

Connections

An Office of Retirement Services Publication

March 2014, Vol. 17 No. 1

Judges Retirement System

Our Purpose

We are an innovative retirement organization driven to empower our customers for a successful today and secure tomorrow.

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From the Director

As director, I'm tasked with being a good steward for the future of your pension system. I'm acutely aware of this responsibility and its impact on our members. Likewise, our dependable staff does its part to provide quality service and keep administrative costs low.

Like retirement systems around the country, our system has seen changes and reforms; the most recent focus on greater fiscal stability. On that note, I realize our work is never done. This is especially true for our system which has more retirees than active members. It's clear that safeguarding our system is at the forefront, and is certainly on my mind every day.

In the coming year, staff will focus on these main priorities: first is to continually improve the service we provide to our customers. Second is to explore ways to continue to provide high quality healthcare plans that

are affordable for both members and the system. Third, we'll continue to seek effective ways to fund our systems.

In 2014, we'll talk about the depth and meaning of our work through our website, newsletters, Facebook, and in other ways. Please take a few minutes to review the annual financial information provided in this newsletter. Your retirement is in good hands and we're on the right track, so you can focus on enjoying your well-deserved retirement.

Best wishes,



Phil Stoddard, Director
Office of Retirement Services



Finance in Plain English

Why is the funding ratio from Fiscal Year 2012, and the other information is from Fiscal Year 2013? The Comprehensive Annual Financial Report (CAFR), where ORS gets the data for this newsletter, is published after the newsletter is distributed, so the funding ratio in *Connections* is from the year before. To see a history of the funding ratio of your plan, take a look at the CAFR on www.michigan.gov/orsschools after it's published in the spring.

What is securities lending collateral? Securities are any kind of tradable asset like a bond or banknote, equity or stocks, or derivative contracts. Collateral is something you promise to give the lender if you can't pay back a loan. In this case, the collateral is put up by a borrower (an investor or firm) to guarantee the repayment of a securities loan.



Judges Retirement System

for Fiscal Year ending September 30, 2013

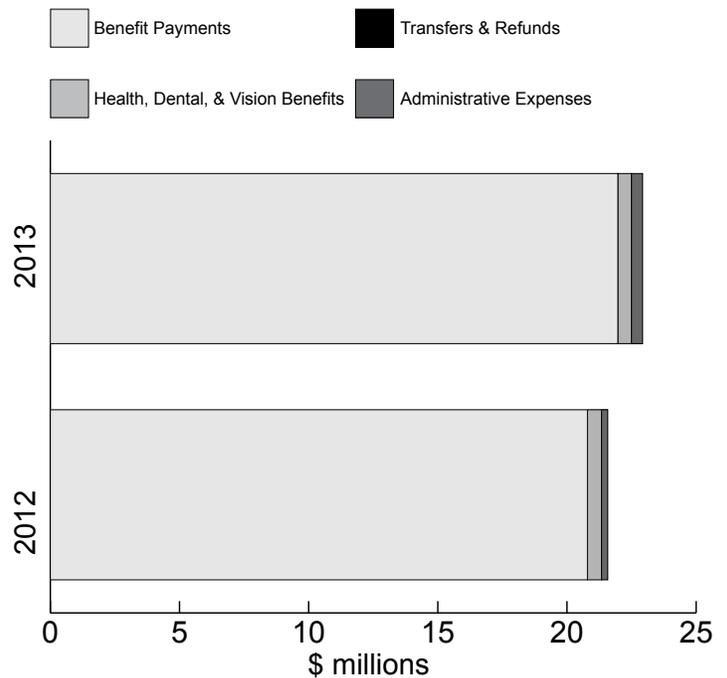
About Your Plan

This summary came from the complete 2013 *Comprehensive Annual Financial Report*, available on our website at www.michigan.gov/orsjudgesdb. The figures in this report are as of September 30, 2013.

The Judges Retirement System serves 553 retirees and beneficiaries receiving monthly benefits, and 166 active members. The System's net assets are held in trust to meet future benefit payments.

Additions & Deductions				
	FY 2013		FY 2012	
Additions				
Public Financed and Member Contributions	\$	4,501,268	\$	3,088,123
Net Investment Income (loss)		<u>31,092,830</u>		<u>34,805,165</u>
Total Additions	\$	35,594,098	\$	37,893,288
Deductions				
Benefit Payments	\$	21,969,650	\$	20,792,225
Health, Dental, & Vision Benefits		523,943		544,349
Transfers & Refunds		10		90
Administrative Expenses		<u>434,208</u>		<u>242,398</u>
Total Deductions	\$	22,927,811	\$	21,579,063
Beginning of Year Position		<u>240,879,212</u>		<u>224,564,987</u>
End of Year Net Position	\$	<u>253,545,499</u>	\$	<u>240,879,212</u>

FY 2013 Retirement Plan Deductions

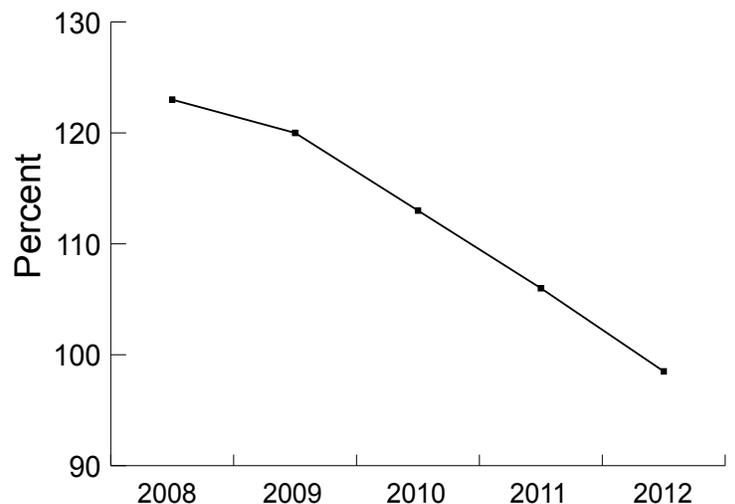


Pension Funding Ratio

A pension plan is 100 percent funded when it has enough money in reserve to meet all expected future obligations to members. Funding a pension plan is similar to a mortgage. If you have a \$100,000 mortgage, and \$1,000 in the bank, your mortgage is 1 percent funded. You have a certain number of years to fund your mortgage, as long as you keep making your payments.

As of September 30, 2012, your retirement system is funded at 98.5 percent.

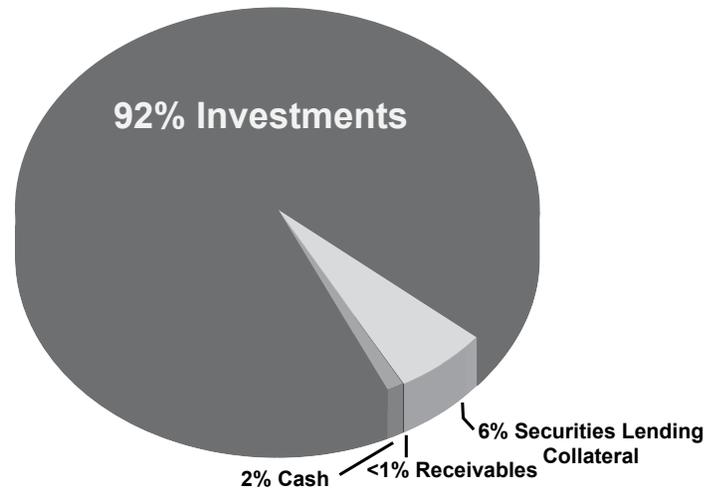
5-Year Pension Funding Ratio



Assets & Liabilities

	<u>FY 2013</u>		<u>FY 2012</u>	
Assets				
Cash	\$	2,752,043	\$	2,714,842
Receivables		127,798		151,280
Securities Lending Collateral		15,637,382		19,535,974
Investments		<u>254,964,447</u>		<u>243,803,356</u>
Total Assets	\$	273,481,670	\$	266,205,452
Liabilities				
Accounts Payable and Other Liabilities	\$	38,687	\$	157,601
Obligations Under Securities Lending		<u>19,897,484</u>		<u>25,168,640</u>
Total Liabilities	\$	19,936,171	\$	25,326,240
Net Assets	\$	<u>253,545,499</u>	\$	<u>240,879,212</u>

FY 2013 Retirement Plan Assets



Investments & Earnings

	<u>Market Value*</u>		<u>Total Investment and Interest Income**</u>	
Fixed Income Pools	\$	41,649,349	\$	(238,434)
Domestic Equity Pools		64,892,571		13,051,518
Real Estate Pool		30,780,902		2,771,076
Alternative Investment Pools		45,122,235		6,816,253
International Equity Pools		35,836,967		5,785,789
Absolute Return Pools		27,697,317		1,774,045
Short Term Investment Pools		11,737,149		26,499
Securities Lending Income				483,127
Investment Expenses				<u>(749,615)</u>
Market Value and Net Investment Gain	\$	<u>257,716,490</u>	\$	<u>29,720,258</u>

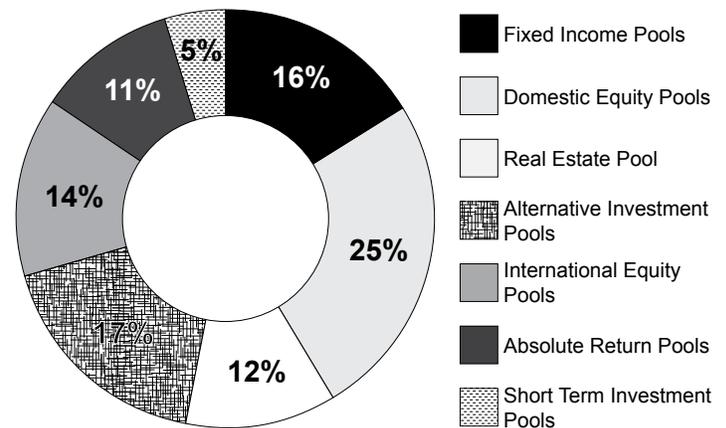
* Market value excludes \$15,637,382 in securities lending collateral for fiscal year 2013.

** Total Investment & Interest Income excludes net security lending income of \$422,183 and unrealized gain of \$1,372,564 for securities lending collateral for fiscal year 2013.

Investments

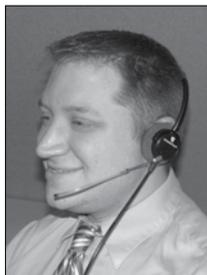
The State Treasurer administers all of the system's investments. The main objective is to maximize the return rate and meet the actuarial assumptions by being prudent with investments, and maintaining a diverse portfolio to eliminate unnecessary risk.

Investment Asset Classes



Ask an Expert

ORS experts answer frequently asked questions



Q: *Can I get a reprint of my direct deposit statement from ORS?*

A: Direct deposit statements are sent from the Department of Treasury, so ORS can't send a reprint through the mail. But you can log into miAccount anytime and print a copy of your current (or past) direct deposit statements.

Q: *Before I leave on vacation, I'd like to give my son or daughter power of attorney rights. Do you have any advice?*

A: Many people have a power of attorney (POA) naming someone to take care of affairs if they're unable to. Make your decisions cautiously and be sure you understand the different types of POAs. Some allow power to make medical or financial decisions, and others only give access to medical or financial information.

Q: *When I use miAccount, is my personal information safe?*

A: Yes. ORS makes sure that your personal information is always safe. Everything you submit through miAccount is encrypted, so the data can't be intercepted.

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. If your direct deposit is not credited within three days after that date, contact ORS.

When to contact ORS

Address, email, tax, or changing banks: right away. It's critical that you make these changes with our office. If you're on Medicare, correct address information could affect your eligibility to be enrolled in our insurance plan.

Death: right away. If a pension recipient, a pension beneficiary, or anyone enrolled in your health, prescription drug, dental, or vision insurances dies.

Divorce: right away. Former spouses aren't eligible for continued insurance coverage, even if a court rules the retiree is obligated to provide coverage.

Marriage: within 30 days, if you want to add your new spouse to your insurance.

Medicare: right away, if you, your spouse, or any of your dependents become eligible for Medicare before age 65. Be sure to have the enrollment dates and HICN numbers ready.

The fastest, easiest way to report these and other life events is through miAccount. You can make instant changes from 5 a.m. to midnight.



Office Closures

May 26 – Memorial Day
July 4 – Independence Day
September 1 – Labor Day

Our website is available seven days a week, even when our office is closed: www.michigan.gov/orsjudgesdb

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Office of Retirement Services
Director Phil Stoddard

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