

**County of Muskegon, Michigan  
Defined Benefit Retirement Plan  
Summary Annual Report  
December 31, 2018**

**PLAN INFORMATION**

*Investment Fiduciary*

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

*Plan Administrator*

MERS of Michigan

*Plan Actuary*

Gabriel, Roeder, Smith & Company (GRS)

*Plan Actuary Assumptions and Methods- December 31, 2018 Valuation Date*

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

**ASSET AND INVESTMENT INFORMATION**

<i>Changes in Plan Fiduciary Net Position</i>	<u>2018</u>	<u>2017</u>
<b>REVENUES</b>		
Employer contributions:		
Monthly invoiced	\$ 8,145,796	\$ 7,177,037
Public works special contribution	6,900,000	-
Pension obligation bonds	<u>42,685,250</u>	<u>-</u>
Employer contributions total	57,731,046	7,177,037
Employee contributions	1,380,205	1,417,127
Net investment income (loss)	<u>(7,167,381)</u>	<u>21,849,796</u>
<b>Total Additions</b>	<u>51,943,870</u>	<u>30,443,960</u>
<b>EXPENDITURES</b>		
Benefit Payments	19,305,354	18,455,093
Transfers and employee refunds	237,174	105,811
Administrative expenses	<u>347,089</u>	<u>346,767</u>
<b>Total Deductions</b>	<u>19,889,617</u>	<u>18,907,671</u>
Changes in plan fiduciary net position	32,054,253	11,536,289
Market value-January 1	<u>180,484,353</u>	<u>168,948,064</u>
Market value-December 31	<u>\$ 212,538,606</u>	<u>\$ 180,484,353</u>

<i>Funded Status</i>	<u>2018</u>	<u>2017</u>
Actuarial Accrued Liability	268,847,607	281,310,946
Actuarial Value of Assets	232,802,461	182,527,616
Funded Ratio	87%	65%

*Average Annual Investment Performance*

Period ending December 31, 2018	
1 year	-3.51%
3 years	6.73%
5 years	5.16%
7 years	7.39%
10 years	8.51%

*System Administrative and Investment Expenditures*

Administration	0.20%
Investments	<u>0.14%</u>
Cost of defined benefit plan	0.34%

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*Contribution Rates by Division as a Percentage of Active Member Valuation Payroll*  
**Based on Actuarial Valuation Reports dated December 31, 2017 and 2018  
For the fiscal years beginning October 1, 2019 and 2020**

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		2019	2020
	2019	2020	2019	Amort Pd	2020	2019	2020		
01 - Public Works	7.18%	6.05%	38.46%	10	0.00%	45.64%	6.05%	4.51%	4.51%
90 - Public Works (2/1/2011)	7.55%	6.20%	2.26%	10	0.00%	9.81%	6.20%	6.50%	6.50%
04 - MCF Union	2.64%	-	95.03%	14	-	97.67%	-	8.57%	8.57%
42 - MCF Union (3/1/2010)	5.26%	-	-5.26%	10	-	-	-	4.00%	4.00%
10 - General Local 214	7.67%	6.63%	26.53%	14	12.68%	34.21%	19.31%	3.84%	3.84%
91 - Gen Local 214 (11/1/2010)	6.56%	5.50%	0.95%	10	0.00%	7.51%	5.50%	6.00%	6.00%
11 - General Nonunion	5.37%	4.48%	28.05%	12	10.87%	33.42%	15.35%	5.41%	5.41%
12 - District Court	8.08%	7.86%	56.47%	10	19.58%	64.55%	27.44%	1.50%	1.50%
13 - Health Dept Nurses	-	-	-	10	-	-	-	4.05%	4.05%
14 - CMH Workers	6.68%	7.94%	36.38%	14	70.86%	43.06%	78.80%	3.86%	3.86%
19 - CMH Workers (9/1/2010)	-	-	-	10	-	-	-	5.86%	5.86%
15 - Judges	4.86%	2.82%	50.54%	12	22.93%	55.40%	25.75%	4.13%	4.13%
17 - Com/Electeds/Admin/Dir	5.77%	4.90%	101.22%	12	20.39%	106.99%	25.29%	5.20%	5.20%
20 - Corrections Officers	8.52%	8.41%	16.47%	14	11.71%	24.99%	20.12%	2.69%	2.69%
24 - Corrections (9/1/2010)	5.99%	6.05%	1.76%	14	1.67%	7.74%	7.71%	5.69%	5.69%
22 - Deputies Local 214	8.07%	6.80%	42.69%	14	4.51%	50.76%	11.30%	5.00%	5.00%
25 - Deputies (1/1/2011)	7.85%	6.54%	1.68%	10	0.00%	9.52%	6.54%	6.50%	6.50%
23 - Sheriff Command	5.47%	4.98%	67.08%	14	2.62%	72.55%	7.59%	7.33%	7.33%
26 - Command (1/1/2011)	-	-	-	n/a	-	-	-	-	-
41 - AFSCME #570	3.54%	-	43.19%	10	-	46.74%	-	5.58%	5.58%
Weighted Average Percentage	6.33%	5.52%	32.63%		10.92%	38.97%	16.45%	4.83%	4.83%

\* Amortization period shown in years as of 12/31/2018. All divisions closed to new hires prior to 2018, 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, 2018**

Employee Division (hired after dates)	Date Closed to New Hires	Active Members		Vested former employees		Retirees and Beneficiaries			Total Participants
		Number	Payroll Valuation 12/31/2018	Number	Annual Deferred Benefits	Number	Annual Benefits Being Paid	Average Annual Benefit	
01 - Public Works	2/1/2011	17	\$ 943,410	3	\$ 37,442	56	\$ 945,000	\$ 16,875	76
90 - Public Works (2/1/2011)	11/1/2014	8	401,033	0	-	0	-	-	8
04 - MCF Union	3/1/2010	0	-	2	11,429	36	432,138	12,004	38
42 - MCF Union (3/1/2010)	11/1/2014	0	-	0	-	0	-	-	0
10 - General Local 214	11/1/2010	86	3,827,219	41	450,876	218	2,984,213	13,689	345
91 - Gen Local 214 (11/1/2010)	11/1/2014	31	1,224,967	1	1,429	0	-	-	32
11 - General Nonunion	8/1/2009	167	10,418,942	87	1,262,313	471	8,461,582	17,965	725
12 - District Court	7/1/2008	10	428,793	2	20,441	24	392,809	16,367	36
13 - Health Dept Nurses	8/21/2007	0	-	4	64,055	17	257,649	15,156	21
14 - CMH Workers	9/1/2010	2	89,073	22	269,088	36	392,323	10,898	60
19 - CMH Workers (9/1/2010)	11/1/2014	0	-	0	-	0	-	-	0
15 - Judges	8/1/2009	4	136,476	0	-	9	145,859	16,207	13
17 - Com/Electeds/Admin/Dir	8/1/2009	14	1,361,342	3	148,000	45	2,022,780	44,951	62
20 - Corrections Officers	9/1/2010	22	1,324,266	5	72,260	24	547,522	22,813	51
24 - Corrections (9/1/2010)	11/1/2014	10	607,233	0	-	0	-	-	10
22 - Deputies Local 214	1/1/2011	22	1,498,412	2	38,050	47	1,088,872	23,167	71
25 - Deputies (1/1/2011)	11/1/2014	6	377,524	0	-	1	3,174	3,174	7
23 - Sheriff Command	1/1/2011	13	987,144	1	24,547	31	1,120,624	36,149	45
26 - Command (1/1/2011)	11/1/2014	0	-	0	-	0	-	-	0
41 - AFSCME #570	11/1/2014	0	-	17	147,342	98	948,301	9,677	115
Totals		412	\$ 23,625,834	190	\$ 2,547,272	1113	\$ 19,742,846	\$ 17,738	1715