



# TUSCOLA COUNTY

## Committee of the Whole

### MEETING AGENDA

Wednesday, April 20, 2022 - 10:00 A.M.

H.H. Purdy Building Board Room, 125 W. Lincoln  
St., Caro MI 48723

**Public may participate in the meeting electronically:**  
**Join by phone:** (US) +1 929-276-1248 PIN:112 203 398#  
**Join by Hangouts Meeting ID:** [meet.google.com/mih-jntr-ija](https://meet.google.com/mih-jntr-ija)

10:00 A.M. Call to Order - Chairperson Bardwell  
Roll Call - Clerk Fetting

Page

#### County Updates

#### New Business

1. Municipal Employees' Retirement System (MERS) Presentation and Discussion - Marne J. Daggett, Regional Manager Municipal Employees' Retirement System of Michigan  
[Tuscola Co Board Presentation](#)

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#### Other Business as Necessary

#### On-Going Other Business as Necessary

#### Public Comment Period

#### Adjournment



# MERS and Tuscola County

April 20, 2022

*Presented by Marne Daggett, Regional Manager*

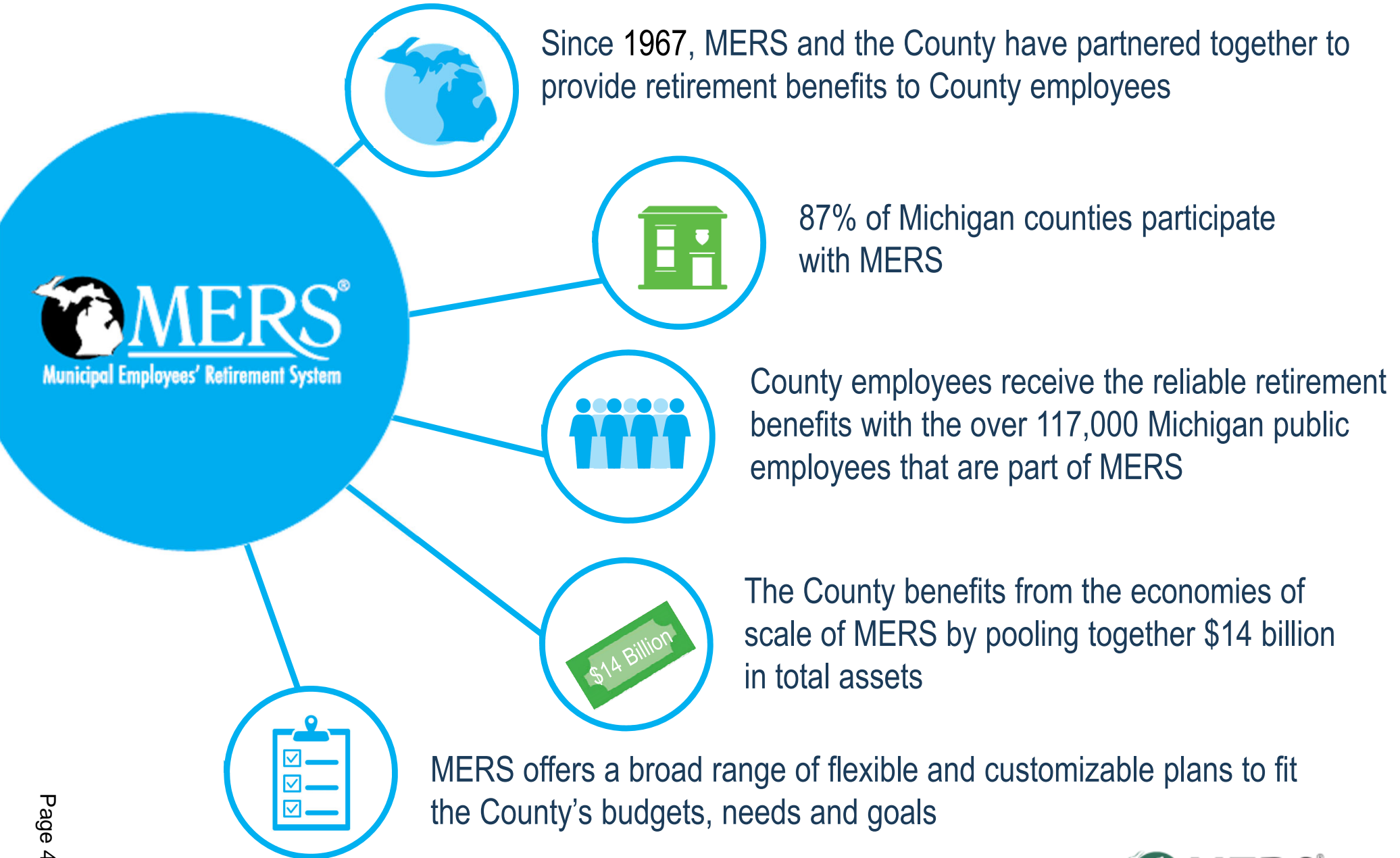


# Agenda

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- MERS and Tuscola County
- Role of MERS as Your Fiduciary
  - Legal Compliance
  - Investment Oversight
  - Reasonable Expenses
- Defined Benefit Plan Funding
- Key Areas of Your Annual Actuarial Valuation (AAV)
- Actuarial Assumption and Methods
- Continuing Our Partnership

# MERS and Tuscola County





## MISSION

Partner with those who serve Michigan communities to provide retirement benefits and related services to support a secure retirement.



# MERS as Your Fiduciary





# An Independent Elected Board

- MERS is governed by an elected board that operates without compensation
- Our board is committed to accountability and transparency, holding the line on costs, and watching out for the best interest of our members
- MERS provides the County with peace of mind because ***the MERS Retirement Board takes on the sole fiduciary responsibility*** of the retirement plan



## MERS Retirement Board

is responsible for administration of the system with fiduciary responsibility for the investment of assets and oversight.

# MERS is the Fiduciary

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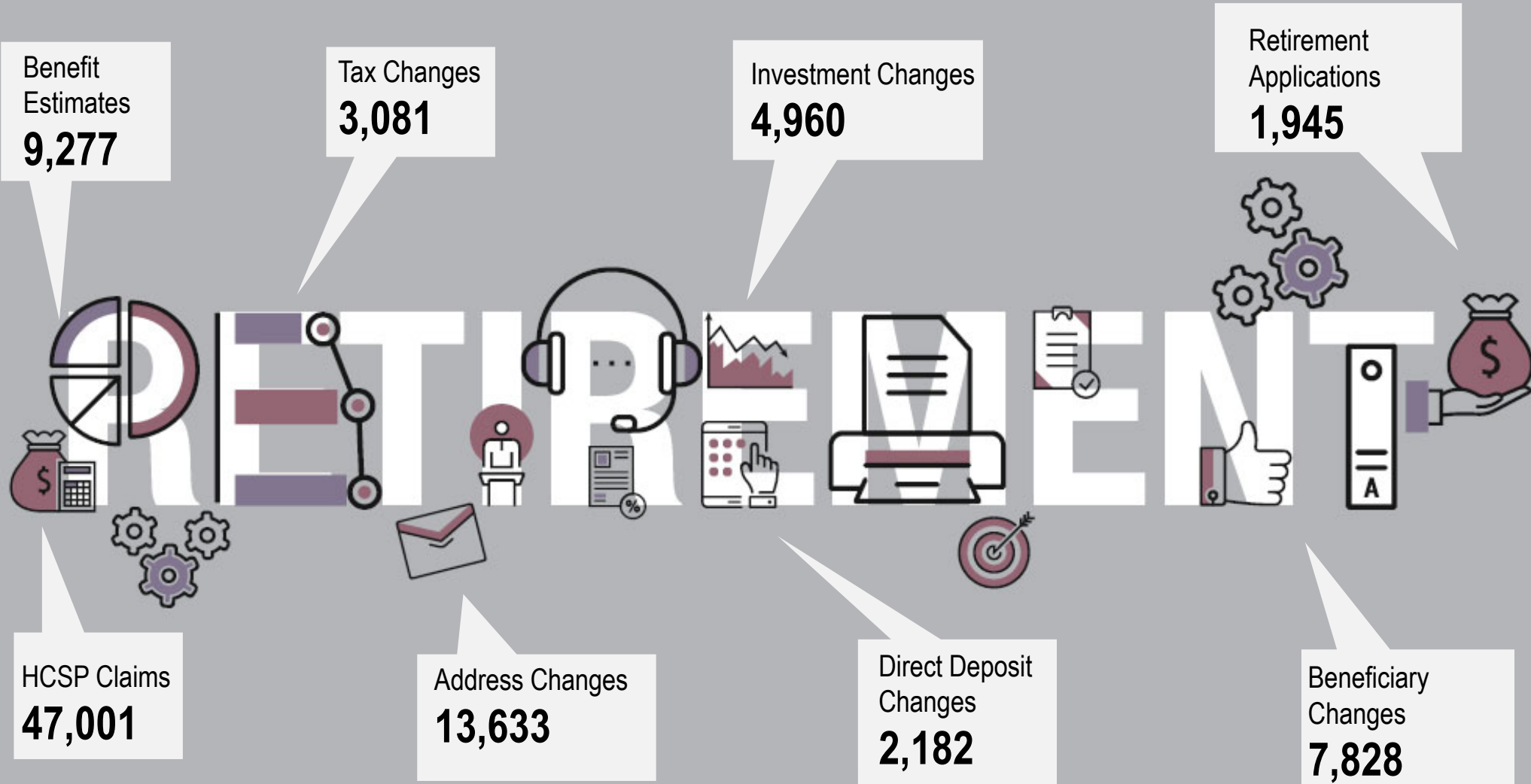
# Plan Administration

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*MERS provides full service administration of our retirement plans*

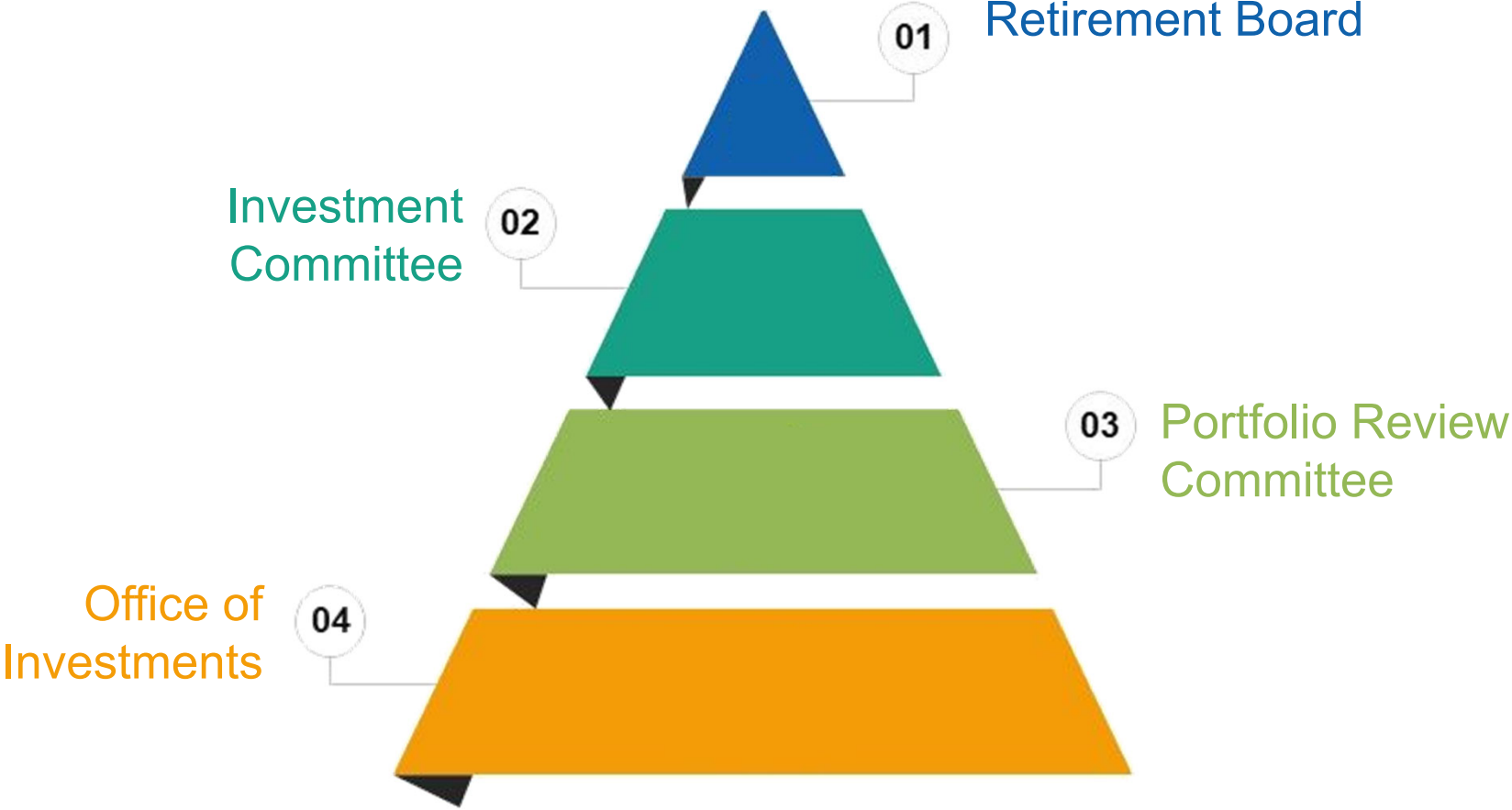


# Plan Administration



As of 12/31/2019

# MERS Investment Governance



# Investment Policy Statement

## Defined Benefit Plan

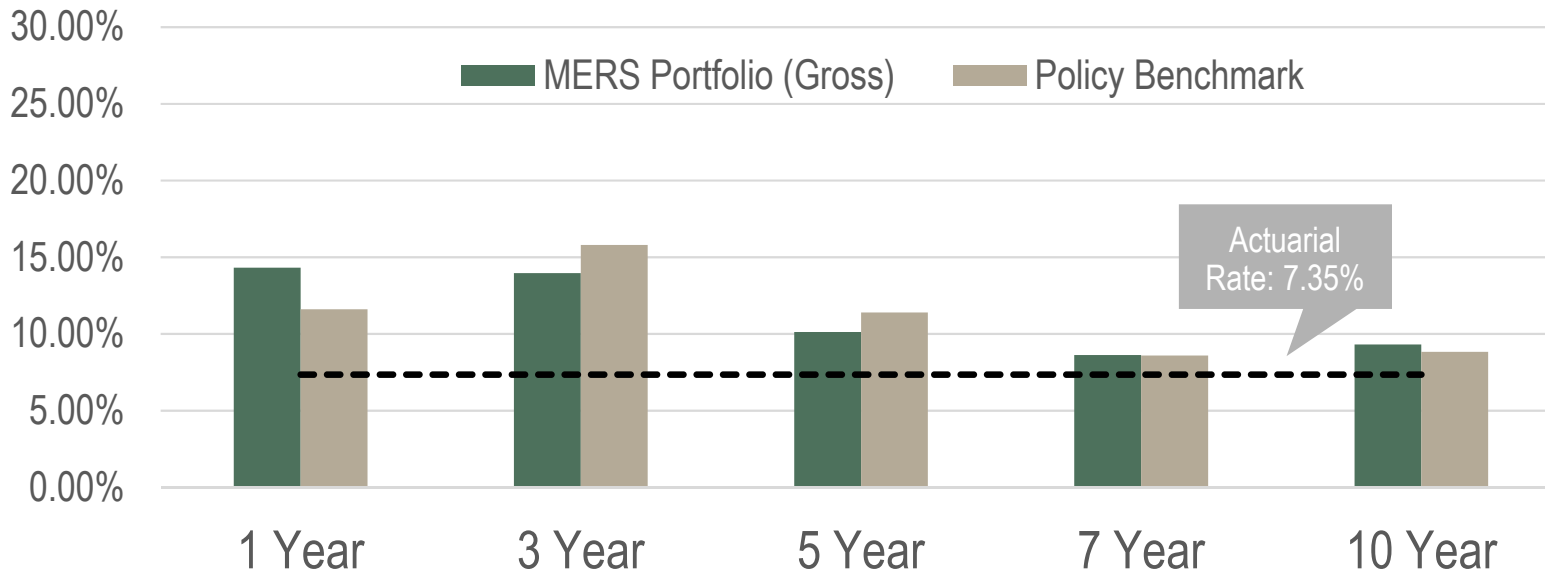
The cover features the MERS logo at the top left. The title "Defined Benefit Investment Policy Statement" is centered, with "Board approved on February 27, 2020" below it. The main image shows a hand pointing to a line graph on a chalkboard. The graph has a vertical axis from -200 to 900 and a horizontal axis with markers for 001, 30, 70, and 10. The bottom section contains the "MISSION STATEMENT" and contact information: "1134 Municipal Way | Lansing, MI 48917 | 800.767.6377 | www.mersofmich.com" and "PUB 4491 2020-03-11".

## Participant Directed Accounts (PDA) & Institutional Funds

The cover features the MERS logo at the top left. The title "Investment Policy Statement: Participant Directed Accounts & Institutional Funds" is centered, with "Board approved on February 27, 2020" below it. The main image is a circular diagram with three segments: "MERS Retirement Strategies" (blue), "Self Directed Brokerage Account" (brown), and "Premium Select Options" (green). Below the diagram are the sub-headers "Portfolios Built for You (Stocks/Bonds)" and "Funds to Build Your Own Portfolio". The bottom section contains the "MISSION STATEMENT" and contact information: "1134 Municipal Way | Lansing, MI 48917 | 800.767.6377 | www.mersofmich.com" and "PUB 6061 2020-03-27".

# Defined Benefit Portfolio Performance

	1 Year	3 Year	5 Year	7 Year	10 Year
MERS Portfolio (Gross)	14.32%	13.97%	10.13%	8.63%	9.32%
Policy Benchmark	11.61%	15.81%	11.40%%	8.60%	8.84%
<b>Excess Return</b>	<b>2.52%</b>	<b>-2.00%</b>	<b>-1.44%</b>	<b>-0.17%</b>	<b>0.27%</b>



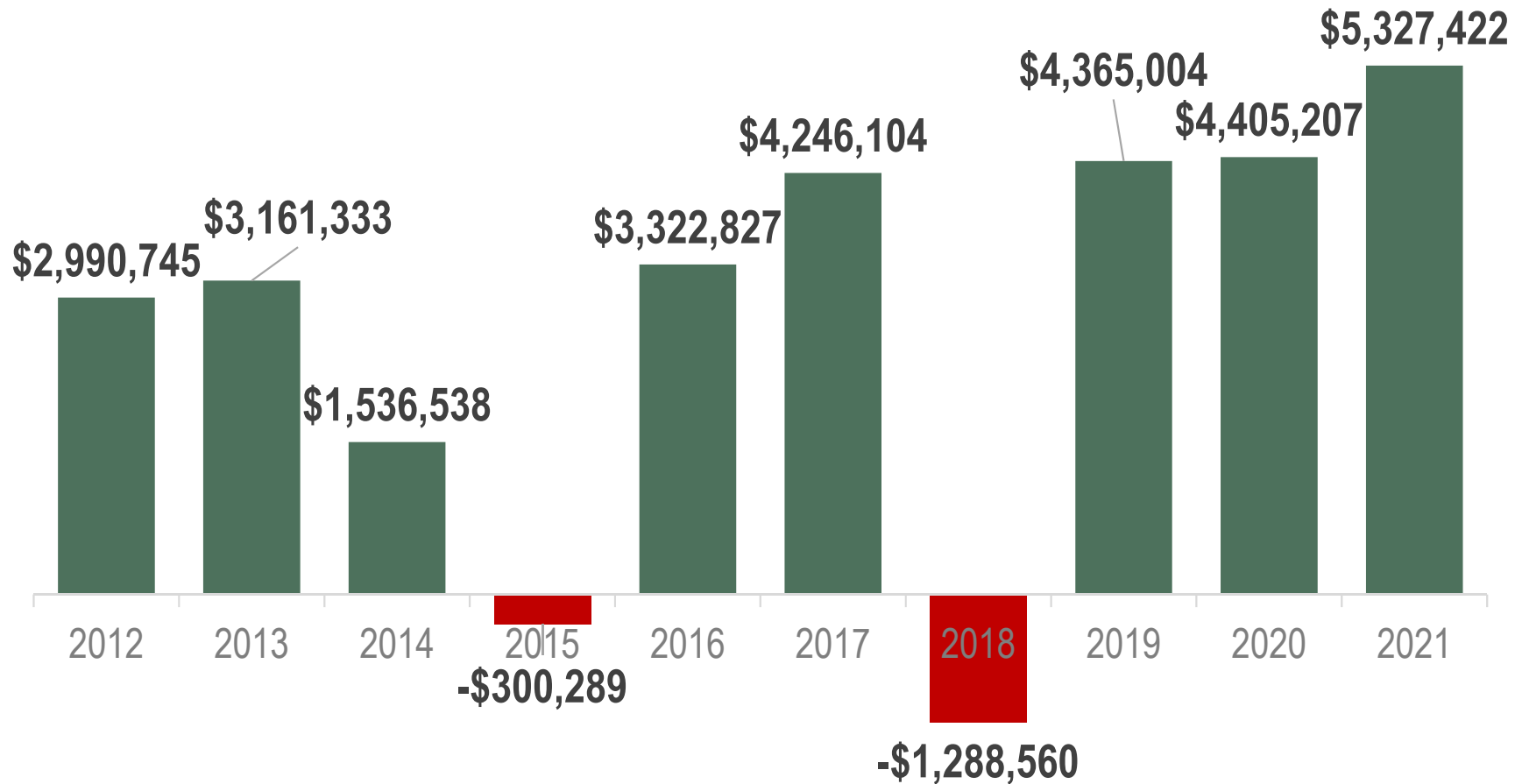
As of 12/31/2021,  
MERS returned  
**14.32%**  
and we outperformed  
the benchmark by  
**2.52%**

As of 12/31/2021

# Tuscola County's Performance – 10 Years

*The county's investments earned more than \$27.7 million*

Gross Investment Return



# Ensuring Reasonable Expenses

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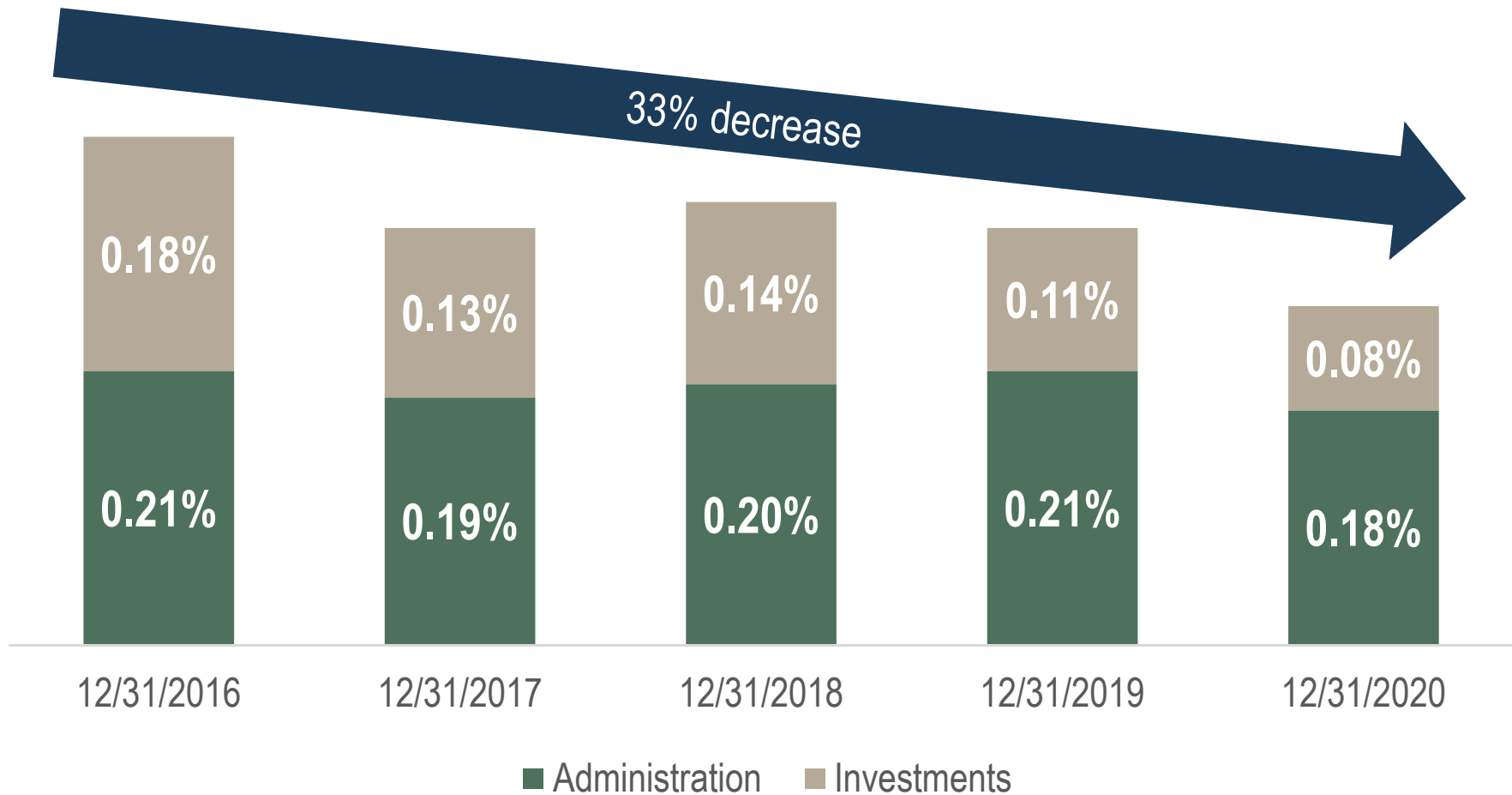
- As the fiduciary, MERS must ensure that fees charged are “reasonable”
- MERS actively manages expenses across all of our programs through robust monitoring processes





# Defined Benefit Plan Cost History

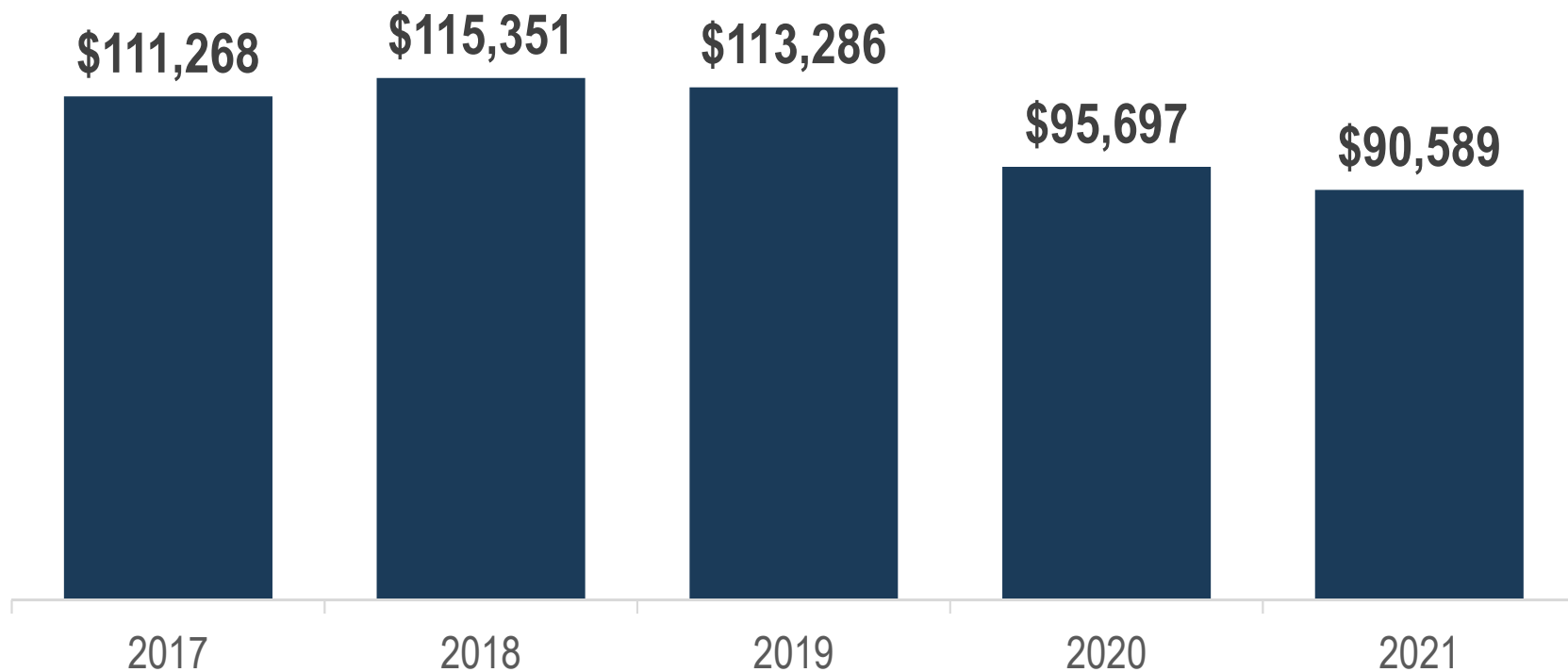
As of December 31, 2020, the cost of the Defined Benefit Plan was 0.26%



# Tuscola County's Fee History

*Pooling assets keeps investment and administrative expenses low*

Total Expenses

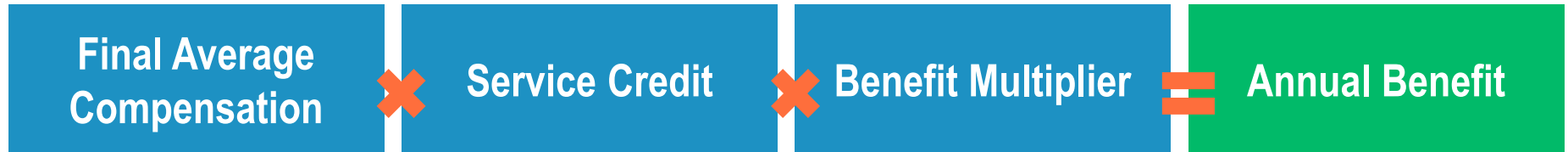




# Defined Benefit Funding



# How Defined Benefit Works

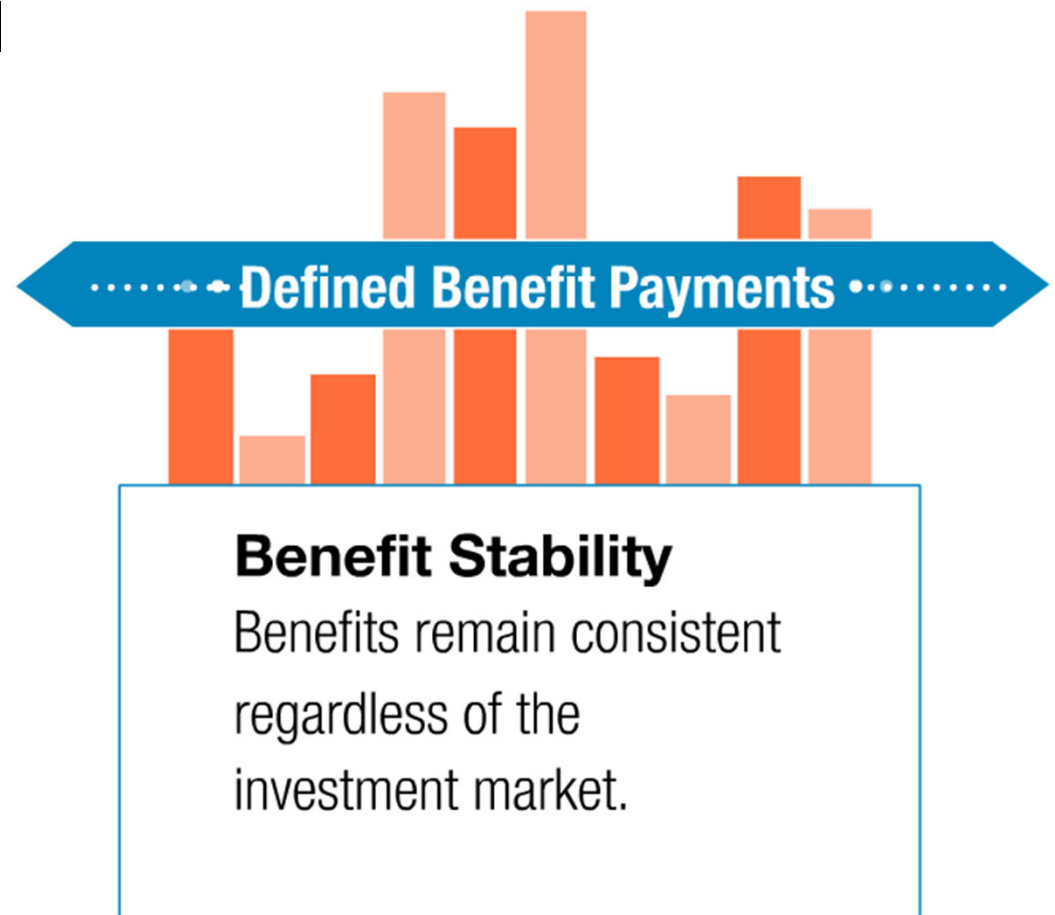


The benefit formula is comprised of three components:

- **Final Average Compensation** – average of highest consecutive wages
- **Service Credit** – earned for each month of work that meets the employer’s requirements
- **Benefit Multiplier** – a specific percentage adopted by the employer ranging from 1.0% to 2.5%

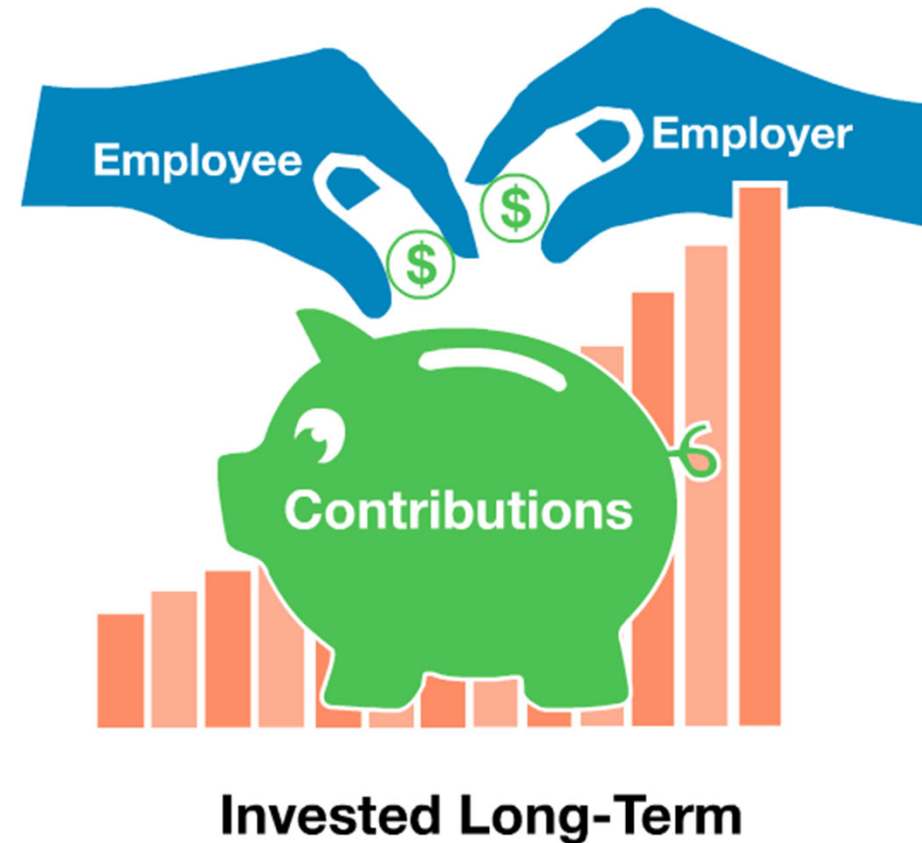
# Lifetime Benefit Stability

- The calculated benefit will not change with investment market fluctuations
- Retirement benefits of municipal employees are constitutionally protected

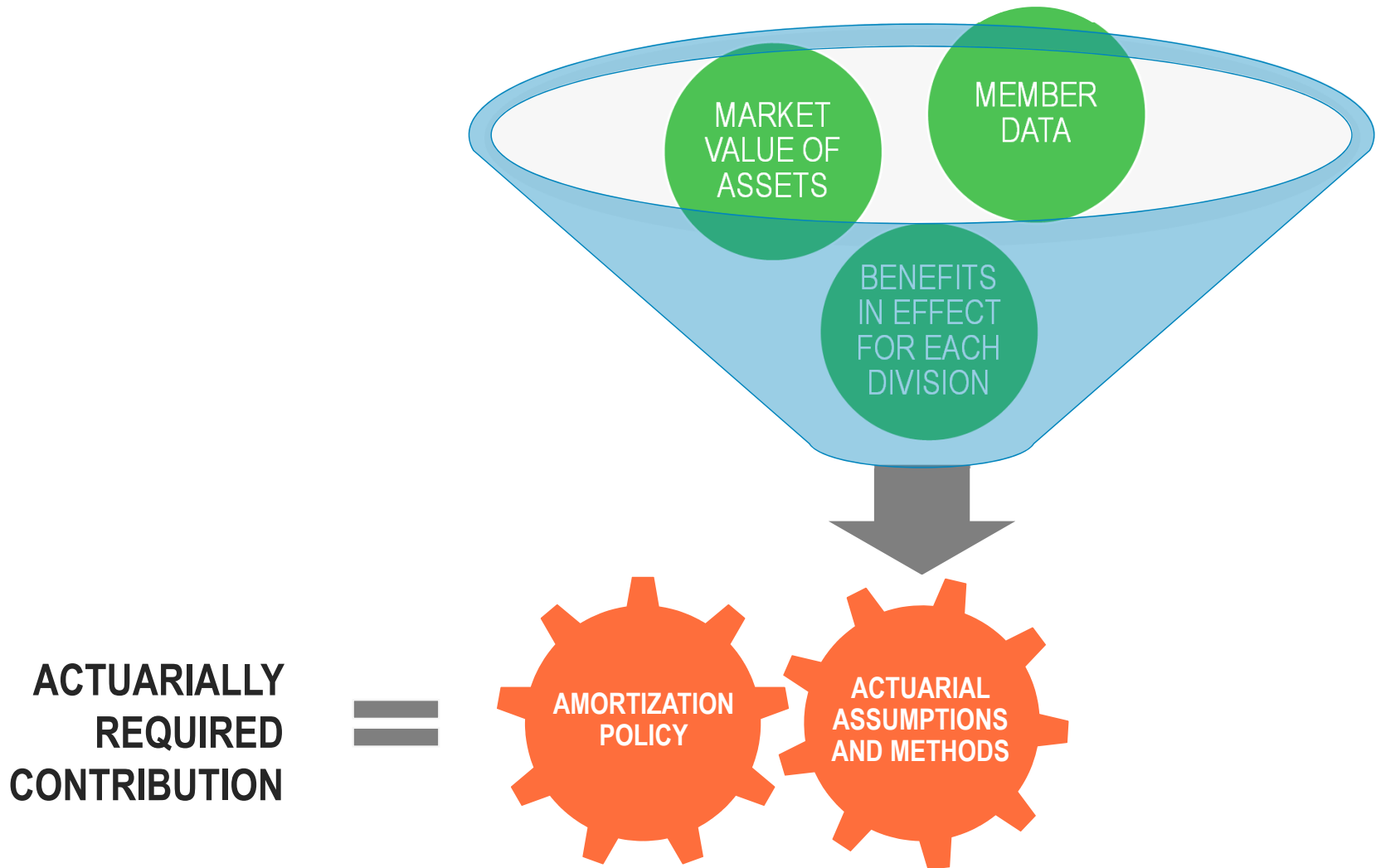


# How Defined Benefit Plans are Funded

- Benefit plans are pre-funded through contributions typically made by both the **employee** and the **employer**
- Contributions are strategically invested long-term
- **More than half** of the retirement benefits paid are funded by MERS' investment earnings



# How is the Required Contribution Calculated?



*Actuarial Assumptions and Methods established by the Retirement Board*



# Total Required Contribution

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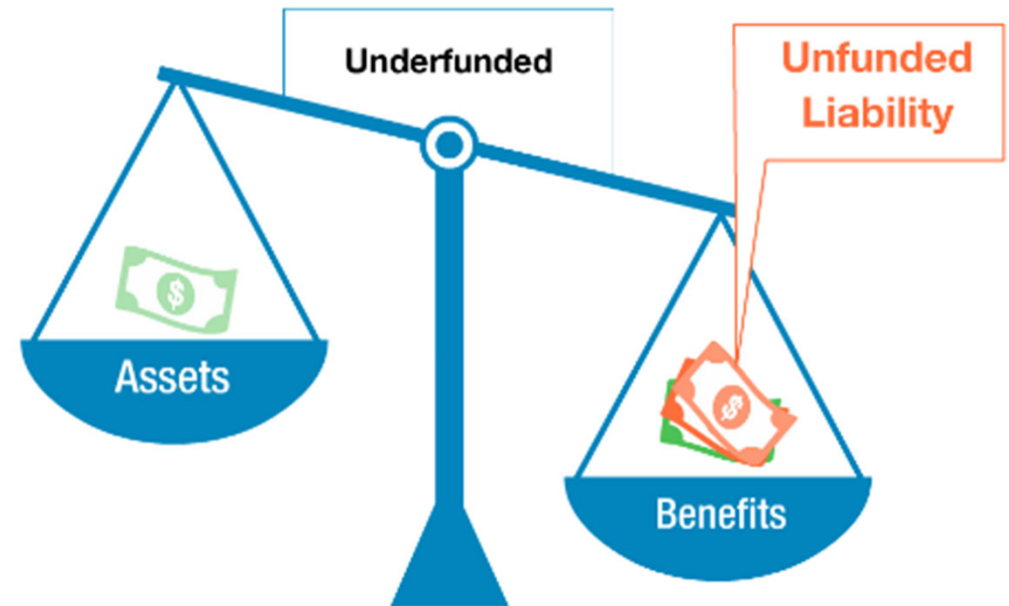
The contribution is made up of two parts:

1. **Normal Cost** – Present value of benefits allocated to the current plan year less any employee contribution
2. **Amortization Payment of Unfunded Accrued Liability (UAL)** – Payment to reduce any shortfall between liability for past service and assets



# What is Unfunded Accrued Liability?

- Unfunded accrued liability (UAL) is the difference between a plan's estimated pension benefits and assets that have been set aside to pay for them
- The dollar value of the benefits is actuarially determined each year for pension





# Key Areas of Your Annual Actuarial Valuation (AAV)



# Annual Actuarial Valuation

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- Prepared by MERS' actuary:
  - Measures funding progress
  - Establishes contribution requirements for the following fiscal year
  - Provides actuarial information in connection with applicable Governmental Accounting Standards Board (GASB) statements
- The report is delivered mid-year each year






# Funded Ratio

- The funded ratio of a plan is the percentage of the dollar value of the actuarial accrued liability that is covered by the actuarial value of assets
- While funding ratio may be a useful plan measurement, understanding a plan's funding trend may be more important than a particular point in time

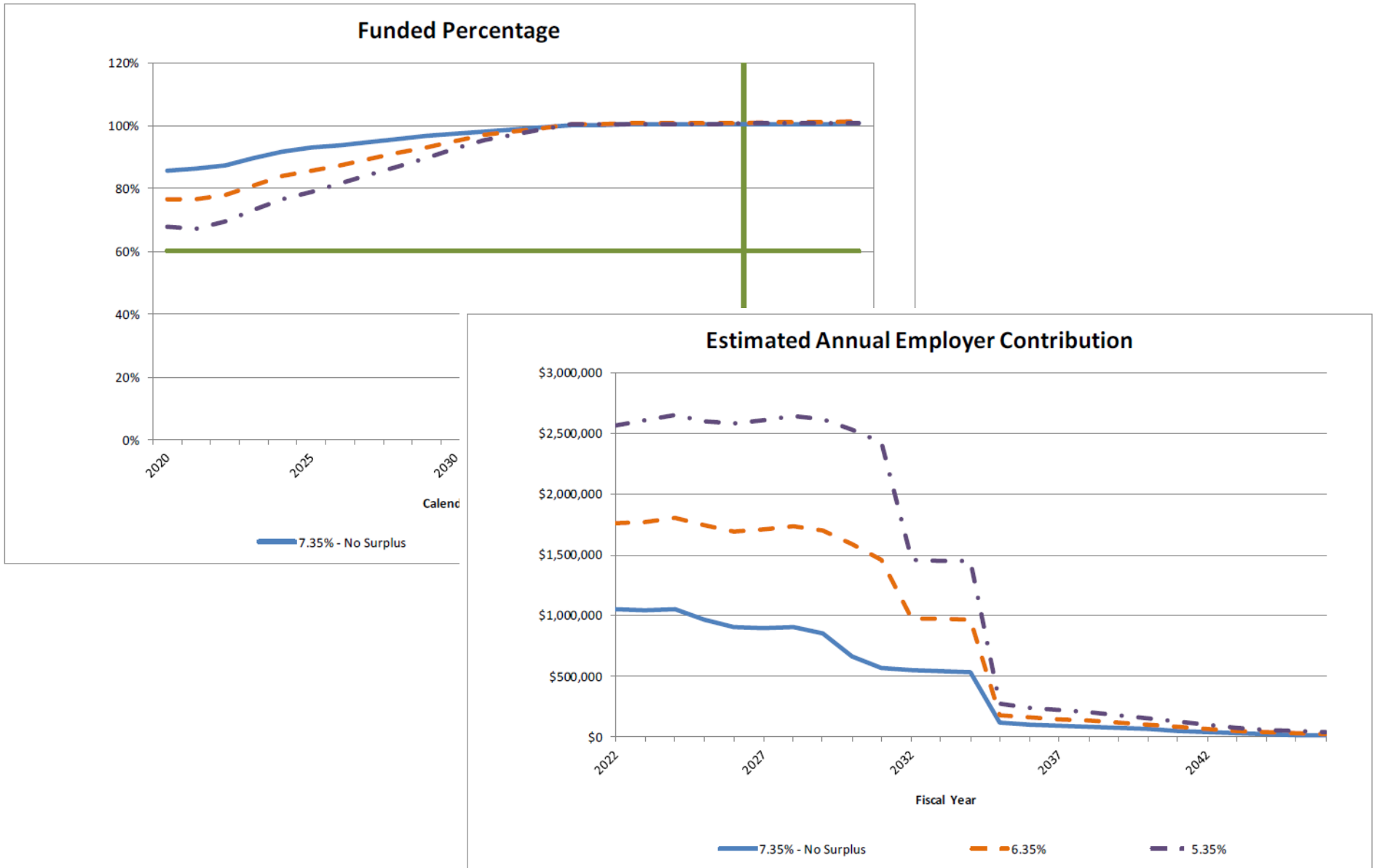
	12/31/2020	12/31/2019
Funded Ratio*	86%	90%

\* Reflects assets from Surplus divisions, if any.

# Alternate Scenario Projections

	Valuation Year Ending 12/31	Fiscal Year Beginning 1/1	Actuarial Accrued Liability	Valuation Assets <sup>2</sup>	Funded Percentage	Estimated Annual Employer Contribution
 Current Assumption	<b>7.35%<sup>1</sup> - NO PHASE-IN</b>					
	2020	2022	\$ 43,100,263	\$ 36,911,704	86%	\$ 1,049,892
	2021	2023	\$ 44,300,000	\$ 38,200,000	86%	\$ 1,040,000
	2022	2024	\$ 45,500,000	\$ 39,700,000	87%	\$ 1,050,000
	2023	2025	\$ 46,600,000	\$ 41,800,000	90%	\$ 968,000
	2024	2026	\$ 47,700,000	\$ 43,800,000	92%	\$ 908,000
	2025	2027	\$ 48,700,000	\$ 45,200,000	93%	\$ 897,000
 Alternate Scenario #1	<b>6.35%<sup>1</sup> - NO PHASE-IN</b>					
	2020	2022	\$ 48,238,435	\$ 36,911,704	77%	\$ 1,756,032
	2021	2023	\$ 49,500,000	\$ 37,900,000	77%	\$ 1,770,000
	2022	2024	\$ 50,800,000	\$ 39,600,000	78%	\$ 1,800,000
	2023	2025	\$ 52,000,000	\$ 42,100,000	81%	\$ 1,740,000
	2024	2026	\$ 53,100,000	\$ 44,500,000	84%	\$ 1,690,000
	2025	2027	\$ 54,100,000	\$ 46,300,000	86%	\$ 1,710,000
 Alternate Scenario #2	<b>5.35%<sup>1</sup> - NO PHASE-IN</b>					
	2020	2022	\$ 54,416,925	\$ 36,911,704	68%	\$ 2,561,772
	2021	2023	\$ 55,800,000	\$ 37,500,000	67%	\$ 2,610,000
	2022	2024	\$ 57,100,000	\$ 39,700,000	69%	\$ 2,650,000
	2023	2025	\$ 58,400,000	\$ 42,700,000	73%	\$ 2,600,000
	2024	2026	\$ 59,500,000	\$ 45,500,000	76%	\$ 2,580,000
	2025	2027	\$ 60,500,000	\$ 47,800,000	79%	\$ 2,610,000

# Projection Scenario Graphs





# Required Employer Contributions

Table 1

Division	Total Normal Cost	Employee Contribut. Rate	Employer Contributions <sup>1</sup>			Computed Employer Contribut. With Phase-In	Blended ER Rate No Phase-In <sup>5</sup>	Blended ER Rate With Phase-In <sup>5</sup>	Employee Contribut. Conversion Factor <sup>2</sup>
			Employer Normal Cost <sup>6</sup>	Payment of the Unfunded Accrued Liability <sup>4</sup>	Computed Employer Contribut. No Phase-In				
<b>Percentage of Payroll</b>									
02 - Sheriff Dep	12.42%	4.70%	-	-	-	-	-	-	-
10 - AFSCME	11.33%	4.70%	-	-	-	-	-	-	-
11 - District Court	9.60%	4.70%	-	-	-	-	-	-	-
12 - Circuit Court	11.92%	4.70%	-	-	-	-	-	-	-
13 - NonUnion Hrly	9.62%	4.70%	-	-	-	-	-	-	-
14 - Non Union Slry	9.87%	4.70%	-	-	-	-	-	-	-
15 - Elctd Officials	11.03%	4.70%	-	-	-	-	-	-	-
16 - AFSCME Hired as of 1/1/11	10.96%	6.70%	-	-	-	-	-	-	-
17 - Non-Un Sal/Hrl & Elec 1/1/11	10.72%	6.70%	-	-	-	-	-	-	-
20 - Command Offcrrs	12.78%	4.70%	-	-	-	-	-	-	-
21 - Dispatchers	11.93%	4.70%	-	-	-	-	-	-	-
22 - Sheriff Adm	0.00%	4.70%	-	-	-	-	-	-	-
23 - Sheriff POAM	13.24%	4.70%	-	-	-	-	-	-	-
24 - Sherf Dept Cor Hired as 1/1/1	11.71%	6.70%	-	-	-	-	-	-	-
<b>Estimated Monthly Contribution<sup>3</sup></b>									
02 - Sheriff Dep			\$ 2,666	\$ 2,327	\$ 4,993	\$ 2,680			
10 - AFSCME			3,169	6,635	9,804	7,050			
11 - District Court			1,595	5,181	6,776	5,324			
12 - Circuit Court			4,227	7,966	12,193	9,238			
13 - NonUnion Hrly			389	575	964	565			
14 - Non Union Slry			1,706	7,388	9,094	7,333			
15 - Elctd Officials			676	3,440	4,116	3,105			
16 - AFSCME Hired as of 1/1/11			868	881	1,749	1,383			
17 - Non-Un Sal/Hrl & Elec 1/1/11			1,817	464	2,281	1,924			
20 - Command Offcrrs			1,858	13,439	15,297	12,186			
21 - Dispatchers			808	3,207	4,015	2,872			
22 - Sheriff Adm			0	1,779	1,779	1,713			
23 - Sheriff POAM			3,122	4,881	8,003	5,960			
24 - Sherf Dept Cor Hired as 1/1/1			2,422	1,050	3,472	2,677			

# Flow of Valuation Assets

Table 5

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2010	\$ 553,799		\$ 305,516	\$ 1,221,578	\$ (1,327,531)	\$ (60,852)	\$ 61,527	\$ 23,419,238
2011	567,532	\$ 0	309,619	1,181,534	(1,392,032)	(32,058)	0	24,053,833
2012	594,354	0	298,406	1,086,850	(1,486,227)	(25,662)	0	24,521,554
2013	589,525	0	304,148	1,437,935	(1,599,337)	(56,586)	30,549	25,227,788
2014	577,336	0	319,908	1,420,697	(1,755,161)	(31,625)	(1)	25,758,942
2015	591,390	218,818	340,530	1,266,307	(1,861,667)	(26,352)	0	26,287,968
2016	436,939	6,976,012	339,726	2,551,514	(1,967,297)	(17,780)	0	34,607,082
2017	359,904	0	318,973	2,053,478	(2,001,493)	(13,156)	21,917	35,346,705
2018	367,047	0	316,348	1,264,247	(2,074,439)	(20,846)	0	35,199,062
2019	408,376	2,088	307,944	1,649,963	(2,089,372)	(8,222)	54,301	35,524,140
2020	552,379	1,044	307,075	2,797,975	(2,225,755)	(45,154)	0	36,911,704

# Actuarial Accrued Liabilities & Valuation Assets

Table 6

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
02 - Sheriff Dep	\$ 1,411,265	\$ 56,598	\$ 1,809,533	\$ 2,702	\$ 3,280,098	\$ 3,074,836	93.7%	\$ 205,262
10 - AFSCME	2,419,250	350,157	2,857,363	0	5,626,770	4,850,212	86.2%	776,558
11 - District Court	1,653,344	0	865,073	10,519	2,528,936	2,064,397	81.6%	464,539
12 - Circuit Court	2,487,758	97,884	3,311,732	49,201	5,946,575	5,011,978	84.3%	934,597
13 - NonUnion Hrly	705,659	272,655	11,469	9,754	999,537	947,627	94.8%	51,910
14 - Non Union Stry	1,792,155	430,679	2,694,539	18,607	4,935,980	4,061,714	82.3%	874,266
15 - Elctd Officials	775,450	0	2,047,912	13,878	2,837,240	2,437,895	85.9%	399,345
16 - AFSCME Hired as of 1/1/11	312,340	0	186,569	0	498,909	398,323	79.8%	100,586
17 - Non-Un Sal/Hrl & Elec 1/1/11	632,305	28,920	46,169	33,327	740,721	688,504	93.0%	52,217
20 - Command Offcrs	2,730,804	198,475	5,060,643	0	7,989,922	6,801,298	85.1%	1,188,624
21 - Dispatchers	561,874	384,936	856,550	0	1,803,360	1,430,867	79.3%	372,493
22 - Sheriff Adm	0	0	722,989	0	722,989	567,031	78.4%	155,958
23 - Sheriff POAM	2,214,955	463,742	1,466,989	8,541	4,154,227	3,715,430	89.4%	438,797
24 - Sherf Dept Cor Hired as 1/1/1	509,196	0	0	0	509,196	416,270	81.8%	92,926
25 - Disp. hired after 1/1/11	89,006	0	0	22,559	111,565	109,856	98.5%	1,709
26 - Sheriff POAM Dep after 1/1/11	400,285	10,717	0	3,236	414,238	335,466	81.0%	78,772
<b>Total</b>	<b>\$ 18,695,646</b>	<b>\$ 2,294,763</b>	<b>\$ 21,937,530</b>	<b>\$ 172,324</b>	<b>\$ 43,100,263</b>	<b>\$ 36,911,704</b>	<b>85.6%</b>	<b>\$ 6,188,559</b>

# Actuarial Accrued Liabilities – Comparative Schedule

Table 7

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2006	\$ 21,260,458	\$ 20,136,041	95%	\$ 1,124,417
2007	22,620,177	21,546,461	95%	1,073,716
2008	24,362,442	22,229,277	91%	2,133,165
2009	25,258,027	22,665,201	90%	2,592,826
2010	26,325,295	23,419,238	89%	2,906,057
2011	27,682,168	24,053,833	87%	3,628,335
2012	28,327,052	24,521,554	87%	3,805,498
2013	29,531,643	25,227,788	85%	4,303,855
2014	30,893,578	25,758,942	83%	5,134,636
2015	33,703,096	26,287,968	78%	7,415,128
2016	34,951,562	34,607,082	99%	344,480
2017	35,955,206	35,346,705	98%	608,501
2018	37,103,362	35,199,062	95%	1,904,300
2019	39,343,066	35,524,140	90%	3,818,926
2020	43,100,263	36,911,704	86%	6,188,559

# Benefit Provision History

## 02 - Sheriff Dep

12/1/2016	Service Credit Purchase Estimates - Yes
4/7/2016	Pension Obligation Bond issued
1/1/2016	DC Adoption Date 01-01-2016
5/7/2007	Exclude Temporary Employees requiring less than 8 months
1/1/2006	Member Contribution Rate 4.70%
7/1/2005	Member Contribution Rate 3.70%
2/1/2005	Member Contribution Rate 2.70%
7/1/1998	Benefit B-3 (80% max)
1/1/1998	Member Contribution Rate 0.00%
6/1/1995	Day of work defined as 7.5 Hours a Day for All employees.
6/28/1994	Blanket Resolution (All Service)
7/1/1992	Benefit B-2
1/1/1991	E1 2.5% COLA for past retirees (01/01/1991)
10/1/1986	Benefit F50 (With 25 Years of Service)
7/1/1982	Benefit C-1 (Old)
2/5/1968	Covered by Act 88
7/1/1967	Benefit FAC-5 (5 Year Final Average Compensation)
7/1/1967	10 Year Vesting
7/1/1967	Benefit C (Old)
7/1/1967	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
	Fiscal Month - January
	Defined Benefit Normal Retirement Age - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years



# GASB Statement No. 68 Information

Actuarial Valuation Date: 12/31/2020  
 Measurement Date of the Total Pension Liability (TPL): 12/31/2021

At 12/31/2020, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	135
Inactive employees entitled to but not yet receiving benefits (including refunds):	62
Active employees:	<u>108</u>
	305

Total Pension Liability as of 12/31/2020 measurement date: \$ 39,283,377

Total Pension Liability as of 12/31/2021 measurement date: \$ 43,105,486

Service Cost for the year ending on the 12/31/2021 measurement date: \$ 588,073

Change in the Total Pension Liability due to:

- Benefit changes <sup>1</sup> :	\$ 0
- Differences between expected and actual experience <sup>2</sup> :	\$ 1,086,714
- Changes in assumptions <sup>2</sup> :	\$ 1,811,826

Average expected remaining service lives of all employees (active and inactive): 3

<sup>1</sup> A change in liability due to benefit changes is immediately recognized when calculating pension expense for the year.

<sup>2</sup> Changes in liability due to differences between actual and expected experience, and changes in assumptions, are recognized in pension expense over the average remaining service lives of all employees.

Covered employee payroll (Needed for Required Supplementary Information): \$ 5,667,701

Note: Covered employee payroll may differ from the GASB Statement No. 68 definition.

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease (6.60%)	Current Discount Rate (7.60%)	1% Increase (8.60%)
Change in Net Pension Liability as of 12/31/2021:	\$ 4,990,993	\$ 0	\$ (4,197,643)

# State Reporting Information

Form 5572		
Line Reference	Description	Result
<b>10</b>	<b>Membership as of December 31, 2020</b>	
11	Indicate number of active members	108
12	Indicate number of inactive members (excluding pending refunds)	26
13	Indicate number of retirees and beneficiaries	135
<b>14</b>	<b>Investment Performance for Calendar Year Ending December 31, 2020<sup>1</sup></b>	
15	Enter actual rate of return - prior 1-year period	13.59%
16	Enter actual rate of return - prior 5-year period	9.35%
17	Enter actual rate of return - prior 10-year period	7.91%
<b>18</b>	<b>Actuarial Assumptions</b>	
19	Actuarial assumed rate of investment return <sup>2</sup>	7.35%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any <sup>3</sup>	13
22	Is each division within the system closed to new employees? <sup>4</sup>	Yes
<b>23</b>	<b>Uniform Assumptions</b>	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$36,653,609
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions <sup>5</sup>	\$44,795,029
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending December 31, 2021	\$1,182,804





# Actuarial Assumptions and Methods

# Actuarial Assumptions

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- Required contributions in a defined benefit plan are calculated by an accredited actuary using assumptions about future events
- These assumptions fall into two broad categories: **economic** and **demographic**
- **Economic** assumptions are **forward looking trends** and include factors such as wage growth and the future expected investment return
- **Demographic** assumptions **look back at the actual** experience of the plan such as changes in the number of working and retired participants, when those participants will retire and how long they'll live

# Recent Assumption Changes

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## 2015 AAV

- Investment return lowered from 8.00% to 7.75%
- Mortality improvement

## 2019 AAV

- Investment return lowered to 7.35%
- Wage inflation lowered to 3.00%

## 2020 AAV

- Generational mortality tables
- Mortality improvement
- Retirement and withdrawal experience

# Reviewing Economic Assumptions

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- Part of our fiduciary duty is to check the assumptions we use ***at least*** every five years
- For **demographic** assumptions, having that five-year time frame is important to obtain a good data set to identify trends
- In today's ever-changing world, there is a need and growing trend to review **economic** assumptions more frequently and to make **incremental changes**
- This approach should contribute to an iterative process for establishing assumptions that are within a **range of reasonableness**, while working to mitigate large influxes in required contributions to the plan

# Market Value vs. Actuarial Value

- Each AAV explains the difference between market and actuarial value of assets
- Actuarial value of assets, used to determine both the funded ratio and the required employer contribution, is based on a smoothed value of assets
- **Asset smoothing** is a tool to reduce contribution volatility

## Market Value of Assets

- This is the actual amount of assets held in the plan (also called fiduciary net position) and is shown in your quarterly statements

## Actuarial Value of Assets

- This number uses a *smoothed* asset value, and therefore is different than the actual amount of assets held in the plan

# How Smoothing Works

Spreads investment gains and losses over five years



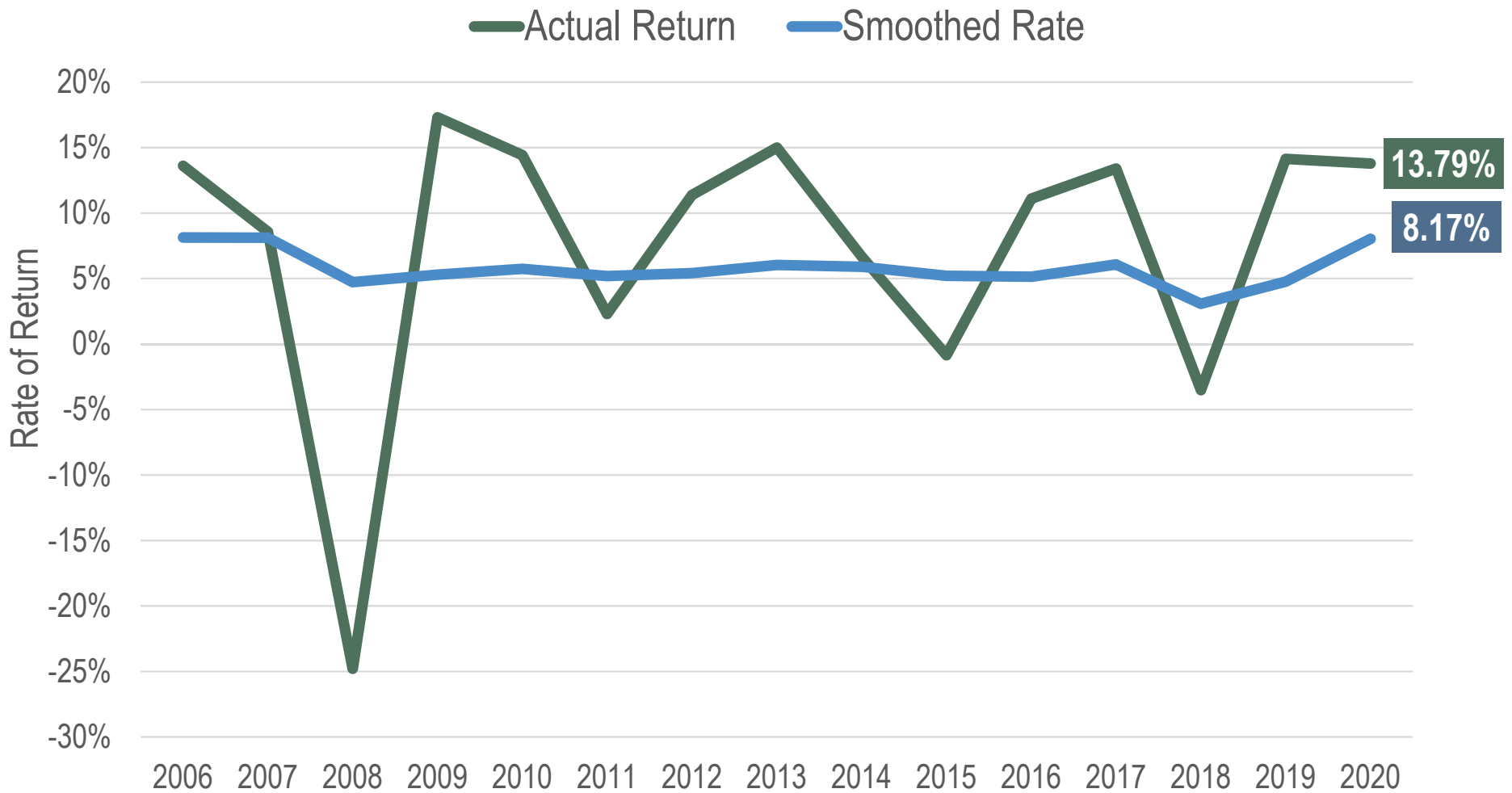
# How Smoothing Works

Spreads investment gains and losses over five years



# Effect of Smoothing

Smoothing is a buffer against extreme fluctuations in the market

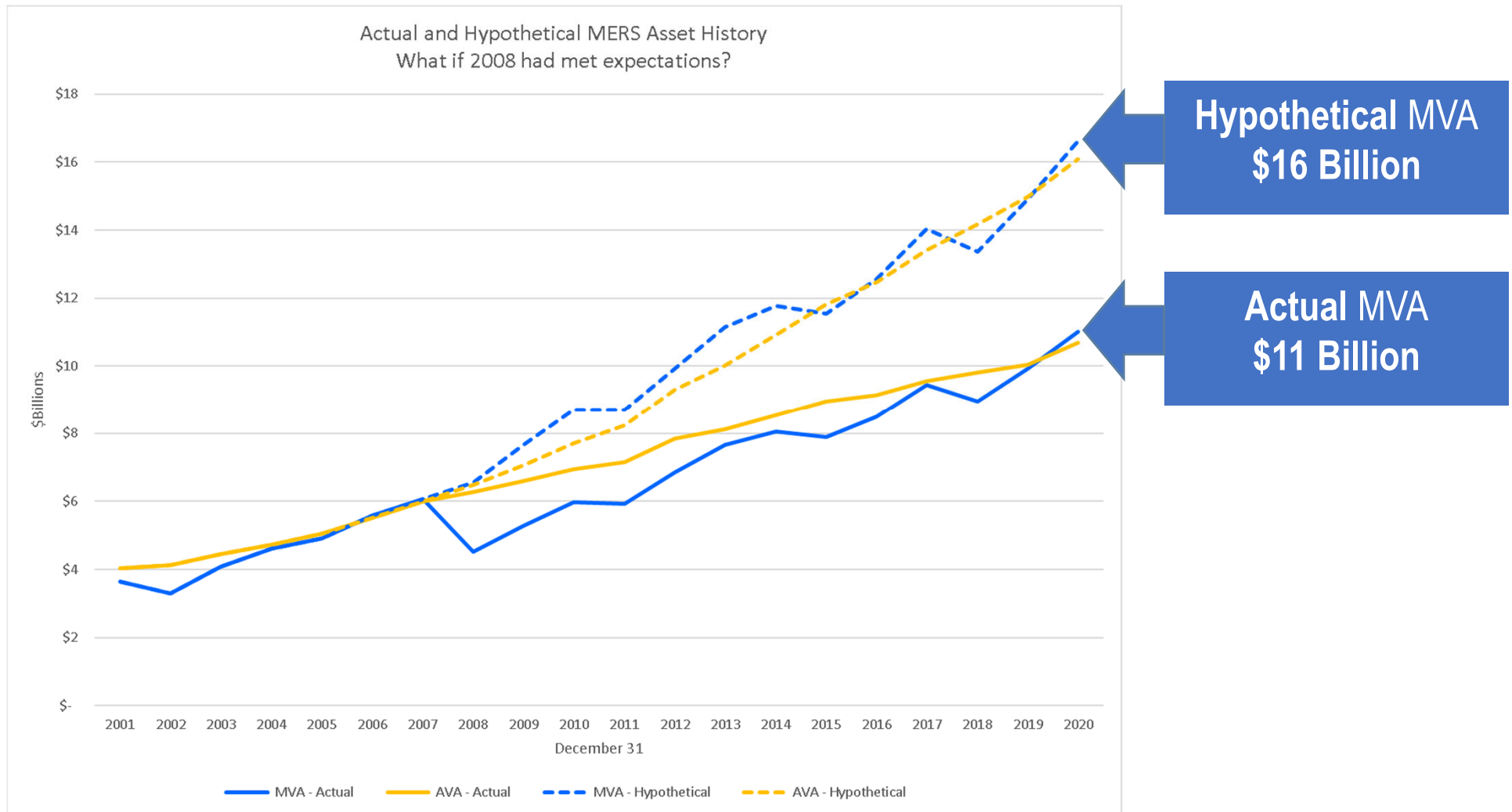


\*Investment rate of return is gross of fees



# The Impact of 2008 Still Lingers

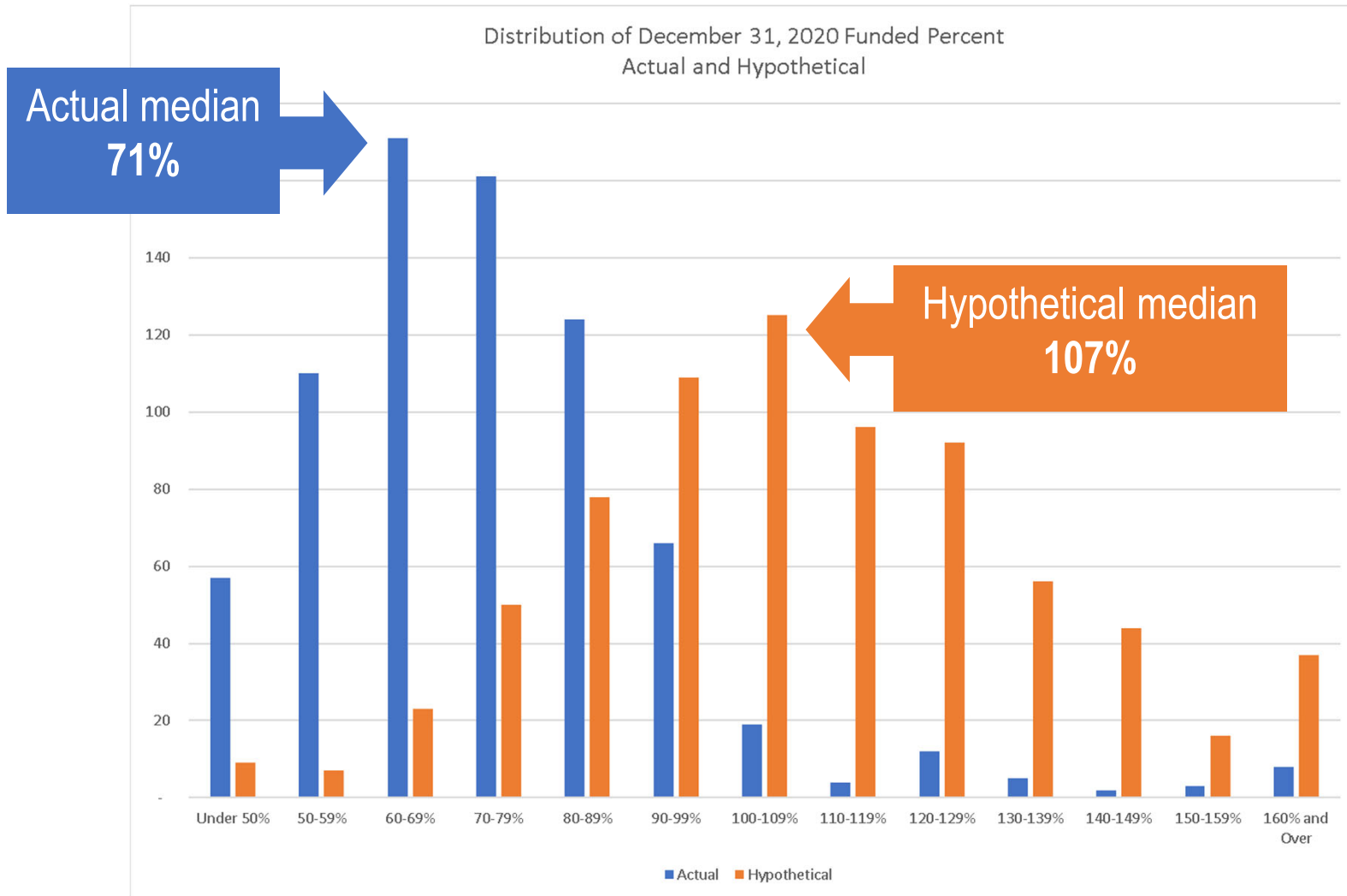
What if we had hit the 8.00% investment return assumption in 2008?



\*Returns shown are as calculated by the actuary and will differ from MERS website

# Impact of Hypothetical Assets

The distribution of funded ratios would be significantly higher today



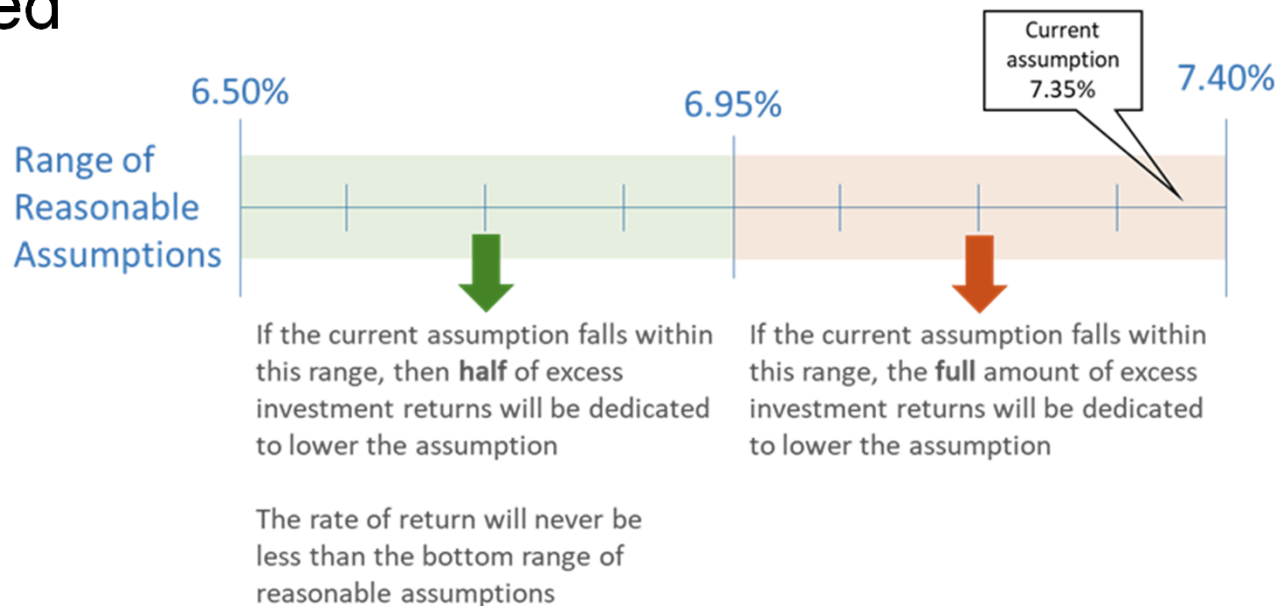
# **NEW!** Dedicated Gains Policy

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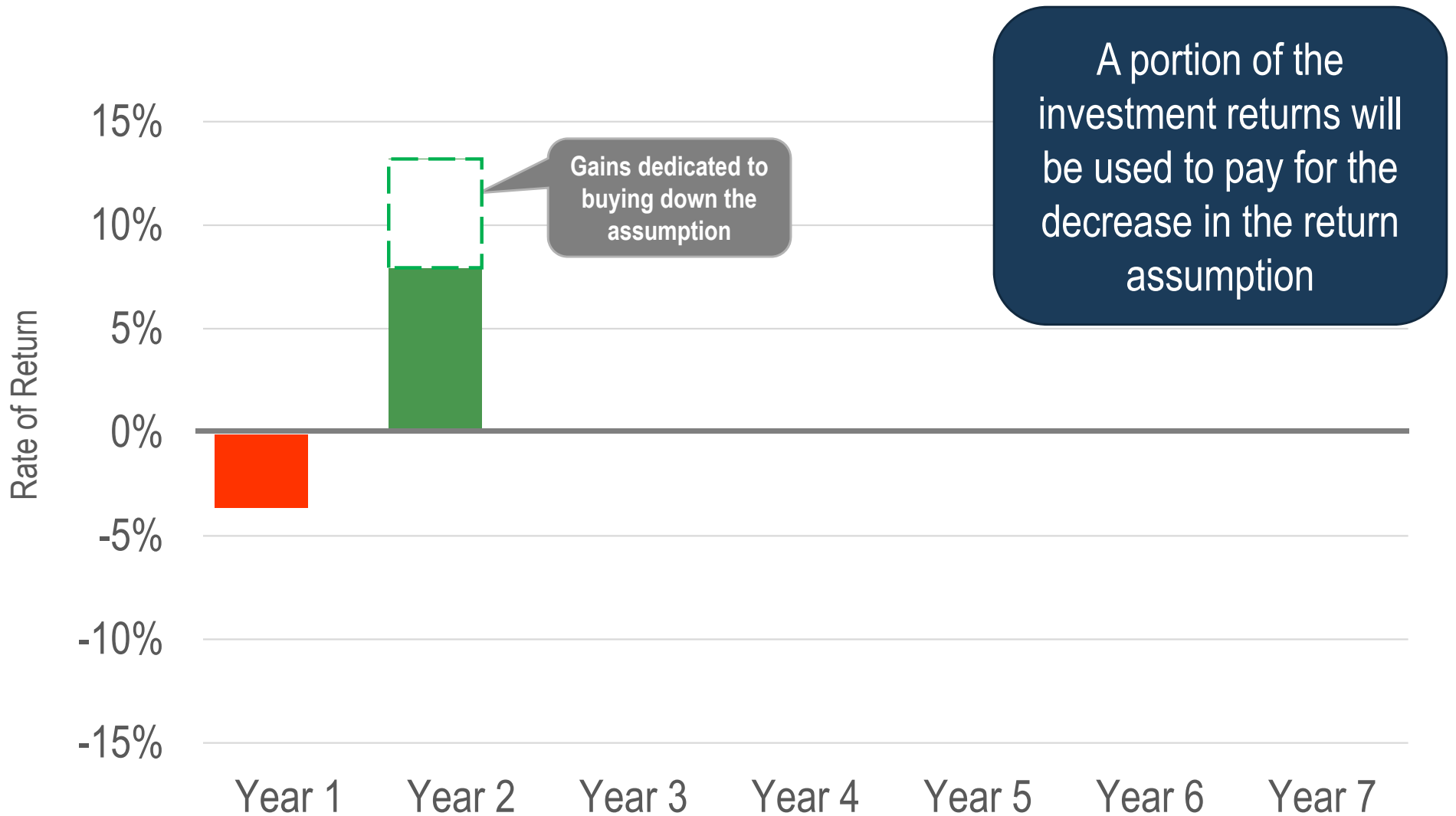
- Based on your feedback, MERS worked together with GRS and the MERS Retirement Board to develop a **Dedicated Gains Policy** that will allow us to systematically reduce the assumed investment rate of return in a way that **mitigates the financial impact on our members**
- Beginning **with the 12/31/21 valuation**, we will automatically reduce the investment return assumption when the actual investment return exceeds a predetermined amount
- While a portion of the excess returns will continue to be smoothed over a five-year period, **some excess returns will be immediately recognized** to offset increases in contributions

# Dedicated Gains Policy, Continued

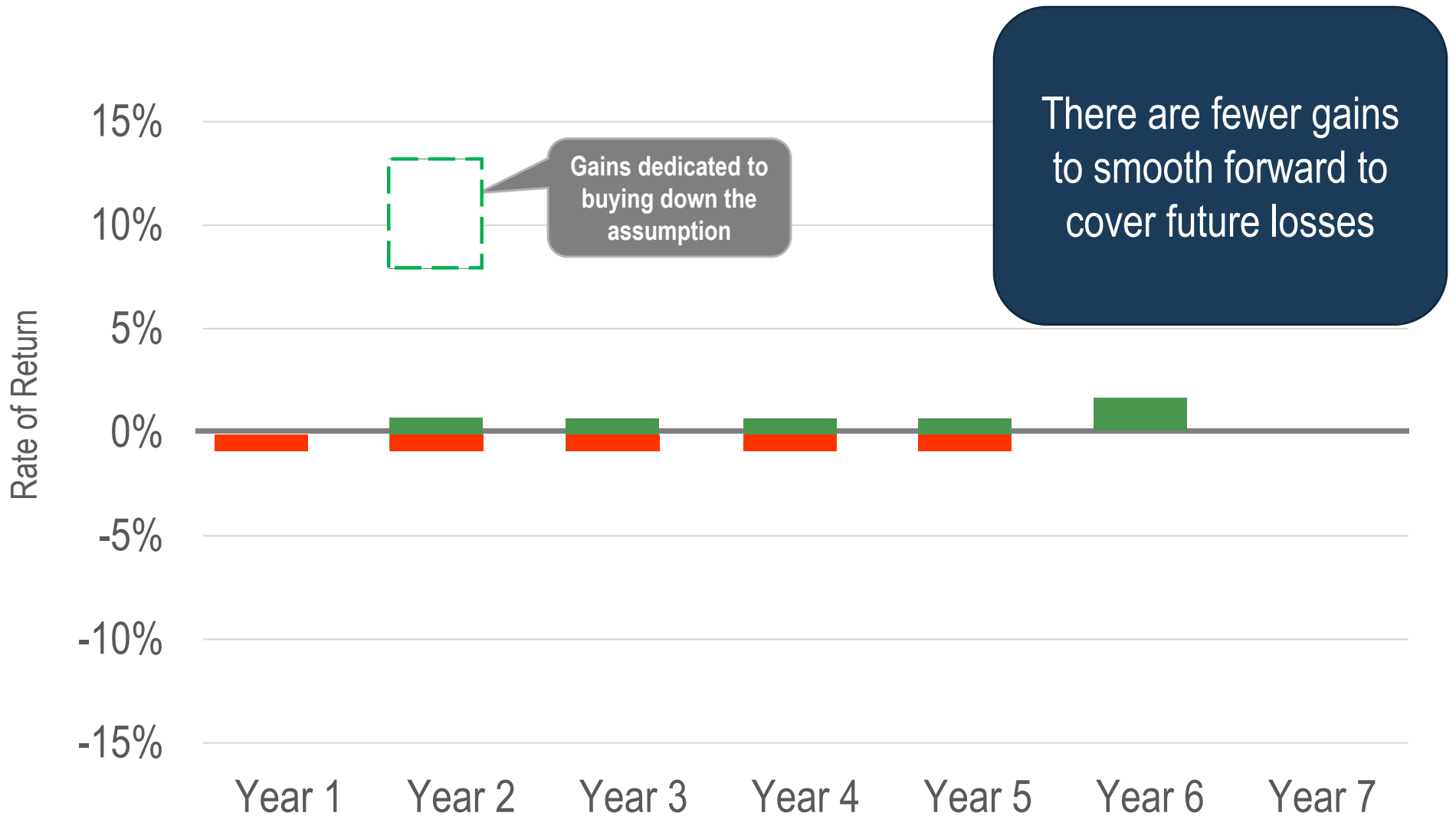
- Reducing the investment return assumption this way uses the investment gains to absorb the impact, **rather than passing the impact directly on to funded levels and increasing required contributions**
- A three-year average range of reasonable assumptions will be used to determine the amount of gains that will be used



# Dedicated Gains Policy Impact on Smoothing



# Dedicated Gains Policy Impact on Smoothing





# Continuing Our Partnership



## MERS Resources

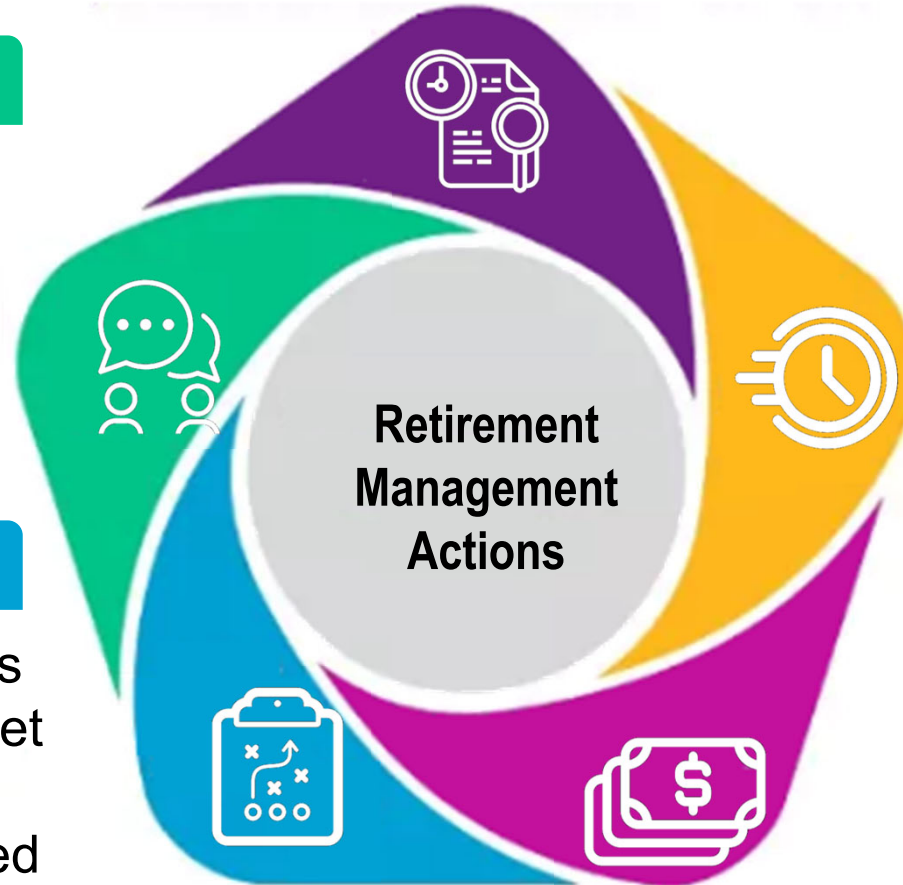
- Review valuation projections & alternative scenarios
- Explore videos and FAQs
- Meet with MERS representative

## Communication

- Communicate with key stakeholders
- MERS is here to partner with you

## Plan Design Review

- Review plan designs
- Consider your budget goal for both your current and proposed retirement plans



## Short-Term Options

- Consider if impact relief options or an amortization extension is needed

## Funding Strategies

- Review strategies to increase assets such as cost sharing, voluntary contributions or bonding



# New Self Service Tool – Coming Soon!

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- As part of our fiduciary responsibility, MERS is committed to helping customers understand and manage their retirement plans
- We have partnered with **GovInvest**, a leading data visualization organization, to provide you with an actuarial self-service online tool
- You will be able to run projections, compare data with peer groups, review historical data and analyze your liabilities
- Our goal is to bring your data to life to assist with understanding, analyzing and communicating with stakeholders about your plan



# Participant Resources



## One Click Away

- To keep up with trending information related to retirement follow us on social media
- Our website provides helpful calculators and sound advice via our CentsAbility blog



## Live and Recorded Webinars

- *Quick Bite Webinars* educate participants on financial wellness and investment topics
- *Zooming into Retirement* helps active participants plan for retirement
- *Retiree Connections* helps retirees understand important topics like Social Security and Medicare



## Customized Benefit Education

- Provide on-site and/or virtual group presentations during work hours or whenever is convenient for your employees
- Attend benefit fairs
- One-on-one meetings

\* As available

# Employer Resources

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## Employer Meetings

- Roundtable events hosted by your Regional Team members
- Meetings focused on topics such as retirement plan adequacy, managing UAL and OPEB strategies



## CEO Meetings

- Virtual/in-person meetings held with your peer municipalities across the state
- Informal conversation with MERS CEO on what's happening at MERS and how it affects you



## Annual Conference

- Held each fall and planned for late September 2022
- Educational sessions on retirement plans, retiree health care, managing pension and OPEB UAL, financial wellness, legislative updates and more



## Communications from MERS

- CEO updates and Municipal Matters emails from your Regional Manager
- Communications Corner available on our website listing all recent mailings or emails sent by MERS

# Inside MERS Investments – New Podcast

**MERS**  
Municipal Employees' Retirement System

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## Inside MERS Investments

### Inside MERS Investments Podcast

An inside look at MERS investments with Chief Investment Officer Jeb Burns exploring market performance, future forecasts, and how our strategy is adjusting to meet the long-range goals of providing stable funding for MERS' multi-billion dollar pension fund.

Show resources can be found on the right side of this page.

#### Where to Listen

Listen on these popular services:

#### Episodes

**Inside MERS Investments**  
2021 Q4 Review and Look Ahead

0:00 / 20:04

2021 Q4 - DB Investment Report

**Investment Podast**  
Quarterly updates from  
MERS CIO Jeb Burns

# Keeping Our Members Informed

The screenshot shows the MERS website interface. At the top, there is a navigation menu with links for PARTICIPANT, RETIREE, EMPLOYER, MEDIA, and MERS. A search bar is located to the right of these links. Below the navigation is a yellow banner for 'MERS' Response to Coronavirus (COVID-19)' with links for Participant Information and Employer Information. A large blue banner for 'Inside MERS Investments' features a podcast description and a play button. To the right, an 'Account Access' section includes a 'LOG IN' button and links for 'Create myMERS account', 'Forgot Username?', 'Forgot Password?', and 'Need help?'. Below these are sections for 'Video Library' and 'Financial Planning'. At the bottom, two callout boxes with red arrows point to 'Communications Corner' and 'Administrative & Policy Changes'.

## Communications Corner

A convenient reference to recent mailings or emails that were sent from MERS

## Administrative and Policy Change Log

A list of administrative and policy changes by date.

# Online Employer Resources by Role

**MERS**  
Municipal Employees' Retirement System

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## Employer

**Programs**

- Defined Benefit Plan
- Defined Contribution Plan
- Hybrid Plan
- 457 Program
- MERS IRA
- Stable Income Annuity
- Retiree Health Funding Vehicle
- Health Care Savings Program
- Health Care Exchange
- Investment Services Program
- Group Life & Disability Insurance Program

**Role Specific Information**

- Primary Contact
- HR Contact
- Finance Contact
- Reporting Contact
- Elected Official & Boards

**Trending Topics**

- Employer Reporting Project
- Experience Study
- Annual Actuarial Valuations (AAV)
- Unfunded Liability
- COVID-19
- Changing to MERS Plan
- Fiduciary Responsibility
- GASB 68/75
- Other Post-Employment Benefits
- State-Mandated Pension Reform
  - PA 202, PA 5

**Resources**

- Investments
- Forms
- Legislative
- Publications
- Communications

## Learn by Your Role

MERS has organized helpful resources by employer role, making it easy to find just what you need

### Resources For Primary Contacts

As your municipality's Primary Contact with MERS, you are the main point of contact for all plan administration and information. This page provides you with important resources and information that will help you navigate your role.

**Primary**

**New to Your Role?**

- Who is MERS?
- Your MERS Team
- Your MERS Benefits

**Important Topics for Your Role**

- GASB
- Unfunded Liability
- MERS Financial Reports
- Annual Actuarial Valuations
- Other Post Employment Benefits
- Investments

**Other Helpful Information**

# More Ways to Connect with MERS

MERS<sup>®</sup>  
Municipal Employees' Retirement System

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Search ... SEARCH

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## Contact Us

**MERS Service Center**  
Monday through Friday 8:30 a.m. - 5:00 p.m.

**Phone**  
[800.767.MERS.6377](tel:800.767.MERS.6377)

**Live Chat**  
Chat hours:  
Monday - Friday, 9 a.m. - 1 p.m.  
[Start Chat](#)

**1-on-1 Scheduler**  
[Schedule time to talk](#) to MERS over the phone regarding the following topics:

- MERS Benefit Overview
- Ready to Retire with Defined Benefit
- MERS Investment Education

For all other questions, please give us a call.

**Facebook Messenger**  
[Message us](#)

**NEW!**  
**Live Chat**  
Available  
Monday - Friday  
9 a.m. - 1 p.m.



# Regional Team



## Andrew Smith, NCFEI

Benefit Education Specialist

Andrew will be your source for ongoing education about your MERS plans and the investment options available to you.



## Colleen Kuehnel

Benefit Plan Advisor

Colleen works with employers transitioning to a new plan and assists with employee enrollment.



## Stacey Tinsley

Benefit Plan Coordinator

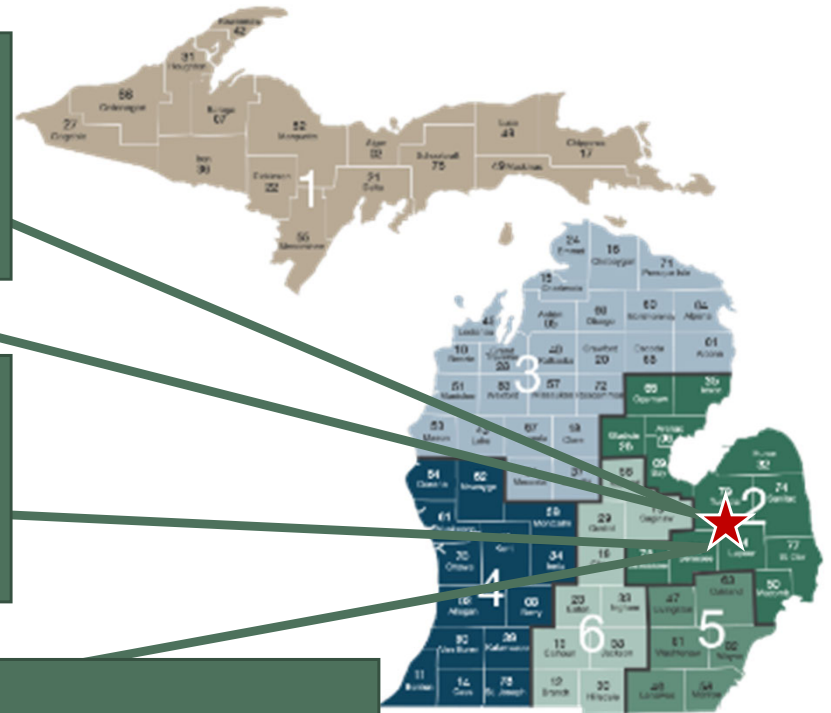
Stacey is ready to help employers with questions about the administration of the plan.



## Matt Taylor

Regional Manager

Matt is the primary point of contact for employers and provides consultation on plan and benefit changes, needs analysis, etc.



# Key Benefits of Partnering with MERS

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- ✓ Fiduciary Responsibility and Plan Compliance
- ✓ Investment Oversight and Governance
- ✓ Economies of Scale through Pooling Assets
- ✓ Full Plan Administration
- ✓ Customer Service Excellence
  - Established relationship with MERS Regional Team
  - Participant education
  - Employer resources

# Q & A

# Connect with MERS

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[www.mersofmich.com](http://www.mersofmich.com)



Live Chat



1-on-1 Appointment  
Scheduler

**MERS of Michigan**

1134 Municipal Way  
Lansing, MI 48917



**Social Media**



**800.767.MERS (6377)**



*This presentation contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.*