



**City of Lansing  
Employees' Retirement System**

**Actuarial Valuation of Retiree Healthcare Benefits  
as of January 1, 2020**

December, 2020

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## Executive Summary

This report presents the results of an actuarial review and analysis of the City of Lansing Employees' Retirement System Retiree Healthcare Benefits Plan (the Plan) as of January 1, 2020. A comparative summary of the status of the Plan is as follows:

| <b>Full Pre-Funding Results</b>                                   | <b>January 1, 2020</b> | <b>January 1, 2018</b> |
|---|------------------------|------------------------|
| <b>Plan Membership</b>  |                        |                        |
| Active  | 433                    | 404                    |
| <u>Inactive/Receiving Benefits</u>                                | <u>951</u>             | <u>925</u>             |
| Total Plan Participants   | 1,384                  | 1,329                  |
| <b>Valuation Results (\$ millions)</b>                            |                        |                        |
| Actuarial Accrued Liability (AAL)                                 | \$ 184.6               | \$ 188.8               |
| <u>Plan Assets</u>  | <u>67.3</u>            | <u>58.0</u>            |
| Unfunded Accrued Liability  | \$ 117.3               | \$ 130.8               |
| Funding Ratio   | 36.5%                  | 30.7%                  |
| <b>Actuarially Determined Employer Contribution (\$ millions)</b> |                        |                        |
| Total ADEC  | \$9.7                  | \$ 10.2                |
| % of Payroll  | 38%                    | 48%                    |
| <b>Blended Discount Rate</b>                                      |                        |                        |
|   | <b>January 1, 2020</b> | <b>January 1, 2018</b> |
| <b>Valuation Results (\$ millions)</b>                            |                        |                        |
|   | 5.22%                  | 5.80%                  |
| Actuarial Accrued Liability (AAL)                                 | \$229.3                | \$255.0                |
| <u>Plan Assets</u>  | <u>67.3</u>            | <u>58.0</u>            |
| Unfunded Accrued Liability  | \$162.0                | \$197.0                |
| Funding Ratio   | 29.4%                  | 22.7%                  |
| <b>Actuarially Determined Employer Contribution (\$ millions)</b> |                        |                        |
| Total ADEC  | \$11.8                 | \$11.6                 |
| % of Payroll  | 47%                    | 55%                    |

The first set of results above shows the amount the City should contribute to the OPEB trust to establish pre-funding of benefits on an actuarial basis. The assumptions used for this valuation are consistent with the State's Uniform assumptions for fiscal year 2020. The one difference between the first table above and the second is the discount rate. The blended discount rate is lower because the City has not established a contribution history or policy such that OPEB benefits are full pre-funded other than what is statutorily required.

## Purpose of the Report

This Report presents the results of an actuarial review and analysis of the Retiree Healthcare Plan as of January 1, 2020. The purposes of this Report are:

- To determine the actuarial contributions to pre-fund the City's OPEB
- To establish the basis for GASB74/75 reporting for fiscal years 2020 and 2021
- To determine the City's OPEB liability and actuarial cost under the State's Uniform Assumptions

This valuation is based on the information provided by the City as of January 1, 2020, including member data, premium equivalents, and plan assets. The basis for the Plan provisions is also as of this date, with specific eligibility and cost sharing requirements outlined in Section 4.

Plan assets include the ERS VEBA as well as a portion of the Employees' Retirement System assets held in a reserve account. The Plan assets as of the valuation date for the reserve were determined based on the prior year reserve value, contributions towards retiree healthcare, and interest credits, as shown in the valuation report for the Retirement System.

## Actuarial Certification

In this study, we conducted an examination of all participant data for reasonableness and consistency, but did not audit such data. Actuarial liabilities and costs are based on the Entry Age Normal Cost Method. Under this method, the Actuarially Determined Contribution (ADC, or employer cost) provides for current cost (normal cost) plus an amount to amortize the unfunded actuarial accrued liability (UAAL).

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. The first undersigned is a member of the American Academy of Actuaries, and meets the Qualification Standards to provide the actuarial opinions herein.

Respectfully Submitted,



Gregory M. Stump, FSA, EA, FCA, MAAA  
Chief Actuary



Marshal Banks  
Senior Consultant

## Section 1: Actuarial Computations

## 1.1: Summary of Actuarial Liabilities

|   | 1/1/2020                     |                    | 1/1/2018                     |                    |
|---|------------------------------|--------------------|------------------------------|--------------------|
|   | Fully<br>Pre-Funded<br>Basis | Blended<br>Rate*   | Fully<br>Pre-Funded<br>Basis | Blended<br>Rate*   |
| <b>Discount Rate</b>                      | 7.00%                        | 5.22%              | 7.25%                        | 5.80%              |
| <b>Actuarial Accrued Liability</b>        |                              |                    |                              |                    |
| Active Members                            | \$43,390,243                 | \$58,390,417       | \$ 41,933,828                | \$ 53,410,889      |
| Inactive Members                          | <u>141,217,901</u>           | <u>170,870,586</u> | <u>146,865,535</u>           | <u>171,628,328</u> |
| <b>Total Actuarial Liability</b>          | \$184,608,144                | \$229,261,004      | \$ 188,799,363               | \$ 225,039,217     |
| <b>Normal Cost,<br/>Beginning of Year</b> | \$1,150,889                  | \$1,902,329        | \$966,803                    | \$ 1,450,436       |
| Expected Benefit<br>Payments              |                              | \$10,024,552       |                              | \$9,949,648        |

\* Statutory pre-funding requires a contribution to the OPEB trust from the City equal to 2.50% of payroll contribution for Old Plan and UAW members and 4.00% of payroll for New Plan members.

## 1.2: Actuarially Determined Contribution, Fully Pre-Funded Basis

The results shown below are based on full pre-funding of OPEB. This means that in addition to the benefits (i.e., claims and premium costs for retirees) for the year, supplemental amounts would be contributed and invested to increase funds in the OPEB Trust, which would eventually be used to finance all benefits.

The additional amount is \$0 because the expected benefits exceed the ADEC; however, this will be updated at the time of each valuation and will fluctuate and eventually be a positive amount.

|  | <b>1/1/2020</b>   | <b>1/1/2018</b>   |
|--|-------------------|-------------------|
| <i>Discount Rate</i>                                     | 7.00%             | 7.25%             |
| Actuarial Accrued Liability (AAL)                        | \$ 184,608,144    | \$ 188,799,363    |
| <u>Plan Assets</u>                                       | <u>67,291,950</u> | <u>57,988,477</u> |
| Unfunded AAL   | \$ 117,316,194    | \$ 130,810,886    |
| Funding Ratio  | 36.5%             | 30.7%             |
| Amortization of Unfunded AAL                             | \$ 7,897,553      | \$ 8,542,003      |
| Employer Normal Cost                                     | 1,150,889         | 966,803           |
| <u>Interest to End of Year</u>                           | <u>633,391</u>    | <u>689,388</u>    |
| Actuarially Determined Employer Contribution (ADEC)      | \$ 9,681,833      | \$ 10,198,194     |
| Percentage of Payroll                                    | 38.0%             | 48.0%             |
| Expected Benefits to be Paid                             | \$ 10,024,552     | \$ 9,949,648      |
| Additional Contributions to trust/VEBA to fully pre-fund | \$ 0              | \$ 248,546        |

### 1.3: Actuarially Determined Contribution, Blended Rate Basis

The results shown below are based on partial pre-funding. This means that, in addition to the pay-as-you-go cost, some level of prefunding would be set aside. In this case, the additional amount is currently about \$800,000 per year, based on our understanding of the statutory pre-funding provisions (footnoted below).

|   | 1/1/2020          | 1/1/2018          |
|---|-------------------|-------------------|
| <i>Discount Rate</i>                                | 5.22%             | 5.80%             |
| Actuarial Accrued Liability (AAL)                   | \$229,261,004     | \$ 225,039,217    |
| <u>Plan Assets</u>                                  | <u>67,291,950</u> | <u>57,988,447</u> |
| Unfunded AAL  | \$161,969,054     | \$167,050,770     |
| Amortization of Unfunded AAL                        | \$ 9,341,392      | \$ 9,546,949      |
| Employer Normal Cost                                | 1,902,329         | 1,450,436         |
| <u>Interest to End of Year</u>                      | <u>586,922</u>    | <u>637,848</u>    |
| Actuarially Determined Employer Contribution (ADEC) | \$11,830,643      | \$ 11,635,233     |
| Percentage of Payroll                               | 46.5%             | 54.8%             |
| Expected Benefits to be Paid                        | \$ 10,024,552     | \$ 9,949,648      |
| Estimated Contributions to trust/VEBA*              | \$800,000         | \$800,000         |

\* Statutory pre-funding requires a contribution to the OPEB trust from the City equal to 2.50% of payroll contribution for Old Plan and UAW members and 4.00% of payroll for New Plan members.



## Section 2: Summary of Participant Data

### Participant Summary

|                              | January 1, 2020 |            |       | January 1, 2018 |            |       |
|------------------------------|-----------------|------------|-------|-----------------|------------|-------|
|                              | UAW             | All Others | Total | UAW             | All Others | Total |
| <b>Active Participants</b>   |                 |            |       |                 |            |       |
| Number                       | 138             | 295        | 433   | 134             | 270        | 404   |
| Average Age                  | 47.2            | 46.6       | 46.8  | 49.2            | 49.1       | 49.2  |
| Average Service              | 11.9            | 9.3        | 10.1  | 14.8            | 11.7       | 12.7  |
| <b>Inactive Participants</b> |                 |            |       |                 |            |       |
| Number Receiving Benefits    | 229             | 679        | 908   | 228             | 620        | 848   |
| Average Age                  | 68.7            | 69.9       | 69.6  | 67.8            | 69.8       | 69.3  |
| Number Terminated Vested     |                 |            | 43    |                 |            | 77    |
| Average Age                  |                 |            | 53.1  |                 |            | 53.2  |

### Retiree Coverage Summary (2020)

| Level of Coverage             | UAW        | All Others | Total      |
|-------------------------------|------------|------------|------------|
| Single                        | 148        | 427        | 575        |
| Multiple                      | 81         | 252        | 333        |
| <b>Total Retirees Covered</b> | <b>229</b> | <b>679</b> | <b>908</b> |

For this study, we relied on the data provided by the City. We did not verify or audit the information, but did review it for reasonableness. There were a number of changes and assumptions made during our review that are reflected in the final valuation database, including the following:

- If there was a date of birth discrepancy with the pension data, the pension data date of birth was used.
- Status code for disabled and beneficiary retirees were taken from the pension data.

## Section 3: Outline of Actuarial Assumptions and Methods

## 3.1: Actuarial Methods

### Actuarial Cost Method

The Entry Age Normal Actuarial Cost Method, with level dollar normal cost, is used for this valuation. The cost equals the sum of the normal cost and the amount necessary to amortize the unfunded actuarial liability as a level percent of payroll over a closed period (22 years remaining as of January 1, 2020).

### Plan Assets

The Plan is funded by a trust agreement established pursuant to Section 501(c)(9) of the Internal Revenue Code, which allows for the formation of a Voluntary Employees Beneficiary Association (VEBA). In addition, Plan assets are available in a separate reserve of the Employee's Retirement System pension trust. For this study, assets are used at market value, without any smoothing of investment gains and losses.

### Changes in Actuarial Methods since Prior Valuation

There have been no changes in methods since the prior valuation.

### 3.2: Actuarial Assumptions

|  |  |
|--|--|
| Valuation Date                         | All assets and liabilities are computed as of January 1, 2020.   |
| Investment Return*                     | The annual rate of return on trust fund assets is assumed to be 7.00%, net of expenses and including inflation. This is also the discount rate under the Full Pre-Funding scenario.  |
| Discount Rate for Uniform Assumptions* | The blended discount rate was determined in accordance with State's Uniform Assumptions. A depletion analysis was conducted assumed the statutory contributions would continue until the Plan is 90% funded then benefits would be paid from the Trust until depleted. The rate is a blend of 7.00% and 3.50%. |
| Inflation and Payroll Growth           | The underlying annual rate of inflation is assumed to be 2.75%.  |

The basis for the non-healthcare related assumptions for this study is the analysis conducted for the Retirement System for purposes of the annual actuarial valuation to fund pension benefits. All of the assumptions were updated based on an Experience study conducted in 2016 and an update of the mortality analysis in 2020.

**Mortality\*** Pub2010G tables (below median) headcount weighted, projected on a generational basis with Scale MP-2018.

**Retirement** Rates of retirement vary based on the age of the member as shown below. Rate is applied only if the member is eligible to retire.

| Age   | UAW  | All Others |
|-------|------|------------|
| 50-54 | 50%  | 55%        |
| 55-57 | 30%  | 55%        |
| 58    | 30%  | 15%        |
| 59    | 30%  | 5%         |
| 60-64 | 30%  | 15%        |
| 65    | 100% | 60%        |
| 66-69 | 100% | 25%        |
| 70+   | 100% | 100%       |

**Disability** Rates of disability vary based on the age of the member as shown below. Half of all disabilities are assumed to be duty related. Representative rates of disability:

| Age | Assumed Rate |
|-----|--------------|
| 20  | 0.020%       |
| 30  | 0.020%       |
| 40  | 0.065%       |
| 50  | 0.205%       |
| 60  | 0.450%       |

Termination of Employment Rates of termination are based of years of service, with sample rates as follows:

| Years of Service | UAW   | All Others-Male | All Others-Female |
|------------------|-------|-----------------|-------------------|
| 0                | 10.0% | 22.0%           | 33.0%             |
| 1                | 7.0%  | 18.7%           | 28.1%             |
| 2                | 5.0%  | 15.9%           | 23.8%             |
| 3                | 5.0%  | 13.5%           | 20.3%             |
| 4                | 5.0%  | 11.5%           | 17.3%             |
| 5                | 4.0%  | 9.8%            | 14.6%             |
| 10               | 1.0%  | 4.3%            | 6.5%              |
| 15               | 1.0%  | 0.0%            | 0.0%              |
| 20+              | 0.5%  | 0.0%            | 0.0%              |

Healthcare costs\*

The following represents expected healthcare claims and expenses for 2020, based on the age of the retiree and dependents.

| Age | Retiree | Spouse  | Children                          |
|-----|---------|---------|-----------------------------------|
| 45  | \$6,067 | \$8,087 | 27% additional cost, up to age 26 |
| 50  | 6,999   | 9,330   |                                   |
| 55  | 8,353   | 11,134  |                                   |
| 60  | 10,114  | 13,482  |                                   |
| 65  | 4,733   | 4,733   |                                   |
| 70  | 5,329   | 5,329   |                                   |
| 75  | 5,854   | 5,854   |                                   |
| 80  | 6,276   | 6,276   |                                   |
| 85+ | 6,596   | 6,596   |                                   |

The per-capita-costs shown above are based on the retiree data and premium equivalents provided for this valuation. Age based costs are based on standard aging rates.

Dental costs are expected to be \$401 per year (2020 basis) for each covered member and spouse. Vision claims are expected to be \$51.60 per year (2020 basis). The costs above were updated based on recent claims/expense information and standard aging rates.

Medicare Part B Reimbursements are assumed to be \$1,735 per year (2020 basis), and increase at the post-65 trend rates.

Healthcare trend\*

The following increases are assumed for future healthcare claims and premiums:

| Year  | Pre-65 Rate | Post-65 Rate |
|-------|-------------|--------------|
| 2020  | 8.25%       | 6.50%        |
| 2021  | 8.00%       | 6.25%        |
| 2022  | 7.75%       | 6.00%        |
| 2023  | 7.50%       | 5.75%        |
| 2024  | 7.25%       | 5.50%        |
| 2025  | 7.00%       | 5.25%        |
| 2026  | 6.75%       | 5.00%        |
| 2027  | 6.50%       | 4.75%        |
| 2028  | 6.25%       | 4.50%        |
| 2029  | 6.00%       | 4.50%        |
| 2030  | 5.75%       | 4.50%        |
| 2031  | 5.50%       | 4.50%        |
| 2032  | 5.25%       | 4.50%        |
| 2033  | 5.00%       | 4.50%        |
| 2034  | 4.75%       | 4.50%        |
| 2035+ | 4.50%       | 4.50%        |

Dental and Vision costs are assumed to increase at 4.50% per year. The State employer Hard Cap is assumed to increase by 3% per year.

Participation

100% of eligible members with coverage are assumed to elect to continue coverage upon retirement.

Family Composition and Dependent Coverage\*

All Plan members who are currently married are assumed to be married upon retirement. Current coverage elections are assumed to continue, if eligible.

Male spouses are assumed to be three years older than their wives. 8% of retirees are assumed to have children covered, up to age 26. Retirees are assumed to be 32 years older than their children.

\* Assumption updated since last valuation

**Change in Assumptions**

The following assumptions were updated since the last valuation:

- Mortality tables
- Expected return on investments and discount rates
- Medical trend, expected per-capita costs, and family coverage

## Section 4: Highlights of Plan Provisions



### 4.1: Teamsters 214 (Supervisory and NS)

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date of Hire</b>          | <b>Normal Retirement Eligibility</b>   | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision</b>   |
|------------------------------|--|---|--|
| Before 10/29/1990            | 1) Age 58 with 15 years of service<br>2) Age 50 with 25 years of service<br>3) Rule of 65 with minimum of 8 years of service                                   | At least 8 years of service; benefit payable at age 58 or Rule of 65                          | City pays dental, vision, and 100% of retiree City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint & Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected. City-paid plan design changes as active plan changes.  |
| From 10/29/1990 to 12/7/2008 | Age 55 with 15 years of service or Age 50 with 25 years of service   | At least 15 years of service; benefit is payable at termination or age 55; whichever is later |  |
| From 12/8/2008 to 9/16/2012  | Age 55 with 15 years of service or Age 50 with 25 years of service   | At least 15 years of service; benefit is payable at termination or age 55; whichever is later | City pays dental, vision, and retiree healthcare City-paid plan coverage for the retiree only, up to the State of Michigan annually determined hard cap amount. Spouses and dependents are not covered, but coverage can be purchased with 100% of the cost born by the retiree. City-paid retiree dental coverage remains for spouse and eligible dependents for those hired after 12/8/2008. City-paid plan design changes as active plan changes. |
| From 9/17/2012 to 12/31/2014 | Age 50 with 25 years of service  | 25 years of service; benefit is payable at termination or age 55; whichever is later.         |  |
| On or after 1/1/2015         | Not eligible for defined benefit retiree healthcare; dental and vision coverage at age 50 with 25 years of service, payable at later of termination or age 55. |   |  |

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare eligible for those hired prior to 1/1/2015. Those hired on or after 1/1/2015 are not eligible for Medicare Part B premium reimbursement or supplemental retiree healthcare, but are eligible for dental and vision benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.2.1: Teamsters 243, Supervisory and CTP (formerly Teamsters 580)

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date of Hire</b>         | <b>Normal Retirement Eligibility</b>   | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision</b>  |
|-----------------------------|--|---|---|
| Before 7/1/1987             | 1) Age 58 with 8 years of service<br>2) Age 50 with 25 years of service<br>3) Rule of 65 (age plus service) with minimum of 8 years of service                 | At least 8 years of service; benefits payable at age 58 or Rule of 65 points                  | <u>Retired before 2/20/2004:</u> City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage for spouse and eligible dependents if Joint & Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected.   |
| From 7/1/1987 to 10/28/1990 | 1) Age 58 with 15 years of service<br>2) Age 50 with 25 years of service<br>3) Rule of 65 (age plus service) with minimum of 15 years of service               | At least 15 years of service; benefit is payable at termination or age 55, whichever is later | <u>Retired on or after 2/20/2004:</u> City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for spouse and eligible dependents if Joint & Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected. Retiree contributions toward City-paid plan coverage are capped at the lesser of 1% of pension benefit or \$125 annually for single coverage, \$225 for 2-party coverage, or \$325 for family coverage for City-paid plan. Retiree pays full cost of buy-up to optional insurance election. City-paid plan design changes as active plan changes. |
| From 10/29/1990 to 2/8/2010 | Age 58 with 15 years of service or Age 50 with 25 years of service   | At least 15 years of service; benefit is payable at termination or age 55, whichever is later |   |
| From 2/9/2010 to 5/18/2014  | Age 50 with 25 years of service  | 25 years of service; benefit is payable at termination or age 55, whichever is later          |   |
| On or after 5/19/2014       | Not eligible for defined benefit retiree healthcare; age 50 and 25 years of service for dental and vision coverage, payable at later of termination or age 55. |   |   |

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible for those hired prior to 5/19/2014. Those hired on or after 5/19/2014 are not eligible for Medicare Part B premium reimbursement or supplemental retiree healthcare, but are eligible for dental and vision benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.2.2: Teamsters 243, District Court (formerly Teamsters 580, District Court)

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date of Hire</b>        | <b>Normal Retirement Eligibility</b>  | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision*</b>   |
|----------------------------|---|---|---|
| Before 6/1/2010            | Age 58 with 15 years of service or Age 50 with 25 years of service  | At least 15 years of service and age 55 | City pays dental and 100% of retiree City-paid plan coverage for the retiree, spouse, and eligible dependents, up to the State of Michigan annually determined hard cap amount for the spouse and eligible dependents if Joint and Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected. Retiree contribution toward City-paid plan coverage is capped at 1% of monthly pension benefit. City-paid plan design changes as active plan changes.                                    |
| From 6/1/2010 to 3/31/2014 | Age 50 with 25 years of service   | At least 25 years of service and age 55 |   |
| From 4/1/2014 to 6/30/2016 | Age 50 with 25 years of service   | At least 25 years of service and age 55 | City pays dental and 100% of retiree healthcare City-paid plan coverage for the retiree only, up to the State of Michigan annually determined hard cap amount, with coverage up to Medicare eligibility. City-paid healthcare is not provided for Medicare-eligible retirees, but they are still eligible for dental and vision* coverage. Spouses and dependents are not covered for healthcare before or after Medicare eligibility, but they are eligible for dental and vision* coverage. City-paid plan design changes as active plan changes. |
| On or after 7/1/2016       | Not eligible for defined benefit retiree healthcare; age 50 and 25 years of service for dental and vision* coverage, payable at later of termination or age 55. |   |   |

\*Teamsters 243 District Court retirees pay the full cost of vision coverage, if selected.

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental, and vision\* benefits supplemental to Medicare coverage when participants become Medicare-eligible for those hired prior to 4/1/2014. Those hired on or after 4/1/2014 are not eligible for Medicare Part B premium reimbursement or supplemental retiree healthcare, but are eligible for City-paid dental and retiree-paid vision\* benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.3: UAW (Full Time, Local 2256)

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| Date of Hire                | Normal Retirement Eligibility                                      | Deferred Retirement Eligibility   | Benefits Payable for Healthcare, Dental, and Vision   |
|-----------------------------|--|---|---|
| Before 12/1/1989            | Age 58 with 8 years of service or Age 50 with 25 years of service  | At least 8 years of service, payable when retiree is eligible for Normal Retirement.  | <u>Retired prior to 7/1/2010:</u> City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint & Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected.  |
| From 12/1/1989 to 3/7/2010  | Age 58 with 15 years of service or Age 50 with 25 years of service | At least 15 years of service, payable when retiree is eligible for Normal Retirement. | <u>Retired on or after 7/1/2010 and before 10/1/2014:</u> City pays dental, vision and retiree healthcare plan coverage for retiree, spouse and eligible dependents if Joint & Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected. Retiree contributions toward City-paid plan coverage are the lesser of 1% of pension benefit or \$125 annually for single coverage, \$225 for 2-party coverage, or \$325 for family coverage.  |
| From 3/8/2010 to 10/20/2013 | Age 50 with 25 years of service                                    | 25 years of service, payable when retiree is eligible for Normal Retirement.          | <u>Retired on or after 10/1/2014:</u> City pays dental, vision, and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint & Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected. Retiree contributions toward City-paid plan coverage are capped at the lesser of 1% of the retiree's pension benefit or \$125 annually for single coverage, \$225 for 2-party coverage, or \$325 for family coverage for City-paid plan. City paid plan design changes as active plan changes. Participants electing optional insurance coverage pay the full cost above the State of Michigan annually determined hard cap amount. |

Continued on next page

| Date of Hire           | Normal Retirement Eligibility   | Deferred Retirement Eligibility  | Benefits Payable for Healthcare, Dental, and Vision   |
|------------------------|---------------------------------|--|---|
| On or after 10/21/2013 | Age 50 with 25 years of service | 25 years of service, payable when retiree is eligible for Normal Retirement. | City pays dental, vision, and 100% of retiree health care City-paid plan coverage for the retiree, up to the State of Michigan annually determined hard cap amount, subject to limitation of the retiree contribution to no more than 1% of the retiree's pension benefit, up to Medicare eligibility. City-paid plan design changes as active plan changes. City-paid healthcare is not provided for Medicare-eligible retirees, but they are eligible for dental and vision coverage. Spouses and dependents are not covered for healthcare before or after Medicare eligibility, but they are eligible for dental and vision coverage. |

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare eligible for those hired prior to 10/21/2013. Those hired on or after 10/21/2013 are not eligible for Medicare Part B premium reimbursement or supplemental healthcare benefits, but are eligible for dental and vision benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,500 prior to January 9, 2017 and \$1,800 after January 9, 2017 in any year in which they do not receive coverage from another source.

#### 4.4: 911 Operators (FOP)

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

##### **Eligibility for Healthcare, Dental, and Vision Coverage**

###### ***Normal Retirement Eligibility:***

911 dispatch operations were transferred to Ingham County on 7/1/2012. Accordingly, retiree healthcare liabilities for those employed as of 7/1/2012 were transferred to Ingham County, and the City has no OPEB obligation for those retiring on or after 7/1/2012, except for those that terminated from the City prior to 7/1/2012 and are eligible for a deferred retirement.

###### ***Deferred Retirement Eligibility:***

Defined benefit pension members hired before 5/1/2004: At least 8 years of service; benefits payable at age 58 or Rule of 65 points

Defined benefit pension members hired on or after 5/1/2004: At least 15 years of service; benefits payable at age 58

Defined Contribution Plan retirement plan member hired on or after 7/1/1992: At least 15 years of service; benefit payable at termination or age 55, whichever is later

##### **Medicare Coverage Eligibility**

City provides Medicare Part B premium reimbursement and retiree health care, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible.

##### **Benefits Payable for Healthcare, Dental, and Vision**

City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint & Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected. (See eligibility note above.)

##### **Opt Out Benefit**

Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.5.1: District Court, Non-Bargaining

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date of Hire</b>        | <b>Normal Retirement Eligibility</b>  | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision*</b>  |
|----------------------------|---|---|--|
| Before 6/1/2010            | Age + Service = 65 with at least 15 years of service  | At least 15 years of service, benefits payable at age 58 or Rule of 65 points | City pays dental and 100% of retiree City-paid plan coverage for the retiree, spouse, and eligible dependents, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint and Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected. City-paid plan design changes as active plan changes. |
| From 6/1/2010 to 3/31/2014 | At least 25 years of service  | At least 25 years of service and age 55                                       |  |
| From 4/1/2014 to 6/30/2016 | At least 25 years of service  | At least 25 years of service and age 55                                       | City pays dental and 100% of retiree City-paid plan coverage for the retiree only, up to the State of Michigan annually determined hard cap amount. City-paid plan design changes as active plan changes. Spouses and dependents are not covered for healthcare, but they are still eligible for dental and vision* coverage   |
| On or after 7/1/2016       | Not eligible for defined benefit retiree healthcare; age 50 and 25 years of service for dental and vision* coverage, payable at later of termination or age 55. |   |  |

\*District Court non-bargained retirees pay the full cost of vision coverage, if selected.

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental, and vision\* benefits supplemental to Medicare coverage when participants become Medicare-eligible, for those hired prior to 7/1/2016. Those hired on or after 7/1/2016 are not eligible for Medicare Part B premium reimbursement, nor supplemental retiree healthcare, but are eligible for dental and vision\* benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.



### 4.5.2: Other Non-Bargaining Supervisory, Non-Bargaining CTP

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date of Hire</b>          | <b>Normal Retirement Eligibility</b>   | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision</b>   |
|------------------------------|--|---|--|
| Before 10/29/1990            | Age + Service = 65 with at least 15 years of service   | At least 15 years of service, benefits payable at age 58 or Rule of 65 points | <p><u>Retired prior to 7/1/2007:</u> City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint &amp; Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> <p><u>Retired on or after to 7/1/2007:</u> City pays dental, vision, and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint &amp; Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> |
| From 10/29/1990 to 6/30/2007 | At least 15 years of service   | At least 15 years of service and age 55                                       |  |
| From 7/1/2007 to 12/31/2015  | At least 15 years of service   | At least 15 years of service and age 55                                       | City pays dental, vision, and retiree healthcare City-paid plan coverage for the retiree only, up to the State of Michigan annually determined hard cap amount. City-paid plan design changes as active plan changes. Spouses and dependents are not covered, but coverage can be purchased with 100% of the cost born by the retiree. City-paid retiree dental coverage remains for spouse and eligible dependents for those hired after 7/1/2007.  |
| On or after 1/1/2016         | Not eligible for defined benefit retiree healthcare; age 50 and 25 years of service for dental and vision coverage, payable at later of termination or age 55. |   |  |

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible. Those hired on or after 7/1/2016 are not eligible for Medicare Part B premium reimbursement, nor supplemental retiree healthcare, but are eligible for dental and vision benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.



### 4.5.3: Mayoral Staff, Executive Management

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| Date of Hire                 | Normal Retirement Eligibility   | Deferred Retirement Eligibility  | Benefits Payable for Healthcare, Dental, and Vision   |
|------------------------------|---|--|---|
| Before 10/29/1990            | Fire: Age 55 with 10 years of service, or 25 years of service no age requirement<br>Police: Age 55 with 15 years of service, or 25 years of service credit no age requirement<br>Non-Police/Fire: Age + Service is at least 65, with at least 15 years of service | At least 15 years of service; benefit payable at age 58 or Rule of 65  | <p><u>Retired prior to 7/1/2007:</u> City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint &amp; Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> <p><u>Retired on or after to 7/1/2007:</u> City pays dental, vision, and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint &amp; Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p>  |
| From 10/29/1990 to 6/30/2007 | 8 years of service for partial coverage; 15 years of service of full coverage; age 55   | At least 8 years of service for partial coverage; 15 years of service for full coverage. Benefit is payable at termination or age 55; whichever is later | <p>City pays:</p> <ul style="list-style-type: none"> <li>• 55% of applicable plan premium after completing 8 years of service and age 55</li> <li>• 75% of applicable plan premium after completing 12 years of service and age 55</li> <li>• 100% of applicable plan premium after 15 years of service and age 55</li> </ul> <p><u>Retired prior to 7/1/2007:</u> City pays dental, vision, and above percentage of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint &amp; Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> <p><u>Retired on or after to 7/1/2007:</u> City pays dental, vision, and above percentage healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint &amp; Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> |

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| Date of Hire         | Normal Retirement Eligibility                        | Deferred Retirement Eligibility  | Benefits Payable for Healthcare, Dental, and Vision   |
|----------------------|--|--|---|
| On or after 7/1/2007 | 15 years of service and age 55                       | 25 years of service; benefit is payable at termination or age 55; whichever is later | City pays dental, vision, and retiree healthcare City-paid plan coverage for the retiree only, up to the State of Michigan annually determined hard cap amount. Spouses and dependents are not covered, but coverage can be purchased with 100% of the cost born by the retiree. City-paid retiree dental coverage remains for spouse and eligible dependents for those hired after 7/1/2007. |
| On or after 7/1/2016 | Not eligible for defined benefit retiree healthcare. |  |   |

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

#### 4.5.4: City Council Staff

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date of Hire</b>          | <b>Normal Retirement Eligibility</b>  | <b>Deferred Retirement Eligibility</b>   | <b>Benefits Payable for Healthcare, Dental, and Vision</b>  |
|------------------------------|---|--|---|
| Before 7/1/1987              | 8 years of service  | At least 8 years of service  | <p><u>Retired prior to 7/1/2007:</u> City pays dental, vision, and 100% of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint &amp; Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> <p><u>Retired on or after to 7/1/2007:</u> City pays dental, vision, and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint &amp; Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p>  |
| From 7/1/1987 to 10/28/1990  | 15 years of service   | At least 15 years of service; benefit is payable at termination or age 55; whichever is later  |   |
| From 10/29/1990 to 6/30/2007 | 8 years of service for partial coverage; 15 years of service of full coverage; age 55 | At least 8 years of service for partial coverage; 15 years of service for full coverage. Benefit is payable at termination or age 55; whichever is later | <p>City pays:</p> <ul style="list-style-type: none"> <li>• 55% of applicable plan premium after completing 8 years of service and age 55</li> <li>• 75% of applicable plan premium after completing 12 years of service and age 55</li> <li>• 100% of applicable plan premium after 15 years of service and age 55</li> </ul> <p><u>Retired prior to 7/1/2007:</u> City pays dental, vision, and above percentage of retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents if Joint &amp; Survivor pension option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> <p><u>Retired on or after to 7/1/2007:</u> City pays dental, vision, and above percentage healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents if Joint &amp; Survivor option is elected, but only through the retiree's lifetime if straight life pension option is elected.</p> |

Continued on next page

| <b>Date of Hire</b>         | <b>Normal Retirement Eligibility</b>                 | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision</b>  |
|-----------------------------|--|---|---|
| From 7/1/2007 to 10/14/2012 | 15 years of service and age 55                       | At least 15 years of service; benefit is payable at termination or age 55, whichever is later | City pays dental, vision, and retiree healthcare City-paid plan coverage for the retiree only, up to the State of Michigan annually determined hard cap amount. Spouses and dependents are not covered, but coverage can be purchased with 100% of the cost born by the retiree. City-paid retiree dental coverage remains for spouse and eligible dependents for those hired after 7/1/2007. |
| On or after 10/15/2012      | 25 years of service and age 55                       | At least 25 years of service; benefit is payable at termination or age 55; whichever is later |   |
| On or after 7/1/2016        | Not eligible for defined benefit retiree healthcare. |   |   |

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree healthcare, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.5.6: Mayor/City Clerk

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date Elected</b>        | <b>Normal Retirement Eligibility</b>                             | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision*</b>  |
|----------------------------|--|---|--|
| Before 7/1/1987            | 8 years of service   | At least 8 years of service   | City pays dental, vision, and retiree healthcare City-paid plan coverage for retiree, spouse, and eligible dependents.   |
| From 7/1/1987 to 6/30/2007 | 15 years of service and age 55                                   | At least 15 years of service; benefit is payable at termination or age 55; whichever is later | <u>Retired prior to 1/1/2006:</u><br>City pays dental, vision, and retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents.  |
| From 7/1/2007 to 6/30/2009 | 15 years of service and age 55; not eligible for vision coverage | At least 15 years of service; benefit is payable at termination or age 55; whichever is later | <u>Retired on or after to 1/1/2006:</u><br>City pays dental, vision, and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents.   |
| On or after 7/1/2009       | 15 years of service and age 55; not eligible for vision coverage | At least 15 years of service; benefit is payable at termination or age 55; whichever is later | City pays dental and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree only. Spouses and dependents are not covered, but dental coverage remains for spouse and eligible dependents, for those elected after 7/1/2009. |
| On or after 7/1/2016       | Not eligible for defined benefit retiree healthcare.             |   |  |

\* Those elected after 7/1/2007 are not eligible for vision coverage.

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree health care, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible. Those elected after 7/1/2007 are not eligible for vision coverage.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.5.7: City Council

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date Elected</b>         | <b>Normal Retirement Eligibility</b>   | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision*</b>   |
|-----------------------------|--|---|---|
| Before 7/1/1987             | 8 years of service   | At least 8 years of service   | City pays dental, vision, and retiree healthcare City-paid plan coverage for retiree, spouse, and eligible dependents.<br><br><u>Retired prior to 1/1/2006:</u><br>City pays dental, vision, and retiree healthcare City-paid plan coverage for the retiree, spouse, and eligible dependents.<br><br><u>Retired on or after to 1/1/2006:</u><br>City pays dental, vision, and healthcare City-paid plan coverage, up to the State of Michigan annually determined hard cap amount for the retiree, spouse, and eligible dependents. |
| From 7/1/1987 to 6/30/2007  | 15 years of service and age 55   | At least 15 years of service; benefit is payable at termination or age 55; whichever is later |   |
| From 7/1/2007 to 12/31/2009 | 15 years of service and age 55; not eligible for vision coverage                 |   |   |
| On or after 1/1/2010        | Not eligible for defined benefit retiree healthcare, dental, or vision coverage. |   |   |

\* Those elected after 7/1/2007 are not eligible for vision coverage.

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** Same vesting as deferred retirement eligibility. Age requirement is waived with a minimum of 10 years of service.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree health care, dental, and vision benefits supplemental to Medicare coverage when participants become Medicare-eligible. Those elected after 1/1/2010 are not eligible for Medicare premium reimbursement, dental, vision, or supplemental healthcare benefits.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

### 4.5.8: Judges

The following is an outline of the information used as the basis for this actuarial valuation. It does not imply a promise or obligation on behalf of the City, and does not take the place of applicable ordinances and collective bargaining agreements.

| <b>Date Taking Office</b>   | <b>Normal Retirement Eligibility</b> | <b>Deferred Retirement Eligibility</b>  | <b>Benefits Payable for Healthcare, Dental, and Vision*</b>  |
|-----------------------------|--------------------------------------|---|--|
| Before 6/30/1988            | 8 years of service                   | At least 8 years of service             | City pays dental and retiree healthcare City-paid plan coverage for retiree, spouse, and eligible dependents up to the State of Michigan annually determined hard cap amount.<br>City-paid plan design changes as active District Court Non-Bargained City-paid plan design changes. |
| From 7/1/1988 to 10/28/1990 | 15 years of service                  | At least 15 years of service and age 55 |  |
| On or after 10/29/1990      | 15 years of service and age 55       | 15 years of service and age 55          |  |

\*Retired judges pay the full cost of vision coverage, if selected.

**Disability and Death Retirement (Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Disability and Death Retirement (Non-Duty Related) Eligibility:** No age or service requirement. Disability benefits payable when member begins to receive disability pension benefits.

**Medicare Coverage Eligibility:** City provides Medicare Part B premium reimbursement and retiree health care, dental, and vision\* benefits supplemental to Medicare coverage when participants become Medicare-eligible.

**Opt Out Benefit:** Retirees who opt out of health care coverage are eligible to receive \$1,800 in any year in which they do not receive coverage from another source.

*The Plan provision summaries shown in this Report were provided by the City and were not independently verified by BCG.*

## Glossary of Actuarial Terms

### Actuarial Accrued Liability

A plan's actuarial accrued liability is the level of assets estimated by the system actuary to be needed as of the valuation date to

- Finance all previously earned benefits for actively employed members of the plan (and their beneficiaries, if applicable) for when they eventually retire, die or terminate with deferred vested benefits
- Finance all currently payable benefits of current pensioners and their beneficiaries (if applicable).

The Actuarial Accrued Liability is not a debt; instead, it is an asset target set by the actuarial cost method to produce an orderly accumulation of assets to pay for the plan's obligations.

### Actuarially Determined Contribution (ADC)

The annual cost of the plan, on a funding basis. The ADC is the sum of the Normal Cost and the amortization of unfunded actuarial accrued liability.

### Normal Cost

The Normal Cost is calculated as the annual amount necessary to fund each member's benefits from that member's Plan entry date to the end of his or her projected working life.

### Other Postemployment Benefits (OPEB)

Postemployment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other healthcare benefits.

### Unfunded Actuarial Accrued Liability

When the actuarial value of assets is below the Actuarial Accrued Liability, there is an Unfunded Actuarial Accrued Liability which must be paid off or amortized on a schedule. When the actuarial value of assets is in excess of the Actuarial Accrued Liability, this can lead to a reduction in future contributions on an amortization schedule.