

**County of Muskegon, Michigan  
Defined Benefit Retirement Plan  
Summary Annual Report  
December 31, 2017**

**PLAN INFORMATION**

*Investment Fiduciary*

Municipal Employees' Retirement System of Michigan (MERS of Michigan)

*Plan Administrator*

MERS of Michigan

*Plan Actuary*

CBIZ Retirement Services

*Plan Actuary Assumptions and Methods- December 31, 2017 Valuation Date*

Actuarial investment return:	7.75%
Actuarial long term wage inflation rate:	3.75%
Asset Valuation Method:	5-year smoothing
Actuarial Cost Method:	Entry Age Normal Method

**ASSET AND INVESTMENT INFORMATION**

<i>Changes in Plan Fiduciary Net Position</i>	<u>2017</u>	<u>2016</u>
<b>REVENUES</b>		
Employee contributions	\$ 1,417,127	\$ 1,436,839
Employer contributions	7,177,037	6,260,290
Net investment income (loss)	<u>21,849,796</u>	<u>17,929,109</u>
Total Additions	<u>30,443,960</u>	<u>25,626,238</u>
<b>EXPENDITURES</b>		
Benefit Payments	18,455,093	17,582,904
Transfers and employee refunds	105,811	150,788
Administrative expenses	<u>346,767</u>	<u>354,403</u>
Total Deductions	<u>18,907,671</u>	<u>18,088,095</u>
Changes in plan fiduciary net position	11,536,289	7,538,143
Market value-January 1	<u>168,948,064</u>	<u>161,409,921</u>
Market value-December 31	<u>\$ 180,484,353</u>	<u>\$ 168,948,064</u>

<i>Funded Status</i>	<u>2017</u>	<u>2016</u>
Actuarial Accrued Liability	281,310,946	277,061,049
Actuarial Value of Assets	182,527,616	181,973,117
Funded Ratio	64.9%	65.7%

*Average Annual Investment Performance*

Period ending December 31, 2017	
1 year	13.20%
3 years	7.45%
5 years	8.67%
7 years	8.03%
10 years	5.56%

*System Administrative and Investment Expenditures*

Administration	0.19%
Investments	<u>0.13%</u>
Cost of defined benefit plan	0.32%

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***Contribution Rates by Division as a Percentage of Active Member Valuation Payroll***  
Based on Actuarial Valuation Reports dated December 31, 2016 and 2017  
For the fiscal years beginning October 1, 2018 and 2019

Employee Division (hired after dates)	Components of Employer Contribution Rates							Employee Contribution Rates	
	Employer Normal Cost		Amortization of Unfunded Accrued Liability (UAL) *			Computed Employer Rate		2018	2019
	2018	2019	2018	Amort Pd	2019	2018	2019		
01 - Public Works	6.98%	7.18%	27.38%	16	38.46%	34.36%	45.64%	4.51%	4.51%
90 - Public Works (2/1/2011)	7.42%	7.55%	1.63%	16	2.26%	9.05%	9.81%	6.50%	6.50%
04 - MCF Union	1.29%	2.64%	21.93%	16	95.03%	23.22%	97.67%	8.57%	8.57%
42 - MCF Union (3/1/2010)	4.90%	5.26%	-4.90%	10	-5.26%	-	-	4.00%	4.00%
10 - General Local 214	7.87%	7.67%	21.01%	16	26.53%	28.88%	34.21%	3.84%	3.84%
91 - Gen Local 214 (11/1/2010)	6.38%	6.56%	0.46%	16	0.95%	6.84%	7.51%	6.00%	6.00%
11 - General Nonunion	5.41%	5.37%	22.10%	14	28.05%	27.51%	33.42%	5.41%	5.41%
12 - District Court	7.94%	8.08%	41.19%	8	56.47%	49.12%	64.55%	1.50%	1.50%
13 - Health Dept Nurses	-	-	-	6	-	-	-	4.05%	4.05%
14 - CMH Workers	6.66%	6.68%	21.92%	16	36.38%	28.58%	43.06%	3.86%	3.86%
19 - CMH Workers (9/1/2010)	-	-	-	10	-	-	-	5.86%	5.86%
15 - Judges	5.74%	4.86%	42.55%	14	50.54%	48.29%	55.40%	4.13%	4.13%
17 - Com/Electeds/Admin/Dir	5.94%	5.77%	89.30%	14	101.22%	95.24%	106.99%	5.20%	5.20%
20 - Corrections Officers	8.45%	8.52%	12.76%	16	16.47%	21.22%	24.99%	2.69%	2.69%
24 - Corrections (9/1/2010)	5.90%	5.99%	0.81%	16	1.76%	6.72%	7.74%	5.69%	5.69%
22 - Deputies Local 214	7.94%	8.07%	35.10%	16	42.69%	43.03%	50.76%	5.00%	5.00%
25 - Deputies (1/1/2011)	7.79%	7.85%	1.00%	16	1.68%	8.79%	9.52%	6.50%	6.50%
23 - Sheriff Command	5.63%	5.47%	55.56%	16	67.08%	61.19%	72.55%	7.33%	7.33%
26 - Command (1/1/2011)	-	-	-	n/a	-	-	-	-	-
41 - AFSCME #570	3.69%	3.54%	32.39%	10	43.19%	36.08%	46.74%	5.58%	5.58%
Weighted Average Percentage	6.36%	6.33%	26.22%		32.63%	32.58%	38.97%	4.81%	4.83%

\* Amortization period shown in years as of 12/31/2017. All divisions closed to new hires prior to 2017, with new hires not covered by MERS Defined Benefit Plan or Hybrid Plan Provisions. The amortization period was shortened in order to ensure adequate funding of the closed division. The UAL is being amortized using the "Accelerated to 5-Year Amortization Method" under which the otherwise applicable MERS-wide standard amortization period for positive unfunded liabilities in effect in the valuation year in which the division is closed is decreased annually by 2 years until the period reaches 6 or 5 years. Each year thereafter the amortization period is decreased by one year each valuation year until the unfunded liability is paid off. (The standard amortization period for a division with negative initial UAL is 10 years, with the 10 year period reestablished with each annual actuarial valuation.)

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*Defined Benefit Retirement Plan Membership Information by Division*  
**Based on Actuarial Valuation Report dated December 31, 2017**

Employee Division (hired after dates)	Date Closed to New Hires	Active Members		Vested former employees		Retirees and Beneficiaries			Total Participants
		Number	Payroll Valuation 12/31/2017	Number	Annual Deferred Benefits	Number	Annual Benefits Being Paid	Average Annual Benefit	
01 - Public Works	2/1/2011	19	\$ 1,045,216	4	\$ 42,987	55	\$ 902,758	\$ 16,414	78
90 - Public Works (2/1/2011)	11/1/2014	8	388,639	0	-	0	-	-	8
04 - MCF Union	3/1/2010	1	41,748	1	3,356	36	432,139	12,004	38
42 - MCF Union (3/1/2010)	11/1/2014	3	173,790	0	-	0	-	-	3
10 - General Local 214	11/1/2010	101	4,322,262	41	445,714	212	2,801,471	13,214	354
91 - Gen Local 214 (11/1/2010)	11/1/2014	32	1,154,028	1	1,429	0	-	-	33
11 - General Nonunion	8/1/2009	188	11,189,532	90	1,217,096	456	8,102,496	17,769	734
12 - District Court	7/1/2008	10	423,048	2	20,440	24	392,808	16,367	36
13 - Health Dept Nurses	8/21/2007	0	-	4	64,055	17	257,647	15,156	21
14 - CMH Workers	9/1/2010	3	136,058	22	273,134	35	381,120	10,889	60
19 - CMH Workers (9/1/2010)	11/1/2014	0	-	0	-	0	-	-	0
15 - Judges	8/1/2009	4	132,376	0	-	9	145,859	16,207	13
17 - Com/Electeds/Admin/Dir	8/1/2009	15	1,345,997	4	157,915	43	2,006,689	46,667	62
20 - Corrections Officers	9/1/2010	26	1,575,116	4	44,903	22	524,655	23,848	52
24 - Corrections (9/1/2010)	11/1/2014	10	613,941	0	-	0	-	-	10
22 - Deputies Local 214	1/1/2011	24	1,593,583	2	38,049	47	1,050,910	22,360	73
25 - Deputies (1/1/2011)	11/1/2014	6	377,620	0	-	1	3,174	3,174	7
23 - Sheriff Command	1/1/2011	13	980,058	1	24,547	29	958,647	33,057	43
26 - Command (1/1/2011)	11/1/2014	0	-	0	-	0	-	-	0
41 - AFSCME #570	11/1/2014	17	638,797	13	106,766	93	877,159	9,432	123
Totals		480	\$ 26,131,809	189	\$ 2,440,391	1079	\$ 18,837,532	\$ 17,458	1748