



Connections

Connecting your retirement needs and our commitment to service

A publication of the Michigan Office of Retirement Services

Public School Employees System Enters 2000 Financially Sound

We are pleased to present a financial summary for fiscal year 1999 for the Michigan Public School 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 public school 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

99.3%. 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 \$36.5 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 120,913 retirees and beneficiaries receiving monthly benefits. Of these, 97,001 retirees participated in the health insurance programs. Approximately 309,324 active employees were reported during FY 1998-99. Of these, about 118,658 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 25th 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, 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.

Moving?

If you're thinking about moving, or have moved recently, please remember to notify the Office of Retirement Services of your new mailing address. Addresses must be kept up-to-date to ensure that periodic statements, informational mailings, and tax information can be sent to you.



Mail your change of address to: **ORS; P.O. Box 30171; Lansing, Michigan 48909-7671**, or fax it to: 517-322-1198. Please include your Social Security number and your signature. If you have a conservator or guardian, that person must supply proper verification.

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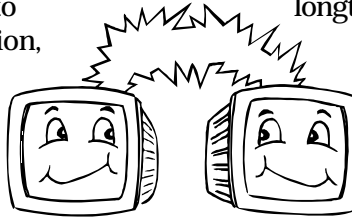
Financial Planning is at Your Fingertips on the Internet

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!

Dedicated School Secretary Retires After 62 Years!

Do you remember the fall of 1937? Memories of those days are still quite vivid for one of our new retirees from the Public School Employees Retirement System. She was starting her first job as a superintendent's secretary in southwestern Michigan – and she continued working as a secretary for the same school district for over 62 years, without a break in service, until last fall when she retired!



Ms. M (she prefers to avoid publicity) graciously shares some of her memories. "The first superintendent I worked for was very nice, but I had to learn a new job skill – cleaning a fish bowl. The first time, I filled it too full and the fish jumped out. My boss was very understanding when I told him his fish died.

"Over the years I needed to learn many more new job skills as we progressed from manual tasks, like taking dictation and typing letters on an upright typewriter with carbon copies, to Boroughs machines used for bookkeeping, to computers. Seminars and workshops provided some training, but it still took a lot of hands-on trials to learn how to work some of the machines. The superintendents I worked with were also willing to help, even when they didn't know any more about the equipment than I did! But we had fun trying to figure it out. The last 20 years or so, I moved from secretary in the

superintendent's office to the business manager's office, requiring more new skills to keep me challenged and growing.

"I really enjoyed my job and all of the people I worked with, which is why I stayed for so long. I especially liked it when the little kids were in the building and came to talk with me.

"Now that I've retired, I have the time to do more relaxing things, like reading, working with my flowers, and watching the birds in the bird feeder. One of my projects is to put articles from old newspapers into scrapbooks so others can see how we handled certain problems when they came up in the past. It's amazing how history repeats itself! One of the things I don't miss is being at work at 7 a.m., especially on those bitter cold winter mornings!"

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.



Public School Employees Retirement System

Assets & Liabilities			Revenues & Expenditures		
	FY 1999	FY 1998		FY 1999	FY 1998
Assets:			Revenues:		
Cash	\$ 95,273,139	\$ 125,550,734	Public Financed and Member	\$ 1,469,951,377	\$ 1,234,377,418
Receivables	485,686,067	261,509,465	Net Investment Income	5,086,996,133	2,419,774,754
Collateral on Loaned Securities	1,069,025,839	1,311,829,516	Total Revenues:	6,556,947,510	3,654,152,172
Investments	36,032,082,704	31,662,203,824	Expenditures:		
Total Assets:	37,682,067,749	33,361,093,539	Benefit Payments	(1,587,992,361)	(1,454,451,439)
Liabilities:			Health, Dental, and Vision Benefits	(372,021,209)	(323,845,667)
Accounts Payable and Other Liabilities	(139,583,475)	(110,570,003)	Transfers and Refunds	(11,198,300)	(21,252,147)
Obligations Under Securities Lending	(1,069,025,839)	(1,311,829,516)	Admin. Expenses	(50,971,225)	(47,058,175)
Total Liabilities:	(1,208,609,314)	(1,422,399,519)	Total Expenditures:	(2,022,183,095)	(1,846,607,428)
Net Assets:	\$ 36,473,458,435	\$ 31,938,694,020	Beginning of Year Net Assets:	31,938,694,020	30,131,149,276
			End of Year Net Assets:	\$ 36,473,458,435	\$ 31,938,694,020

Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income
Fixed Income	\$ 7,794,433,227	21.57%	\$ 10,582,257
Common Stock	18,166,824,998	50.29	3,744,927,176
Real Estate	2,646,489,779	7.33	302,481,705
Alternative	3,559,715,738	9.85	484,739,910
International Equity	2,015,009,294	5.58	463,057,187
Short-term Investments**	1,944,882,807	5.38	115,284,528
Securities Lending Net Income			59,036,537
Investment Expenses			(93,113,167)
Total	\$ 36,127,355,843	100.00%	\$ 5,086,996,133

* 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 \$1,069,025,839 and \$1,311,829,516 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>.