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Michigan Department of Treasury  
5598 (08-18)

## Protecting Local Government Retirement and Benefits Act Corrective Action Plan: Defined Benefit Pension Retirement Systems

Issued under authority of Public Act 202 of 2017.

### I. MUNICIPALITY INFORMATION

Local Unit Name: City of Battle Creek Six-Digit Muni Code: 132020  
Defined Benefit Pension System Name: Municipal Employees' Retirement System of Michigan  
Contact Name (Administrative Officer): Rebecca L. Fleury  
Title if not Administrative Officer: City Manager  
Email: rlfleury@battlecreekmi.gov Telephone: (269) 966-3378

### 2. GENERAL INFORMATION

**Corrective Action Plan:** An underfunded local unit of government shall develop and submit for approval a corrective action plan for the local unit of government. The local unit of government shall determine the components of the corrective action plan. This Corrective Action Plan shall be submitted by any local unit of government with at least one defined benefit pension retirement system that has been determined to have an underfunded status. Underfunded status for a defined benefit pension system is defined as being less than 60% funded according to the most recent audited financial statements, and, if the local unit of government is a city, village, township, or county, the annually required contribution (ARC) for all of the defined benefit pension retirement systems of the local unit of government is greater than 10% of the local unit of government's annual governmental fund revenues, based on the most recent fiscal year.

**Due Date:** The local unit of government has **180 days from the date of notification** to submit a corrective action plan to the Municipal Stability Board (the Board). The Board may extend the 180-day deadline by up to an additional 45 days if the local unit of government submits a reasonable draft of a corrective action plan and requests an extension.

**Filing:** Per Sec. 10(1) of PA 202 of 2017 (the Act), this Corrective Action Plan must be approved by the local government's administrative officer and its governing body. **You must provide proof of your governing body approving this Corrective Action Plan and attach the documentation as a separate PDF document.** Per Sec. 10(4) of the Act, failure to provide documentation that demonstrates approval from your governing body will result in a determination of noncompliance by the Board.

The submitted plan must demonstrate through distinct supporting documentation how and when the local unit will reach the 60% funded ratio. Or, if the local unit is a city, village, township, or county, the submitted plan may demonstrate how and when the ARC for all of the defined benefit pension systems will be less than 10% of annual governmental fund revenues, as defined by the Act. Supporting documentation for the funding ratio and/or ARC must include an actuarial projection, an actuarial valuation, or an internally developed analysis. The local unit must project governmental fund revenues using a reasonable forecast based on historical trends and projected rates of inflation.

The completed plan must be submitted via email to Treasury at [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) for review by the Board. **If you have multiple underfunded retirement systems, you are required to complete separate plans and send a separate email for each underfunded system.** Please attach each plan as a separate PDF document in addition to all applicable supporting documentation.

The subject line of the email(s) should be in the following format: **Corrective Action Plan-2017, Local Unit Name, Retirement System Name** (e.g. Corrective Action Plan-2017, City of Lansing, Employees' Retirement System)

Pension Plan). Treasury will send an automatic reply acknowledging receipt of the email. Your individual email settings must allow for receipt of Treasury's automatic reply. This will be the only notification confirming receipt of the application(s).

**Municipal Stability Board:** The Municipal Stability Board (the Board) shall review and vote on the approval of a corrective action plan submitted by a local unit of government. If a corrective action plan is approved, the Board will monitor the corrective action plan for the following two years, and the Board will report on the local unit of government's compliance with the Act not less than every two years.

**Review Process:** Following receipt of the email by Treasury, the Board will accept the corrective action plan submission at the next scheduled meeting of the Board. The Board shall then approve or reject the corrective action plan within 45 days from the date of the meeting.

**Considerations for Approval:** A successful corrective action plan will demonstrate the actions for correcting underfunded status as set forth in Sec. 10(7) of the Act (listed below), as well as any additional solutions to address the underfunded status. Please also include steps already taken to address your underfunded status as well as the date prospective actions will be taken. A local unit of government may also include in its corrective action plan, a review of the local unit of government's budget and finances to determine any alternative methods available to address its underfunded status. A corrective action plan under this section may include the development and implementation of corrective options for the local unit of government to address its underfunded status. The corrective options as described in Sec. 10(7) may include, but are not limited to, any of the following:

- (i) Closing the current defined benefit plan.
- (ii) Implementing a multiplier limit.
- (iii) Reducing or eliminating new accrued benefits.
- (iv) Implementing final average compensation standards.

**Implementation:** The local unit of government has up to 180 days after the approval of a corrective action plan to begin to implement the corrective action plan to address its underfunded status. The Board shall monitor each underfunded local unit of government's compliance with this act and any corrective action plan. The Board shall adopt a schedule, not less than every 2 years, to certify that the underfunded local unit of government is in substantial compliance with the Act. If the Board determines that an underfunded local unit of government is not in substantial compliance under this subsection, the Board shall within 15 days provide notification and report to the local unit of government detailing the reasons for the determination of noncompliance with the corrective action plan. The local unit of government has 60 days from the date of the notification to address the determination of noncompliance.

### 3. DESCRIPTIONS OF PRIOR ACTIONS

Prior actions are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the prior actions implemented by the local government to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

- **Please Note:** If applicable, prior actions listed within your waiver application(s) may also be included in your corrective action plan.

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Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what has the local unit of government done to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

**Note:** Please provide the name of the system impacted, the date you made the change, the relevant page number(s) within the supporting documentation, and the resulting change to the system's funded ratio.

## Category of Prior Actions:

- System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

**Sample Statement:** *The system's multiplier for current employees was lowered from 2.5X to 2X for the **General Employees' Retirement System** on **January 1, 2017**. On page **8** of the attached actuarial supplemental valuation, it shows our funded ratio will be **60%** by fiscal year **2020**.*

All divisions with the exception of the general non-union and Commission appointed were changed to a lower tier of benefits (from 2.5 to 1.5 multiplier or to a Hybrid plan) for new hires in 2010, 2011 and 2012 (see attached 12/31/17 MERS Actuarial Valuation Table 2 - Attachment 6a). The general non-union division eliminated the inclusion of vacation payout upon retirement in final average compensation in 2010.(continued-Attachment 6b-Item 1)

- Additional Funding** – Additional funding may include the following: Voluntary contributions above the actuarially determined contribution, bonding, millage increases, restricted funds, etc.

**Sample Statement:** *The local unit provided a lump sum payment of **\$1 million** to the **General Employees' Retirement System** on **January 1, 2017**. This lump sum payment was in addition to the actuarially determined contribution (ADC) of the system. The additional contribution will increase the retirement system's funded ratio to **61%** by **2025**. Please see page **10** of the attached enacted budget, which highlights this contribution of **\$1 million**.*

The City of Battle Creek created a surplus division at MERS and funded it with a lump sum contribution of \$289,601.89 in December 2017. This payment was in addition to the actuarially determined contribution (ADC). In November 2018 the City made an additional contribution of \$103,531.43 in addition to the actuarially determined contribution (ADC). Prior year contributions are shown on Table 5 from the 12/31/17 MERS valuation(attachment 3a).

- Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

**Sample Statement:** *The information provided on the Form 5572 from the audit used actuarial data from **2015**. Attached is an updated actuarial valuation for **2017** that shows our funded ratio has improved to **62%** as indicated on page **13**.*

The City of Battle Creek has enterprise funds with MERS pension liabilities of \$24.7 million recorded. Inclusion of the enterprise fund revenues in the calculation for determination of underfunded status would have resulted in the ADC/Revenues percentage of 9.7%. This result would have shown the MERS plan did not meet the criteria of underfunded.

## 4. DESCRIPTION OF PROSPECTIVE ACTIONS

The corrective action plan allows you to submit a plan of prospective actions which are separated into three categories below: System Design Changes, Additional Funding, and Other Considerations. Please provide a brief description of the additional actions the local government is planning to implement to address the retirement system's underfunded status within the appropriate category section. Within each category are sample statements that you may choose to use to indicate the changes to your system that will positively affect your funded status. For retirement systems that have multiple divisions, departments, or plans within the same retirement system, please indicate how these changes impact the retirement **system** as a whole.

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Please indicate where in the attached supporting documentation these changes are described and the impact of those changes (i.e. what will the local unit of government do to improve its underfunded status, and where can we find the proof of these changes in the supporting documentation?).

**Category of Prospective Actions:**

**System Design Changes** - System design changes may include the following: Lower tier of benefits for new hires, final average compensation limitations, freeze future benefit accruals for active employees in the defined benefit system, defined contribution system for new hires, hybrid system for new hires, bridged multiplier for active employees, etc.

**Sample Statement:** Beginning with **summer 2018** contract negotiations, the local unit will seek to lower the system's multiplier for current employees from 2.5X to 2X for the **General Employees' Retirement System**. On page 8 of the attached actuarial supplemental valuation, it shows our funded ratio would be **60% funded by fiscal year 2020** if these changes were adopted and implemented by **fiscal year 2019**.

Increases in employee contributions over a five year period have been targeted. Subject to the negotiation process, these targets will be considered as the City begins the negotiation process with 4 bargaining units that have contracts expiring 6/30/19. Non-bargained units (non union and Commission appointed) will implement the increases effective 7/1/19. See attachment 6b - item 2.

**Additional Funding** – Additional funding may include the following: voluntary contributions above the actuarially determined contribution, bonding, millage increases, restricted funds, etc.

**Sample Statement:** Beginning in **fiscal year 2019**, the local unit will provide a lump sum payment of **\$1 million** to the **General Employees' Retirement System**. This lump sum payment will be in addition to the actuarially determined contribution (ADC) of the system. The additional contribution will increase the retirement system's funded ratio to **61% by 2025**. Please see page 10 of the attached enacted budget, which highlights this contribution of **\$1 million**. Please see page 12 of the attached supplemental actuarial valuation showing the projected change to the system's funded ratio with this additional contribution.

**Other Considerations** – Other considerations may include the following: outdated Form 5572 information, actuarial assumption changes, amortization policy changes, etc.

**Sample Statement:** Beginning in **fiscal year 2019**, the local unit will begin amortizing the unfunded portion of the pension liability using a **level-dollar amortization method over a closed period of 10 years**. This will allow the retirement system to reach a funded status of **62% by 2022** as shown in the attached actuarial analysis on page 13.

The City of Battle Creek convened a Legacy Cost Committee in September 2015. This committee has been tasked with recommending creative solutions for employee retirement benefits that will reduce liabilities in the long run, recommending best practices in regards to pension, and maintaining a benefit package that will (continued-6b item 3)

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**5. CONFIRMATION OF FUNDING**

Please check the applicable answer:

Do the corrective actions listed in this plan allow for (insert local unit name) City of Battle Creek to make, at a minimum, the annual required contribution payment for the defined benefit pension system according to your long-term budget forecast?

- Yes
  - No
- If No, Explain

**6. DOCUMENTATION ATTACHED TO THIS CORRECTIVE ACTION PLAN**

Documentation should be attached as a .pdf to this Corrective Action Plan. The documentation should detail the corrective action plan that would be implemented to adequately address the local unit of government's underfunded status. Please check all documents that are included as part of this plan and attach in successive order as provided below:

**Naming convention:** when attaching documents please use the naming convention shown below. If there is more than one document in a specific category that needs to be submitted, include a, b, or c for each document. For example, if you are submitting two supplemental valuations, you would name the first document "Attachment 2a" and the second document "Attachment 2b".

**Naming Convention**

**Type of Document**

Attachment – 1

**This Corrective Action Plan Form (Required)**

Attachment – 1a

**Documentation from the governing body approving this Corrective Action Plan (Required)** EXTENSION REQUEST

Attachment – 2a

**An actuarial projection, an actuarial valuation, or an internally developed analysis, which illustrates how and when the local unit will reach the 60% funded ratio. Or, if the local unit is a city, village, township, or county, ARC will be less than 10% of governmental fund revenues, as defined by the Act. (Required)**

Attachment – 3a

Documentation of additional payments in past years that is not reflected in your audited financial statements (e.g. enacted budget, system provided information).

Attachment – 4a

Documentation of commitment to additional payments in future years (e.g. resolution, ordinance)

Attachment – 5a

A separate corrective action plan that the local unit has approved to address its underfunded status, which includes documentation of prior actions, prospective actions, and the positive impact on the system's funded ratio

Attachment – 6a

Other documentation not categorized above

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**7. CORRECTIVE ACTION PLAN CRITERIA**

Please confirm that each of the four corrective action plan criteria listed below have been satisfied when submitting this document. Specific detail on corrective action plan criteria can be found in the Corrective Action Plan Development: Best Practices and Strategies document.

<b>Corrective Action Plan Criteria</b>	<b>Description</b>
<input checked="" type="checkbox"/> Underfunded Status	Is there a description and adequate supporting documentation of how and when the retirement system will reach the 60% funded ratio? Or, if your local unit is a city, village, township, or county, how and when the ARC of all pension systems will be less than 10 percent of governmental fund revenues?
<input checked="" type="checkbox"/> Reasonable Timeframe	Do the corrective actions address the underfunded status in a reasonable timeframe ( <u>see CAP criteria issued by the Board</u> )?
<input checked="" type="checkbox"/> Legal and Feasible	Does the corrective action plan follow all applicable laws? Are all required administrative certifications and governing body approvals included? Are the actions listed feasible?
<input checked="" type="checkbox"/> Affordability	Do the corrective action(s) listed allow the local unit to make the annual required contribution payment for the pension system now and into the future without additional changes to this corrective action plan?

**8. LOCAL UNIT OF GOVERNMENT'S ADMINISTRATIVE OFFICER APPROVAL OF CORRECTIVE ACTION PLAN**

I Rebecca L. Fleury, as the government's administrative officer (*enter title*) City Manager (Ex: City/Township Manager, Executive director, and Chief Executive Officer, etc.) approve this Corrective Action Plan and will implement the prospective actions contained in this Corrective Action Plan.

I confirm to the best of my knowledge that because of the changes listed above, one of the following statements will occur:

The Municipal Employees' Retirement System (**Insert Retirement Pension System Name**) will achieve a funded status of at least 60% by Fiscal Year 2020 as demonstrated by required supporting documentation listed in section 6.

**OR, if the local unit is a city, village, township, or county:**

The ARC for all of the defined benefit pension retirement systems of \_\_\_\_\_ (**Insert local unit name**) will be less than 10% of the local unit of government's annual governmental fund revenues by Fiscal Year \_\_\_\_\_ as demonstrated by required supporting documentation listed in section 6.

Signature

Rebecca L. Fleury

Date

11/7/18

Attachment 3a

**Flow of Valuation Assets**

**Table 5**

Year Ended 12/31	Employer Contributions		Employee Contributions	Investment Income (Valuation Assets)	Benefit Payments	Employee Contribution Refunds	Net Transfers	Valuation Asset Balance
	Required	Additional						
2007	\$ 2,931,754		\$ 541,549	\$ 6,363,231	\$ (4,584,252)	\$ (97,397)	\$ 0	\$ 83,685,510
2008	2,968,152		551,782	3,716,560	(5,114,794)	(48,257)	0	85,758,953
2009	2,959,132		552,800	3,637,611	(5,698,007)	(39,591)	0	87,170,898
2010	2,868,331		453,617	4,281,248	(6,516,632)	(59,121)	49,333	88,247,674
2011	4,106,953	\$ 0	420,760	3,474,621	(7,369,893)	(49,719)	(2,802,205)	86,028,191
2012	3,425,331	133,259	396,893	3,504,637	(8,079,082)	(11,672)	26,998	85,424,555
2013	3,646,578	1,904,258	398,173	5,034,108	(8,415,175)	(38,371)	1	87,954,127
2014	3,776,984	0	419,888	4,832,408	(8,762,592)	(13,880)	198,983	88,405,918
2015	4,004,442	99,850	443,676	4,113,925	(9,048,762)	(56,391)	52,309	88,014,967
2016	4,353,308	16,169	487,265	4,189,261	(9,572,000)	(8,787)	39,636	87,519,819
2017	5,035,846	346,606	546,536	5,040,598	(9,983,596)	(65,125)	2	88,440,686

Notes:

Transfers in and out are usually related to the transfer of participants between municipalities, and to employer and employee payments for service credit purchases (if any) that the governing body has approved.

Additional employer contributions, if any, are shown separately starting in 2011. Prior to 2011, additional contributions are combined with the required employer contributions.

The investment income column reflects the recognized investment income based on Valuation Assets. It does not reflect the market value investment return in any given year.

The Valuation Assets include assets from Surplus divisions, if any.

## Benefit Provisions

Table 2

### 01 - Gnrl NonUn.: Open Division

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	4%	3%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

### 10 - General AFSCME: Closed to new hires, linked to Division 18

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	2.75%	2.75%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

### 11 - Gnl Transit: Closed to new hires, linked to Division HA

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	2.50%	2.50%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

Table 2 (continued)

**12 - GnrI BCSA: Closed to new hires, linked to Division 20**

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	5.16%	5.16%
RS50% Percentage:	50%	50%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**13 - Gnl Housing: Closed to new hires**

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	1.50%	1.50%
DC Plan for New Hires:	12/1/2013	12/1/2013
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**14 - SEIU Local: Closed to new hires, linked to Division 19**

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
Employee Contributions:	3%	3%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

Table 2 (continued)

**15 - City Mngr.: Open Division**

	2017 Valuation	2016 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):	50/25	50/25
	55/15	55/15
Early Retirement (Reduced):	-	-
Final Average Compensation:	3 years	3 years
Employee Contributions:	0%	0%
RS50% Percentage:	50%	50%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**16 - Cntrl Disp.: Closed to new hires**

	2017 Valuation	2016 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):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	3 years	3 years
COLA for Future Retirees:	2.50% (Non-Compound)	2.50% (Non-Compound)
Employee Contributions:	7.20%	7.20%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**17 - Corr.Offrcs: Open Division**

	2017 Valuation	2016 Valuation
Benefit Multiplier:	2.25% Multiplier (80% max)	2.25% Multiplier (80% max)
Normal Retirement Age:	60	60
Vesting:	10 years	10 years
Early Retirement (Unreduced):	55/25	55/25
Early Retirement (Reduced):	50/25	50/25
	55/15	55/15
Final Average Compensation:	5 years	5 years
Employee Contributions:	3.12%	3.12%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

Table 2 (continued)

**18 - General AFSCME after 12/1/10: Open Division, linked to Division 10**

	2017 Valuation	2016 Valuation
Benefit Multiplier:	1.50% Multiplier (no max)	1.50% Multiplier (no 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
Employee Contributions:	2.50%	2.50%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**19 - Gen. SEIU hired after 7/1/2011: Open Division, linked to Division 14**

	2017 Valuation	2016 Valuation
Benefit Multiplier:	1.50% Multiplier (no max)	1.50% Multiplier (no 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:	5 years	5 years
Employee Contributions:	3%	3%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**20 - Gen. BCSA hired after 1/1/2012: Open Division, linked to Division 12**

	2017 Valuation	2016 Valuation
Benefit Multiplier:	1.50% Multiplier (no max)	1.50% Multiplier (no 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
Employee Contributions:	2.50%	2.50%
Act 88:	Yes (Adopted 7/10/1973)	Yes (Adopted 7/10/1973)

**HA - GNL Trans hired after 3/1/10: Open Division, linked to Division 11**

	2017 Valuation	2016 Valuation
Benefit Multiplier:	Hybrid Plan - 1.25% Multiplier	Hybrid Plan - 1.25% Multiplier
Normal Retirement Age:	60	60
Vesting:	6 years	6 years
Early Retirement (Unreduced):	-	-
Early Retirement (Reduced):	-	-
Final Average Compensation:	3 years	3 years
Employee Contributions:	0%	0%
Act 88:	Yes (Adopted 7/10/1983)	Yes (Adopted 7/10/1983)

**ATTACHMENT 6b** (the fillable PDF did not allow enough space; these are the continued explanations)

**ITEM 1:** Table 2 (attachment 2a) also reflects increases in employee contributions; the increase to 5% for general non-union was effective 7/1/18 and is not shown in the Table 2. This increase was not offset with a corresponding decrease in the City's contribution.

**ITEM 2:** MERS is preparing a supplemental valuation to show the increased funding ratio using these employee contribution targets. These increased employee contributions will not be reduced when the plan reaches the 60% funded threshold. Effective 7/1/19 new hires in the non-union group will be enrolled in a hybrid system. MERS is preparing a supplemental valuation to show the increased funding ratio due to the change for this division.

Additional pay exclusions for final average compensation calculations will be implemented. For non-represented employees, FAC will no longer include longevity and education allowance payments. For represented employees those changes will be subject to negotiation.

**ITEM 3:** allow the City to attract and retain talented employees. It is this committees' recommendations that have been submitted to MERS to calculate funding percentage changes. MERS is in the process of performing those calculations, thus this request for a 45 day extension to submit the final CAP.