

October 13, 2016

Stephanie Angel, Executive Editor
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Dear Editor,

The Lansing State Journal has published a series of articles on unfunded pension liabilities. We appreciate the opportunity to add additional context and clarify this complex issue.

The Municipal Employees' Retirement System of Michigan has a proven record of informing municipalities of fiscal best practices so they can make the best decisions to fund employee retirement benefits. We represent over 100,000 public servants, including police officers, firefighters, emergency medical technicians, nurses, public health workers, road commissions and many others who protect and serve us every day.

Our elected board is committed to transparency, accountability and fiduciary responsibility. We follow Michigan law and prudent standards of diligence, and maintain strict oversight and management. In our 70-year history, we have never missed a pension payment to retirees.

To help our customers plan for the future, each year MERS provides a detailed actuarial report that includes budget projections. The most recent report includes fiscally responsible changes that were made to our funding policy to ensure adequate funding but allowed municipalities to phase-in the increased costs of the changes over a five-year period.

Most Michigan municipalities are proactively managing their retirement plans. So far this year, 223 municipalities across the state have made additional contributions. In the last five years, 73% of MERS municipalities have taken steps to manage their benefit commitments by lowering their costs or closing their funding gaps. While contributing more or lowering liability requires tough decisions, many in Michigan have taken these steps.

Despite talk of a so-called "pension crisis," some municipal plans are very well funded, some are poorly funded and most are somewhere in the middle. In fact, out of the 869 municipal pension plans across the state, 40% of the total liability comes from only 10 plans.

This is a complex public policy issue that needs to be addressed with great care to safeguard tax dollars and public retiree benefits. MERS will continue helping each municipality address its unique challenges without a one-size-fits-all solution.



Chris DeRose
Chief Executive Officer

