

Eaton County 2016 Retirement System Summary Annual Report
Public Act 530 of 2016

Section 13 (1)(d)

(i)	Name of System	Eaton County
(ii)	Names of Investment Fiduciaries	MERS of Michigan is the Investment Fiduciary
(iii)	Systems Service Providers	MERS of Michigan, CBIZ Retirement Plan Services (actuary)
(iv)	System's assets and liabilities/changes	Annual statement of fiduciary net position
	Balance as of 12/31/15	\$ 78,950,373.37
	Contributions	\$ 4,835,152.76
	Benefits Paid	\$ (7,981,139.25)
	Net Investment Income	\$ 8,839,904.25
	Admin Expenses	<u>\$ (174,597.31)</u>
	Balance as of 12/31/16	<u>\$ 84,469,693.82</u>
(v)	System's funded ratio	60.70%
(vi)	Investment performance	Investment performance net of fees:
	1 year:	10.85%
	3 years:	5.32%
	5 years:	8.30%
	7 years:	8.18%
	10 years:	5.11%
(vii)	System admin & invest expenses	At December 31, 2016, the cost of the Defined Benefit Plan was 0.39% (0.21% for administration and 0.18% for investments)
(viii)	System's budget	Not applicable to local governments within MERS
(ix)	(A) Number of Actives	365
	(B) Number of retirees/beneficiaries	285
	(C) The average annual retirement allowance	\$ 28,733
	(D) Total annual retirement allowance	\$ 8,188,818
	(E) Valuation payroll for active employees	\$ 18,444,571
	(F) Normal Cost and/or percentage	Normal Cost Normal Cost %
	Division 01	\$ 94,718 5.81%
	Division 02	\$ 138,368 5.79%
	Division 10	\$ 87,745 5.01%
	Division 11	\$ 6,146 5.62%
	Division 12	\$ 16,509 8.50%
	Division 13	\$ 19,507 6.26%
	Division 15	\$ 1,458 6.48%
	Division 16	\$ 3,232 4.52%
	Division 20	\$ 134,989 7.75%
	(G) Total computed employer contribution	\$ 6,032,100
	(H) Weighted average member contributions	9.99%
	(I) Actuarial investment return	7.75%
	(J) Actuarial long-term inflation	3.75%
	(K) Smoothing method	5 years
	(L) Amortization period	22 years
	(M) Actuarial cost method	Entry Age Normal Method
	(N) Open or closed membership	
	Division 01	Open
	Division 02	Open
	Division 10	Open
	Division 11	Open
	Division 12	Open
	Division 13	Open
	Division 15	Open
	Division 16	Open
	Division 20	Open
(x)	(O) Health Care inflation	Not Applicable
	Travel report	Not applicable to local governments within MERS

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Section 20h (7)

As a participating municipality in the Municipal Employees' Retirement System (MERS), Eaton County is subject to the fiscal best practices adhered to by MERS in the determination of its Unfunded Actuarial Liability (UAL):

MERS conducts an Experience Study every five years to ensure assumptions match actual experience and make adjustments when necessary.

MERS uses a fixed amortization period.

MERS implements checks and balances to eliminate unexpected pension spikes. Actuarial loads are applied to groups that have demonstrated a history of Final Average Compensation increases.

MERS UAL amortization is on track to be paid off in 23 years.

Eaton County may be taking any one of, or combination of the following steps to decrease its unfunded actuarial accrued liabilities, through current collective bargaining negotiations with represented employee groups:

Adoption of a MERS Bridged Benefit, with reduced defined benefit multipliers for existing employees.

Restrictions to the calculation of Final Average Compensation (FAC), to include Base Pay only (e.g., exclusion of overtime compensation from the calculation of FAC)

Establishing lower benefits offered to new hires.

Adoption a MERS Hybrid Plan for new hires.

Adoption a MERS Defined Contribution Plan for new hires.