



Connections

Staying connected with Michigan's retirees

September 2021

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Retiree spotlight

Good eye for collecting

Ken and Jan Dersey both have a “good eye” for collecting antiques. Their love of antiques has taken them on day trips to Bay City, Holly, and many other locations in Michigan and Ohio. They love to travel and have driven to California 22 times, “antiquing” the entire way.

Ken's main interests are mechanical banks and antique toys. Jan likes collecting textiles such as quilts, samplers and tablecloths, teddy bears, and oil paintings. They both collect early furniture and Oriental rugs.

For 14 years they volunteered at the Plymouth Historical Museum. They loaned antiques to the museum for its special exhibits and would help with the research and presentation. Currently, Ken and Jan each display their collections at the Plymouth District Library, rotating a new exhibit every two months.



Ken and Jan Dersey in their home surrounded by antiques.



Ken and Jan Dersey on a cruise of Alaska.

When the Antiques Roadshow came to TCF Center (formerly known as Cobo Hall) in 2013 and Meadow Brook Hall in 2018, the Derseys decided to bring some of their collection. Jan was selected at TCF Center and both Ken and Jan were selected at Meadow Brook Hall to be included in the shows that aired on television. The items that were appraised were an antique weather vane, a New York worktable, and a bank purchased at the Chicago World's Fair of 1893.

Having pensions has helped them to realize their dreams of travel and antiquing. Ken worked for 39 years for Redford Union public schools. Jan worked for a total of 25 years (five years in Livonia and 20 years in Plymouth-Canton public schools). They both retired in 2005. They consider their pensions to be a great blessing in this phase of their lives. “We are very thankful to have the security that this provides,” Jan said.

Please send us your retiree story to ORS-RetireeStories@Michigan.gov. It may be featured on our website and/or an upcoming Connections newsletter.



From the director

Welcome to the September 2021 issue of the *Connections* newsletter.

Back in July, the Michigan Office of Retirement Services (ORS) reached a new milestone, issuing over 300,000 pension payments in a single month. That's close to one payment for each resident in Michigan's upper peninsula. Each of those payments represents someone, maybe you or someone you know, who dedicated a portion of their lives to serving the state of Michigan.

I often talk about the importance of, and ORS' dedication to, being good stewards of Michigan's state pension systems. That's always at the forefront of our minds when we make decisions at ORS. Still, a milestone like that is an indelible reminder of all the people who do and will depend on retirement benefits for a secure future, and just how important it is for ORS to act in the best interest of its systems.

Part of being a good steward and acting in the best interest of the state pension systems is transparency. For that reason, I am happy to share with you the 2019-20 financial summary for the Judges Retirement System available in this newsletter.

While the financial summary provides quite a bit of information, even more is available in the **full report** on our **website**.

We hope you enjoy this issue of *Connections*. If you have a story you'd like us to share in a future issue, please send it to **ORS-RetireeStories@Michigan.gov**.

A stylized, handwritten signature in black ink.

Anthony Estell, director
Michigan Office of Retirement Services

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Financial summary fiscal year 2019–20

For the Judges Retirement System (the System)

This summary includes details from the complete 2020 comprehensive annual financial report, which was produced for fiscal year (FY) 2019–20. Totals and subtotals may not add up due to rounding. The full report is available on our website at Michigan.gov/ORSJudgesDB.

Assets and liabilities

The System's net assets were \$263.9 million at the close of FY 2019–20. Total net assets held in trust for pension and other post-employment benefits (OPEB, i.e., retiree healthcare) decreased by \$7.5 million from the previous FY, primarily due to fewer net investment gains.

Revenue and expenditures

The reserves needed to finance pension and OPEB are accumulated through the collection of contributions by employer and employees and through earnings on investments.

Contributions and net investment income for FY 2019–20 totaled \$17.3 million. Investment earnings accounted for 77% of the System's revenue.



Assets and liabilities¹ (dollars in thousands)

Assets	FY 2019	FY 2020
Cash	\$ 817	\$ 4,638
Receivables	598	135
Investments	270,513	259,201
Securities lending collateral	10,649	11,203
Total assets	\$ 282,578	\$ 275,178
Liabilities	FY 2019	FY 2020
Accounts payable and other liabilities	\$ 64	\$ 25
Amounts due to other funds	400	–
Obligations under securities lending	10,648	11,203
Total liabilities	11,112	11,228
Net assets	\$ 271,466	\$ 263,949

1. Comprehensive annual financial report for the FY ended Sept. 30, 2020, Page 15. Liabilities in this context are exclusive of actuarial accrued liability for pension and OPEB. The sum total of all the line items may not equal the total due to rounding.

77% of the System's funding came from net investment earnings in FY 2019–20.

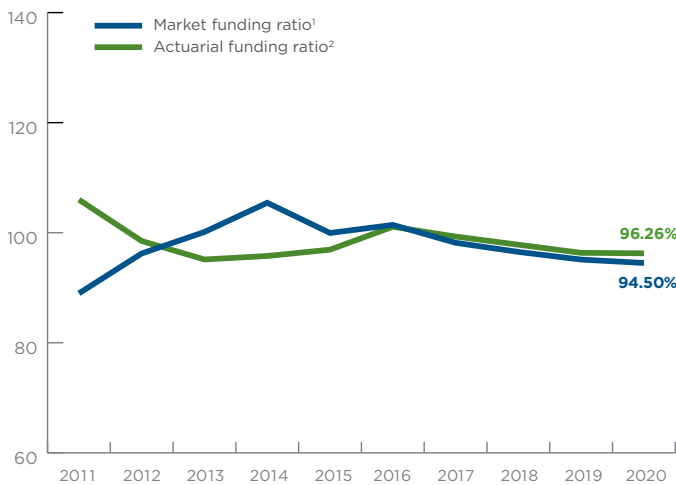
Additions and deductions¹ (dollars in thousands)

Additions	FY 2019	FY 2020
Member contributions	\$ 668	\$ 634
Employer contributions	10,385	3,238
Other governmental contributions	327	55
Net investment income (loss)	13,440	13,401
Miscellaneous income	2	19
Total additions	\$ 24,823	\$ 17,346
Deductions	FY 2019	FY 2020
Pension benefits	\$ 24,111	\$ 24,251
Healthcare benefits	940	137
Refunds and transfers to other systems	1	–
Administrative and other expenses	476	476
Total deductions	\$ 25,528	\$ 24,863
Net position	FY 2019	FY 2020
Net increase (decrease) in net position	\$ (705)	\$ (7,517)
Beginning of year	272,171	271,466
End of year	\$ 271,466	\$ 263,949

1. Comprehensive annual financial report for the FY ended Sept. 30, 2020, Page 16.

Pension funding ratio

The market funding ratio is based on the market value of assets at the fiscal year-end. The actuarial funding ratio is the best practice used by all pension plans nationwide. It incorporates a five-year smoothing period of investment gains and losses, which minimizes volatility in a pension system's funding requirement.



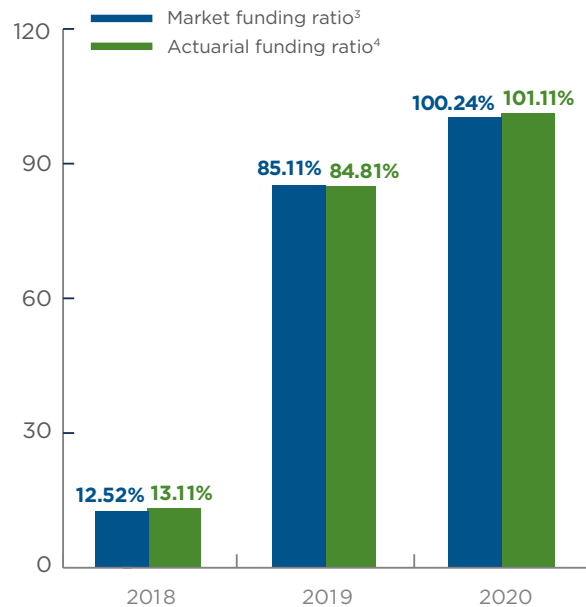
1. Calculated on market value of assets.

2. Pension Actuarial Valuation for the FY ended Sept. 30, 2020, pages B-5 and C-6.

The Judges Retirement System has an actuarial funding ratio of 96.3%.

Healthcare funding ratio

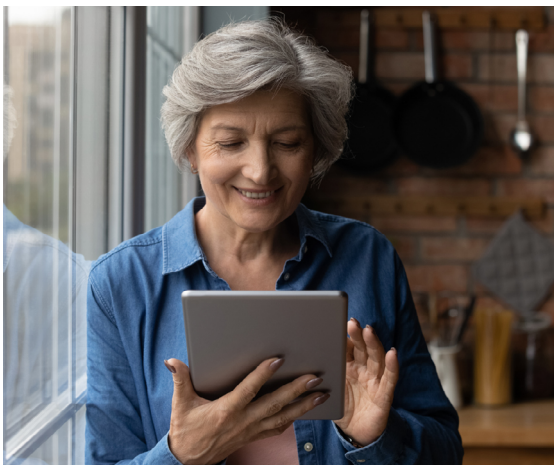
Starting in FY 2017-18, the System began pre-funding OPEB costs and in FY 2018-19 the System received a cash infusion of \$7.0 million. Pre-funding, and particularly the cash infusion, helped increase the market funding ratio from 12.5% and the actuarial funding ratio from 13.1% in FY 2017-18. Pre-funding is a best practice that invests assets and allows investment returns to help fund the plan. Many states do not pre-fund OPEB costs. This reform put Michigan on the leading edge of the OPEB funding best practices.



3. Calculated on market value of assets.

4. OPEB Actuarial Valuation for the FY ended Sept. 30, 2020, pages A-2 and D-4.

Coming soon: New miAccount login process



The Michigan Office of Retirement Services is adopting the state of Michigan single sign-on standard, MILogin, for miAccount. This will provide stronger security for your personal information, including multi-factor authentication (MFA). MFA is a security method that requires a person to provide two or more credentials to authenticate their identity when logging in to their account.

Starting in November you'll log in to miAccount on a MILogin page with your password, and a code will be sent to your email address or phone number to authenticate the login. After you complete the MFA, your account summary screen in miAccount will appear. To prepare for the transition to MILogin and MFA, log in to **miAccount** today and verify your email address and phone number are correct.

Retirement advice

In our June issue of the *Proactive* employee newsletter, we asked young employees about advice they would like to receive from readers of the *Connections* retiree newsletter.

We received many responses that said any advice would be very much appreciated.

A common theme in advice you provided advocated for saving money as early as possible and keeping with that savings plan for the duration of their careers. The easiest way for employees to save money is to participate in a tax-deferred savings plan offered by their employer.

Joy, a Michigan Office of Retirement Services employee, said, “To this day I still vividly recall my first day of work as a state employee. Two of my co-workers pulled me aside and talked me into contributing to the State of Michigan 457 deferred compensation plan. I’m so glad I listened and took their advice. Now, over 30 years later, with personal savings in both the 457 and 401(k) accounts and future Social Security benefits, I feel confident about being on track for a secure retirement.”

One of our *Connections* readers Cindi said, “Put as much as you can in your 457 or 401(k) and make your contribution a percentage [of your pay] so when you receive a raise, the contribution will automatically go up.”

Another common theme was to have not only a plan for saving money, but also a plan for spending your time in retirement.

“While working you may not know what your passion is because you don’t have the time or the energy to find it,” *Connections* reader Judy said. “With retirement you have the time. Open your mind and embrace the opportunity to find new opportunities.”

Another reader, Mary, said, “I would advise to stay active, exercise, etc. This releases endorphins in the brain and you are less likely to get depressed. Go to your church and connect there also.”



1 **Save money as early as possible and keep with that savings plan for the duration of your career.**

2 **Save as a percentage of your pay so when you receive raises the contribution rate rises.**

3 **Find your passion and embrace new opportunities during your retirement.**

4 **Stay active and exercise to help prevent depression.**

Ask our experts

Michigan Office of Retirement Services (ORS) experts answer frequently asked questions.

What is the best way to get questions answered as we emerge from the pandemic?

The easiest way for you to receive answers to questions is by using the **miAccount** Message Board. Questions submitted to the Message Board will be answered 8:30 a.m. to 5 p.m. Monday through Friday, except for holidays. Please allow two business days for an answer to arrive. Please be as specific as possible when using the miAccount Message Board.

How can I learn more about changes to the insurance plan for 2022?

You will receive the *Retiree Benefits Bulletin* from the Employee Benefits Division of the Michigan Civil Service Commission in mid-November. The *Retiree Benefits Bulletin* will include information on insurance rates and plan changes that will take place on Jan. 1, 2022. The insurance rates and plan information will be available on the **Employee Benefits website** in mid-November.



Update ORS

It is critical that you report any of the following changes in personal information to ORS: address, email, tax withholding, direct deposit, death, divorce, marriage, and Medicare information.

The fastest, easiest way to report these and other life events is through **miAccount**.

You can also contact us at:



Michigan.gov/ORS
Facebook.com/MichiganORS
Twitter.com/MichiganORS



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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. In December, it's a week earlier. If your payment is not credited within three days after the scheduled payment date, check with your bank first and then contact ORS.

Office closures

Nov. 11..... Veterans Day
Nov. 25-26..... Thanksgiving
Dec. 23-24..... Christmas
Dec. 30-31..... New Year's
Jan. 17..... Martin Luther King Jr. Day
Feb. 21..... Presidents Day