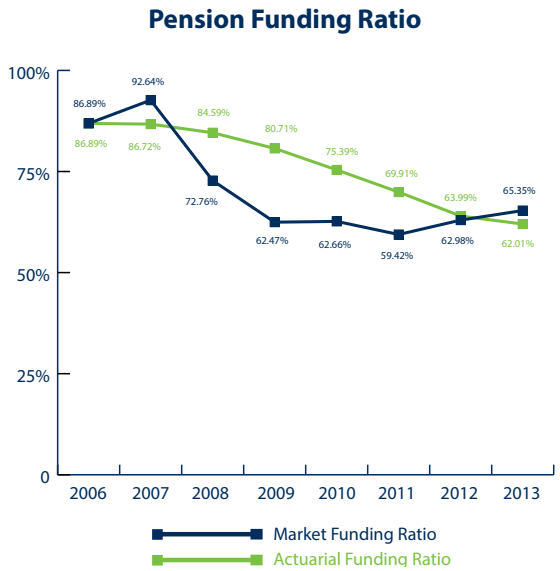
Net assets were **$1.3 billion** at the close of FY 2014.

This summary came from the complete *2014 Comprehensive Annual Financial Report*, available on our website at **michigan.gov/orsmsp**. The figures in this report are as of September 30, 2014.

Pension Funding Ratio

A pension plan is 100 percent funded when it has enough money in reserve to meet all expected future obligations to members. Getting to 100 percent funded is like paying off a mortgage; it is done over time.

The market funding ratio is based only on the market value of assets at fiscal year end. The actuarial funding ratio incorporates a 5-year "smoothing" period that reduces volatility. The actuarial funding ratio is the common metric used by all pension plans nationwide. This smoothing process is used by almost every retirement system in the country; it helps avoid volatility in the pension systems' funding requirements. As the economy improves, the funding ratio will also improve.

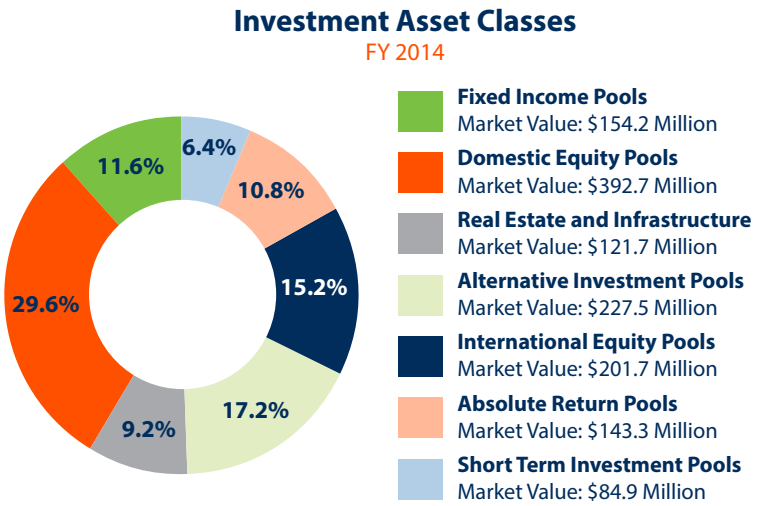


The State Police Retirement System is on a schedule to be fully funded in 23 years. This puts the system at the forefront nationwide for funding best practices.

> The State Police Retirement System is on a schedule to be **fully funded in 23 years.**

Investments and Earnings

The State Treasurer administers all of the system's investments. The main objective is to maximize the return rate and meet the actuarial assumptions by being prudent with investments, and maintaining a diverse portfolio to eliminate unnecessary risk.



Ask Our Experts

ORS experts answer frequently asked questions

Q: What's the best way to get questions answered?

A: You can ask ORS a question using our secure Message Board in miAccount at **michigan.gov/orsmiaccount**. You'll need to log in to miAccount with your username and password. Click on Message Board in the left navigation bar and enter the requested information. You can expect a response in one business day. You'll receive an email from ORS when our answer can be viewed in miAccount.

Q: How do I request a copy of my *1099-R?*

A: To view and print your Federal *1099-R* using miAccount, click Pension Payments on the left, and then click the Federal 1099-R link. Select the year from the dropdown and click the GO button. To print the page for tax purposes, scroll to the bottom of the page and click the View Printer Friendly button. You will need to disable any pop-up blocker installed on your computer to view the printer friendly page.

You can also click the *1099-R* Instructions link on the right of the page for instructions to help you understand the amounts in each box.

Pension Pay Dates

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 3 days after the scheduled payment date, contact ORS.

Office Closures

May 25 - Memorial Day
July 3 - Independence Day
September 7 - Labor Day

Our website is available seven days a week, even when our office is closed. Go to **michigan.gov/ors**.

Let Us Know

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

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 insurances 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.

The fastest, easiest way to report these and other life events is through miAccount at **michigan.gov/orsmiaccount.**

miAccount