



# Connections

Staying connected with Michigan's retirees

September 2023

Vol. 26 No. 3

## Retiree spotlight

### Family embrace, discoveries drive her storytelling and desire to share

Martha Kaiser is into collecting, retelling, and sharing family stories.

It's about preserving the narratives for future generations for the 75-year-old retired teacher from Kalamazoo.

"It's more for me about connection," Martha said. "I've always been interested in genealogy, but with having children and working full-time, I'd never had time to devote to it until retirement.

"Since retiring in 2009, recording and preserving family stories have become possible. Part of the motivation for writing (family) narratives is I realized the importance of connection; not only of living people, but also of those who've gone before us."

Martha instructed first- and second-graders in **Zeeland Public Schools** before working on-loan with the **Michigan Department of Education** as a reading facilitator. She also taught four years in Edinburgh, Scotland, while her husband, Christopher Kaiser, a **Western Theological Seminary** professor emeritus and ordained minister, earned his doctorate.

Married 53 years, the Kaisers have three children and four grandchildren. To date, they've written their joint life stories through 2020. While stitching together family histories, they have also connected with relatives on Christopher's side in Czech Republic travels.

"They've welcomed us with open arms," Martha said of their Czech kin. "We've developed quite a relationship over the years."



*Martha Kaiser (left) in Ostrava with Czech relatives.*

She and a sister have unearthed their Italian grandfather's roots dating to 1699. He immigrated to the U.S. as a teenage agricultural laborer and built a life.

"I grow peonies and poppies in my yard in his honor," Martha said. "I feel his presence when I'm out there."

Her New England grandmother's presence is felt in the kitchen, with her recipes prepared and her biscuit and donut cutters on display.

Martha created five photo books to "preserve and share family pictures."

"These people are still with me," she said, wistful at the thought.

Another foundation is her Michigan Public School Employees' Retirement System pension.

"While I was working as a teacher, I felt fortunate there would be a pension for me during retirement," she said. "Now retired, I am grateful. It hasn't made every single dream possible, but it's made planning possible."

*Do you have a story to share? Send it to*  
**[ORS-RetireeStories@Michigan.gov](mailto:ORS-RetireeStories@Michigan.gov)**.



“Discovery is easier with a roadmap, particularly when it comes to your saving and investing.”

## From the director

Welcome to the September 2023 issue of your *Connections* newsletter.

Savings, checking, and money market accounts, and certificates of deposit (CDs) can earn interest while keeping your money safe.

With all the changes over the past few months, many banks, credit unions, and other financial institutions — brick-and-mortar and online — are offering more competitive rates on their products. It may benefit you to check on the rates of return on your accounts. With a little looking around, you can likely find higher-yield interest rates that can result in real additional savings for you.

Meanwhile, we deliver the 2021–2022 financial summary for the State Police Retirement System in this issue. There are more details available in the **2022 Summary Annual Report**.

The other *Connections* content includes clarification of a previously reported change in the state tax law known as PA 4. You may also want to read our piece on storyteller and retired educator Martha Kaiser. If you have a retiree story to share, please send it to **ORS-RetireeStories@Michigan.gov**.

Discovery is easier with a roadmap, particularly when it comes to your **saving and investing**. The Michigan Office of Retirement Services is here to help you navigate your journey in retirement.

A handwritten signature in black ink, appearing to read 'Anthony Estell'.

**Anthony Estell, director**

Michigan Office of Retirement Services

# Financial summary fiscal year 2021-22

## For the State Police Retirement System (the System)

This summary includes details from the complete **2022 annual comprehensive financial report (ACFR)**, which was produced for fiscal year (FY) 2021-22. Totals and subtotals may not add up due to rounding. The full report is available on our website at [Michigan.gov/ORS MSP](https://michigan.gov/ORS MSP).

### Assets and liabilities

The System's net assets were \$2.1 billion at the close of FY 2021-22. Total net assets held in trust for pension and other post-employment benefits (OPEB, i.e., retiree healthcare) decreased by \$145.7 million from the previous FY, primarily due to net investment losses.

### Revenue and expenditures

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

Contributions and investment income for FY 2021-22 totaled \$49.5 million. Management believes that the System remains financially sound and positioned to meet its ongoing benefit obligations due, in part, to a prudent investment program, cost controls, and strategic planning.



#### Assets and liabilities<sup>1</sup> (dollars in thousands) (combined pension and OPEB)

Assets	FY 2021	FY 2022
Cash	\$ 15,285	\$ 22,646
Receivables	24,583	27,522
Investments	2,178,643	2,023,689
Securities lending collateral	71,792	72,366
<b>Total assets</b>	<b>\$ 2,290,302</b>	<b>\$ 2,146,224</b>
Liabilities	FY 2021	FY 2022
Accounts payable and other liabilities	3,089	4,122
Obligations under securities lending	71,792	72,366
Other accrued liabilities long term	5	35
<b>Total liabilities</b>	<b>74,886</b>	<b>76,522</b>
<b>Net assets</b>	<b>\$ 2,215,417</b>	<b>\$ 2,069,701</b>

1. ACFR for the FY ended Sept. 30, 2022, Page 16.  
Liabilities in this context are exclusive of AAL for pension and OPEB.  
The sum total of all the line items may not equal the total due to rounding.

**The System's net assets were  
\$2.1 billion at the close of FY 2021-22.**

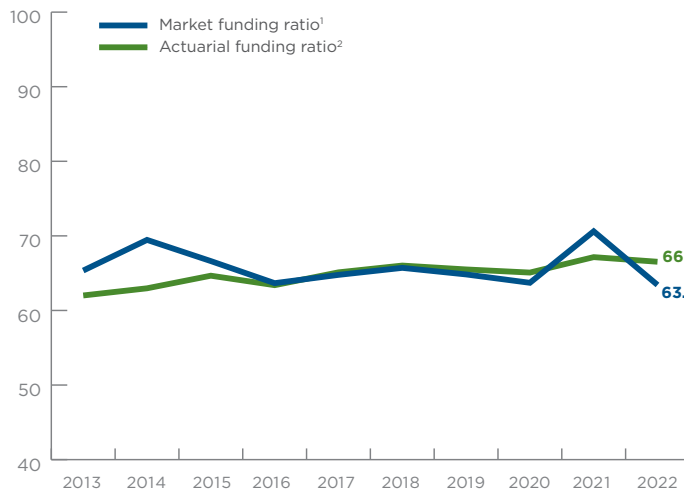
#### Additions and deductions<sup>1</sup> (dollars in thousands)

Additions	FY 2021	FY 2022
Member contributions	\$ 3,850	\$ 4,383
Employer contributions	117,944	140,129
Other governmental contributions	4,663	5,733
Net investment income (loss)	475,724	(100,947)
Miscellaneous income	204	178
<b>Total additions</b>	<b>\$ 602,385</b>	<b>\$ 49,476</b>
Deductions	FY 2021	FY 2022
Pension benefits	\$ 155,315	\$ 155,375
Healthcare benefits	36,701	37,603
Refunds and transfers to other systems	113	419
Uncollectible receivables	745	96
Administrative and other expenses	1,478	1,698
<b>Total deductions</b>	<b>\$ 194,352</b>	<b>\$ 195,192</b>
Net position	FY 2021	FY 2022
Net increase (decrease) in net position	\$ 408,033	\$ (145,716)
Beginning of year	1,807,383	2,215,417
<b>End of year</b>	<b>\$ 2,215,417</b>	<b>\$ 2,069,701</b>

1. ACFR report for the FY ended Sept. 30, 2022, Page 17.

## 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. The System is on schedule to be fully funded in 2038.

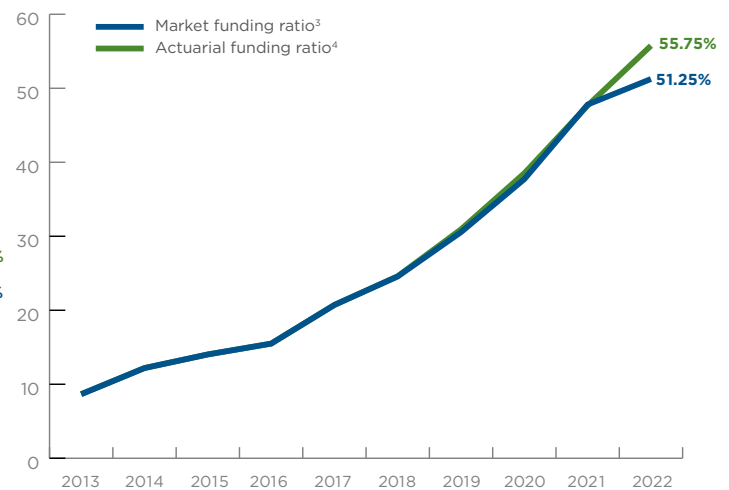


1. Calculated on market value of assets.

2. Pension Actuarial Valuation for the FY ended Sept. 30, 2022, pages B-5 and C-8.

## Healthcare funding ratio

Starting in FY 2012-13, the System began pre-funding OPEB costs, which significantly decreased the liability and increased the asset levels. 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, 2022, pages A-2 and D-2.

**The State Police Retirement System is on schedule to be fully funded in 2038.**





# Public Act 4 of 2023 clarification

As the Michigan Office of Retirement Services previously reported, Michigan Gov. Gretchen Whitmer signed Public Act (PA) 4 of 2023 in March 2023. PA 4 amends the Income Tax Act of 1967 to allow retired members of the Michigan State Police Retirement System (SPRS) to be exempt from paying state income taxes on their pension payments beginning with the 2023 tax year.

While the law specifically refers to a “state police trooper or state police sergeant” as being exempt from pension taxes, it has since been determined that all SPRS pensioners are exempt under PA 4.

Although the law passed, it did not receive sufficient votes for immediate effect; thus, it won’t be effective until 90 days after the adjournment of the current legislative session. We expect the session to adjourn around the end of the calendar year. If that is the case, the law will likely take effect sometime in March 2024.

Retirees who want to use the limits of the new law should file their 2023 tax return after the law’s effective date. If filed prior to the law’s effective date, an amended return can be filed after PA 4 of 2023 takes effect.

## Payment methods: Choosing your best option

With all the options for making purchases and payments, it can be difficult to know which payment method to choose. When deciding to pay by cash, debit card, or credit card, consider your spending habits and how well you keep track of your finances. Contrary to popular belief, it is not always best to pay with cash. Debit and credit cards can be better payment methods in certain situations.



	Cash	Debit Card	Credit Card	
Advantages	Can avoid overspending.	Money comes directly from your checking account so you can avoid overspending. Easy recordkeeping.	Can improve your credit rating when used responsibly. Can be tied to a rewards program or cash back plan.	Protection if you report fraudulent charges promptly.
Limitations	Could be stolen. 	Doesn't improve credit rating. Limited fraud protection. 	Poor payment history is largest negative impact on your credit score. Easy to overspend.	Interest charges accumulate when you don't pay off balance each month. 

# Secure 2.0 Act raises age for required minimum distributions

In December 2022, the Setting Every Community Up for Retirement Enhancement (SECURE) 2.0 Act raised the age in which individuals need to take a required minimum distribution (RMD).

RMDs are the minimum amounts, **as set by the IRS**, that individuals must begin taking withdrawals from retirement plan accounts, like a 401(k), 403(b), or 457(b) accounts. More than the minimum can be taken but, if the minimum is not taken, the account owner is subject to an excise tax the SECURE 2.0 Act drops to 25%, formerly at 50%. It may be lower than 25% if the withdrawal is corrected in a timely manner.

Beginning in 2023, individuals must take their first RMD by age 73, and in 2033 by age 75. If you turned 72 in 2022, or earlier, you must adhere to the earlier rules, which would have meant taking the RMD by age 72. The rules are slightly different for those who contributed to a 403(b) plan before 1987. See the **IRS FAQ's, Q16**.

Many retirement plan administrators, like Voya, will send letters to those participants who need to take an RMD. Even so, the responsibility rests with the taxpayer to take the distributions at the appropriate time.

## Cybersecurity awareness

### Part 3: Keeping information safe

You need to protect yourself from falling victim to scams that can put you or your personally identifiable information at risk.

The **2021 Elder Fraud Report** by the FBI showed older adults lost \$1.7 billion in online fraud. There were an estimated 92,000 victims, with an average loss of \$18,000.

Not only should you be actively aware of cyberattacks, but you should also practice **good digital hygiene**. That means knowing how to choose your passwords, organizing your digital files, and adjusting the settings on your email and social media accounts.

October is Cybersecurity Awareness Month. Take time to familiarize yourself with what it takes to protect your cyber life for now and the future.

### Cybersecurity awareness three-part series

**March 2023:** Generational differences.

**June 2023:** Understanding terminology.

**This month:** Keeping information safe.

### How to protect you, your information, and your assets:

- Be careful about the information you share on social media. Sharing pets' names, your high school, and your birthday can provide information needed to guess passwords.
- Use unique passwords and change them often.
- Carefully check a sender's name and email address to ensure it's someone you recognize.
- Never click on a link if you question it.
- If a company offers multi-factor authentication, use it.
- Be especially careful if a communication you receive is pushy or says immediate action is necessary to provide your personal information.
- If there are misspellings and grammar issues with a communication, it may be from an illegitimate source.

# Ask Our Experts

Hear answers to commonly asked questions in less than two minutes when you view the new ORS video feature, "Ask Our Experts." In this edition, Kendra clears up confusion regarding Medicare commercials, and Jason provides guidance for snowbirds.

If you have a general question for our experts, send it to [ORS-Outreach@Michigan.gov](mailto:ORS-Outreach@Michigan.gov) and we may feature it in a future video.



## 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 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**



**PO Box 30171**  
**Lansing, MI 48909-7671**



**Phone: 800-381-5111**  
**Fax: 517-284-4416**

## 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. 10 ..... Veterans Day

Nov. 23-24 ..... Thanksgiving

Dec. 22-25 ..... Christmas

Dec. 31-Jan. 1 ..... New Year's

Jan. 15 ..... Martin Luther King, Jr. Day

Feb. 16 ..... Presidents Day