



# ORS Look Out

May 8, 1998

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## State reduces pension contribution rate

In recent weeks, State retirees and active State employees have asked why the State lowered its contribution to our pension fund. ORS Director, Chris DeRose comments, "Your pension and benefits are secure today and into the future. This is guaranteed by Article 9, Section 24 of the State's Constitution."

Chris continues, "To ensure funding for current and future retirees and their beneficiaries, the retirement system utilizes contributions from the State and earnings from the retirement system's investments. A professional actuary determines the amount of money needed to fully fund the system."

"The actuary's analysis includes assumptions about such things as how long people will live, how much the system's investments will

earn and how much employee salaries will increase in the future. The State's contribution amount is based on this actuarial assessment. The most recent assessment determined the pension system to be fully funded.



Funding the system requires a smaller State contribution than in recent years due to higher than anticipated investment earnings and salaries increasing at a rate less than assumed. This allowed the State to lower its contribution rate while maintaining the system's fully funded status."

"It is important to note that funds are never diverted from your pension for another purpose or function. The State Employees Retirement System is secure, and we will be here for as long as we and our beneficiaries need us," Chris points out.

## EMPAC plans for ORS picnic

Plans are underway for the second annual ORS picnic to be held Friday, July 31st at Fitzgerald Park in Grand Ledge. Thanks to generous food donations and lots of hungry buyers, \$92.07 was raised from the May 1st bake sale. This money covers the cost of the park rental.



Another bake sale *plus* is being planned, possibly on June 5th. Besides all kinds of snacks and treats, EMPAC plans to sell other "quality" items donated by staff. Some items, like Luginut tickets, will be put up for silent auction. All of the money raised will offset your out-of-pocket cost for the picnic.

Contact Lisa Schmidt or Cindy Nevins to donate your specialty items for the sale.

### Thought for the Day

"I must do something" will always solve more problems than "Something must be done."

—Anonymous

## Last two top ORS positions filled

Last week ORS Director Chris DeRose named Ginger Bomar as Director of the IT and Re-engineering Division and Laurie Hill to manage the Customer Service Division.



*Ginger Bomar*

"Ginger's broad range of experience and increasingly responsible role in ORS will be an asset as she and the IT/RE division work to accomplish our organizational goals," Chris said. "I'm pleased she has agreed to lead this division at this critical time." Ginger oversees Y2K, TDP (tax deferred payments), reengineering, and other information technology programs.

Laurie is very familiar with the needs of retirees and active members, having worked with all types of customers in her various roles over the years within MPSERS and ORS.

Chris said, "Laurie's enthusiasm and experience will ensure we are providing high quality customer service to all our customers." Laurie's staff includes the Customer Information Center, the Regional/Outreach staff and Communications.



*Laurie Hill*

Congratulations to Ginger and Laurie on your new positions!

## LookOut receives positive feedback

Results from the recent reader survey of the *LookOut* have been compiled. Overall, the reaction was very positive. Most respondents read every issue and usually read most of the articles. They feel the information in the articles is generally easy to read and understand.

What's the best part of the *LookOut*? Readers indicated they like knowing what's happening within ORS and learning about staff's accomplishments and whose name belongs with some of the new faces we see. The scramble also got rave reviews.

The survey respondents gave some recommendations as to what they would like to see in future issues – more reports on what other divisions are doing which might improve customer services and more information about division plans, goals and upcoming activities.

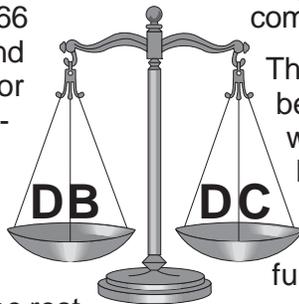
In upcoming issues, we'll address more of these special interest stories to help keep all of us better informed about what ORS is doing.

## Stay with DB or go to DC??

April 30, 1998 was the deadline for switching to the Defined Contribution plan for most State employees. The only exception is for members of the Judges Retirement System. Last week Public Act 66 of 1998 was passed and signed by the governor to extend the DC window for Judges until May 31, 1998, effective immediately.

However, with the deadline passed for the rest of the State employees, DC Team Leader **Grace Bonfiglio** reports the preliminary results. "So far we have had approximately 3,188 switch from the

Defined Benefit plan to the Defined Contribution plan. We have had quite a few applications come through the mail this week which were post-marked by April 30th," she comments.



The DC staff will still be with ORS for a while yet. They will be doing the final calculations and transfers of the funds.

ORS Director Chris DeRose and Operations Director Phil Stoddard express their thanks to the DC Staff for making this project run so smoothly!



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Chris DeRose, *Director*

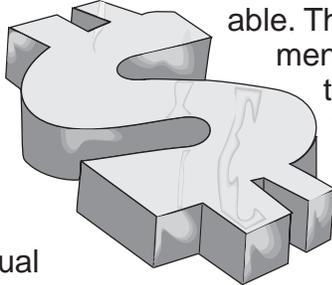
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## Are State retirees' sick leave payments taxable?

Recently, some State retirees have questioned why State taxes are being withheld from their pension checks since they understood their pensions were nontaxable. At retirement, those "early out" State employees eligible to be paid for their accumulated sick leave receive it in 60 equal payments which are included with their monthly pension payment. The monthly pension amount is not subject to Michigan income taxes, but taxes are being withheld on the sick leave payment.

ORS Director, Chris DeRose shares ORS's position on this issue. "Michigan income tax is appropriately being withheld from retirees' sick leave installment payments," he says. "Although the sick

leave installments are included in the monthly pension payment, only the retirement pension benefits coming from the State Employees Retirement funds are nontaxable. The sick leave payments are not paid from the retirement fund, therefore they are subject to State income taxes."



The Department of Treasury has also been consulted about this issue, and they agree with ORS's position. Floyd A. Schmitzer, Administrator for the Individual Taxes Division, Department of Treasury, recently offered the following explanation. Any amount included in federal adjusted gross income is subject to Michigan income tax, unless there is a statutory provision for deducting the amount. Since there isn't any statutory provision to allow sick leave

pay to be deducted, the accrued sick leave pay "early-out" retirees receive is subject to Michigan income tax, and will be included in the federal adjusted gross income figure on their 1099's.

Many retirees feel the sick leave payments should be classified as an *optional benefit*, which would then be excluded from income taxes by the State Employees Retirement Act (SERA). Mr. Schmitzer disagrees, stating that sick leave benefits don't accrue under the provisions of SERA so they cannot be construed to be optional benefits or any other right accruing under SERA.

On March 30, 1998, a Class Action Suit was filed with the Court of Claims to resolve the issue and determine whether or not the accumulated sick leave payments are taxable. We'll keep you posted on the results.



## Six Weeks to Wellness is moving along

Six Weeks to Wellness is more than half over – only two weeks to go. Check out the scores on the Wellness ScoreBoard on third floor near the Wellness Library to see how your team (or your competition) compares. Take note that Cruisin' Carol is really living up to her name!

Next week's focus is on Parents and Children. Monday, May 11th, Pat Morgan from the Department of Health will be hosting a session on how to talk to your kids about drugs. She will be in Conference Room M

from Noon to 1:00. Becky Beckler's presentation on herbs was rescheduled from May 6th to May 13th. Becky will be in Conference Room M from Noon to 1:00.

The Stress Seminar is May 20th from Noon to 1:30 in Conference Room A (downstairs), and we'll wrap up the event with a Pot Luck Finale on May 22nd in Conference Room M. Between now and then, you can still participate in the meditation sessions, even if you're not participating in Six Weeks to Wellness. Check with Lisa Schmidt for the dates and times.

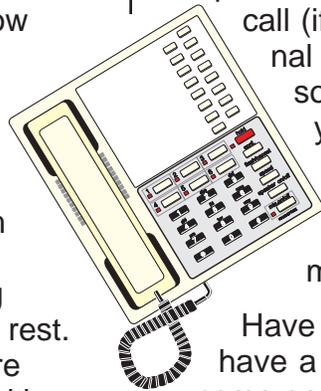
## New options added to our voice mail

Most ORS staff are fairly comfortable sending and responding to e-mail messages on the computer, but how many of you know how to forward or respond directly to voice mail messages?

Probably the majority of us have no problem listening to our voice mail messages, saving some and deleting the rest. But there are a lot more features we can use with our voice mail system to make our lives easier.

Some of these are new features that will be available as of today. Others have always been there.

Do you sometimes wish you could immediately reply to your co-worker who left you a question? You can. After



you listen to the message, press **8 - 8** and the system will automatically call the person who placed the call (if it was an internal call). If the person is at their desk, you can speak to them directly, or if not, you can leave them a message.

Have you wanted to have a “busy” greeting come on when you’re already on the phone which is different from your “not available” greeting? Now you record two greetings – one for when your phone isn’t answered and one for when you’re on the phone.

A few other options include forwarding a copy of any of your voice mail messages to someone else by “sending a

copy” or checking to see when a message was sent. For detailed instructions on how to use all of these special features, refer to the memo you received about three weeks ago from Howard Pizzo from the Office of Administrative Services. If you’ve misplaced your memo, check with your supervisor for a copy.



*Angela Gilmore and Nick Armit enjoy some of the treats provided by management as part of Staff Appreciation Week, April 20 - 24.*

### Don't let this scramble sTrain your brain!

This reengineering scramble's not too tough because we don't want your train of thought to get derailed. We really don't have a locomotive for tricking you—we just want you to put some thought into the idea being presented. So see if you can get up a full head of steam and chug right through this puzzle. All Aboaaaarrrrd!

rheet si no milit ot het notmua fo ogdo hatt eplope anc shlompacci fi heyt notd race how steg het trecid.

Once you've solved the scramble, talk it over with your coworkers and see if you're all on the same track. If you were looking for ideas to help you work smarter, diesel help. The poster, in its unscrambled form, will be displayed next week on first and third floors.

