



Connections

Connecting your retirement needs and our commitment to service

A publication of the Michigan Office of Retirement Services

Public School Employees System Enters 2001 Financially Sound

We are pleased to present a financial summary for fiscal year 2000 for the Michigan Public School Employees Retirement System (*shown on Page 4*). Although 2000 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, 2000, 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 1999-2000 the Retirement System's net assets increased to \$40.4 billion. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments.

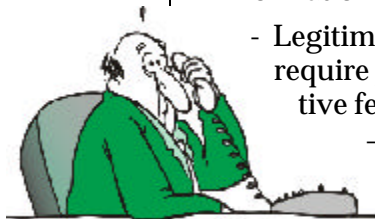
As of September 30, 2000, there were 126,115 retirees and beneficiaries receiving monthly benefits. Approximately 312,699 active employees were reported during FY 1999-2000. Of these, about 118,677 have acquired 10 or more years of credited service and have fully vested rights to their retirement benefits.

Are you the target of a telemarketing scam?

"Judith Wilson, you've been selected to receive a free four-day, three-night trip to Florida as part of a special promotion XYZ Company is conducting. All you need to do is pick the dates you'd like to go, and cover a small administrative fee to secure your reservations."

Telemarketing scams . . . they exist, and they're targeting individuals who are willing to believe a friendly, sincere voice on the telephone. The FBI reports that an estimated 14,000 illegal telemarketing operations are cheating thousands of victims every day!

Fraudulent telemarketers often target older people, for a number of reasons. Seniors tend to be more trusting of callers, giving them the benefit of the doubt. Rather than be impolite and hang up, many people continue listening to the caller's sales pitch, which may be very convincing. We all want to believe that today is our lucky day, and once our inter-



est is piqued, it's hard to tell if the caller and the company are legitimate.

So, how can you tell the good guys from the bad guys? Consider a few tips from the National Fraud Information Center.

- Legitimate sweepstakes or prize offers don't require you to pay processing or administrative fees, custom charges, or taxes on the gift – it's illegal.
- Legitimate companies don't pressure you into accepting a one-time "on-the-spot" offer – they give you time to look into the deal.
- Legitimate companies don't promise huge profits through a "no-risk" investment or a franchise or business venture that requires little or no effort – all investments are risky, and any business venture

See Telemarketing Scams on Page 2

Message from the Director of the Office of Retirement Services

Last year, our nation experienced a bit of a roller coaster ride – going from record-breaking Dow Jones averages and outstandingly low unemployment rates to Presidential election disputes and concerns about a slowing economy.

However, for your Retirement System, 2000 was a year of financial stability and organizational growth. The annual financial statement, located on Page 4, shows the financial progress of your Retirement System over the past year. Please take a few minutes to review it.

Within the Office of Retirement Services (ORS), this past year has been full of excitement and positive change as we moved toward becoming a process-based organization, where outcomes and customers take center stage. Implementing this process-based approach is a key step in achieving our vision: “Fast, easy access to complete and accurate information and exceptional service.” It will also help ensure that we are able to handle the 40% increase in new “baby boom” retirees coming our way over the next three years, while we continue to provide quality service to our current customers.

To best serve you, we conducted a customer needs and expectations study with the help of a consultant. Using this information, we are designing our organization and technology to emphasize those customer needs and wants and to focus on the processes required to deliver these services effectively and efficiently.

Many changes are still ahead of us, but we’re excited about what the future holds for ORS and for you!

Chris DeRose

Telemarketing Scams

Continued from Page 1

- requires the buyer to have some knowledge of the business and put forth some effort.
- Legitimate companies don’t ask for cash, or for you to send your payment by a private courier or wire money – con artists don’t want to give you a chance to change your mind, and they want to evade postal authorities or avoid being traced through a credit card transaction.
 - Legitimate companies don’t ask for your Social Security number, unless you are applying for credit, and they don’t ask for your credit card number, bank account number, or other financial information, unless you are using it to pay for an item you’ve already agreed to purchase.

What can you do to protect yourself? First, be cautious and questioning of any suspicious call. If it sounds too good to be true, it probably is. Next, don’t be afraid to hang up on these callers. They are uninvited guests intruding on your privacy, and you have no obligation to continue the conversation.

Finally, if you, or someone you know, are a victim of telemarketing fraud, **Report it!** Gather together any information you have about this issue and report the fraud to your state or local consumer protection agency, your area Better Business Bureau, or the National Fraud Information Center. You can reach the National Fraud Information Center toll-free at 800-876-7060, or through its Internet web site at www.fraud.org.

In Michigan, many of these complaints can be handled through the Consumer Protection Division of the Department of the Attorney General. You can reach the Consumer Protection Division toll-free at 877-765-8388 or visit the Attorney General’s web site at www.ag.state.mi.us.

Published semiannually for the retirees of the Michigan Office of Retirement Services
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*Printed by Authority of 1984 P.A. 431
 Total number of copies printed: 126,800
 Total cost: \$6,840.09 Cost per copy: \$0.05*

Fellow Retirees Share Their Retirement Life

Thanks to all of you who responded to our October 2000 request for stories about your life since you retired. We learned about interesting travel spots, outstanding volunteer efforts, and a couple of unplanned events. The underlying message most shared was that life is what you make of it . . .

A Retirement Accounting

The IRS asks my occupation. I tell them I am a retired teacher. It's a lie. In real life I am a writer whose retirement has bought freedom to pursue a dream.

I always loved to write. It mattered little to me whether I was writing lists, reports, essays or memoirs like this one – though the creative stuff was always more fun. There was something about words, sentences, paragraphs, pens, paper and word processors that hooked me and pulled me to them. . . .

The transition from classroom to home office wasn't an easy one. What I missed most were the people and the shoptalk. I have had to scrounge around to fill the void and it's not filled yet. I belong to a readers' group, one writers' group and I'm looking for a second.

Now, instead of checking into the classroom each morning, I check in with the empty page. I use the

same techniques to improve my writing that I used to improve my teaching: reading and thinking about the process, investing in reference materials and tools, attending workshops and classes. Now, instead of setting goals for student learning, I set goals for myself.

I promise to stay with it until I know that I am successful. Or not. The IRS won't agree with my definition of success. It isn't making lots of money – in three years, I've grossed \$300 and spent \$3,000. . . . But I am having fun and I measure my success by the extent to which my writing achieves its purpose and by my own satisfaction in it.

I have joined the ranks of those who are, in maturity, establishing second or third careers, who will work all their lives because work is exciting. If I earn some money at it, then I'll tell the IRS the truth. I am a writer.

A. M., Port Huron, Michigan

Must I enroll in Medicare?

All ORS-sponsored health plans change to a Medicare supplemental policy for retirees and covered dependents who become eligible for Medicare. Generally this happens at age 65. However, those under 65 who receive a Social Security disability pension are eligible for Medicare after 24 months.

At age 65, the Retirement System automatically becomes secondary to Medicare health coverage, so prior to your 65th birthday, or sooner, if eligible, you must enroll in Medicare health insurance (both hospital - Part A, and medical - Part B) through the Social Security Administration to maintain maximum benefit coverage.

You may contact any Social Security Office for information on the Medicare enrollment process. To find the location of the Social Security Office nearest you call 800-772-1213 and press 6.

Once you are eligible for Medicare your premium is reduced. If you and/or your covered dependents become eligible for Medicare prior to age 65, you must send a photocopy of the Medicare card and

health plan card to ORS so we can adjust your insurance coverage and premium amount.

Please remember that if you and/or your covered dependents do not enroll in Medicare Parts A and B when eligible, you will be liable for the claims normally paid for by Medicare.



Pensions Issued

April 25	July 25	October 25
May 25	August 24	November 21
June 25	September 25	December 18

If your EFT is not credited within two days of the above date, please give us a call. If your check is delayed, you must wait until after the seventh of the following month to call us. Thank you.

Holidays – Retirement Offices Closed

May 28 — Memorial Day
July 4 — Independence Day
September 4 — Labor Day



Thanks to one of our retirees for the excellent suggestion to clip this notice so you can keep track of the Pension Payment Dates.

Public School Employees Retirement System

Assets & Liabilities			Revenues & Expenditures		
	FY 2000	FY 1999		FY 2000	FY 1999
Assets:			Revenues:		
Cash	\$ 88,115,368	\$ 95,273,139	Public Financed and Member Net Investment Income	\$ 1,439,883,827	\$ 1,469,951,377
Receivables	665,749,669	485,686,067		4,765,433,415	5,086,996,133
Collateral on Loaned Securities	529,146,365	1,069,025,839	Total Revenues:	6,205,317,242	6,556,947,510
Investments	39,786,152,315	36,032,082,704	Expenditures:		
Total Assets:	41,069,163,717	37,682,067,749	Benefit Payments	(1,735,936,328)	(1,587,992,361)
Liabilities:			Health, Dental, and Vision Benefits	(425,760,691)	(372,021,209)
Accounts Payable and Other Liabilities	(94,383,113)	(139,583,475)	Transfers and Refunds	(17,486,704)	(11,198,300)
Obligations Under Securities Lending	(529,146,365)	(1,069,025,839)	Admin. Expenses	(53,957,715)	(50,971,225)
Total Liabilities:	(623,529,478)	(1,208,609,314)	Total Expenditures:	(2,233,141,438)	(2,022,183,095)
Net Assets:	\$ 40,445,634,239	\$ 36,473,458,435	Beginning of Year Net Assets:	36,473,458,435	31,938,694,020
			End of Year Net Assets:	\$ 40,445,634,239	\$ 36,473,458,435

Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income
Fixed Income	\$ 7,881,171,322	19.8%	\$ 507,587,835
Common Stock	18,025,328,512	45.2	1,948,214,383
Real Estate	3,227,605,624	8.1	313,795,641
Alternative	6,171,250,280	15.4	1,729,629,677
International Equities	2,512,940,844	6.3	203,087,947
Short-term Investments**	2,055,971,101	5.2	112,188,813
Securities Lending Net Income			56,060,773
Investment Expenses			(105,131,654)
Total	\$ 39,874,267,683	100.00%	\$ 4,765,433,415

* 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 \$529,146,365 and \$1,069,025,839 in cash collateral for security lending for fiscal year 2000 and 1999 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>.