





MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM OF MICHIGAN
2018

2014 BUDGET LETTER

“After reviewing the 2013 budget, it became quite clear that rising legacy costs are beginning to take a toll on our ability to fund capital projects. This year alone, we are allocating an additional \$525,000 in pension costs above the 2013 level.”

August, 2013

2018 THE HIGHEST % OF FUNDED RATIO SINCE 1999

* Reflects assets from Surplus divisions, if any.

	12/31/2018	12/31/1995
Funded Ratio	63%	54%

MERIDIAN TOWNSHIP FUNDING LEVEL 20 YEAR HISTORY

Valuation Date December 31	Percent Funded
1999	54%
2013	60%
2014	59%
2015	57%
2016	58%
2017	64%
2018	63%

MONTHLY CONTRIBUTIONS

2018=\$209,060

2019=\$197,761

2020=\$214,649

	Percentage of Payroll				Monthly \$ Based on Projected Payroll			
	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in	Phase-in	No Phase-in
Valuation Date:	12/31/2018	12/31/2018	12/31/2017	12/31/2017	12/31/2018	12/31/2018	12/31/2017	12/31/2017
Fiscal Year Beginning:	January 1, 2020	January 1, 2020	January 1, 2019	January 1, 2019	January 1, 2020	January 1, 2020	January 1, 2019	January 1, 2019
Division								
01 - DPW	-	-	-	-	\$ 9,878	\$ 10,172	\$ 8,592	\$ 9,180
02 - Police Patrol	24.59%	25.07%	21.60%	22.53%	38,272	39,012	34,452	35,932
05 - Firefighters	-	-	-	-	106,051	107,672	98,556	101,798
10 - Admin Professional	-	-	-	-	8,087	8,416	7,267	7,925
11 - Teamsters	13.97%	14.04%	13.48%	13.62%	1,022	1,027	947	957
12 - Admin Prof on/aft 1/1/17	4.15%	4.15%	5.59%	5.59%	853	853	819	819
13 - DPW on/aft 01/1/17	2.97%	2.97%	2.87%	2.87%	668	668	458	458
20 - Police Command	62.12%	63.21%	58.22%	60.62%	45,809	46,613	39,084	40,692
50 - Fire on/aft 1/1/17	1.63%	1.63%	0.00%	0.00%	216	216	0	0
Municipality Total					\$ 210,856	\$ 214,649	\$ 190,175	\$ 197,761

100% FUNDING IN 10 YEARS?

\$327,993 X 12 = \$3,935,916

2020 = \$4,575,788 (planned)

MERS strongly encourages employers to contribute more than the minimum contribution shown above.

Assuming that experience of the plan meets actuarial assumptions:

- To accelerate to a 100% funding ratio in 10 years, estimated monthly employer contributions for the fiscal year beginning in 2019 for the entire employer would be \$327,993, instead of \$210,856.

CAN WE RELY ON MERS 7.75% ROR?

WE ARE USING THE 5.75% MODEL (2018)

WE ARE NOW USING A 5.0% MODEL

12/31/2018 Valuation Results	Assumed Future Annual Smoothed Investment Return Assumption		
	Lower Future Annual Returns		Valuation Assumption
	5.75%	7.35%	7.75%
Accrued Liability	\$ 87,694,266	\$ 71,120,095	\$ 68,549,666
Valuation Assets	\$ 43,010,072	\$ 43,010,072	\$ 43,010,072
Unfunded Accrued Liability	\$ 44,684,194	\$ 28,110,023	\$ 25,539,594
Funded Ratio	49%	60%	63%
Monthly Normal Cost	\$ 107,183	\$ 48,884	\$ 49,188
Monthly Amortization Payment	\$ 240,344	\$ 186,514	\$ 165,461
Total Employer Contribution	\$ 347,527	\$ 235,398	\$ 214,649

WHAT WOULD OUR ANNUAL PAYMENT BY AT 100% FUNDING?

EMPLOYER CONTRIBUTIONS

Emp. Cost	Payment of liab. No Phase-In	
-	-	-
11.20%	13.87%	25.07%
-	-	-
-	-	-
6.33%	7.71%	14.04%
4.37%	-0.22%	4.15%
2.87%	0.10%	2.97%
8.57%	54.64%	63.21%
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\$ 4,488	\$ 5,684	\$ 10,172
17,427	21,585	39,012
15,717	91,955	107,672
3,014	5,402	8,416
463	564	1,027
898	(45)	853
645	23	668
6,320	40,293	46,613
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\$ 49,188	\$ 165,461	\$ 214,649
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\$ 590,256	\$ 1,985,532	\$ 2,575,788

A GLOBAL PLAN TO FIX ROADS BEYOND 2026



ACCRUED LIABILITIES AND ASSETS- DPW

Division-DPW	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	\$ 5,384,787	\$ 4,459,467	83%	\$ 925,320

ACCRUED LIABILITIES AND ASSETS- POLICE PATROL

Division-Police Patrol	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	\$ 14,165,177	\$ 10,641,630	75%	\$ 3,523,547

ACCRUED LIABILITIES AND ASSETS- FIREFIGHTERS

Division-Firefighters	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	\$ 28,979,635	\$ 13,874,155	48.0%	\$ 15,105,480

ACCRUED LIABILITIES AND ASSETS- ADMINISTRATIVE PROFESSIONAL

Division-Administrative Professional	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
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	\$ 4,447,557	\$ 3,564,955	80%	\$ 882,602
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ACCRUED LIABILITIES AND ASSETS- TEAMSTERS

Division-Teamsters	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
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	\$ 1,488,750	\$ 1,396,438	94%	\$ 92,312
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ACCRUED LIABILITIES AND ASSETS- DPW ON/AFT 01/01/17

Division-DPW	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
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	\$ 20,539	\$ 17,555	85%	\$ 2,984
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ACCRUED LIABILITIES AND ASSETS- POLICE COMMAND

Division-Police Command	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	\$ 14,043,572	\$ 7,460,719	53%	\$ 6,582,853

ARE THE 2017 BENEFIT MODIFICATIONS WORKING?

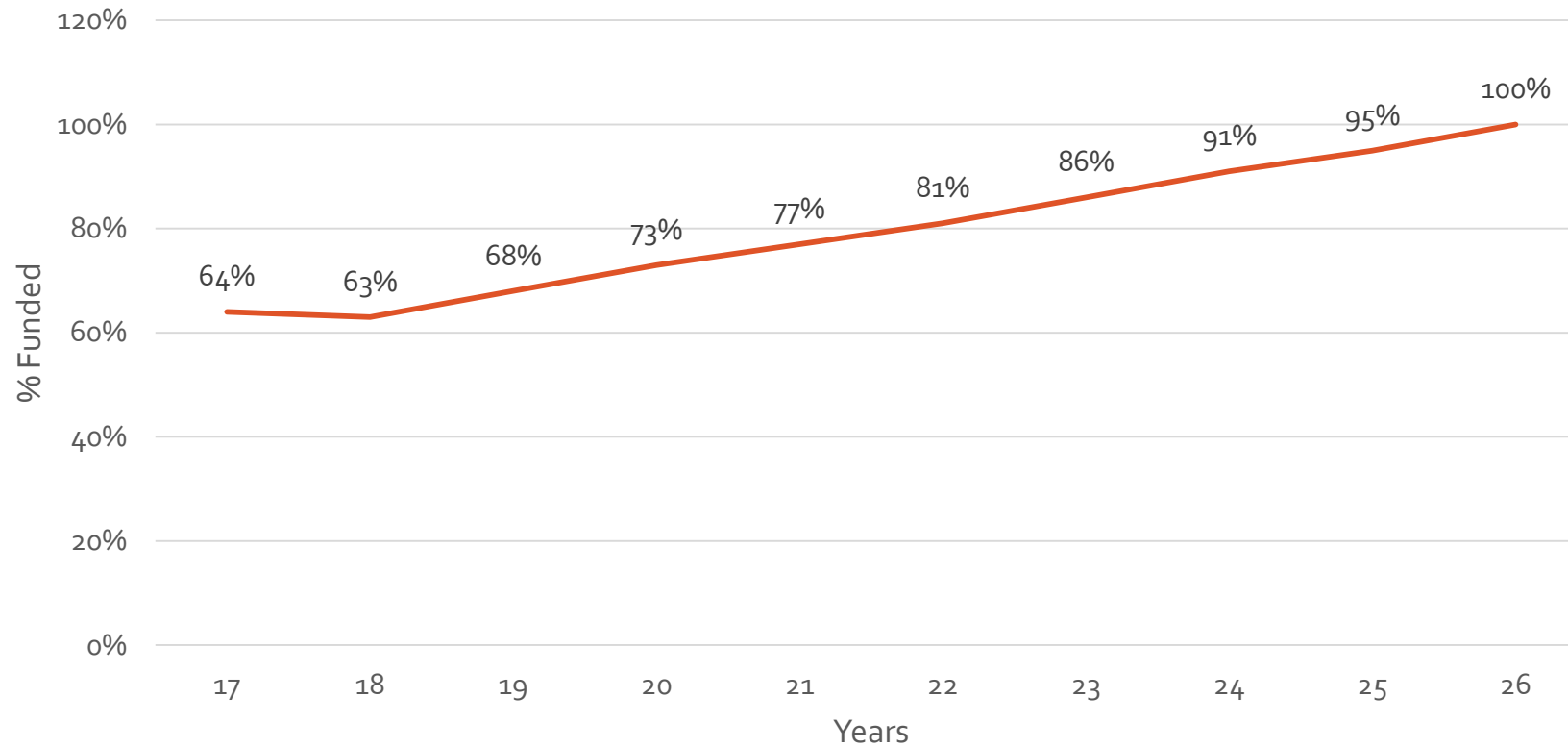
Fire on/after 01/01/17 Hiring

Division-Fire after 01/01/17	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	\$ 6,915	\$ 7,943	115%	\$ (1,028)

ACCRUED LIABILITIES AND ASSETS- TOTAL MUNICIPALITY

Division	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
Total Municipality	\$ 68,549,666	\$ 43,010,072	62.7%	\$ 25,539,594

MERIDIAN TOWNSHIP PENSION FUND PROJECTED GROWTH 2018-2026



SUMMARY

- We have a long way to go.
- The 2nd year of a 10 year plan yielded average results.
- Given the current market returns for 2019, we hope to hit 70% in 2020.
- We must take all necessary steps to bring the police department in line with all other bargaining groups.
- The Fire Department, even with their modifications, maintains a B-4 enhanced pension. This is the highest pension offered by MERS.
- The average MERS fund for Michigan Municipalities dropped 2.9% according to our statewide survey.