

County of Muskegon, Michigan
Retiree Health Care Benefit
Summary Annual Report for Other Postemployment Benefits (OPEB / Retiree Health Care)
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2018
Based on Actuarial Valuation of Retiree Medical Benefits as of October 1, 2016

Summary Annual Reporting requirements of Public Act 530 of 2016, Sec. 13, subsection (3), paragraph letter (i):
(Subparagraph Roman numerals)

(i) The name of the system: **Muskegon County Retiree Health Care Benefit**

(ii) The name of the system's investment fiduciary and *(iii)* names of system's service providers.

Investment Fiduciary

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

Plan Administrator

County of Muskegon

Plan Actuary

Lewis & Ellis, Inc.

(iv) The system's assets and liabilities and changes in net plan assets on a plan-year basis:

	For the years ended Sept 30,	
	2018	2017
<i>Changes in Plan Fiduciary Net Position</i>	(unaudited)	_____
REVENUES		
Retiree contributions	\$ 620,464	\$ 568,512
Employer contributions	1,870,502	1,967,737
Net investment income (loss)	<u>2,792,252</u>	<u>5,716,799</u>
Total Additions	<u>5,283,218</u>	<u>8,253,048</u>
EXPENDITURES		
Benefit Payments	4,499,951	4,215,210
Transfers and employee refunds	-	-
Administrative expenses	<u>129,731</u>	<u>163,989</u>
Total Deductions	<u>4,629,682</u>	<u>4,379,199</u>
Changes in plan fiduciary net position	653,536	3,873,849
Market value-October 1	<u>53,193,850</u>	<u>49,320,001</u>
Market value-September 30	<u>\$ 53,847,386</u>	<u>\$ 53,193,850</u>

(v) The system's funded ratio based on the ratio of valuation assets to actuarial accrued liabilities on a plan-year basis:

Per actuarial report dated 11/6/2018 using 10/1/2016 actuarial valuation:

	<i>Funded Status</i>	9/30/2018	9/30/2017
Actuarial Accrued Liability		132,437,393	116,855,989
Actuarial Value of Assets		53,847,386	53,193,850
Funded Ratio		40.7%	45.5%

\$15.6 million increase in AAL reflects the change in discount rate to 5.35% from 6.00% for prior year.

(vi) The system's investment performance net of fees on a rolling calendar year basis for the previous 1-, 3-, 5-, 7-, and 10-year periods:

Average Annual Investment Performance

Period ending September 30, 2018

1 year	5.31%
3 years	9.23%
5 years	7.10%
7 years	n/a
10 years	6.79%

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(SUB-SUBPARAGRAPH LETTERS)

(vii) The system's administrative and investment expenditures:

Administration	0.51%
Investments	<u>0.48%</u>
Cost of retiree health benefit	0.99%

(viii) The system's itemized budget: n/a to local government

(ix) The following information as provided in the system's most recent annual actuarial valuation report:

Per actuarial valuation reports dated:

		Participant summary	10/1/2016	10/1/2014
(A)	Number of active members		534	716
(B)	Retirees and surviving spouses		<u>623</u>	<u>589</u>
	Total participants		1157	1305
(C)	Average annual retirement allowance:		n/a	
(D)	Annual retirement allowances being paid:		n/a	
(E)	The valuation payroll:	Covered payroll	\$26,359,248	\$32,178,697
		Normal cost	\$1,004,530	\$1,292,244
(F)	Normal cost of benefits as expressed as % of payroll		3.8%	4.0%
	Employer contributions		\$1,924,382	\$1,889,505
(G)	The employer's total contribution rate expressed as a percentage of valuation payroll:		7.3%	5.9%
(H)	Weighted average of member contributions, if any:	n/a - no member contributions		
(I)	Actuarial assumed rate of investment return:		8%	8%
(J)	Actuarial assumed rate of long-term wage inflation:		2%	2%
(K)	The smoothing method utilized to determine the funding value of assets:		n/a	
(L)	Amortization method and period utilized for funding the system's unfunded actuarial accrued liabilities:		10/1/2016	10/1/2014
	Amortization period:		20 years	22 years
	Amortization method:		Level Dollar, Closed	
(M)	The system's actuarial cost method:	Entry Age Normal – Level % of Pay		
(N)	Whether system membership is open or closed to specific groups of employees:	All employee groups are CLOSED to new hires		
(O)	The actuarial assumed rate of health care inflation:		Pre-65	Post-65
	Assumed health care inflation rates		<u>7.0%</u>	<u>4.5%</u>
	Medical portion of costs		7.0%	10.0%
	Rx portion of costs		7.0%	10.0%

(x) Travel report: n/a

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Additional requirements of Public Act 530 of 2016, Sec. 20h, subsection (7):

MCL 38.1140h (7) For a system other than a state unit, if the system's actuarial accrued liability for retiree health or pension is not at least 60% funded according to the most recent summary annual report created under section 13, the system shall post an informational report on the system's website outlining the steps, if any, the system may be taking to decrease the system's unfunded actuarial accrued liability. The system shall submit to the department of treasury, in a reasonable time frame and in a manner determined by the department of treasury, the steps the system may be taking under this subsection. As used in this subsection, "state unit" means that term as defined in section 13.

Muskegon County 2018 *Retiree Health Care Informational Report* submitted separately and posted to County web site.