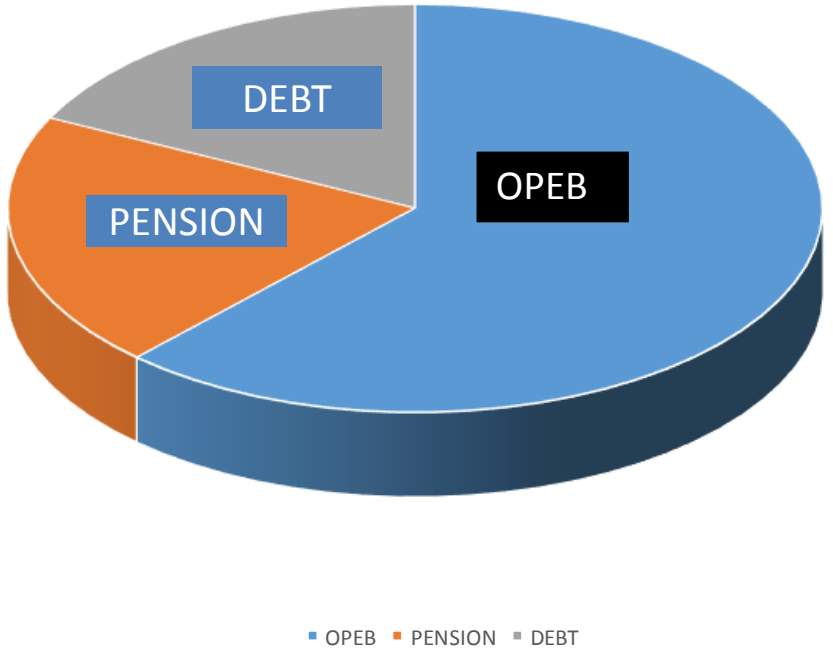
State of Michigan
Department of Treasury

Pension Review

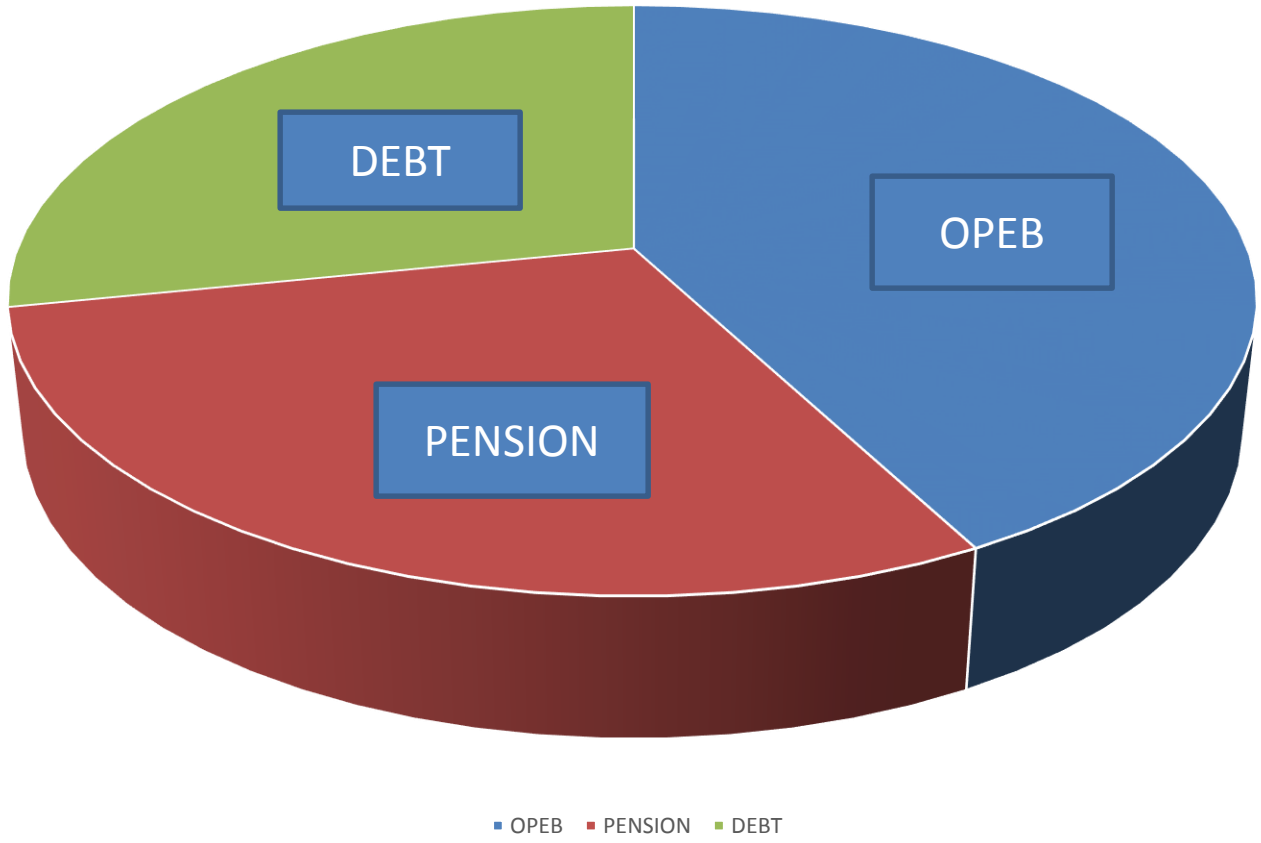
Dr. Eric Scorsone

Deputy State Treasurer

Cities, Villages, and Townships Total Liabilities



County Liabilities in Total



Michigan Local Pensions Systems

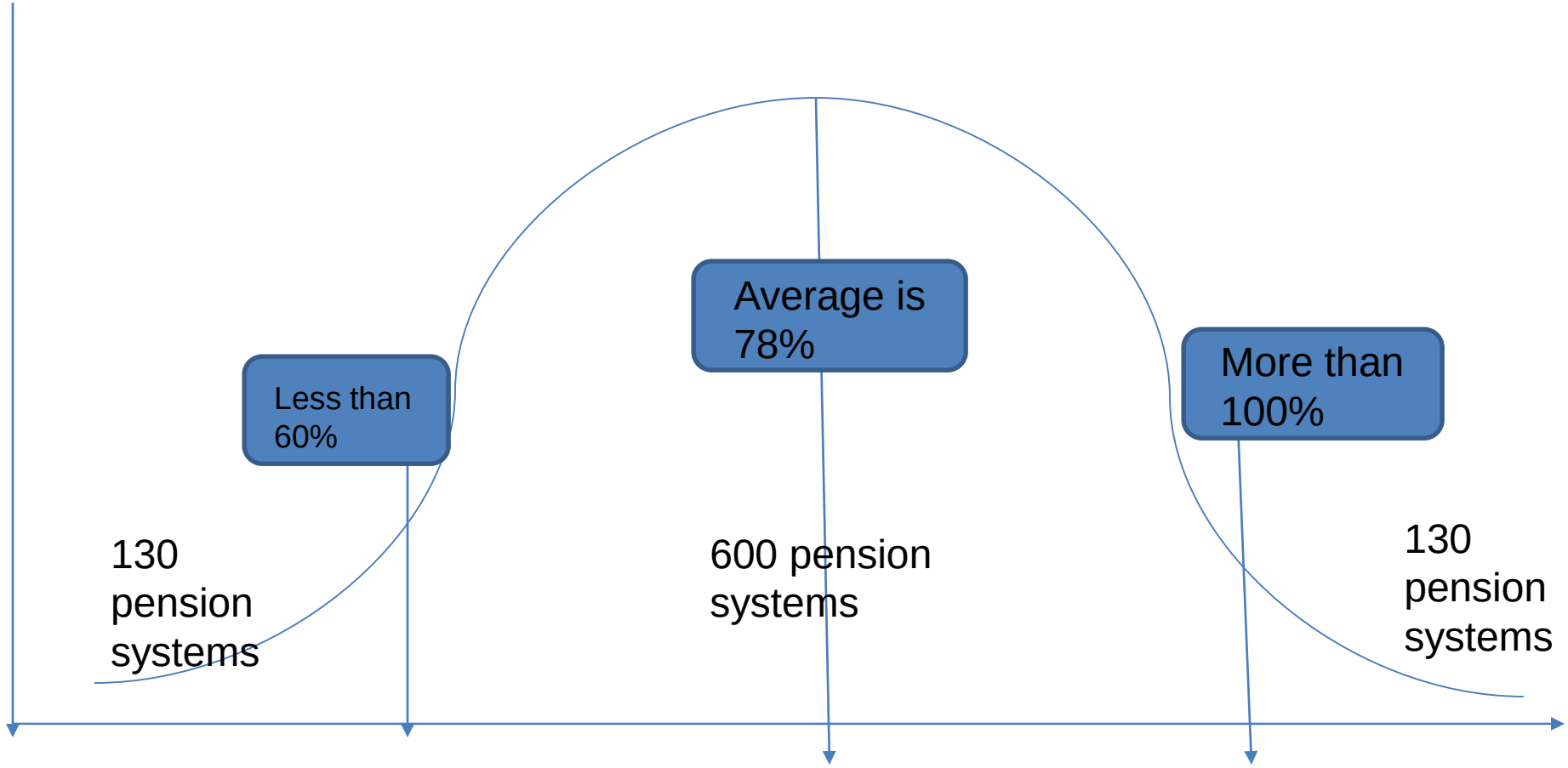
- **Municipal Employer Retirement System (MERS)**
  - 713 municipalities/counties
- **Michigan Association of Public Employee Retirement Systems**
  - 116 member municipalities/counties
- **Census Report**
  - 132 local systems; MERS would be counted as one here
  - PA, IL, and FL are only states that have more local pensions

Michigan has roughly 1,000 local pension systems

Michigan Local Pensions Funding

- **Funding Ratio Averages**
  - Michigan average local pension funding ratio is 78%
  - National average state and local pension funding ratio is 74%
- **Dispersion**
  - Michigan has some systems funded over 100% and some systems funded as low as 20%

Distribution of Pension System Funding



Examples of Very Well Funded Systems (over 100%)

- Village of Lyons
- City of Ypsilanti
- Lima Township
- City of Albion
- Saginaw Transit System Authority
- City of Bloomfield Hills
- City of Troy…..
- Total Assets: $3.75 billion

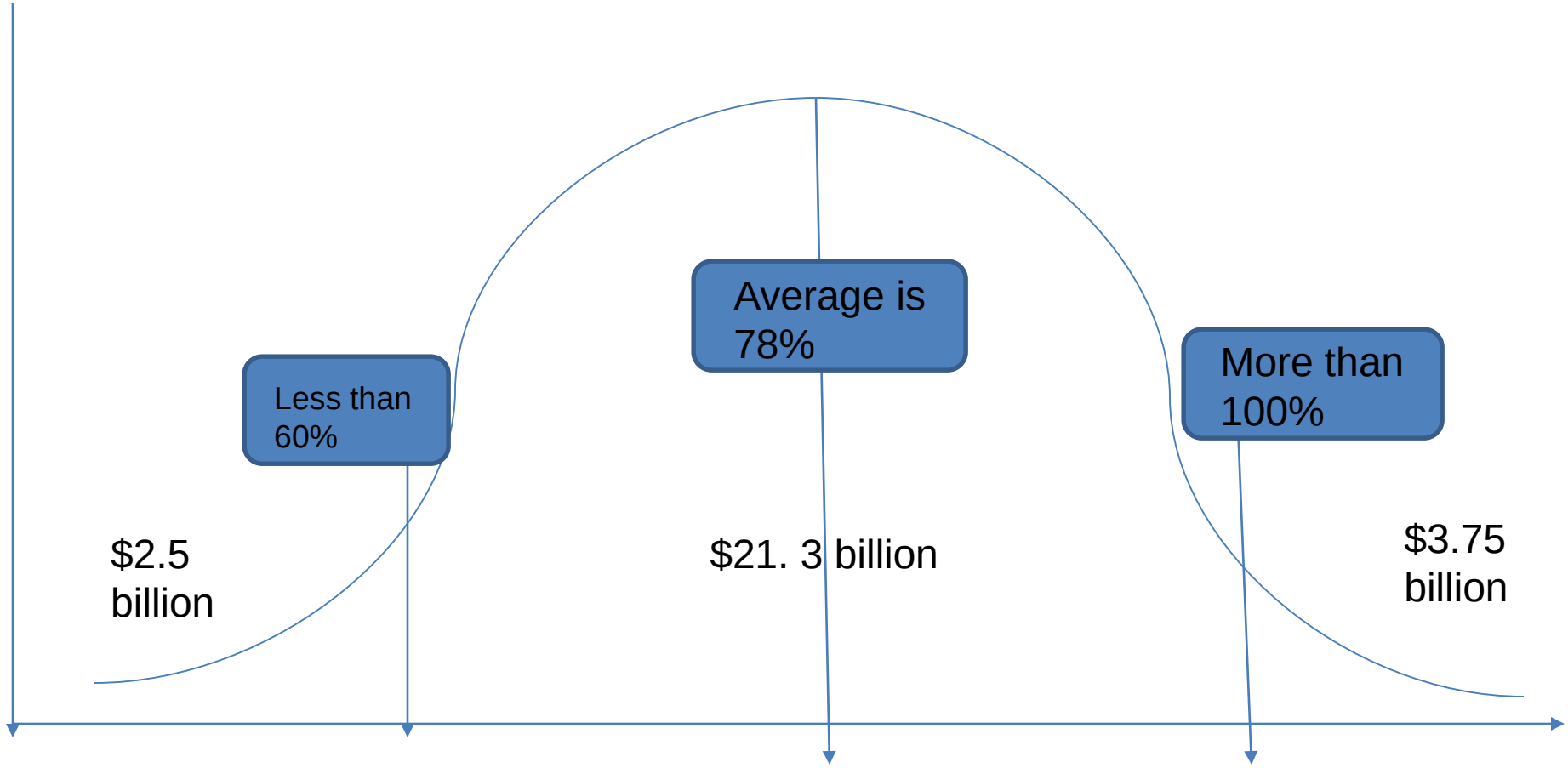
Moderately to Well Funded (60 to 100%)

- Ingham County
- Saginaw CRC
- Lapeer County
- City of Lansing Police and Fire
- Madison Heights
- Clinton Township
- City of Southfield…..
- Total Assets: $21.3 billion

Low Funding (less than 60%)

- Jackson Police and fire
- Lincoln Park Police and fire
- River Rouge
- Lansing General
- Lake County CRC
- Village of Kinde
- Bates Township…..
- Total Assets: $2.5 billion

Distribution of Local Pension System Assets



Major Pension laws

- Act 345 of 1937 Fire Fighters and Police Officers Retirement Act
- Act 137 of 1967 Combined retirement systems
- Act 314 of 1965 Public Employees Retirement System Act
- Act 427 of 1984 Municipal Employees Retirement Act

PA 345 of 1937

- Fire Fighters and Police Officers Retirement Act
- 35 cities with a 345 millage that can range from .5 mills up to 9 mills

Review of Pension Valuations

- Reviewed a sample of 70 pension actuarial reports (mostly larger jurisdictions)
- Total assets of $10 billion and underfunding of $3 billion and 50,000 pensioners (including Detroit)
- Average multiplier is 2.0 with a range of 1.25 to 3.50
- Average funding level is 82.6%; max funding is 175% and min funding is 34.2%

Review Part 2

- **Key Facts**
  - Many of these systems have been closed to new employees
  - Many systems have reduced multipliers and reduced FAC calculations going forward

Case Studies

- Thank you.

- Questions?