

Economic Vitality Incentive Program/County Incentive Program FY 2014 Unfunded Accrued Liability Plan

Note: This plan is in reference to the County's unfunded accrued liabilities, as of our most recent audited financial report dated December 31, 2012, related to employees' pensions and other post-employment benefits.

Local Unit Name: Calhoun County
Local Unit Code: 130000

PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	Employee Pension	Moved Defined Benefit Pension Plan from County-administered plan to a similar plan administered by the Municipal Employees Retirement System of Michigan (MERS) as of January 2013, and reduced amortization period from 30 to 25 years. Through MERS, the County will make quicker progress toward eliminating unfunded accrued liabilities.
2.	Employee Pension	Negotiated with Sheriff Supervisory (COAM) and Non-Supervisory Unions (POAM) for collective bargaining agreements beginning January 1, 2014, providing for annual employee and employer contribution amounts that exceed the Annual Required Contribution as actuarially determined by MERS. The excess contributions are being made to reduce unfunded accrued liabilities.
3.	Employee Pension	Negotiated with both Road Department unions (UAW and Teamsters) for collective bargaining agreements beginning in 2013 and 2014, respectively, to include pension reopeners. Discussions began in May 2014 with Teamsters to explore with MERS options for reducing unfunded accrued liabilities.
4.	Other Post-Employment Benefits (Retiree Health Insurance)	Negotiated with Road Department unions to reduce Retiree Health Insurance benefit costs for all employees retiring after certain dates through 2020, when the benefits will match what the County offers all other employees. This phased action was in conjunction with the County's 2012 dissolution of the Road Commission, which previously offered more costly retiree health insurance benefits and carried significantly higher unfunded accrued liabilities than the plan offered by the County. This action will provide Road Department employees the same benefits that the County has, and thus will significantly reduce unfunded accrued liabilities.

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5.	Employee Pension	Discussed in 2013 with financial consultants Pension Bond Analysis and Considerations in accordance with Public Act 329 of 2012 to explore options for the County's open and closed defined benefit plans.
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How Will The County Continue To Implement And Maintain Previous Actions Taken?

Special collective bargaining sessions will continue with Road Department Teamsters and UAW unions with assistance from MERS to negotiate pension plan financial sustainability, including emphasis on reducing unfunded accrued liabilities.

The consideration of Pension Bonds will continue, with MERS currently working on further analysis to help the County analyze financial savings that might be achieved with this action. If deemed financially advantageous to the County, our employees and taxpayers, negotiations with employee groups would occur along with Board of Commissioner approval, before implementation.

Additional Actions That Could Be Implemented

Note: Actuarial assumption changes and issuance of debt instruments do not qualify as a new action.

1.	The County could negotiate through collective bargaining with other employee groups changes to the employee pension plans that would reduce unfunded accrued liabilities. With the assistance of MERS, all available options could be explored, including but not limited to: contributing more than the annual required contribution; bridging future benefits; or introducing an alternative defined contribution plan for future hires.
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3.	