



Connections

Staying connected with Michigan's retirees

September 2022

Vol. 25 No. 3

Retiree spotlight

Building a community and having a place to belong

Sue Miller admits to not having solid plans when she retired in December 2019.

The longtime Carman-Ainsworth Community Schools elementary and middle school music teacher and K-12 music coordinator got redirected with the coronavirus' onset.

"Who could have predicted 2020?" the 63-year-old Holly resident said.

Miller created elementary school-level music instruction videos through **Mrs. Miller's Mini Music Moments** YouTube channel.

She sewed hundreds of protective masks, giving them to former students and friends of hers in healthcare. She sold the masks for \$5 donations for the **Kyle Eileen Hart/Marion Dale Lage Endowed Music Memorial Fund**, boosting a program providing Carman-Ainsworth students with free access to clarinets, flutes, trombones, trumpets, violas, and violins.

"It's a group effort to put music and instruments in the hands of kids," Miller said, crediting fellow Carman-Ainsworth teachers Benjy Jones, Milissa Kenworthy, Amy Tennis, and Chris Lewis; the school district; and family, including Kat Lage, her sister and retired Carman-Ainsworth teacher.

As a second-year teacher in 1999, Miller started the fund in memory of one of her fifth-grade students, who died at age 10. The fund became an endowment in 2017, adding the name of her late mother, Marion, an educator and arts supporter. Miller's father was also an educator, and her daughter is a high school choral director.



Sue Miller teaches for her Mrs. Miller's Mini Music Moments YouTube channel.

The Hart/Lage fund reached its \$100,000 goal last fall, \$17,000 directly from her efforts.

"For me, music isn't just about music," Miller said. "It's about building a community and having a place to belong."

Music education was a second career for the University of Michigan-Flint alumna. The Royal Oak native had been a steel buyer with a Masco Corp. auto parts division.

Miller said her Michigan Public School Employees' Retirement System pension now "is certainly very important. It's a foundation for what I want to do."

Sue and her husband, Mike, spend time at their Upper Peninsula cabin. She volunteers, including as a Carman-Ainsworth Educational Foundation trustee.

"I loved teaching," Miller said of staying involved with the district. "I miss the kids."

Do you have a story to share? Send it to ORS-RetireeStories@Michigan.gov



“It’s always a good time to review your spending and expenses.”

From the director

Welcome to the September 2022 issue of your *Connections* newsletter.

It’s been a rugged year when it comes to household and family finances, with inflation hovering near a 40-year high. This challenge increases the importance of budgeting, which you know doesn’t end when you’re retired.

Strategies like determining monthly expenses, reviewing your emergency fund, planning for safe withdrawals, considering diversification, and better organizing your finances are all worth considering. It’s always a good time to review your spending and expenses.

Since our last issue, Gov. Gretchen Whitmer signed Public Act 184 of 2022 (formerly House Bill 4375 of 2021) into law July 25. Effective immediately, the measure **simplified working after retirement rules for public school retirees**, allowing individuals with a bona fide termination and who have been retired at least nine consecutive months to work at a public school with no effect on their pension or insurance premium subsidy.

Your retirement journey involves making adjustments. The Michigan Office of Retirement Services (ORS) is here to help you and your family navigate life. Acting in the best interests on your behalf and for the state pension systems is about being conscientious, one of **ORS’ core values**, in protecting and maintaining the health of your retirement benefits.

Meanwhile, I am pleased to present you with the 2020–21 financial summary for the Michigan Public School Employees’ Retirement System (MPERS) in this issue. While the financial summary provides many details, more information is available in the **MPERS 2021 Summary Annual Report**.

Not everything is about budgets, however. For instance, Sue Miller’s retiree story is an inspiration. If you have a retiree story you’d like to share, please send it to **ORS-RetireeStories@Michigan.gov**.

A handwritten signature in black ink, appearing to read 'Anthony Estell', with a stylized flourish at the end.

Anthony Estell, director
Michigan Office of Retirement Services

Financial summary fiscal year 2020–21

For the Michigan Public School Employees' Retirement System (the System)

This summary includes details from the complete **2021 annual comprehensive financial report (ACFR)**, which was produced for fiscal year (FY) 2020–21. Totals and subtotals may not add up due to rounding. The full report is available on our website at [Michigan.gov/ORSSchools](https://www.michigan.gov/ORSSchools).

Assets and liabilities

The System's net assets were \$74.1 billion at the close of FY 2020–21. Total net assets held in trust for pension and other post-employment benefits (OPEB, i.e., retiree healthcare) increased by \$14.6 billion from the previous FY, primarily due to positive investment returns.

Revenue and expenditures

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

Contributions and net investment income for FY 2020–21 totaled \$20.6 billion. Investment earnings accounted for 77% of the System's revenue.



Assets and liabilities¹ (dollars in thousands) (combined pension and OPEB)

Assets	FY 2020	FY 2021
Cash	\$ 135,140	\$ 148,905
Receivables	741,352	722,591
Investments	58,828,612	73,419,046
Securities lending collateral	2,452,152	2,434,280
Total assets	\$ 62,157,256	\$ 76,724,821
Liabilities	FY 2020	FY 2021
Unearned revenue	\$ 4,605	\$ 9,029
Accounts payable and other liabilities	225,243	207,159
Obligations under securities lending	2,452,152	2,434,280
Total liabilities	2,682,000	2,650,468
Net assets	\$ 59,475,256	\$ 74,074,353

1. ACFR for the FY ended Sept. 30, 2021, Page 15. 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.

77% of the System's funding came from net investment earnings in FY 2020–21.

Additions and deductions¹ (dollars in thousands)

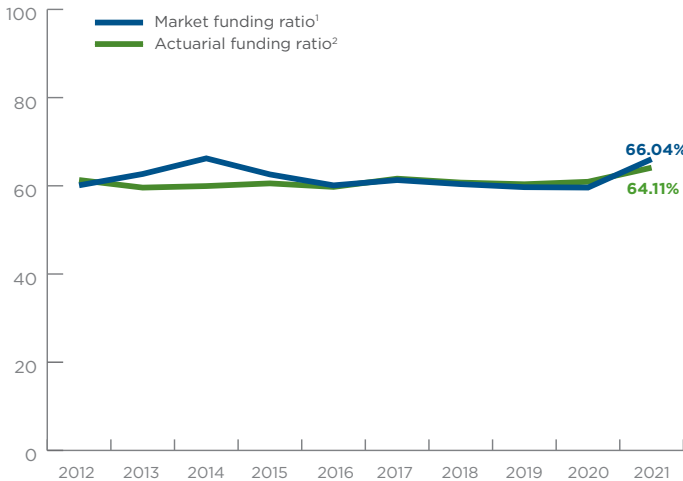
Additions	FY 2020	FY 2021
Member contributions	\$ 606,379	\$ 617,300
Employer contributions	3,517,348	3,830,605
Other governmental contributions	254,348	236,168
Net investment income (loss)	2,919,801	15,895,354
Miscellaneous income	192	248
Total additions	\$ 7,298,068	\$ 20,579,674
Deductions	FY 2020	FY 2021
Pension benefits	\$ 5,183,129	\$ 5,309,514
Healthcare benefits	286,465	449,558
Refunds and transfers to other systems	28,029	26,835
Administrative and other expenses	186,832	194,669
Total deductions	\$ 5,684,455	\$ 5,980,576
Net position ²	FY 2020	FY 2021
Net increase (decrease) in net position	\$ 1,613,613	\$ 14,599,098
Beginning of year	57,861,643	59,475,256
End of year	\$ 59,475,256	\$ 74,074,353

1. ACFR for the FY ended Sept. 30, 2021, Page 16.

2. FY 2020 beginning of year fiduciary net position was restated due to an audit adjustment for contributions received after the measurement date.

Pension funding ratio

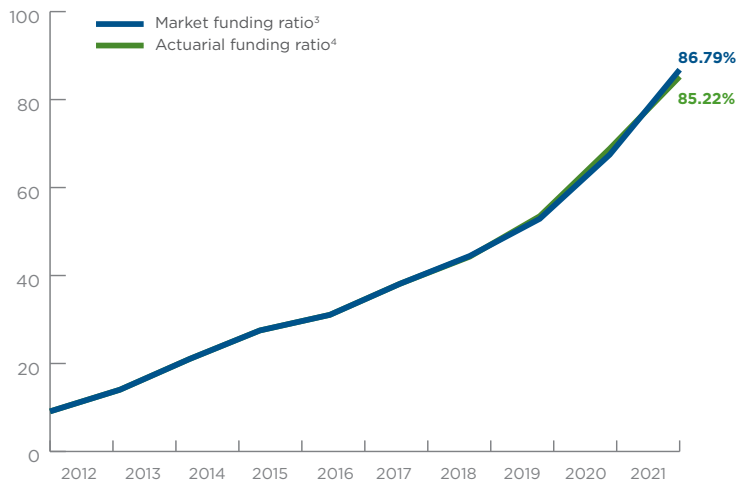
The market funding ratio is based on the market value of assets at the fiscal year-end. The actuarial funding ratio is the best practice used by all pension plans nationwide. It incorporates a five-year smoothing period of investment gains and losses, which minimizes volatility in a pension system's 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, 2021, pages B-5 and C-10.

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, 2021, pages A-2 and D-2.

The Michigan Public School Employees' Retirement System is on schedule to be fully funded in 2038.





Are you planning a return to work?

Public Act (PA) 184 of 2022 was signed into law on July 25, 2022. It changed the working after retirement rules for Michigan public school retirees.

Under the new law, public school retirees who have a bona fide termination and have been retired at least nine consecutive months may return to work in any position at a public school with no effect on their pension or retiree healthcare benefits. The nine consecutive months waiting period begins on your retirement effective date.

Be aware that if you retired less than nine months ago and returned to work this fall, your pension and insurance premium subsidy will be suspended for the duration of your reemployment. Once you terminate reemployment, your pension and insurance premium subsidy will be reinstated and the nine consecutive months waiting period before returning will start over.

If you have not considered returning to work for fear of exceeding your earnings limit, that is no longer an issue. PA 184 of 2022 put an end to earnings limits.

For more information, see the [Working After You Retire](#) section of our website.

Working after retirement



Retirees of the Michigan Public School Employees' Retirement System may return to work in any position, either directly or indirectly, with no earnings limit and no effect on their pension or insurance premium subsidy as long as they follow the requirements below.

Where you return to work

K-12 public schools.

Tax-supported community colleges.

Charter school/public school academies.

Select libraries and museums.



All universities, including the seven that participate in the retirement system.

Public colleges in Michigan that are not part of the retirement system.

Private sector employers outside of a Michigan public school reporting unit.

Private or parochial schools.

K-12 public schools in another state.

When you can return to work



After you've been retired at **least nine consecutive months.**

Immediately after you retire you are eligible to work.



What else is required

A bona fide termination, which means there is a complete severing of the employee-employer relationship, is required. You can't work or volunteer in a Michigan public school reporting unit during the first month of your retirement.

AND

You can't have a promise of reemployment or contract for future employment to work at a Michigan public school reporting unit before you terminate employment and begin collecting your pension.

A bona fide termination is not required.



If you're receiving a disability pension, these rules don't apply to you. You must gain approval from the Michigan Office of Retirement Services before you return to work for any employer.

Learn more about your healthcare benefits



If you are enrolled in the Blue Cross Blue Shield of Michigan health insurance plan, you may want to set aside some time to visit the online Retiree Healthcare Education Seminar to view a series of prerecorded online presentations and coverage documents. The recordings will be available at [MPSERSHealthSeminars.com](https://www.mpsershealthseminars.com) from Oct. 11 through Dec. 16.

In addition to a short welcome message from the Michigan Office of Retirement Services, you will also be able to view presentations by Blue Cross Blue Shield of Michigan, Delta Dental, EyeMed, and Optum Rx. If you miss out, we will also have each presentation available on the [Michigan ORS YouTube channel](#) after the seminar concludes.

UM-Flint economist says to save more

Chris Douglas is blunt about the sluggish economy hurting household finances, but says there are moves you can make to improve your financial outlook.

“It’s tough the way things are going,” the University of Michigan-Flint associate economics professor said. “All terminology aside, we’re in a slowdown.”

Inflation lingers near its recent 40-year high. The University of Michigan’s index of consumer sentiment hovers not far from hitting the lowest point in its 70-year history.

“Inflation is frustrating, especially when you see prices rising 10% and your purchasing power is being eroded,” Douglas said. “You’ve got to up your savings, however you can. Rebuild the nest egg. When you’re 60, 70, or whatever, risk is not your friend. Volatility is not your friend.”

“I think for retirees in the retirement system there’s an adjustment coming and they’re at least going to get a steady stream of income,” said Douglas, whose parents are retired educators who are both Michigan Public School Employees’ Retirement System members. “When there’s a slowdown, you want to be able to get through it.”

The post-retirement increase arrives in October for most benefit structures in the Public School Employees’ Retirement System. For defined benefit’s non-Basic and non-hybrid recipients, the increase is 3%, spread over the next year’s 12 pension payments.

Suggestions to hedge against inflation:

- Delay — or at least think hard about — major projects or purchases, such as a new vehicle, roof, or furnace, unless absolutely necessary.
- Set aside savings, particularly for an emergency fund.
- Avoid changing your asset mix on investments.
- Don’t overextend yourself, live within your means, and “don’t overdo it on credit cards or dip into your nest egg or home equity.”

Medicare Open Enrollment



Since the beginning of September, you've probably received a lot of information about Medicare, healthcare and prescription drug insurance plans, premiums, deductibles, and networks. The information is meant to prepare you for what is known as Medicare Open Enrollment.

Medicare Open Enrollment runs from Oct. 15 through Dec. 7 each year. During this annual period, you can compare your current coverage to your choices for 2023 and if you want select a new insurance plan outside of the retirement system for 2023.

We know this process can be confusing but gathering the information you need before the start of Medicare Open Enrollment will make the process simpler.

Tips to help you navigate Medicare Open Enrollment.



If you do not want to change your current coverage elections through the retirement system, you do not need to do anything.



Medicare allows enrollment in one Medicare Advantage plan and/or one Part D prescription plan.

Notify ORS when you or anyone on your insurance has coverage with another insurance plan. You can do this in miAccount or by sending in a completed *Insurance Enrollment/Change Request (R0452C)* form. (It is your responsibility to keep ORS informed of any changes that may affect coverage.)



Enrolling in a plan outside this retirement system could put your ORS insurance at risk of being terminated due to the other plan. Before signing up for additional coverage, call your current your health and prescription plan to find out if enrollment in additional coverage would impact your coverage with ORS.



If you need help making decisions about your coverage or understanding the terminology, several national and state resources offer help.

Medicare.gov can tell you how original Medicare and Medicare Advantage plans work.

Medicare Rights Center is a non-profit that provides free questions and answers about Medicare rules and deadlines.

State Health Insurance Assistance Program (SHIP) has counselors available in every state to providing free one-on-one assistance.

Ask our experts

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

I'm concerned about phishing attempts and spam. Are emails I receive from govDelivery legitimate?

Yes. All state agencies, including ORS, use the web-based email application govDelivery for bulk emails. When you receive an email from our office, the *from* address field may show that it came from **ORS@public.govdelivery.com**. This is a legitimate message.

Note also that our emails include a banner with the ORS logo. Any email without a banner showing our logo did not come from ORS.

In addition, ORS sends occasional surveys via email. Those emails show **ORS-Outreach@michigan.gov** in the *from* address field.



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



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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. 8 Election Day

Nov. 11 Veterans Day

Nov. 24-25 Thanksgiving

Dec. 23-26 Christmas

Dec. 30-Jan. 2 New Year's