



# Connections

*Connecting your retirement needs and our commitment to service*

*A publication of the Michigan Office of Retirement Services*

## State Employees System Enters 2000 Financially Sound

We are pleased to present a financial summary for fiscal year 1999 for the State Employees Retirement System (*shown on Page 4*). Although 1999 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 your State of Michigan 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, 1999, this

amounted to 106.9%. Generally, the higher the percentage, the stronger the pension system, which helps ensure that your pension benefits are secure.

During fiscal year 1998-99 the Retirement System's net assets increased to \$10.3 billion. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments and health, dental, and vision insurance coverage.

As of September 30, 1999, there were 36,346 retirees and beneficiaries receiving monthly benefits. Of these, 33,478 retirees participated in the health insurance programs. Approximately 49,612 active employees were reported during FY 1998-99. Of these, about 36,745 have acquired 10 or more years of credited service and have fully vested rights to their retirement benefits.

## Your phone call is important to us!



On a typical day at ORS, an average of 900 individuals call ORS. These calls are answered directly by our knowledgeable Customer Information Center representatives who are ready to answer your questions, or refer you to a specialist for those more complex, unique questions.

You can help improve the response time to your next phone call by following a few helpful hints:

- Call later in the day or later in the week. Generally Mondays or the first business day following a holiday are the busiest days for calls, so there may be a longer delay before you are able to talk with a Retirement Information Representative. Later in the week the number of calls decreases, so your call is answered faster.
- Try to avoid major peak times – around the 25<sup>th</sup> of the month when pension payments are distributed.

- If you're calling for account-specific information, please have your Social Security number available.
- In the Lansing area, call 322-5103; otherwise call toll-free, 800-381-5111 to avoid long-distance charges.

Our staff is ready to take your calls from 8:30 a.m. to 5:00 p.m. and looks forward to hearing from you.

### Holidays & Pension Payment Dates

April 25 — Pensions Issued  
 May 25 — Pensions Issued  
 May 29 — Memorial Day\*  
 June 23 — Pensions Issued  
 July 4 — Independence Day\*  
 July 25 — Pensions Issued  
 August 25 — Pensions Issued  
 September 4 — Labor Day\*  
 September 25 — Pensions Issued  
 October 25 — Pensions Issued

\* The Office of Retirement Services will be closed in observance of these holidays.

## Message from the Director of the Office of Retirement Services

I hope you enjoy this edition of *Connections*. We have packed it full of useful information to assist our many retirees located in Michigan and across the United States.

This past year has been an exciting one for the office. We continue to make changes to ensure that we can provide you with excellent service and to prepare for the many retirees who will be coming our way as the baby boomers begin to retire.

We were pleased to transition to the new year with no problems. Our preparation for the potential Y2K problem was productive and our systems are working as well as ever.

On Page 4 you will find the annual financial statement for your Retirement System. As you can see, the financial status of the System is very good. We will continue to do our best to manage the assets and expenses of the System in the best interests of all working members and retirees.

We have accomplished much, and hope to continue our progress to achieve our Vision, "Fast, easy access to complete and accurate information and exceptional service."

However to do this, we would like input from you. If you have thoughts or concerns you need to share with us, feel free to e-mail or send us a letter. We always enjoy hearing from you.

Chris DeRose

## Tax Withholding Update

Under the Tax Reform Act of 1986, your withholding and/or estimated tax payments must approximate 90 percent of your federal income tax liability to escape penalty. If sufficient federal income tax is not withheld from your pension, you may be required to pay quarterly estimated income tax or pay a penalty imposed by the Internal Revenue Service. If you have a major increase or decrease in your income, or a change in the number of dependents, file a new ORS Federal Income Tax Withholding Authorization (R12X). If you have questions, talk with your tax consultant.

You can find a copy of the form on the ORS web site at [www.state.mi.us/dmb/ors](http://www.state.mi.us/dmb/ors), then choose your respective retirement system. The R12X is located in the Forms and Publications section. If you do not have Internet access, to request a form, call our office at 322-5103 in the Lansing area or toll-free at 1-800-381-5111 outside of Lansing.

## DC/DC Plans Come to ORS

As of October 1, 1999, the Deferred Compensation and Defined Contribution Plans have been under the administration of the Office of Retirement Services.

State Street Global Advisors (SSgA) will continue to be the primary contact for assistance. SSgA's Lansing office at 115 West Allegan, Suite 500, can answer questions about payout options, investment options, quarterly statements and account problems. Hours are 8:30 a.m. – 5:00 p.m. weekdays. If you plan to visit, call ahead at 517-487-1270. For information on loans, transferring funds, changing salary deferrals, payouts, PIN numbers or account balances call SSgA's automated information line toll-free at 1-800-748-6128.

If SSgA cannot resolve your concerns, direct issues requiring special attention to ORS in Lansing at 517-322-5103, or toll-free, 1-800-381-5111.

Published semiannually for the retirees of the Michigan Office of Retirement Services  
P.O. Box 30171, Lansing, MI 48909-7671  
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*Printed by Authority of 1984 P.A. 431*  
*Total number of copies printed: 36,860*  
*Total cost: \$1,963.54 Cost per copy: \$0.053*

### Outreach Offices:

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248-681-2756

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1200 Sixth Ave., Detroit 313-256-1400

**Western Office** – Ottawa Area ISD Ed. Services Bldg.,  
13565 Port Sheldon Rd., Holland  
616-738-8940, Ext. 4094 or 4095

<http://www.state.mi.us/dmb/ors>

e-mail address: [ORSCustomerService@state.mi.us](mailto:ORSCustomerService@state.mi.us)

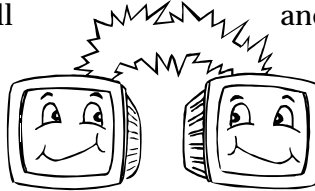
## Financial Planning is at Your Fingertips on the Internet

As you know, retirement planning doesn't end the day of your retirement party. Rather, your financial plan in your retirement years will continue to require adjustments for such things as inflation, changes in health or lifestyle, the return of an adult child to the nest—in other words, life's little surprises. With that in mind, here are some web sites where you may find useful planning tools and information related to retirement.

The Retirement Living Center's web site has many interesting links on such topics as retirement housing, tax rates for each state, and books of interest to seniors at: <http://www.retirementliving.com/>.

General information on a subject of great interest to many seniors—long-term health care—can be found

on Metropolitan Life Insurance Company's web site at: <http://www.metlife.com/Lifeadvice/Insurance/Docs/longterm1.html>



The federal government has a web site with numerous links on subjects ranging from consumer safety to money matters to food or the weather. Visit it at: <http://www.consumer.gov/>

And here's a big list of web links for Seniors: <http://www.dibbs.net/explore/cyberseniors.html>

If you don't have a computer connected to the Internet, visit your local library. More and more libraries are connected to the Internet, and your librarian will be happy to show someone new to the Internet how to navigate. So take this article with you and happy net surfing!

## The Scenery in Lansing is A'Changing

If you worked in Lansing prior to retirement, as many of our retirees did, but haven't been back in awhile, you might be surprised by recent changes. Some are physical; others concern new initiatives. For example, an old landmark, the Lansing Civic Arena on West Allegan Street, has succumbed to the wrecker's ball to make way for a modern office building. The State will lease this building, with move-in scheduled for November 2001. The departments of Environmental Quality and Agriculture will be housed there.



On the site of the old Butler parking lot, between Ottawa and Allegan, east of Martin Luther King Drive, construction will begin soon on the Michigan Hall of Justice. This building will house the Michigan Supreme Court, the Lansing office of the Michigan Court of Appeals and the State Court administrative offices. It is scheduled for completion in March 2002.

The old YMCA building is slated to come down, which is being replaced by a new YMCA. The former YWCA building has been sold to the Accident Fund Company. In addition, many of the downtown Lansing streets, which were one-way, have been reconfigured for two-way traffic.

The big buzz in State government is a new proposal

by Governor Engler called E-Michigan, a government-wide electronic-commerce initiative. An executive order is setting up a two-year agency to coordinate electronic commerce efforts to make State government always open for service, 24 hours a day, seven days a week via the World Wide Web.

At the State Secondary Complex, just west of downtown Lansing, construction is proceeding on a state-of-the-art, high tech State Police Forensic Science Laboratory. It will replace the old East Lansing lab, which began operations in 1932. The new \$23.5 million lab, with 82,710 square feet of space, is slated for completion in June 2001.

Next time you come to the Lansing area, check out all of the changes.

### **Want something to do outside the house?**

The Census Bureau currently has temporary job openings for Census Clerks and Census Takers. Earn up to \$11.50 per hour. Being a part of the 2000 Census will be a very exciting and historical event. If you are interested in applying call 888-325-7733, or visit their web site at: [www.census.gov/jobs2000](http://www.census.gov/jobs2000).





## State Employees Retirement System

### Assets & Liabilities

	FY 1999	FY 1998
<b>Assets:</b>		
Cash	\$ 59,665,689	\$ 22,768,181
Receivables	60,667,961	57,070,367
Collateral on Loaned Securities	313,580,913	380,746,684
Investments	10,176,708,548	9,096,823,596
<b>Total Assets:</b>	<b>10,610,623,111</b>	<b>9,557,408,828</b>
<b>Liabilities:</b>		
Accounts Payable and Other Liabilities	(25,084,695)	(17,397,654)
Obligations Under Securities Lending	(313,580,913)	(380,746,684)
<b>Total Liabilities:</b>	<b>(338,665,608)</b>	<b>(398,144,338)</b>
<b>Net Assets:</b>	<b>\$ 10,271,957,503</b>	<b>\$ 9,159,264,490</b>

### Revenues & Expenditures

	FY 1999	FY 1998
<b>Revenues:</b>		
Public Financed and Member Net Investment Income	\$ 276,854,038	\$ 269,577,405
	1,471,244,693	711,056,608
<b>Total Revenues:</b>	<b>1,748,098,731</b>	<b>980,634,013</b>
<b>Expenditures:</b>		
Benefit Payments Health, Dental, and Vision Benefits	(446,219,254)	(429,879,875)
Transfers and Refunds	(184,127,475)	(163,574,055)
Admin. Expenses	(728,366)	(134,533,763)
	(4,330,623)	(4,297,092)
<b>Total Expenditures:</b>	<b>(635,405,718)</b>	<b>(732,284,785)</b>
<b>Beginning of Year Net Assets:</b>	<b>9,159,264,490</b>	<b>8,910,915,262</b>
<b>End of Year Net Assets:</b>	<b>\$ 10,271,957,503</b>	<b>\$ 9,159,264,490</b>

### Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income
Fixed Income	\$ 2,281,522,877	22.29%	\$ 6,425,113
Common Stock	5,268,007,261	51.46	1,090,152,636
Real Estate	787,166,737	7.69	89,311,006
Alternative	1,032,065,145	10.08	140,880,055
International Equity	583,042,228	5.70	134,118,497
Short-term Investments**	284,569,989	2.78	20,222,271
Securities Lending Net Income			17,317,384
Investment Expenses			(27,182,269)
<b>Total</b>	<b>\$ 10,236,374,237</b>	<b>100.00%</b>	<b>\$ 1,471,244,693</b>

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

\*\* Includes equity in the State Treasurer's Common Cash Fund but excludes amounts payable and receivable for sales and purchases of securities with a settlement date after September 30 for each fiscal year. Amount also excludes \$313,580,913 and \$380,746,684 in cash collateral for security lending for fiscal year 1999 and 1998 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: <http://www.state.mi.us/dmb/ors>.