



Connections

Connecting your retirement needs and our commitment to service

A publication of the Michigan Office of Retirement Services

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Welcome to Connections

Perhaps you share Mark Twain's philosophy, "I do not like work even when someone else does it." In that case, you are thoroughly enjoying your retirement. To help you get the most out of this special phase of your life, the Office of Retirement Services (ORS) has initiated this semiannual newsletter to bring you information about issues affecting your retirement. If you have a question and you feel the answer would be of general interest to all our retirees, please send it to us for possible inclusion in a future issue.

Help's just a call away!

Have a question? Our new Customer Information Center is now open to answer your calls, quickly and reliably. We have assembled a specially trained team of experts to answer most of your questions. That means when you call, in most cases, you won't have to be transferred from a receptionist to one specialist to another—

most calls can be handled by the person who answers your call. The Customer Information Center's toll-free number is 1-800-381-5111 or in Lansing call 322-5103. Call anytime Monday through Friday between 8:00 AM and 5:00 PM Eastern Time, including lunch hours. PS: You can make your call go faster by having your Social Security number available before you dial.



You can get your retirement pension sooner with EFT!

If you're not using Electronic Funds Transfer (EFT), you're missing an opportunity to simplify your life while getting your pension sooner each month. With EFT your pension is deposited electronically to your bank or credit union, saving several days in the mail, plus the bother of you having to go deposit it in person—no more trips to the bank in rainy or snowy weather. EFT eliminates the possibility of lost or stolen checks, too. You will still receive periodic statements with EFT. And best of all, it's free!

To sign up for EFT simply call 1-800-381-5111 for an application. Follow the instructions and return the completed application to us. You'll soon be saving gas money and sleeping easier, thanks to EFT.

Lost check? Here's help!

You've been watching your mail box, waiting for your monthly pension check. Now it's several days overdue, and you are getting anxious. Unfortunately, the first thing you have to do is wait! How long? Until the seventh of *Please see Lost Check—page 4*



Message from the Director

Thank you for taking the time to read the first issue of *Connections*. This semiannual newsletter is a natural outgrowth of the Office of Retirement Services' new motto: "Our number one priority is you!" We are constantly looking for ways to improve service to you.

The Office of Retirement Services is comprised of: the State Employees Retirement System (SERS), Michigan State Police Retirement System (MSPRS), Michigan Judges Retirement System (MJRS) and the Michigan Public School Employees Retirement System (MPERS).

Retirement is a special time in your life, and we want to do all we can to make it rewarding for you. This issue will tell you some ways we've already improved service, as well as plans for the future. We hope you'll share your comments and suggestions with us so we can make this publication more valuable to you.

Chris DeRose

- Chris DeRose, Director

How to contact us

We welcome questions related to your specific circumstance. You can phone us between 8:00 AM and 5:00 PM in Lansing at 322-5103 or toll-free outside Lansing at 1-800-381-5111. Send your fax to: (517) 322-5928 or (517) 322-6643. You may also write us at:

Office of Retirement Services
P.O. Box 30171
Lansing, MI 48909-7671

Please include your name, Social Security number and phone number when faxing or writing.

If you're in the Lansing area, visit our office at the Secondary Complex, General Office Building,

Lansing Road and Canal Road, just off exit 98A of I-96 or exit 70 of I-69. It's best to call ahead for an appointment so your file can be ready when you arrive. Our hours are 8:00 AM to 5:00 PM, Monday through Friday, except holidays.

At present our field offices in Detroit, Holland and Waterford are only able to provide services for customers of the Michigan Public School Employees Retirement System (MPERS). But by July 1 of this year, services will expand to provide assistance for customers of all four systems: State Employees Retirement System (SERS), Michigan State Police Retirement System (MSPRS), Michigan Judges Retirement System (MJRS), as well as MPERS.

Detroit City Office (313) 256-1400
State Plaza Building, Suite P-120
1200 Sixth Ave.
Detroit, MI

Eastern Office (248) 681-2756
1200 W. Huron Street
Waterford, MI

Western Office (616) 399-6940, Ext. 392 or 324
Ottawa Area ISD Ed. Services Building
13565 Port Sheldon Road
Holland, MI

For additional information, visit our Web site at:
<http://www.state.mi.us/dmb/ors>

A moving experience

If you move after retirement, you must inform us. Even if your pension payment is electronically deposited, you still must keep your address current so periodic statements, informational mailings, and your tax information can be sent to you. If you change addresses for longer than a month, please notify us. For your protection, address changes must be in writing and include your Social Security number and your written signature. If you have a conservator or guardian, that person must supply proper verification.

Michigan State Employees Retirement System

Overview

The Michigan State Employees Retirement System (SERS) operates under the provisions of Public Act 240 of 1943, as amended. As of September 30, 1997, there are 36,123 retirants and beneficiaries receiving monthly benefits.

Approximately 55,434 active employees were reported during FY 1996-97. Of these, about 33,925 have acquired 10 or more years of credited service and have fully vested rights to their retirement benefits.

Investments (Thousands)

Type of Asset	1997	% of Total	1996	% of Total
Short Term	842,859	9.5	622,436	8.6
U.S. Government Securities	1,316,422	14.9	1,089,272	15.1
Conv. Bonds	4,184	0.1	4,016	0.1
Corp. Bonds & Pref. Stock	846,613	9.5	901,112	12.5
Common Stock	4,149,553	46.8	3,165,664	43.9
Mortgages	84,097	0.9	159,096	2.2
Real Estate	569,129	6.4	466,329	6.5
Alternative Investments	579,044	6.5	486,127	6.7
International Investments	468,025	5.3	310,706	4.3
Total	\$8,859,926	100	\$7,204,758	100

Retirement System investments earned 23.2%, based on the market value as required by the Governmental Accounting Standards Board. Rates of return based on other calculation methods are in the complete annual report.

During the 1996-97 fiscal year, the Retirement

System's assets increased to \$9.3 billion.

The major sources of revenue were investment income and publicly financed contributions. The major expenditures were benefit payments and health, dental and vision insurance coverage.

Revenues & Expenditures (Thousands)

	1997	1996
Beginning Balance	\$7,325,955	\$6,380,121
Plus: Member Contributions	12,416	2,619
Plus: Employer Contributions	410,232	431,094
Plus: Investment Income	1,699,093	965,921
Less: Investment Expenses	(13,767)	(11,225)
Less: Administrative Expenses	(5,248)	(3,490)
Less: Benefit Payments, Including Refunds	(382,909)	(321,344)
Less: Refunds	(7,806)	0
Less: Health, Dental, Vision Insurance	(126,779)	(117,742)
Equals: Ending Balance	\$8,910,915	\$7,325,955

Pension Funding

The State of Michigan constitutionally guarantees your pension. SERS begins funding your pension when you begin State of Michigan employment. By estimating how much your pension will be and how much retirement funds will earn during your career, SERS can estimate how much money it needs to set aside each year to grow the fund to the necessary size.

Funds are derived from the excess of revenue over expenses. Funds are accumulated by the System in order to meet future benefit obligations to retirees and beneficiaries.

The percentage computed by dividing the market value of assets by the actuarial accrued liabilities provides an indication of the funded status of the system.

As of September 30, 1997, that percentage was 115%.

A higher percentage indicates a higher funding level. A higher level of funding gives the participants a greater degree of assurance that their pension benefits are secure.

Assets & Liabilities (Thousands)

		FY 1997	FY 1996
Assets	Cash	15,382	71,224
	Receivables	78,310	88,397
	Investments	8,859,926	7,204,758
	Collateral on Loaned Securities	322,867	174,852
	Equipment	0	1
	Total Assets	\$9,276,505	\$7,539,232
Liabilities	Total Liabilities	\$(365,589)	\$(213,278)
Net Assets		\$8,910,915	\$7,325,955

Pension Recipients

	1997	1996
Pension Recipients	36,123	31,093
Pension Recipients w/ Health Insurance	33,299	28,769

For a copy of the complete Annual Report from which this summary was derived, call the Office of Retirement Services at 1-800-381-5111.



Give your advice to those about to retire!

You've been through the whole process of planning for and adjusting to retirement. So what advice can you give members who are six months or perhaps a year or two away from retiring? Mail your suggestions to us, and we'll select some of the best ones to be printed in the next issue of *Connections*.

Space permitting, we will print those ideas thought to be of interest to the largest number of readers, and also share them with people preparing for retirement in the near future. Your help will be most appreciated, so we hope to hear from you.

Eligible for Medicare? You must let us know!

All State-sponsored health plans change to a Medicare supplemental policy for retirees and covered dependents who become eligible for Medicare.

At age 65, or sooner, if eligible, you must enroll in Medicare health insurance (**both hospital - Part A, and medical - Part B**) through the Social Security Administration to maintain maximum benefit coverage. *You may contact any Social Security Office for information on the Medicare enrollment process.*

Typically most people become eligible when they reach age 65. Persons under age 65 who are receiving a Social Security disability pension

become eligible for Medicare after receiving 24 months of disability benefits.

When you reach age 65, the Retirement System automatically changes your health coverage to a supplement to Medicare. If you and/or your covered dependents become eligible for Medicare prior to age 65, the Retirement office must be sent a photocopy of the Medicare card and health plan card to enable us to adjust the insurance coverage and premium amount.

Please remember that if you and/or your covered dependents do not enroll in Medicare Part A and Part B when eligible, you will be liable for the claims normally paid for by Medicare.

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Lost check (continued from page one)

the month following the date the check was mailed. Then call our office to request an affidavit. Once you receive the affidavit, sign it, have it notarized, and return it to us. When we receive the affidavit a new pension check will be issued within five to 10 workdays.

If you prefer to continue receiving your checks by mail, please be patient. We quite often receive calls the same day checks are mailed (usually about the 25th of the month) from retirees stating "I didn't get my check today!" Please wait until the seventh of the following month to allow for delays in the mail before calling.

If the thought of a lost pension check worries you, be sure to see the article on Electronic Funds Transfers (EFTs) on page one.