



Understanding Actuarial Basics & Annual Valuations

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AGENDA

- Annual Actuarial Valuation Report
- Understanding Actuarial Assumptions
- Dedicated Gains Policy
- Experience Study
- Key Areas of Your Annual Actuarial Valuation
- Resources and Key Takeaways

Annual Actuarial Valuation (AAV)

- Snapshot of your MERS Defined Benefit Plan as of December 31
- Provides your contribution rates for your following fiscal year

Example: Your 2023 AAV was available in June 2024 and provides contribution rates for your 2025 fiscal year



Annual Actuarial Valuation (AAV)

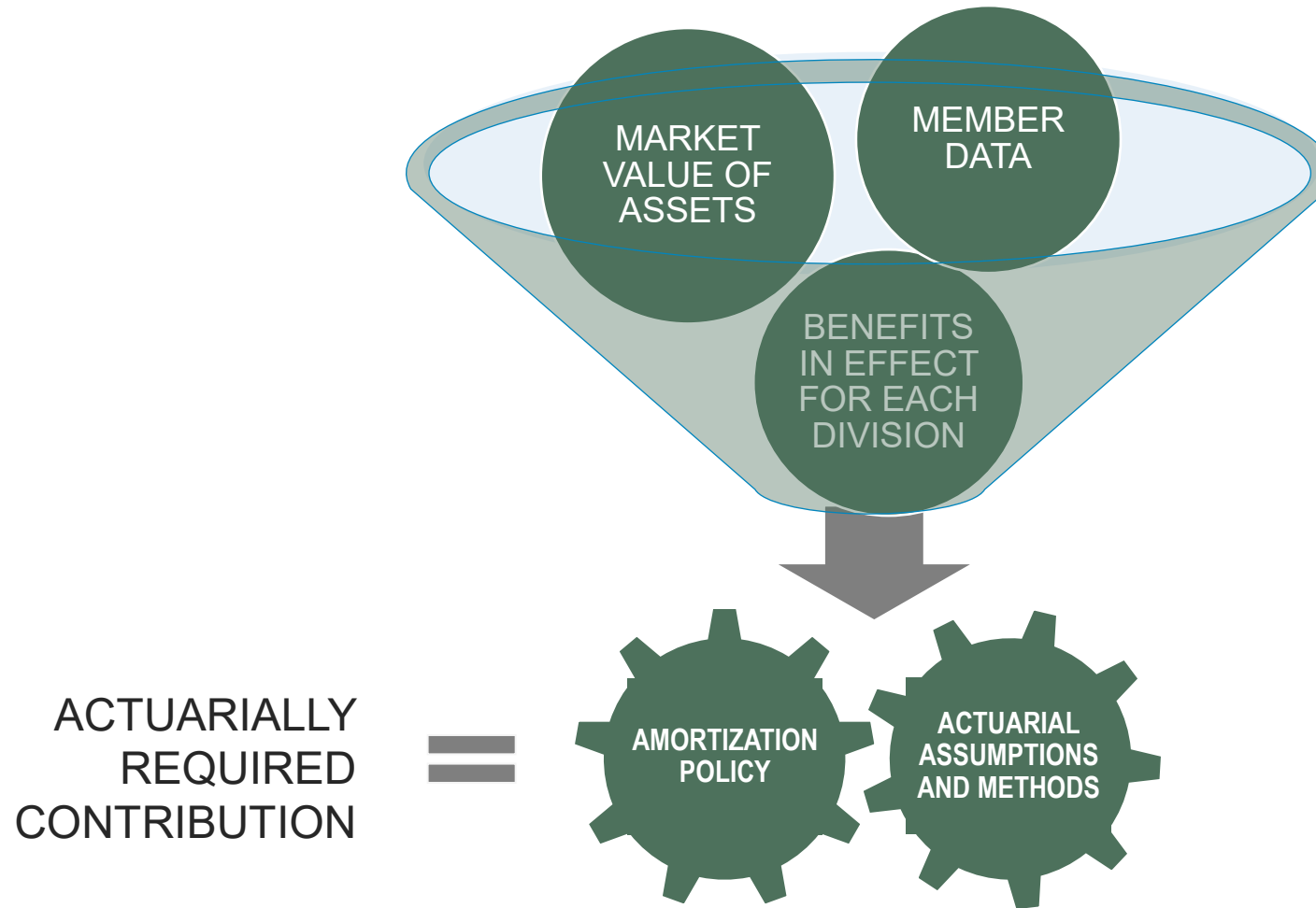
- Snapshot of MERS Defined Benefit Plan as of December 31
- Provides your contribution rates for your following fiscal year

Example: Your 2023 AAV was available in June 2024 and provides contribution rates for your 2025 fiscal year

- The report also provides insight into your plan's liabilities, funding levels, employer and employee contributions, and important information for GASB and state reporting



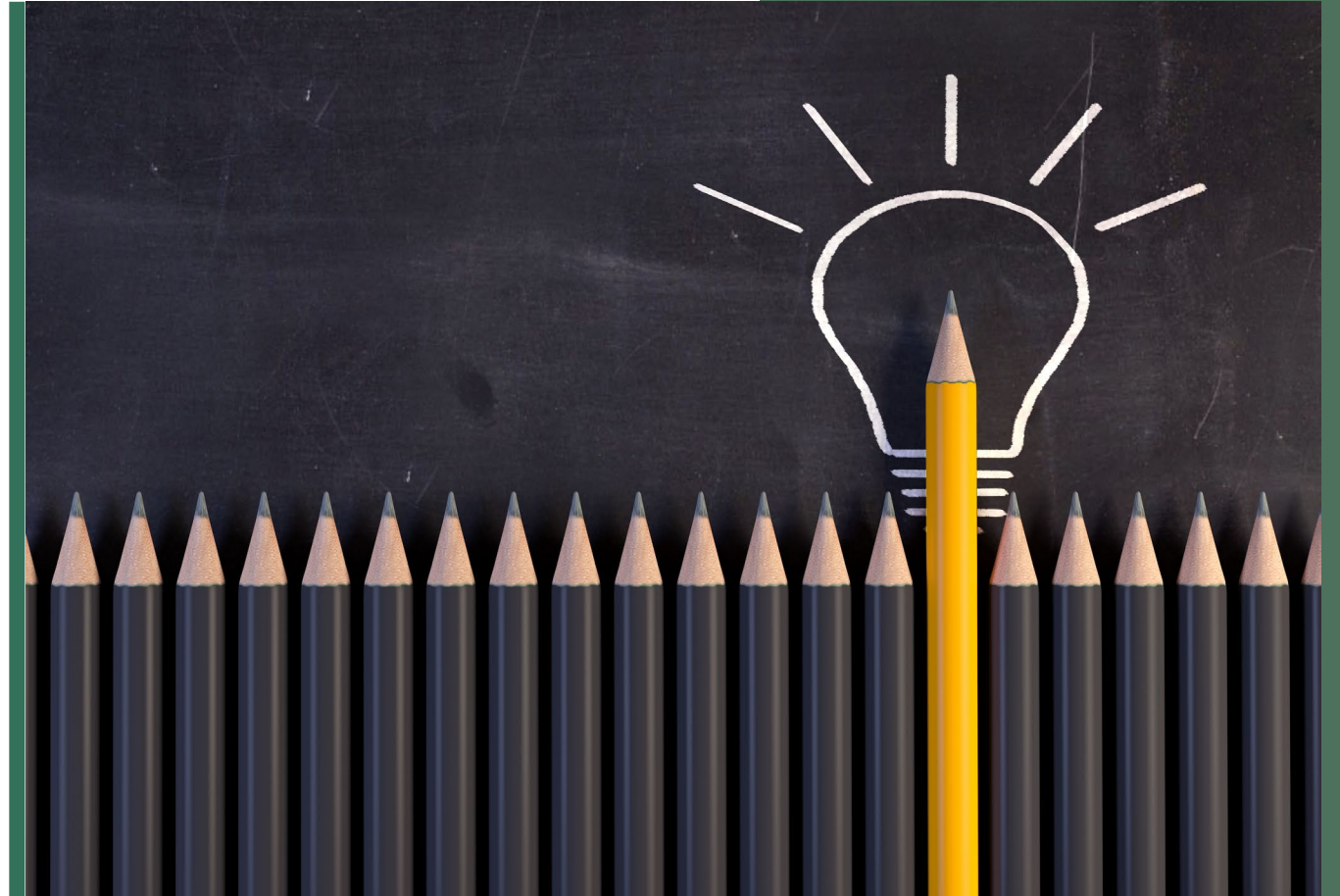
Required Contribution Calculation



How the Employer Contribution is Derived

$$\begin{array}{|c|} \hline \text{Employer} \\ \text{Normal Cost} \\ \hline \end{array} + \begin{array}{|c|} \hline \text{Amortization} \\ \text{Payment of} \\ \text{the UAL} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Employer} \\ \text{Contribution} \\ \hline \end{array}$$

Understanding Actuarial Assumptions and Methods



Basic Retirement Funding Equation

Net Money in = Net Money Out

$$\text{C} + \text{I} = \text{B} + \text{E}$$

Contributions

Funding
Policy



Investment
Income

Investment
Strategy



Benefits

Plan Design



Expenses

Administrative
Policy



Actuarial Assumptions

Demographic

Normal Retirement

Early Retirement

Death-in-Service

Disability

Other Separations

Pre and Post Mortality

Economic

Price Inflation

Wage Inflation

Investment Return

Merit and Longevity Pay Increases

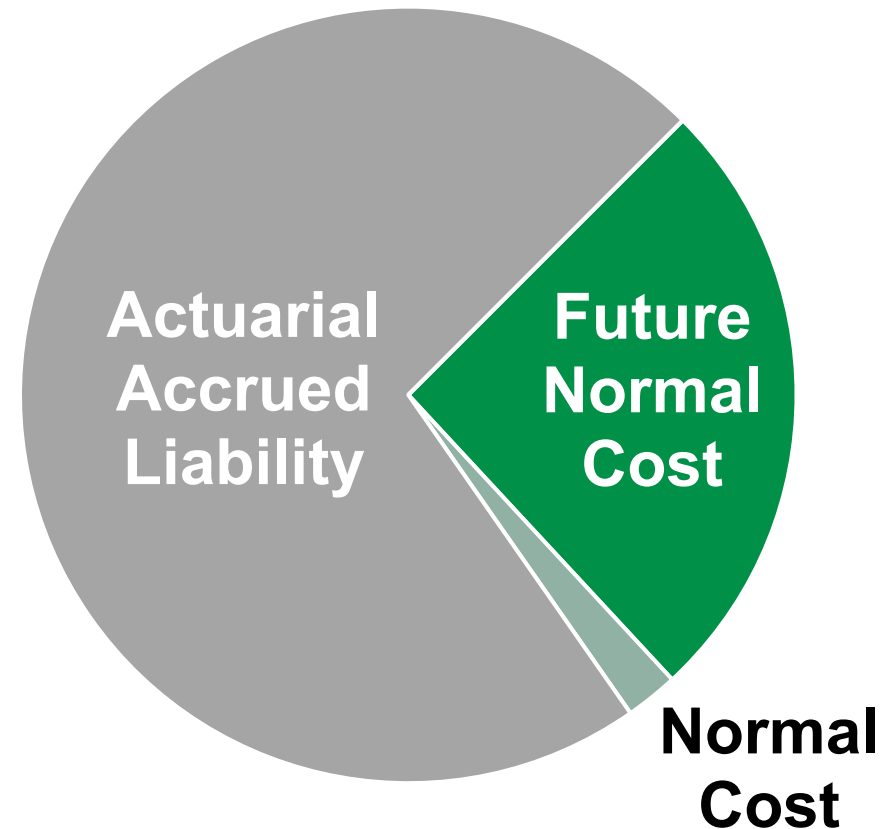
Actuarial Methods

Actuarial cost method

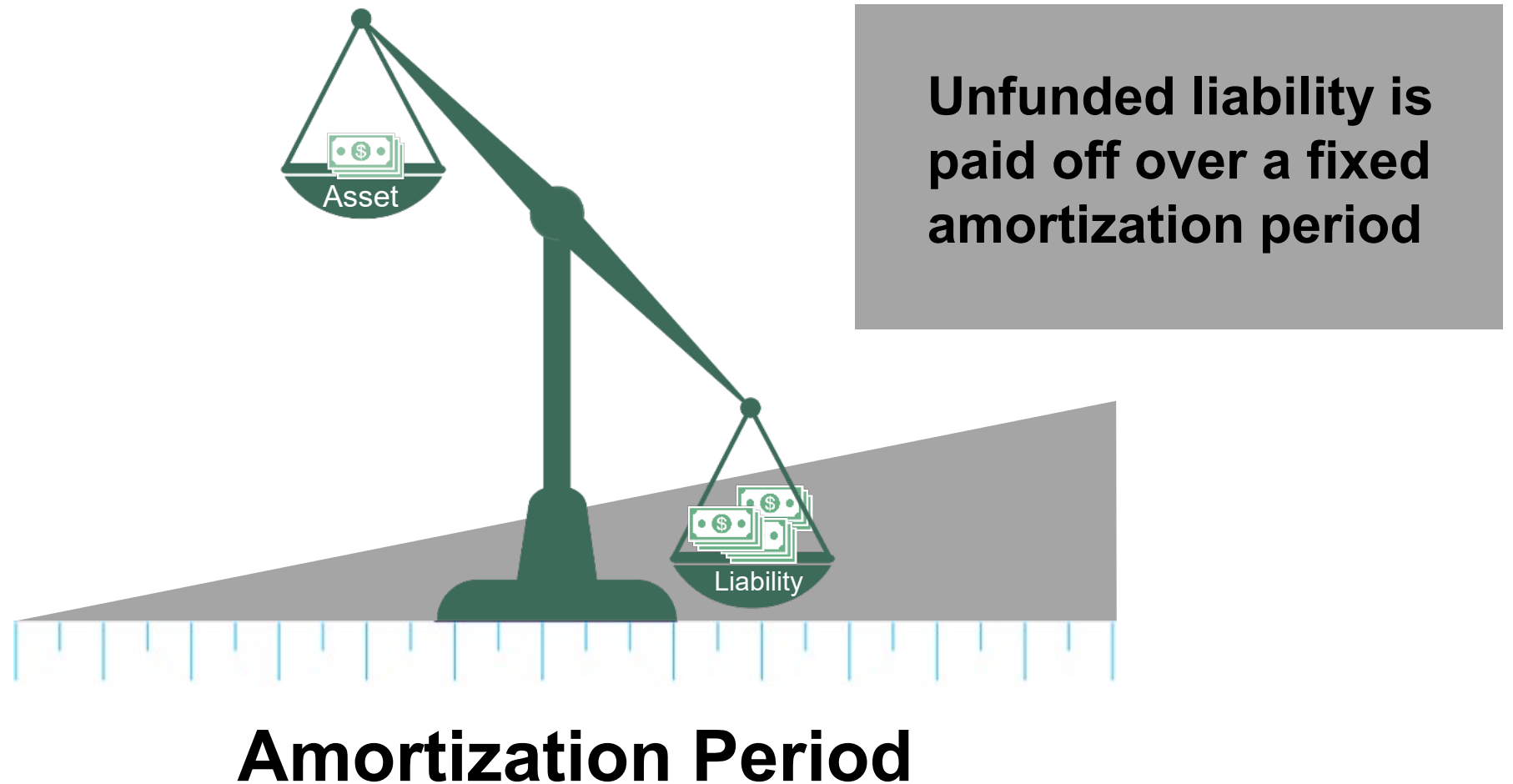
Funding Policy

Asset valuation method

Present Value of Future Benefits



How Our Amortization Policy Works



Understanding Asset Values

Market Value

The actual amount of assets held in the plan (also called fiduciary net position) and is shown in your quarterly statements

Understanding Asset Values

Market Value

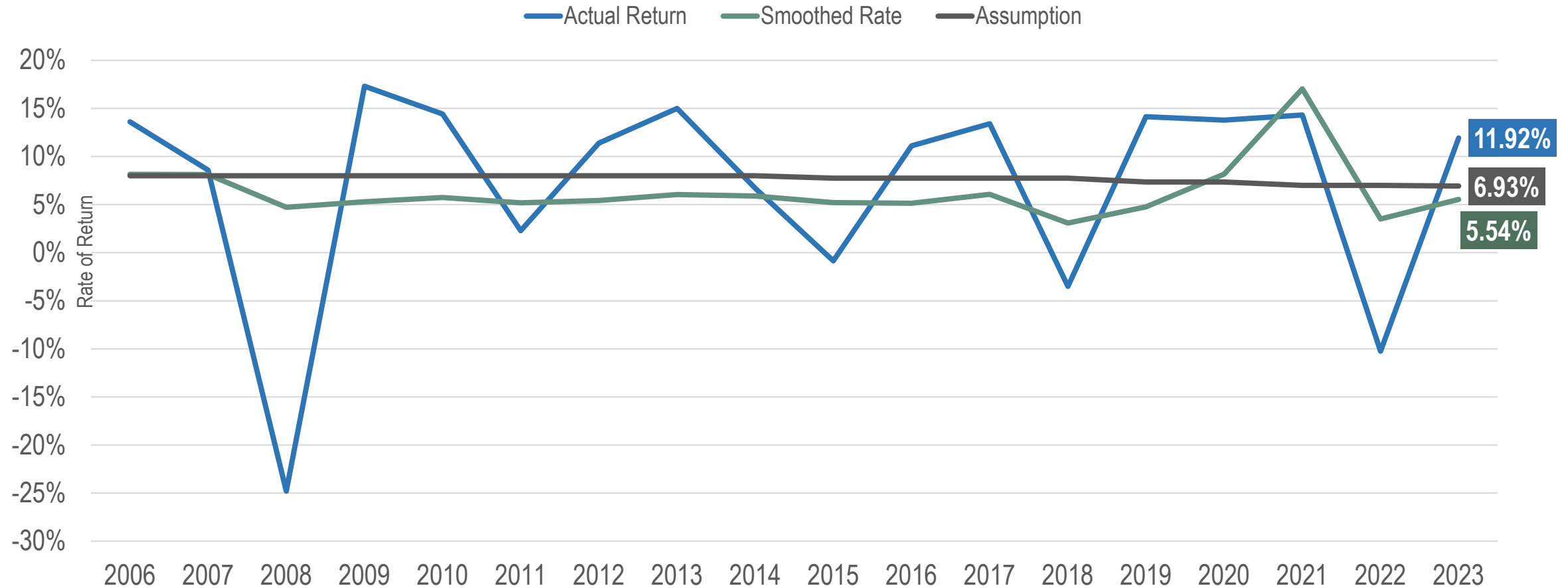
Actual amount of assets held in the plan (also called fiduciary net position) and is shown in your quarterly statements

Actuarial Value

This number uses a smoothed asset value, and therefore, is different than the actual amount of assets held in the plan

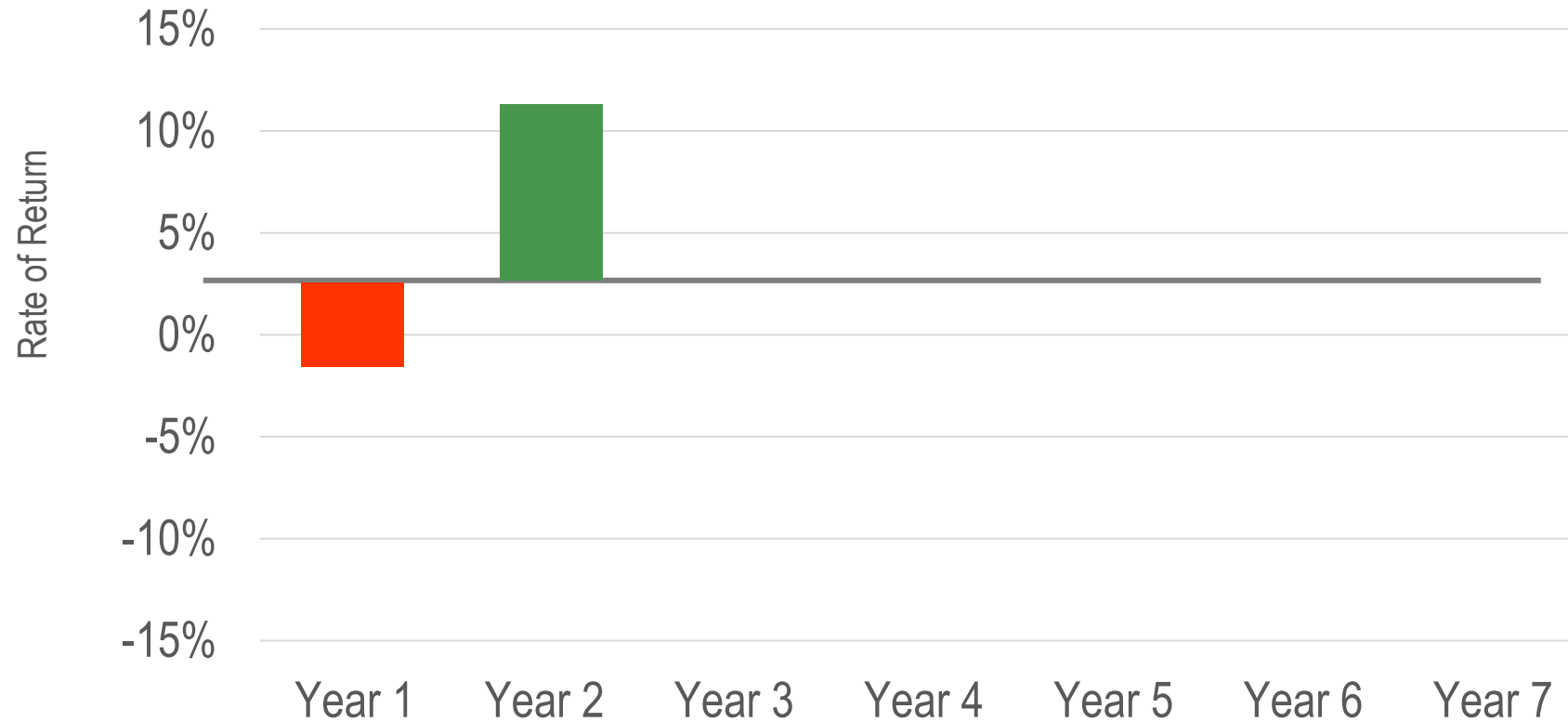
Investment Market Volatility

Smoothing is a buffer against extreme fluctuations in the market



How Smoothing Works

Spreads investment gains and losses over five years



Dedicated Gains Policy



Dedicated Gains Policy

- In 2021, MERS Board implemented a **Dedicated Gains Policy** that systematically reduces the assumed rate of return in a way that **mitigates the financial impact on our customers**
- MERS will automatically reduce the investment return assumption when the actual investment return exceeds a predetermined amount
- A portion of the investment gains are dedicated to offsetting the liability created by using a lower investment return assumption

Reducing the Investment Return Assumption **Without** Dedicated Gains



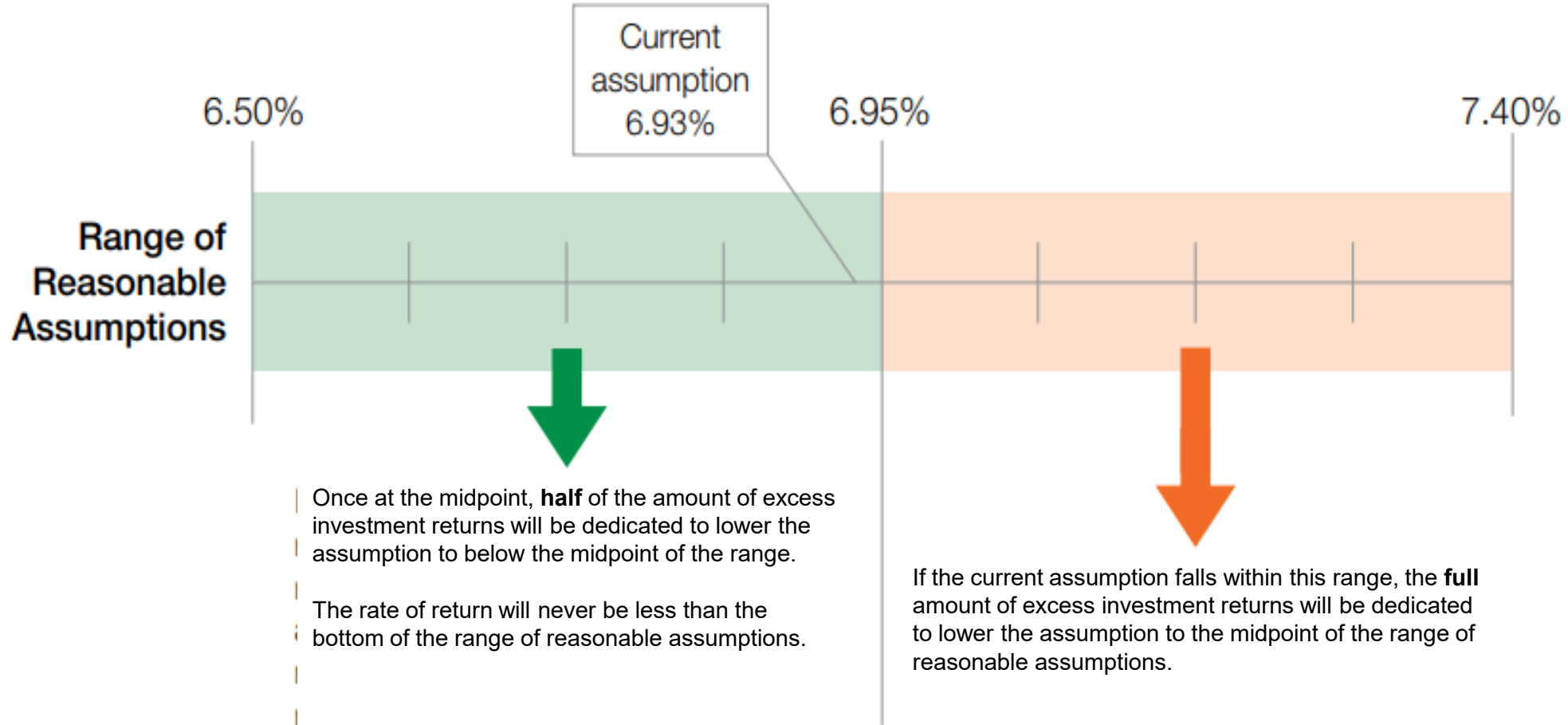
Reducing the Investment Return Assumption **With** Dedicated Gains

Assets from dedicated gains are immediately recognized, increasing the plan's funded level and offsetting some of the unfunded liability



Range of Reasonable Assumptions

MERS uses data provided by our actuarial services provider to establish a range of reasonable assumptions.



Impact on 2023 AAV

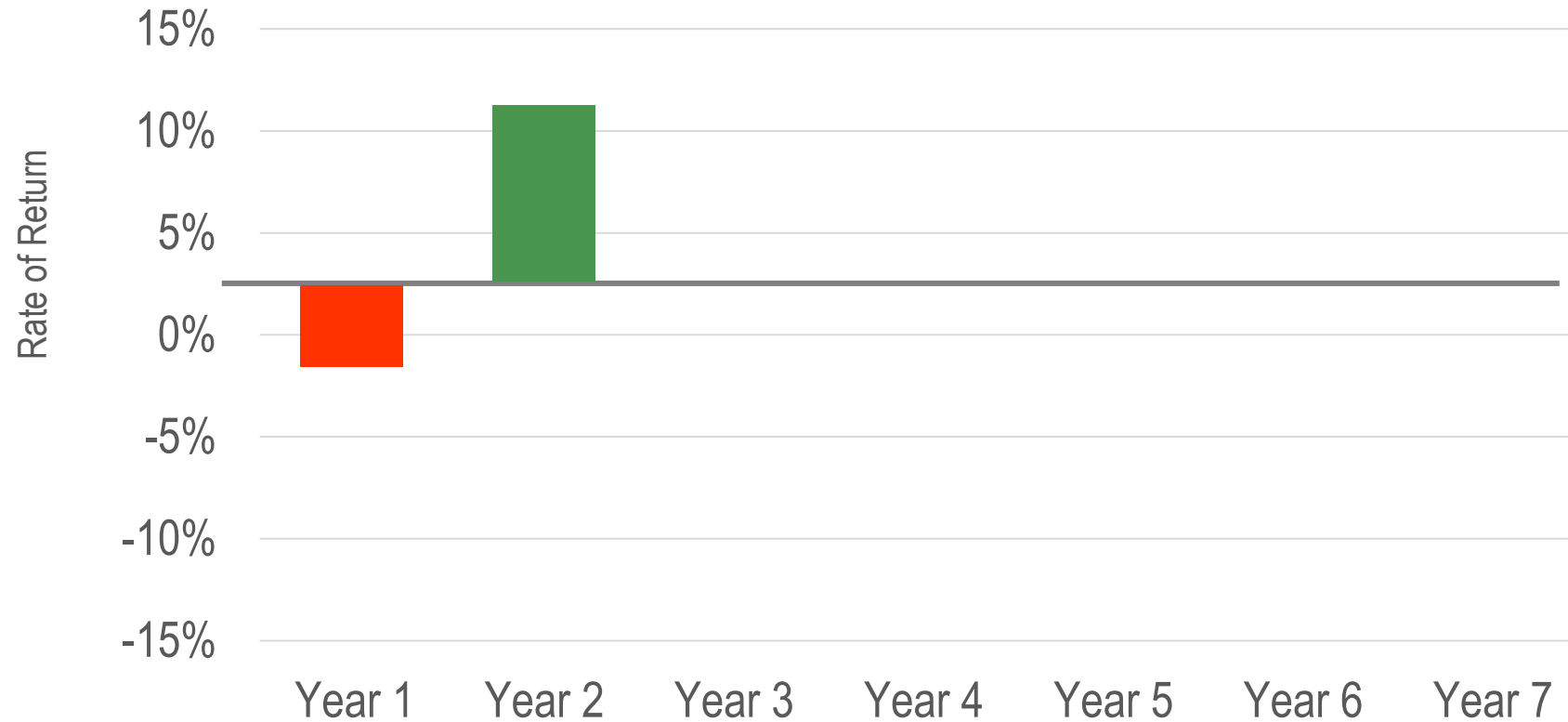
- The assumed rate of return used in the 12/31/2023 AAV valuations is 6.93%
- A portion of the excess returns will continue to be smoothed over five years, while **some excess returns will be immediately recognized** to offset increases in contributions

Historical Assumed Rates of Return

12/31/2015	7.75%
12/31/2019	7.35%
12/31/2021	7.00%
12/31/2023	6.93%

How Smoothing Works – Dedicated Gains

Spreads investment gains and losses over five years



Experience Study



Checking our Assumptions

Experience Study:

- At least every five years to compare key assumptions to real-world experience and make adjustments



Checking our Assumptions

Experience Study:

- At least every five years to compare key assumptions to real-world experience and make adjustments
- Next Experience Study will be conducted this fall using data from 2019 – 2023 AAVs
 - Will be used in 2024 AAV
 - Will impact Fiscal Year 2026 contributions



Experience Study Process

Analysis

- 3 to 5 years
- Comparison to prior trends
- Confirmed vs. non-confirmed trends
- Liability vs. headcount

Philosophy

- Do not overreact
- Incremental changes

Assumptions

- Demographic assumptions
- Economic assumptions
- Analyzed each year for reasonableness

Actuarial Assumptions

Demographic

Normal Retirement

Early Retirement

Death-in-Service

Disability

Other Separations

Pre and Post Mortality

Economic

Price Inflation

Wage Inflation

Investment Return

Merit and Longevity Pay Increases

Actuarial Methods and Other Assumptions

Actuarial cost method

Asset valuation method

Funding Policy

Loads

- Final Average Compensation/Sick Leave
- Annuity Withdrawal

DROP modeling

Experience Study: Pandemic Trends

Mortality

- Return to Normal

Retirements

- Return to Normal

Terminations

- Continue to see increased turnover

Wages

- Wage inflation up
- Overtime for public safety

Key Areas of Your Annual Actuarial Valuation (AAV)



Funded Ratio

Executive Summary

	12/31/2023	12/31/2022
Funded Ratio*	86%	86%

* Reflects assets from Surplus divisions, if any.

While funding ratio may be a useful plan measurement, understanding a plan's funding trend may be more important than a particular point in time

Required Contributions

Executive Summary

Employer Contributions

	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:	12/31/2023	12/31/2023	12/31/2022	12/31/2022	12/31/2023	12/31/2023	12/31/2022	12/31/2022
Fiscal Year Beginning:	January 1, 2025	January 1, 2025	January 1, 2024	January 1, 2024	January 1, 2025	January 1, 2025	January 1, 2024	January 1, 2024
Division								
01 - General	-	-	-	-	\$ 9,177	\$ 9,177	\$ 8,099	\$ 8,763
10 - NonUnion	-	-	-	-	21,514	21,514	18,546	19,978
11 - General after 1/1/2018	7.68%	7.68%	7.89%	8.01%	4,580	4,580	4,870	4,947
Total Municipality - Estimated Monthly Contribution					\$ 35,271	\$ 35,271	\$ 31,515	\$ 33,688
Total Municipality - Estimated Annual Contribution					\$ 423,252	\$ 423,252	\$ 378,180	\$ 404,256

Required Contributions

Executive Summary

Employer Contributions

	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:	12/31/2023	12/31/2023	12/31/2022	12/31/2022	12/31/2023	12/31/2023	12/31/2022	12/31/2022
Fiscal Year Beginning:	January 1, 2025	January 1, 2025	January 1, 2024	January 1, 2024	January 1, 2025	January 1, 2025	January 1, 2024	January 1, 2024
Division								
01 - General	-	-	-	-	\$ 9,177	\$ 9,177	\$ 8,099	\$ 8,763
10 - NonUnion	-	-	-	-	21,514	21,514	18,546	19,978
11 - General after 1/1/2018	7.68%	7.68%	7.89%	8.01%	4,580	4,580	4,870	4,947
Total Municipality - Estimated Monthly Contribution					\$ 35,271	\$ 35,271	\$ 31,515	\$ 33,688
Total Municipality - Estimated Annual Contribution					\$ 423,252	\$ 423,252	\$ 378,180	\$ 404,256

Employee Contributions

Valuation Date:	Employee Contribution Rate	
	12/31/2023	12/31/2022
Division		
01 - General	2.00%	2.00%
10 - NonUnion	2.00%	2.00%
11 - General after 1/1/2018	2.00%	2.00%

Projection Scenarios

Executive Summary



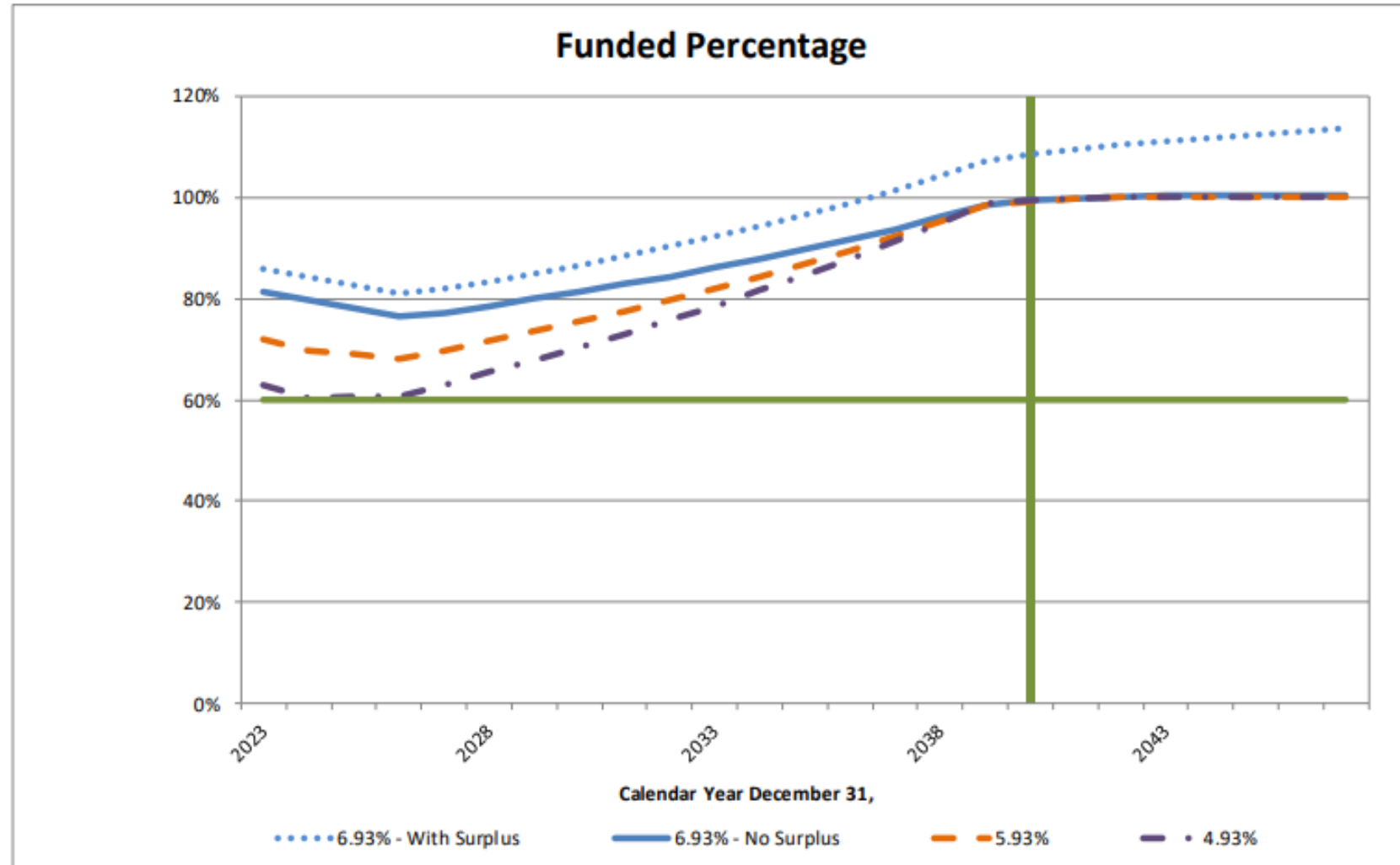
Valuation Year Ending 12/31	Fiscal Year Beginning 1/1	Actuarial Accrued Liability	Valuation Assets ²	Funded Percentage	Estimated Annual Employer Contribution
6.93%¹					
2023	2025	\$ 15,872,360	\$ 12,936,635	82%	\$ 423,252
2024	2026	\$ 16,300,000	\$ 13,000,000	80%	\$ 473,000
2025	2027	\$ 16,800,000	\$ 13,100,000	78%	\$ 524,000
2026	2028	\$ 17,300,000	\$ 13,200,000	77%	\$ 576,000
2027	2029	\$ 17,800,000	\$ 13,700,000	77%	\$ 598,000
2028	2030	\$ 18,200,000	\$ 14,300,000	79%	\$ 613,000
5.93%¹					
2023	2025	\$ 17,992,316	\$ 12,936,635	72%	\$ 651,396
2024	2026	\$ 18,500,000	\$ 12,900,000	70%	\$ 709,000
2025	2027	\$ 19,000,000	\$ 13,100,000	69%	\$ 764,000
2026	2028	\$ 19,500,000	\$ 13,300,000	68%	\$ 827,000
2027	2029	\$ 20,000,000	\$ 14,000,000	70%	\$ 847,000
2028	2030	\$ 20,500,000	\$ 14,700,000	72%	\$ 869,000
4.93%¹					
2023	2025	\$ 20,578,686	\$ 12,936,635	63%	\$ 918,120
2024	2026	\$ 21,100,000	\$ 12,800,000	60%	\$ 987,000
2025	2027	\$ 21,600,000	\$ 13,100,000	61%	\$ 1,040,000
2026	2028	\$ 22,200,000	\$ 13,500,000	61%	\$ 1,110,000
2027	2029	\$ 22,700,000	\$ 14,300,000	63%	\$ 1,140,000
2028	2030	\$ 23,300,000	\$ 15,200,000	65%	\$ 1,170,000

¹ Represents both the interest rate for discounting liabilities and the future investment return assumption on the Market Value of assets.

² Valuation Assets do not include assets from Surplus divisions, if any.

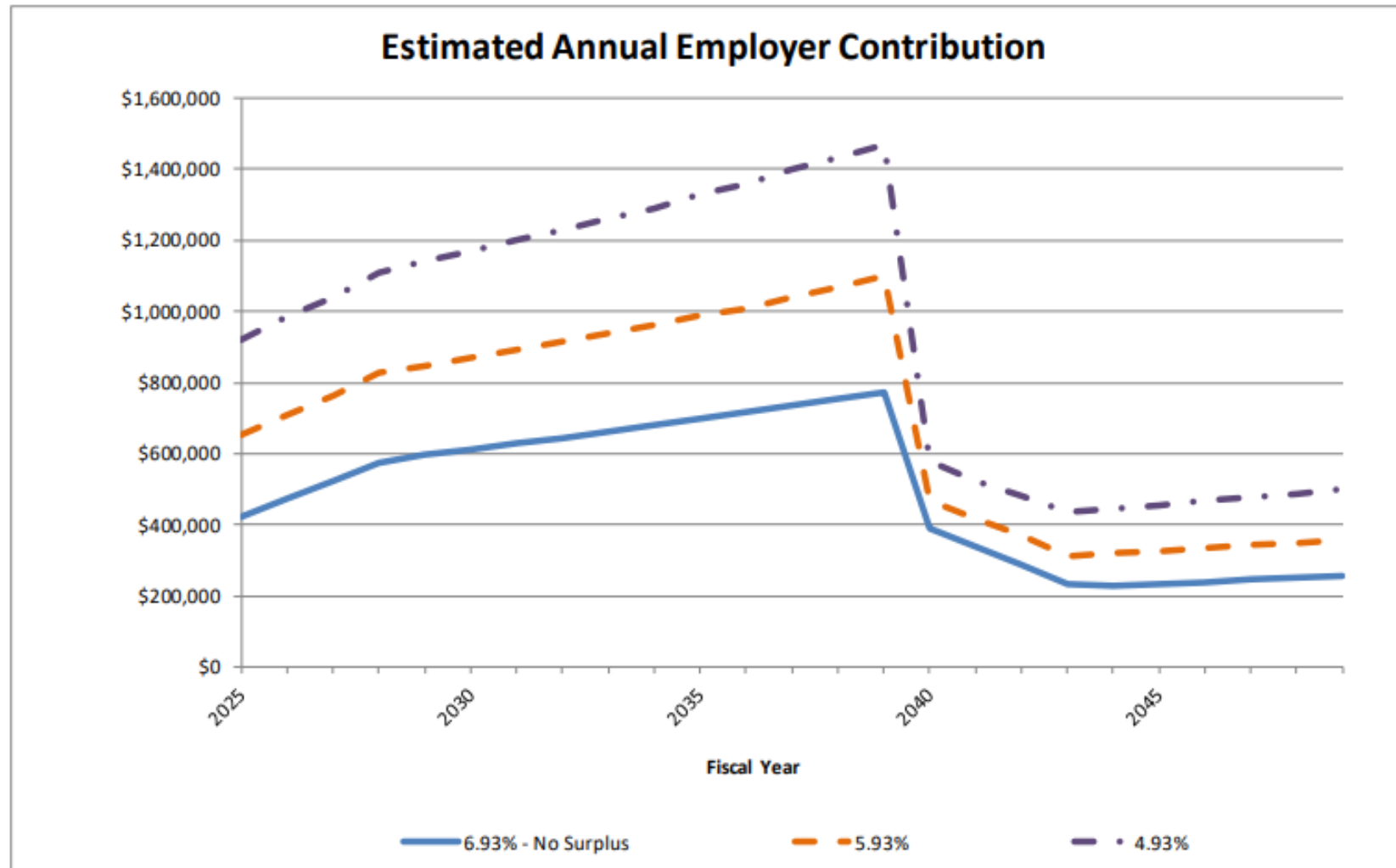
Projected Funded Level

Executive Summary



Projected Employer Contributions

Executive Summary



Employer Contribution Details

Table 1

Table 1: Employer Contribution Details for the Fiscal Year Beginning January 1, 2025

Division	Total Normal Cost	Employee Contribution Rate	Employer Contributions ¹			Computed Employer Contribution With Phase-In	Blended ER Rate No Phase-In ⁵	Blended ER Rate With Phase-In ⁵	Employee Contribution Conversion Factor ²
			Employer Normal Cost ⁶	Payment of the Unfunded Accrued Liability ⁴	Computed Employer Contribution No Phase-In				
Percentage of Payroll									
01 - General	15.73%	2.00%	-	-	-	-	25.83%	25.83%	
10 - NonUnion	12.83%	2.00%	-	-	-	-	25.83%	25.83%	
11 - General after 1/1/2018	9.68%	2.00%	7.68%	0.00%	7.68%	7.68%	25.83%	25.83%	0.84%
Estimated Monthly Contribution³									
01 - General			\$ 3,326	\$ 5,851	\$ 9,177	\$ 9,177			
10 - NonUnion			5,709	15,805	21,514	21,514			
11 - General after 1/1/2018			4,580	0	4,580	4,580			
Total Municipality			\$ 13,615	\$ 21,656	\$ 35,271	\$ 35,271			
Estimated Annual Contribution³			\$ 163,380	\$ 259,872	\$ 423,252	\$ 423,252			

Benefit Provisions

Table 2

Table 2: Benefit Provisions

01 - General: Closed to new hires, linked to Division 11		
	2023 Valuation	2022 Valuation
Benefit Multiplier:	2.50% Multiplier (80% max)	2.50% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	-	-
Early Retirement (Reduced):	50/25 55/15	50/25 55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	2.00%	2.00%
Act 88:	Yes (Adopted 9/10/1991)	Yes (Adopted 9/10/1991)

Participant Summary

Table 3

Table 3: Participant Summary

Division	2023 Valuation		2022 Valuation		2023 Valuation		
	Number	Annual Payroll ¹	Number	Annual Payroll ¹	Average Age	Average Benefit Service ²	Average Eligibility Service ²
01 - General							
Active Employees	8	\$ 301,253	10	\$ 339,338	49.5	14.0	14.0
Vested Former Employees	7	91,301	7	87,825	53.9	14.4	21.0
Retirees and Beneficiaries	19	193,831	18	177,379	71.6		
Pending Refunds	11		12				
10 - NonUnion							
Active Employees	10	\$ 630,810	11	\$ 661,996	45.9	18.1	18.1
Vested Former Employees	18	133,926	17	127,617	51.9	7.7	10.3
Retirees and Beneficiaries	30	555,098	30	526,191	68.7		
Pending Refunds	6		7				
11 - General after 1/1/2018							
Active Employees	19	\$ 612,753	16	\$ 608,508	36.7	2.4	2.5
Vested Former Employees	1	5,561	1	2,017	39.0	4.9	11.3
Retirees and Beneficiaries	0	0	0	0	0.0		
Pending Refunds	9		5				
Total Municipality							
Active Employees	37	\$ 1,544,816	37	\$ 1,609,842	42.0	9.2	9.2
Vested Former Employees	26	230,788	25	217,459	51.9	9.4	13.2
Retirees and Beneficiaries	49	748,929	48	703,570	69.8		
Pending Refunds	26		24				
Total Participants	138		134				

Reported Assets (Market Value)

Table 4

Table 4: Reported Assets (Market Value)

Division	2023 Valuation		2022 Valuation	
	Employer and Retiree ¹	Employee ²	Employer and Retiree ¹	Employee ²
01 - General	\$ 3,061,191	\$ 185,928	\$ 2,782,886	\$ 219,782
10 - NonUnion	8,064,124	202,754	7,533,075	196,158
11 - General after 1/1/2018	200,093	51,247	126,753	36,598
S1 - Surplus Assoc. div 01,10 & 11	634,863	0	491,417	0
Municipality Total³	\$ 11,960,271	\$ 439,929	\$ 10,934,131	\$ 452,538
Combined Assets³	\$12,400,200		\$11,386,669	

Flow of Valuation Assets

Table 5

Table 5: Flow of Valuation Assets

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2013	\$ 66,461	\$ 72,137	\$ 27,597	\$ 504,720	\$ (315,732)	\$ (4,780)	\$ 0	\$ 8,695,971
2014	84,388	65,230	27,549	498,582	(388,410)	(740)	0	8,982,570
2015	102,400	83,734	29,563	446,297	(428,215)	(3,122)	0	9,213,227
2016	149,555	89,396	30,058	484,922	(457,225)	(297)	0	9,509,636
2017	196,626	133,577	31,965	585,601	(466,575)	0	0	9,990,830
2018	217,542	116,591	32,921	370,652	(487,299)	0	0	10,241,237
2019	248,204	59,098	30,585	495,054	(522,313)	0	0	10,551,865
2020	275,047	48,303	30,869	847,027	(597,628)	(3,457)	0	11,152,026
2021	316,608	123,054	33,119	1,896,714	(644,130)	(896)	0	12,876,495
2022	399,872	106,887	32,283	450,354	(683,943)	0	0	13,181,948
2023	383,625	84,927	32,571	675,078	(722,924)	(523)	0	13,634,702

Actuarial Accrued Liabilities & Valuation Assets

Table 6

**Table 6: Actuarial Accrued Liabilities and Valuation Assets
as of December 31, 2023**

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
01 - General	\$ 1,166,466	\$ 1,027,285	\$ 2,167,964	\$ 9,735	\$ 4,371,450	\$ 3,570,386	81.7%	\$ 801,064
10 - NonUnion	3,153,965	1,186,089	6,911,716	8,186	11,259,956	9,089,887	80.7%	2,170,069
11 - General after 1/1/2018	209,071	17,880	0	14,003	240,954	276,362	114.7%	(35,408)
S1 - Surplus Assoc. div 01,10 & 11	0	0	0	0	0	698,067		(698,067)
Total	\$ 4,529,502	\$ 2,231,254	\$ 9,079,680	\$ 31,924	\$ 15,872,360	\$ 13,634,702	85.9%	\$ 2,237,658

Actuarial Accrued Liabilities & Valuation Assets

Table 6

**Table 6: Actuarial Accrued Liabilities and Valuation Assets
as of December 31, 2023**

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	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
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10 - NonUnion	3,153,965	1,186,089	6,911,716	8,186	11,259,956	9,089,887	80.7%	2,170,069
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Total	\$ 4,529,502	\$ 2,231,254	\$ 9,079,680	\$ 31,924	\$ 15,872,360	\$ 13,634,702	85.9%	\$ 2,237,658

The following results show the combined accrued liabilities and assets for each set of linked divisions.

Division	Actuarial Accrued Liability					Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
	Active Employees	Vested Former Employees	Retirees and Beneficiaries	Pending Refunds	Total			
Linked Divisions 11, 01, 10	\$ 4,529,502	\$ 2,231,254	\$ 9,079,680	\$ 31,924	\$ 15,872,360	\$ 12,936,635	81.5%	\$ 2,935,725

Actuarial Accrued Liabilities – Comparative Schedule

Table 7

Table 7: Actuarial Accrued Liabilities - Comparative Schedule

Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded (Overfunded) Accrued Liabilities
2009	\$ 6,003,984	\$ 7,282,090	121%	\$ (1,278,106)
2010	6,330,504	7,726,485	122%	(1,395,981)
2011	7,223,417	8,083,147	112%	(859,730)
2012	7,760,060	8,345,568	108%	(585,508)
2013	8,196,092	8,695,971	106%	(499,879)
2014	8,827,520	8,982,570	102%	(155,050)
2015	9,917,177	9,213,227	93%	703,950
2016	10,362,824	9,509,636	92%	853,188
2017	11,083,385	9,990,830	90%	1,092,555
2018	11,577,599	10,241,237	88%	1,336,362
2019	12,384,645	10,551,865	85%	1,832,780
2020	13,780,674	11,152,026	81%	2,628,648
2021	15,020,364	12,876,495	86%	2,143,869
2022	15,368,559	13,181,948	86%	2,186,611
2023	15,872,360	13,634,702	86%	2,237,658

Division-Based Layered Amortization Schedule

Table 10

Table 10: Division-Based Layered Amortization Schedule

Division 01 - General

Table 10-01: Layered Amortization Schedule

Type of UAL	Date Established	Original Balance ¹	Original Amortization Period ²	Amounts for Fiscal Year Beginning 1/1/2025		
				Outstanding UAL Balance ³	Remaining Amortization Period ²	Annual Amortization Payment
Initial	12/31/2015	\$ 254,882	23	\$ 270,888	15	\$ 23,952
(Gain)/Loss	12/31/2016	106,170	22	110,541	15	9,780
(Gain)/Loss	12/31/2017	39,202	21	40,544	15	3,588
(Gain)/Loss	12/31/2018	(21,676)	20	(22,326)	15	(1,980)
(Gain)/Loss	12/31/2019	116,715	19	119,473	15	10,560
Assumption	12/31/2019	106,396	19	106,921	15	9,456
Experience	12/31/2020	138,832	18	143,013	15	12,648
Experience	12/31/2021	(140,344)	17	(145,470)	15	(12,864)
Experience	12/31/2022	74,588	16	78,406	15	6,936
Experience	12/31/2023	86,047	15	92,010	15	8,136
Total				\$ 794,000		\$ 70,212

GASB Statement No. 68 Information

GASB Statement No. 68 Information

The following information has been prepared to provide some of the information necessary to complete GASB Statement No. 68 disclosures. GASB Statement No. 68 is effective for fiscal years beginning after June 15, 2014. Additional resources, including an Implementation Guide, are available at <http://www.mersofmich.com/>.

Actuarial Valuation Date: 12/31/2023
Measurement Date of the Total Pension Liability (TPL): 12/31/2023

At 12/31/2023, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits:	49
Inactive employees entitled to but not yet receiving benefits (including refunds):	52
Active employees:	<u>37</u>
	138

Total Pension Liability as of 12/31/2022 measurement date: \$ 14,913,147

Total Pension Liability as of 12/31/2023 measurement date:

Service Cost for the year ending on the 12/31/2023 measurement date:

Change in the Total Pension Liability due to:

- Benefit changes¹:
- Differences between expected and actual experience²:
- Changes in assumptions²:

Average expected remaining service lives of all employees (active and inactive):

Covered employee payroll (Needed for Required Supplementary Information): \$ 1,544,816

Note: Covered employee payroll may differ from the GASB Statement No. 68 definition.

Sensitivity of the Net Pension Liability to changes in the discount rate:

	1% Decrease (6.18%)	Current Discount Rate (7.18%)	1% Increase (8.18%)
Change in Net Pension Liability as of 12/31/2023:	\$ 2,019,906	\$ 0	\$ (1,673,019)

Note: The current discount rate shown for GASB Statement No. 68 purposes is higher than the MERS assumed rate of return. This is because for GASB Statement No. 68 purposes, the discount rate must be gross of administrative expenses, whereas for funding purposes it is net of administrative expenses.

Benefit Provision History

Benefit Provision History

The following benefit provision history is provided by MERS. Any corrections to this history or discrepancies between this information and information displayed elsewhere in the valuation report should be reported to MERS. All provisions are listed by date of adoption.

01 - General

1/1/2021	Part Time Employees - Included
1/1/2021	Service Credit Qualification - 80 hours
1/1/2021	Custom Wages
12/1/2016	Service Credit Purchase Estimates - Yes
1/1/2011	Benefit FAC-3 (3 Year Final Average Compensation)
1/1/2011	Member Contribution Rate 2.00%
1/1/2011	E2 2.5% COLA for future retirees (01/01/2011)
7/1/2010	Member Contribution Rate 1.00%
1/1/2010	Member Contribution Rate 0.00%
1/1/2009	2.50% Multiplier (Capped at 80% of FAC)
1/1/2009	Member Contribution Rate 3.00%
7/1/2008	Day of work defined as 80 Hours a Month for All employees.
1/1/1995	Exclude Temporary Employees
9/10/1991	Covered by Act 88
1/1/1982	2.00% until SS age, then 1.20% on FAC < \$4,200 and 1.70% on FAC > \$4,200
10/1/1968	Benefit FAC-5 (5 Year Final Average Compensation)
10/1/1968	10 Year Vesting
10/1/1968	1.00% Multiplier on FAC < \$4,200 and 1.50% Multiplier on FAC > \$4,200
10/1/1968	Member Contribution Rate 3.00% Under \$4,200.00 - Then 5.00%
10/1/1968	Fiscal Month - January
	Normal Retirement Age (DB) - 60
	Early Reduced (.5%) at Age 50 with 25 Years or Age 55 with 15 Years

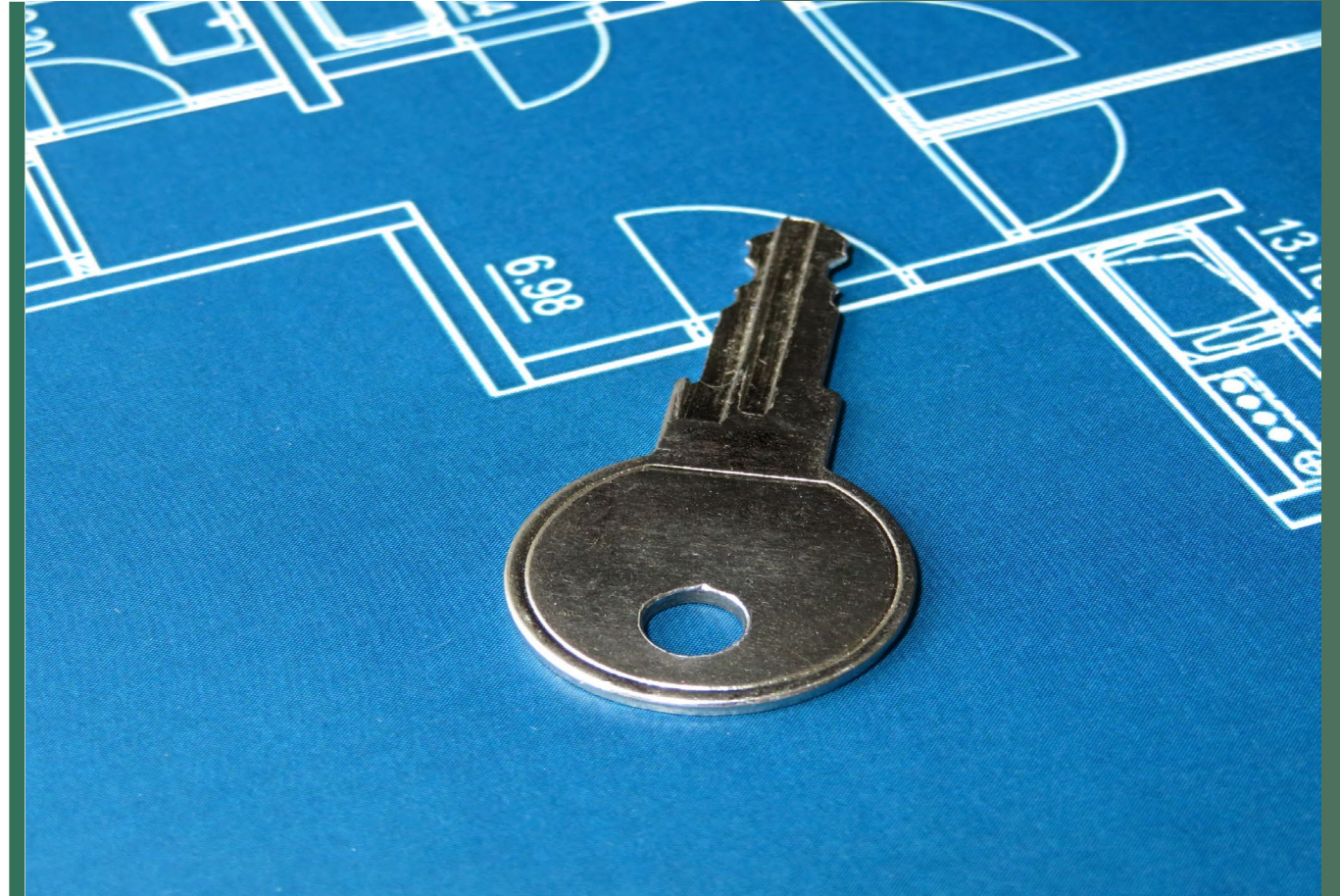
State Reporting Information

State Reporting

The following information has been prepared to provide some of the information necessary to complete the Public Act 202 pension reporting requirements for the State of Michigan's Local Government Retirement System Annual Report (Form No. 5572). Additional resources are available at www.mersofmich.com and on the State [website](#).

Form 5572		
Line Reference	Description	Result
10	Membership as of December 31, 2023	
11	Indicate number of active members	37
12	Indicate number of inactive members (excluding pending refunds)	26
13	Indicate number of retirees and beneficiaries	49
14	Investment Performance for Calendar Year Ending December 31, 2023¹	
15	Enter actual rate of return - prior 1-year period	11.60%
16	Enter actual rate of return - prior 5-year period	8.07%
17	Enter actual rate of return - prior 10-year period	6.49%
18	Actuarial Assumptions	
19	Actuarial assumed rate of investment return ²	6.93%
20	Amortization method utilized for funding the system's unfunded actuarial accrued liability, if any	Level Percent
21	Amortization period utilized for funding the system's unfunded actuarial accrued liability, if any ³	15
22	Is each division within the system closed to new employees? ⁴	No
23	Uniform Assumptions	
24	Enter retirement pension system's actuarial value of assets using uniform assumptions	\$12,920,438
25	Enter retirement pension system's actuarial accrued liabilities using uniform assumptions ⁵	\$15,930,186
27	Actuarially Determined Contribution (ADC) using uniform assumptions, Fiscal Year Ending December 31, 2024	\$486,132

Resources and Takeaways



Annual Actuarial Valuations (AAV) Webpage



The annual actuarial valuation (AAV) is an important tool to help you budget for your municipality's retirement benefits, with information specific to your municipality's retirement plan. While MERS pools assets for investment purposes, individual accounts are maintained for each municipality. Each entity is responsible for the employer contributions needed to provide benefits for its employees and former employees. View a [consolidated report of all MERS plans](#).

The annual actuarial valuation is a report provided to you as a snapshot of your MERS Defined Benefit Plan as of December 31 each year. The information in the report will provide your contribution rates for your following fiscal year. The report also provides insight to your plan's liabilities, funding levels, contributions for both the employer and employee, and important GASB information.

When to Expect Your Report

You can expect your report to be available in your Employer Portal by about June 30 for the previous calendar year. For instance, you can expect the 2023 report to arrive around June 30, 2024. This report will contain contribution rate information for the 2025 fiscal year.

Understanding Your Annual Actuarial Valuation

This guide outlines each section of your report and provides answers to some frequently asked questions. For more information, please contact your [MERS Regional Manager](#).

Quick Links:

- [Actuarial Assumptions](#)
- [Managing UAL](#)
- [GovInvest Actuarial Tool](#)

Resources:

- [Dedicated Gains Overview \(pdf\)](#)

Videos:

- [Understanding Your Annual Actuarial Valuation](#)
- [Understanding Defined Benefit Pensions](#)
- [Understanding Investment Return Assumption](#)
- [How Smoothing Works](#)



Finding Your Plan Information

The first screenshot shows the MERS Employer Portal home page. A red arrow points to the 'DB Employer Portal (Admin)' link in the left sidebar under the 'Resources' section.

The second screenshot shows the 'Plan Browse' page. A red arrow points to the 'Statements' link in the left sidebar.

The third screenshot shows the 'Statements for Stars Hollow, Vlg of: RU01' page. A red arrow points to the 'Annual Actuarial Valuations' table, which lists statement dates from 12/31/2018 to 12/31/2022.

Annual Actuarial Valuations	Statement Date
[Icon]	12/31/2022
[Icon]	12/31/2021
[Icon]	12/31/2020
[Icon]	12/31/2019
[Icon]	12/31/2018

GASB	Statement Date
[Icon]	12/31/2022
[Icon]	12/31/2021
[Icon]	12/31/2020
[Icon]	12/31/2019
[Icon]	12/31/2018

Census	Statement Date
[Icon]	12/31/2022
[Icon]	12/31/2021
[Icon]	12/31/2020
[Icon]	12/31/2019
[Icon]	12/31/2018

- Log into the portal and click on Employer Portal
- Click on Statements
- Select the AAV, Census, Annual or Quarterly Statements

TLC Basic

A Self-Service Actuarial Tool

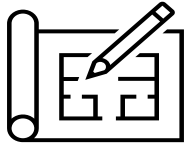
- Illuminates your AAV data
- Provides historical reports
- Allows for contribution and funding projections
- Creates instant reports when considering financial and assumption changes
- Allows for benchmarking peer groups



Key Takeaways and Resources



Key Takeaways



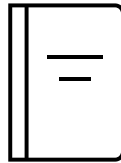
Your AAV is an important tool to project the cost of your defined benefit plan



MERS strongly encourages employers to contribute more than the minimum employer contribution provided in the AAV

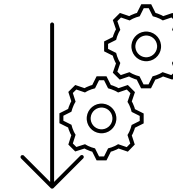


Your AAV uses actuarial assumptions, which are reviewed at least every five years



Results of the next Experience Study will:

- Be used in the 2024 AAV
- Impact your FY 2026 contributions



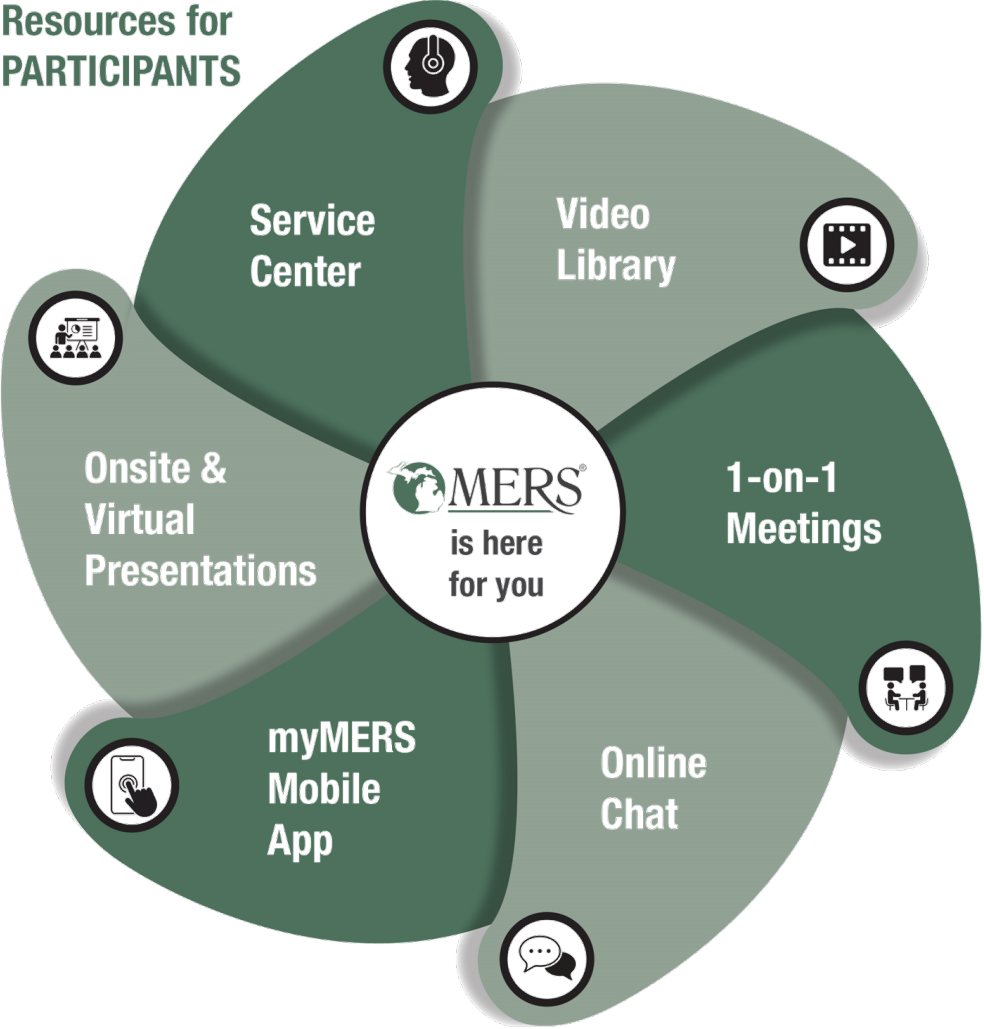
MERS used an automatic Dedicated Gains policy to reduce the investment return assumption while mitigating the impact on employer contributions

Resources

Resources for EMPLOYERS



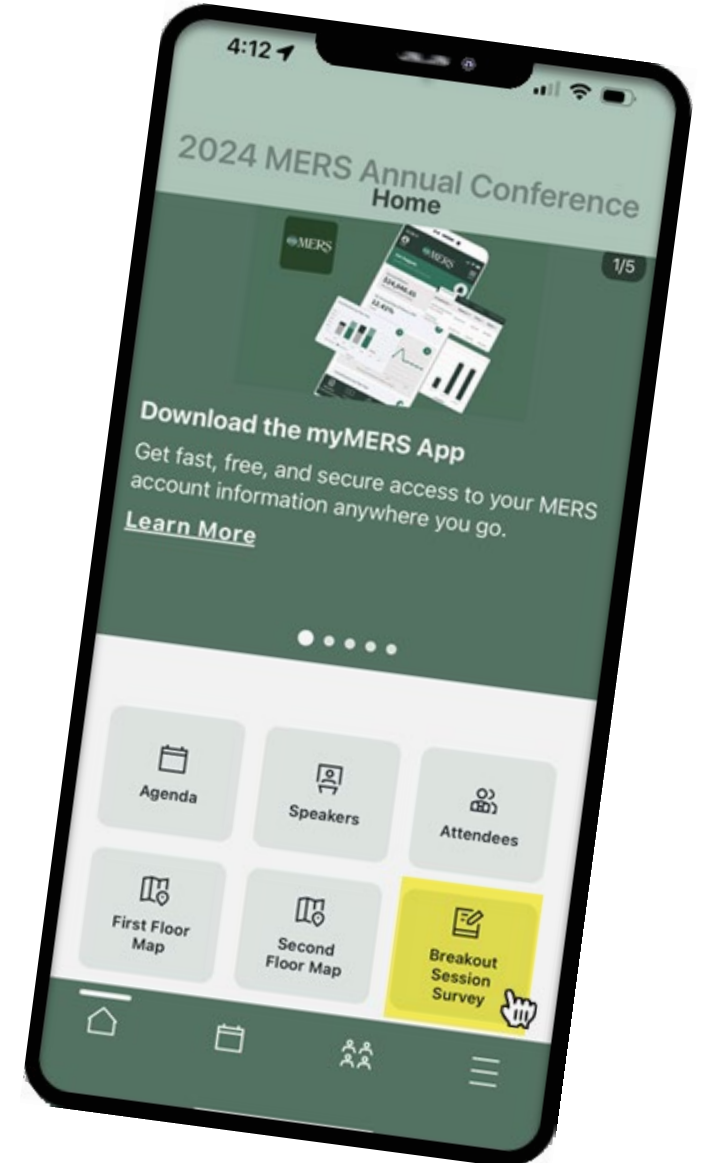
Resources for PARTICIPANTS



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This publication contains a summary description of MERS' benefits, policies or procedures. MERS has endeavored to ensure that the information provided is accurate and up to date. Where the publication conflicts with the relevant Plan Document, the Plan Document controls.

