

We work better, when we work together...

## **October 2018**

**For HR/Benefits use only – Please do not distribute to all users**

### **Distribution of the HR Connection**

After last month's newsletter, we received a question from one of our readers, asking why we have the note above about not distributing this newsletter to other employees in your departments. First of all, we were excited to hear from one of you. As much as we would like it, we do not receive much feedback (positive or otherwise) about the HR Connection. So it was good to get some feedback from the group.

We responded directly to the person that asked this question, but we also wanted to answer it for the group as a whole, as it was a very good question that affects all of our HR Connection readers. In response:

*"Thank you for your question and for your interest in sharing the information with your employees. Much, if not most, of the information we share with the HR Connection would be suitable for all members but there are usually pieces of each edition that would not be appropriate for the masses. An example of this would be the Membership Profile Report contained in this month's edition. This report is intended as a tool for employers to help them identify trends and plan for future possible retirements. While some of the information in the report would be interesting to the membership in general, there are certain pieces of information that should not be shared such as how many people are selecting certain benefit payment options or plans. The reasoning for this is simply that when retiring, there are several individualized decisions that need to be made based on the member's unique circumstances. Seeing how other people are choosing to retire may sway a member to think they should be following the patterns of others instead of doing what's best for them.*

*Also, since most of our articles are directed towards benefits/hr staff, the membership as a whole may decide they are receiving too much information about MPERS (that doesn't really pertain to them) and stop reading the information we do disseminate to them. Having said that, if there are specific articles within the HR Connection that you think your staff would be interested in seeing, please let us know. We could then consider a distribution to all employees or post the information to our website. This would ensure that all members, not just a select few, receive information that may be of interest to them."*

Again, we look forward to receiving questions or comments from the group about the information we send in the HR Connection. We also appreciate any suggestions you may have for future articles pertaining to the retirement & disability benefits we administer.

### **Annual Actuarial Valuation**

The annual actuarial valuation is designed to measure the overall financial condition of the retirement system. During FY 2018, the funded status of MPERS remained steady at **57.1%**. For a more detailed explanation on our funded status be looking for an update to our webinar series that will be released in the next week or so.

The annual valuation also provides the basis for determining employer contribution rates for the next fiscal year. The contribution rate, as approved by the Board, for FY 2020 will remain at 58% of payroll. The contribution rate is comprised as illustrated in the following table.

<b>FY 2020 Employer Contribution Rates Expressed as % of Active Payroll for Total Benefits</b>	
	<b>Combined Rate (System Total)</b>
Normal Cost	10.55%
Unfunded Liability	45.66%
Expenses	1.26%
Subtotal	57.47%
Disability Insurance	0.53%
<b>Total</b>	<b>58.00%</b>

The normal cost is the basic cost of the benefits our members enjoy. This contrasts with the unfunded liability, which is the "catch up" payment for those benefits that were not properly funded by either contributions or investment returns in the past. The full report is available on our website, under Publications/Actuarial Reports.

### **Benefit Statements**

October is a very busy month for us because all eligible Closed Plan payees receive their annual cost-of-living adjustment (COLA) during the month. This currently effects around 5,000 members or 56% of all of our payees. The COLA rate for 2018 is 1.704%. This is the amount granted to all Year 2000 Plan members and any Closed Plan members that have already reached their 65% COLA cap or who were hired on or after August 28, 1997.

Any time a member's net benefit changes, MPERS notifies the member of the change. Most months when a change occurs, a member will receive a letter, either via mail or email, telling them why their benefit changed, and the new net amount that will be deposited into their account each month. However, each year in the month they receive their COLA, members receive a *Benefit Statement* from MPERS. The *Benefit Statement* provides detailed information on the COLA received, and the member's new payment information going forward. Also listed in the *Benefit Statement* are the member's current primary beneficiary(ies), as well as the survivor option chosen. In addition, the statements show the member's current tax withholdings and provide information pertaining to common changes that occur after retirement including marriage, divorce, death, and reemployment.

Since these statements do contain a large amount of information, they tend to generate an increase in phone calls (especially when sending out over 5,000 at once). We try to have the statements (and letters) mailed out around the 20th of each month (after all changes have been received and keyed, and the payroll has been balanced). Please feel free to direct any calls you may receive to our office as we are more than happy to answer any questions our members may have on the information we send them.

### **Reminder - Secure Upload of Documents to MPERS**

Just a reminder that MPERS has created a new way for you to securely send us files through a program called Leapfile, which can be accessed through our website. We encourage you to use this feature anytime you are transmitting documents with private information, such as a social security number (ssn). To use this new feature, follow the steps below:

- Start by going to our homepage at [www.mpers.org](http://www.mpers.org) and click on the blue box located at the top right corner of the page (Secure Document Upload).
- Click on "Secure File Upload."
- Input the recipient's email address and press the start button.
- On the next page fill out your name and email address, put in a subject, and type in any message you want such as "here is the term form for Bob Jones."
- Click on the "Select Files to Send" button.
- Find the file you want to send us and send it. The file goes encrypted.

### **2018 Board Meeting Schedule**

November 29, 2018