

Berrien County Employees Amended Retirement Plan
Summary Annual Report - December 31, 2013

Introduction

Dear Member:

The Retirement Plan is designed to help members meet their financial needs upon retirement, upon being disabled, or upon death. Berrien County also supports a Retiree Health Insurance Program, which is not included in this Summary Annual Report.

The Finance Committee of the Board of Commissioners has responsibility to supervise the general administration of the Plan and to invest its assets. The Finance Committee retains professional advisors to assist in fulfilling these duties.

This summary report was prepared to give a brief overview of the Retirement Plan and how it operates. However, a summary cannot cover all the details of the Plan, which is governed by the provisions of the Plan document and Act 156 as amended, any applicable collective bargaining agreements, and the Plan Administrator's official rules and regulations. Additional information about the Plan and its financial operation is available in the County Administration Office.

The Berrien County Board of Commissioners established the Retirement Plan as a fringe benefit available to eligible employees. The funding for the Retirement Plan comes from three sources; employer contributions, employee contributions, and investment income.

To determine the appropriate level of employer contributions for the ensuing year, an independent firm of actuaries and employee benefit consultants, Gabriel Roeder Smith & Company (GRS) conducts annual actuarial valuations. In that annual actuarial valuation report, GRS gauges how the Plan's funding is meeting its fundamental objectives. These valuations are based on the Plan's past experience, information about the current participation and financial markets, and assumptions concerning the Plan's future demographic and economic activity.

Employee contributions are determined via the collective bargaining process for unionized employees or by the Board of Commissioners for elected, appointed and non-unionized employees.

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the system's financial objective.

Plan Information

Board of Commissioners

Mr. Jon Hinkelman, Chair, Board of Commissioners
Mr. Jon Hinkelman, Chairman, Finance Committee
Ms. Mamie Yarbrough, Vice-Chair, Finance Committee
Ms. Debra Panozzo, Finance Committee
Mr. Robert Wooley, Finance Committee

Investment Consultant

Investment Managers

Segal, Bryant and Hamill
World Asset Management
William Blair
Loomis Sayles
TT International
Becker Capital
GMO Global

Custodial Bank

Comerica Bank

Plan Administrator

William A. Wolf
Shelley J. Jasper, Assistant

Actuary

Gabriel Roeder Smith & Company

Auditors/Accountants

Rehmann Robson

Legal Counsel

VanOverbeke, Michaud & Timmony, PC
Donna Howard, Corporate Counsel

Medical Director

Dr. James Smith, All Cities Occupational Medicine

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Asset and Investment Information

Changes in Plan Net Assets		Average Annual Market Rate of Return	
	2013	<i>Period Ending December 31, 2013</i>	
Additions:		1 Year	22.40%
Contributions		3 Years	11.73%
Employer	\$5,343,803	5 Years	13.06%
Plan members	2,613,963	7 Years	6.26%
Total	7,957,766	10 Years	7.21%
Investment Income	30,299,569		
Total Additions	38,257,335		
Deductions:		Detailed Expenses	
Benefits Paid	\$11,252,231	Administrative	\$70,000
Refund of Contributions	271,596	Investment	519,463
Health Premiums	1,518,568	Professional	41,900
Total Deductions	13,042,395	Projected Expenses for Next Fiscal Year	
Net Increase	25,214,940	Administrative	\$70,000
		Investment	800,000
		Professional	50,000
Net assets held in Trust Fund at Fair Value:			
Beginning of year	\$137,988,588		
End of year	163,203,528		
Actuarial Value of Assets	\$150,283,083		

Actuarial Information

Funded Status - Pension Benefits		Funded Status - Retiree Health Care			
Actuarial Accrued Liabilities	\$194,817,623	Actuarial Accrued Liabilities	\$40,803,238		
Actuarial Value of Assets	131,339,517	Actuarial Value of Assets	25,287,797		
Percent Funded	67.4%	Percent Funded	62.0%		
Contributions for the Fiscal Year Beginning January 1, 2014					
	Courthouse	Sheriffs	Riverwood	Road	Total
Valuation Payroll	\$20,122,492	\$10,182,440	\$7,981,650	\$2,944,594	\$41,231,176
Employer Normal Cost	3.95%	7.70%	4.37%	3.79%	4.97%
Total Employer Contribution	12.83%	28.96%	6.99%	19.05%	16.15%
Employee Contribution	6.10%	8.26%	4.71%	6.00%	6.37%
Employer Retiree Health Contribution	2.43%	16.86%	0.00%		5.84%
Annual Required Contribution for December 31, 2013		\$5,343,803			
Actual Employer Contribution		\$5,343,803			
Percent Contributed		100%			
Plan Membership			Actuarial Assumptions		
Active Member			<i>Assumed Rate of Investment Return</i>		
Count	844		8.0%		
Payroll	\$41,231,176		<i>Assumed Rate of Long-term Wage Inflation</i>		
Retirees/Beneficiaries			4.0%		
Count	628		<i>Smoothing Method for Actuarial Value of Assets</i>		
Total Annual Benefits	\$11,495,643		5-year smoothed market		
Average Annual Benefit	\$18,305		<i>Amortization Method and Period</i>		
Deferred Vested Members			20 years perpetual level percent of pay for pension		
Count	52		30-year closed level dollar for retiree health		
Total Annual Benefits	\$463,169		(1.9 years for Riverwood)		
			<i>Actuarial Cost Method</i>		
			Entry age actuarial cost method		

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Brief Summary of Benefit Provisions

Regular Retirement – Eligibility

Sheriff Department and Public Safety Dispatch Department:

Any age with 25 or more years of service, or age 60 with 5 years of service.

District Court Bailiffs and Probate Court AFSCME:

Age 55 with 25 or more years of service, or age 60 with 5 years of service. Rule of 80 for AFSCME members only.

Courthouse Elected, Appointed, Non-bargaining members, Courthouse Teamsters:

Age 60 with 5 years of service, or Rule of 80.

All other Courthouse members:

Age 60 with 5 years of service.

Riverwood members:

Age 60 with 5 years of service; or Rule of 80, or 30 or more years of service

Road Commission:

Age 60 with 8 years of service or Rule of 80.

NOTE:

Depending on hire date, certain groups of employees are vested at 10 years. Please contact the Personnel Department to inquire if you fall into this category.

Regular Retirement – Annual Amount

Riverwood Teamster members:

Benefit to Social Security age equals total service times 2.2% of FAE.

Benefit after Social Security age equals total service times 1.7% of FAE.

Courthouse Appointed and Non-Bargaining Unit members, FOPLC – Civilian Unit, Courthouse Teamsters:

Lifetime Benefit equals total service times 2.2% of FAE.

Courthouse Elected, Riverwood Non-Bargaining, and GELC members:

Benefit to Social Security age equals total service times 2.2% of FAE.

Benefit after Social Security age equals total service times 1.9% of FAE.

Courthouse Probate Court AFSCME General Bargaining Unit:

Lifetime benefit equals total service times 2.0% of FAE.

Road Commission members:

Lifetime benefit equals total service times 2.0% of FAE.

Sheriff POLC, POLC Command Unit, Dispatch and Dispatch Supervisors:

Lifetime benefit equals total service times 2.8% of FAE (capped at 75%). Dispatch and Dispatch Supervisors hired after 1/1/2013: Lifetime benefit equals total service times 2.2% of FAE.

District Court Bailiff members:

Benefit to Social Security age equals total service times 2.8% of FAE until 12/31/2010.

Benefit from 1/1/2011 and on is 2.2% of FAE.

Type of Final Average Earnings (FAE) – Highest 5 consecutive years, POLC Command Unit is highest 3 consecutive years.

Early Retirement (reduction for age):

Eligibility:

Age 55 with 5 years of service (8 years for Road Commission), or 25 years of service regardless of age. Some members, depending on hire date, may have to reach 10 years of service before being eligible for this benefit.

Annual Amount:

Same as regular retirement benefit but actuarially reduced for commencement before regular retirement age.

Deferred Retirement (vested benefit):

Eligibility:

5 years of service (8 years for Road Commission). Payable at age 60 (full benefits, or upon attainment of age 55 (reduced benefits - full benefits for Sheriff, Bailiff, or Probate court AFSCME members with 25 years of service). Some members, depending on hire date, may have to reach 10 years of service before being eligible for this benefit.

Annual Amount:

Same as regular retirement but based upon service and FAE at termination.

Disability Retirement:

Eligibility:

10 years of service.

Annual Amount:

Computed as regular retirement benefit, but actuarially reduced for commencement before regular retirement age.

Brief Summary of Benefit Provisions

Death Before Retirement:

Eligibility:

Age 55 with 5 years of service, or 25 years of service regardless of age (5 years of service regardless of age for Courthouse Elected, Appointed, Non-Bargaining and Teamster members, Sheriff members, and Riverwood members; 8 years of service regardless of age for Road Commission members). Some members, depending on hire date, may have to reach 10 years of service before being eligible for this benefit.

Annual Amount:

The designated survivor shall be entitled to the same monthly retirement income that would have been payable if the member had retired the day preceding his death and elected the joint and 50% survivor option. If deceased member had not met the eligibility conditions, the survivor benefit is actuarially reduced for commencement before the deceased member's age 55. Return of member contributions with interest is payable if service conditions are not met.

Social Security Coverage:

Yes, except for Riverwood members

Member Contributions:

Sheriff & Dispatch POLC members	8% of compensation
Sheriff POLC Command Unit	10.49% of compensation
Road Commission	6% of compensation
FOPLC – Civilian Unit	6.89% of compensation
Courthouse Probate Court AFSCME	7.06% of compensation
GELC	5.75% of compensation
Courthouse Elected, Appointed, Non- Bargaining members, Riverwood Non- Bargaining members	5% of compensation
Courthouse Teamsters members	8% of compensation
Riverwood Teamster members	5% of compensation
District Court Bailiff members	14.12% of compensation

Additional Service Credit at Retirement:

For Courthouse and Sheriff members, unused accumulated sick leave, up to a maximum of 6 months, is added to credited service at retirement. For Sheriff Command Unit members, a maximum of 7 months is added to credited service at retirement.

Pop-Up Provision:

All members are covered by the "pop-up provision". If a covered member retires, elects Option B or Option C (reduced joint and survivor pension) and subsequently outlives the named survivor beneficiary, the pension "pops-up" to the straight life pension amount.

Post Retirement Cost of Living Adjustment

The Board of Commissioners had granted a COLA of 2% per year for the period January 1, 2006 through January 1, 2010. The scheduled increases for January 1, 2009, 2010, and 2011 were not provided due to market conditions. A 1% COLA was granted effective 1/1/2012. **No COLA was granted on 1/1/2013.**