



Alpena County Clerk's Office
Bonnie Friedrichs, Alpena County Clerk

Feb. 22, 2022

Motion to approve the following changes to MERS pension plans due to Contract changes:

TPOAM – Clerical and Maintenance:

Freeze Defined Benefit Division 01 and HA
Move all employees to a Defined Contribution Plan

- 5% Employer contribution
- 3% employer match into 457 account
- No vesting periods

MFOPLC – 911 Division 12 and 13

- Combine Division 12 and 13 into one division
- Defined Benefit closed to new hires
- 5% Employees contribution

NEW hires

- Defined Contribution
- 5% Employer contribution
- 3% employer match into 457 account
- No vesting periods

SHERIFF Division 02

Create 3 Divisions

COAM

- Defined Benefit closed to New Hires
- 9% Employee contribution
- No bridge down

Conversion to Defined Benefit

- If a COAM member elects to convert to Defined Contribution
5% employer contribution with a 5% match
- ** Projection Study has not been done for this Conversion
 - Study will need to request from MERS, cost \$800
 - It's a one time offer to employees in this division
 - Window period to convert is a maximum of a 6 month time frame
 - BUT must be 80% funded to offer this



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DEPUTIES

Defined Benefit closed to New Hires

- 9 % Employee contribution
- Bridge down to 2.25% (currently at 2.5%)

NEW hires

- Defined Contribution
- 5% Employer contribution
- 5% employee contribution
- 5% employer match into 457 accounts
- No vesting periods
- Effective January 1, 2026 – employer ups their contribution by 1% (for a total of 6%)
 - Employee contribution will be 6%,
 - Employer match will remain at 5%

CORRECTIONS

- Freeze Defined Benefit

Move all employees to a Defined Contribution Plan

- 5% Employer contribution
- 5% employer match into 457 account
- No vesting periods

Motion made by _____ Seconded by _____ Roll Call:

Information:

Non Union/Elected – No changes

Defined Benefit was frozen effect 3/1/20

All employees moved to a Defined Contribution plan

- 4% Employer contortion
- 3% employer match into 457 account
- No vesting periods

We have begun using the Forfeiture funds, this year to pay the Defined Contribution employee; We have approx.. \$132,800 that must be used by the end of Dec. estimating the County DC contribution once all changes are made to division, about \$110,000 will be used, but that can change depending on new hires, overtime and now with raises given to non-union and elected employees.



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But if there is a balance, watch at the end of Nov. the Board of Commissioners will need to make a motion on how to use of the balance (unless IRS changes the rules again) The funds may be used to:

- Offset future employer contributions -which we are doing, but can be used only in the DC contributions – not the 457 match
- Offset employee fees
- Distributed equally across all employee accounts

I also received the email below from MERS; in speaking with Courtney, this is a balancing of funds, has a zero effect on funding levels; and since we are making changes to the Division, this will probably be a mute issue.

MERS Blended Rates Policy Update and Rebalancing #040101 REF:0174270

Courtney Allen <callen@mersofmich.com>

Thu 1/27/2022 3:53 PM

To: Bonnie Friedrichs <friedrib@alpenacounty.org>

Dear Employer,

You are receiving this communication because you currently have linked divisions that will be rebalanced, as displayed below, unless you notify us by February 10, 2022.

MERS allows employers with a closed defined benefit division and a new hire division with a lower defined benefit or hybrid plan to "link" the divisions and be invoiced based on a *total blended* employer contribution, as found in Table 1 of your Annual Actuarial Valuation. Those contributions are allocated equally across each linked division, which can sometimes result in disproportionate funding levels between the divisions.

In June 2020, the MERS Board approved a revision to the Actuarial Policy that allows MERS to automatically reallocate assets across linked divisions in order to mitigate significant differences in funding levels.

If you have questions related to this reallocation, wish to make additional reallocations, or **do not want your assets to be reallocated, please notify MERS no later than February 10, 2022**, by contacting the MERS Finance Department at 800.767.6377.

Division Number	2020 AAV Funded %	2021 Contributions, as Applied	2021 Reallocated Contributions
01	45.40%	\$180,641.65	\$227,688.00
HA	310.30%	\$112,487.13	\$65,440.78