COUNTY OF KALAMAZOO

EMPLOYEES' RETIREMENT SYSTEM

2010 FISCAL REPORT

AND

SUMMARY OF BENEFITS

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KALAMAZOO COUNTY GOVERNMENT

2010 FISCAL REPORT

TO EMPLOYEES, RETIREES, AND BENEFICIARIES:

In mid-1988, to bring greater long-term strength to the Retirement System and the assets it holds, the County concluded that it was advantageous to form a new Retirement Investment Committee. Asked to participate on the Committee were five citizens who had extensive knowledge and background in the investment and management field, access to the national money managers employed by the Retirement System, and no business or political ties to the County, the Road Commission, Community Mental Health, or to the Plan.

This is the twenty-second annual summary report of your Retirement System's fiscal affairs since investments have been directed by the Retirement Investment Committee. From the $144.6 million total market value at the last summary report, assets increased by $18.8 million, or 13 percent, to a **market** value of $163.4 million as of December 31, 2010.

PHILOSOPHY

Based on the policy it created and adopted along with fifteen (15) to thirty (30) year patterns, the Retirement Investment Committee set forth both the philosophy and management style for the System's assets.

Driving the management of the System's assets is the return on these assets and the risk of holding them. For example, placing funds in long-term, high-grade corporate bonds or U.S. backed instruments assumes little risk. Investing in small capitalized corporations carries significant risk.

The difference in returns, however, is shown in studies of the various financial segments since 1929 wherein the average annual compounded rates of return are from three and one-half (3.5%) percent to five (5%) percent for U.S. Treasury Bills and corporate bonds on one extreme, and returns for small corporations of more than thirteen (13%) percent at the higher risk extreme.

Therefore, the Retirement Investment Committee's goal was to find a balance or mix between the extremes, i.e., a philosophy that would prudently meet the objectives of properly funding present and future payments to participants.

Prior to the change, the System's assets were invested about seventy-five (75%) percent in corporate and U.S. fixed income instruments and about twenty-five (25%) percent in corporate stocks or in blue chip equities. In other words, the Plan was conservatively invested.

Calling upon their individual expertise and based upon study and review, the Retirement Investment Committee adopted a policy whereby sixty (60%) percent of the Plan assets at cost could be invested in corporate equities and five (5%) percent in real estate which were the maximums allowed by State law. The balance of the assets were placed in U.S. and corporate instruments. This was a change from a very conservative to a moderately conservative asset mix.

The present policy is seventy (70%) percent of Plan assets at market can be invested in corporate equities and five (5%) percent in real estate, which are the maximums allowed by State law.

MANAGEMENT STYLE

The two factors, risk and return, also involve the selection of the management style:

Active Management

The objective of an active manager is to select stocks or bonds that beat the appropriate index.

Passive Management

The objective of a passive or index manager is to provide rates of return that correspond to the aggregate, as represented by the selected index, e.g., the S&P 500.

Typically, passive managers exceed the performance of the active managers seventy-five (75%) percent to eighty-five (85%) over long time periods. Therefore, the Retirement Investment Committee chose initially to invest with passive or index managers. Rather than individual stocks, as was the case, the System owns units of managers' overall portfolios.

THE RETIREMENT SYSTEM'S MONEY MANAGERS

Based upon the review and recommendations of the Retirement Investment Committee, the Plan's assets at today's **portfolio** cost of $126.5 million are invested with the following managers:

Blackrock Institutional Trust Company, N.A. – 29.9%

Blackrock Institutional Trust Company, N.A. manages more than $3.56 trillion in pension and other similar assets. It manages an equity fund account for the County's Employees' Retirement System which replicates the S&P 500 index.

Dimensional Fund Advisors, INC (DFA) – 41.3%

DFA manages more than $206.4 billion in assets concentrating about seventy (70%) percent of its efforts in small U.S. corporate stocks. One equity index fund represents the ninth and tenth deciles of the New York Stock Exchange (NYSE) and similar sized firms in the American and NASDAQ (over the counter) exchanges, the second equity fund represents a small cap value fund, the third fund is an international small company fund, and the fourth fund is a Real Estate Securities fund.

Jennison Associates, LLC – 25.8%

Jennison manages more than $123.9 billion in assets for equity, fixed income, and balanced funds. It actively manages an Intermediate Bond Fund and a Long Term Bond Fund.

RREEF – 1.3%

RREEF manages more than $56.6 billion in assets for real estate investments. It manages a Real Estate Mutual Fund.

Working Capital - 1.7%

The balance of the Plan's assets is held in cash and cash equivalents for the purposes of meeting the monthly benefits and periodic administrative expenses. Excess cash is invested in short-term investment funds.

It is obvious that diversification is important to the management of the Retirement System's assets. Initially, much planning and analysis led to the diversified, passive approach. Late 1992 brought entry into active management as well.

Retirement funds invested with these managers are invested in accordance with the State of Michigan Public Act 307 of 2000, as amended, and the Retirement System's Investment Policy as approved by the County Board of Commissioners.

Investment performance is reviewed and reported quarterly to the County Board of Commissioners by the Retirement Investment Committee, based upon reports issued by a Master Trustee.

A Master Trustee, State Street Corporation, Boston, Massachusetts, acts as custodian and as a control and monitoring point for the performance and procedures of the managers. In this way, envisioning an organizational chart, the control over the Retirement System's assets is as follows:

COUNTY BOARD OF COMMISSIONERS
RETIREMENT INVESTMENT COMMITTEE
STATE STREET CORPORATION
INDIVIDUAL MONEY MANAGERS

From the County Board of Commissioners' monitoring of procedures to the four managers, performances and control flows from one level to the next.

WHAT THIS MEANS TO YOU

There are four important issues for you:

Strength

If currently drawing benefits from the Retirement System as a retired employee of the County, Road Commission, Community Mental Health, or if a vested active employee, it is important to know that the current style of asset management brings even greater security to future assets to guarantee retirement benefits.

Presently, the County portion of the System is 112.8% funded; the Community Mental Health portion of the System is 117.5% funded, while the Road Commission is 138.4% funded. Overall, the System is 116% funded. This level of funding is extremely favorable in the world of pension management.

Employer Contributions

Through a complicated set of actuarial procedures and assumptions, the County, Community Mental Health, and the Road Commission by State law are required to remit annual contributions to the Retirement System. These contributions are expressed as a percentage of payroll of the active members of the System.

Your Contributions

Many employees through the years have made contributions to the System. Since January 1, 1991, the County, Community Mental Health, and the Road Commission have made one hundred (100%) percent of the required contributions, except for certain District Court employees. Effective January 1, 1997, those employees who have contributions with the County will be credited with interest earnings of 7.75 percent at the end of each year.

Your Benefits

The County Retirement System is a defined benefit plan as opposed to a defined contribution plan. That means that benefits are based solely upon Final Average Compensation (FAC) multiplied by a percentage factor multiplied by years of service. Therefore, the interest paid on contributions does not directly affect the level of current or future benefits.

STATISTICAL DATA FOR YOUR PLAN

EXHIBIT I: PLAN ASSETS AT DECEMBER 31, 2010: Cash Basis

INVESTMENT	PORTFOLIO COST	MARKET	TOTAL % COST	TOTAL % MARKET
COMMON STOCK				
BGI - S & P 500	$ 24,080,841	$ 48,834,092	19.0%	29.9%
DFA - EMERGING MARKETS	$ 13,220,500	$ 16,447,454	10.5%	10.1%
DFA - LARGE VALUE	$ 6,520,292	$ 8,287,116	5.2%	5.1%
DFA - INT'L SMALL CAP	$ 15,828,484	$ 16,776,031	12.5%	10.3%
DFA - US MICRO	$ 6,419,620	$ 8,221,113	5.1%	5.0%
DFA - SMALL VALUE	$ 12,078,641	$ 16,486,261	9.5%	10.1%
TOTAL EQUITIES	**$ 78,148,378**	**$ 115,052,067**	**61.8%**	**70.5%**
FIXED INCOME				
JENNISON - INTERMIDIATE	$ 41,384,677	$ 42,205,147	32.7%	25.8%
JENNISON - LONG TERM	$ 93	$ 93	0.0%	0.0%
TOTAL FIXED INCOME	**$ 41,384,770**	**$ 42,205,240**	**32.7%**	**25.8%**
REAL ESTATE				
DFA-REAL ESTATE SEC.	$ 1,287,571	$ 1,306,032	1.0%	0.8%
RREEF	$ 2,967,218	$ 2,087,239	2.3%	1.3%
TOTAL REAL ESTATE	**$ 4,254,789**	**$ 3,393,271**	**3.4%**	**2.1%**
SHORT TERM				
STATE STREET BANK	$ 2,714,231	$ 2,714,231	2.1%	1.6%
TOTAL	**$ 126,502,168**	**$ 163,364,808**	**100.0%**	**100.0%**

During 2010, $6,693,451 was distributed to all retirees and beneficiaries. At December 31, 2010, there were **300** benefit payments being made as follows:

EXHIBIT II: RETIREES RECEIVING BENEFITS

	GENERAL	ROADS	COMMUNITY MENTAL HEALTH	TOTAL
RETIRED EMPLOYEES	213	33	18	264
DISABLED EMPLOYEES	3	1	0	4
DEATH IN SERVICE	9	2	0	11
SURVIVING SPOUSES	16	5	0	21
TOTAL	241	41	18	300

Other financial transactions are depicted in the following exhibit:

EXHIBIT III: STATEMENT OF CHANGES IN PLAN **NET ASSETS** AT DECEMBER 31, 2010

MARKET VALUE OF NET ASSETS AT DECEMBER 31, 2009		$ 143,750,196
RECEIPTS		
Employer Contributions	$ 1,954,335	
Employee Contributions	$ 1,240	
Investment Income (Loss)	$ 24,296,137	
TOTAL RECEIPTS		$ 26,251,712
DISBURSEMENTS		
Benefit Payments	$ 6,693,451	
Refunds	$ -	
Admin/Managerial Expense	$ 419,574	
TOTAL DISBURSEMENTS		$ 7,113,025
INCREASE/(DECREASE) IN MARKET VALUE OF ASSETS		$ 19,138,687
MARKET VALUE OF NET ASSETS AT DECEMBER 31, 2010		$ 162,888,883

LEGAL MATTERS

The management of assets, contributions to the Plan, and the parameters of the Plan's benefits are closely controlled by laws of the State of Michigan. Contributions by the County, Community Mental Health, and the Road Commission were made in accordance with recommendations in the annual Actuarial Valuation. The County, Community Mental Health, and Road Commission had, by virtue of union contracts, County Board of Commissioners policy, Community Mental Health Board policy, and Road Commission policy, also contributed what in former years were contributions required of the employees.

OTHER MATTERS

Through the County's annual auditing process, the financial statements of the Plan are examined. Likewise, each of the money managers, as well as the Master Trustee, is subjected to independent and various regulatory audits.

A copy of the Retirement Resolution may be obtained by contacting the Office of Finance. Likewise, if there are any questions with this report or with the Plan itself, please call (269) 384-8090 or stop by the Office of Finance.

RETIREMENT INVESTMENT COMMITTEE MEMBERS – AS OF DECEMBER 31, 2010

Mr. Robert Salisbury, Chairman
Retired- Chief Financial Officer
Pharmacia & Upjohn

Dr. Randall Eberts, Vice-Chair
W.E. Upjohn Institute for Employment Research

Mr. Dan DeMent
DeMent & Marquardt, PLC

Ms. Janice VanDerKley
Assistant Vice President-Finance
Western Michigan University

Ms. LaJune Montgomery-Tabron
Senior Vice-President, CFO
W.K. Kellogg Company

Mr. Tom Ponto
Chief Financial Officer
Azenic, Inc.

Dean Bergy
Vice President, CFO
Stryker Corporation

SUMMARY OF BENEFITS

Tracie L. Moored

Director of Finance & Administrative Services

July 19, 2011

TO:
EMPLOYEES OF KALAMAZOO COUNTY,
COMMUNITY MENTAL HEALTH, AND
ROAD COMMISSION

This section has been prepared to assist General County, Community Mental Health, and Road Commission employees in planning for retirement by outlining the main features of the Kalamazoo County Employees' Retirement System. This retirement program, along with Social Security benefits and employees' other investments, will help meet financial needs with more security during retirement years.

For many employees, the Retirement System is the largest savings plan you may have. The County strongly urges you to study and understand the Retirement System.

Throughout this booklet the term "County" is used. The Retirement System is a coordinated effort between the County of Kalamazoo, Community Mental Health, the Kalamazoo County Road Commission, and as such, speaks to employees of all units. Aside from some differences in benefits, which are explained in the booklet, the Retirement System functions as one in a cost-effective, cooperative effort among the three units.

After reviewing the information contained in this booklet, if you have any questions concerning the System or your participation, please contact the payroll office of the County or the business office of the Road Commission. Remember, this booklet is a summary to help you better understand the Retirement system. Final benefit determinations are subject to the terms of the Retirement Resolution rules. Copies of the complete Retirement Resolution are available from the Office of Finance.

Tracie L. Moored, Director
Office of Finance & Administrative Services

Kalamazoo, Michigan
July 19, 2010

BACKGROUND

In the past, a retirement system was not a common form of fringe benefit. Today, it is a necessity since it not only provides a benefit to employees, but also is a tool to attract and retain qualified individuals. The County's objective is to maintain a system that is competitive and beneficial to its employees.

There are many types of retirement plans, such as profit sharing, Keogh, tax-sheltered annuities, deferred compensation, or Individual Retirement Accounts (IRA). Each of these may require the employee to contribute actual dollars which provide the benefit of an income tax deferral. There are also other forms of retirement plans with varying combinations of employer/employee contributions and resulting benefits.

The County's Retirement System was created March 1, 1960, and is a Defined Benefit Plan. The Retirement Resolution defines each employee's retirement benefit by a formula based on age, years of service, and final average compensation (FAC). Yearly, as age and service "credits" build, the County contributes dollars for the employees, knowing that at some point in the future each employee will be entitled to receive a benefit. The employee, of course, must be vested in the System, i.e., have eight (8) years of service prior to receiving a benefit and have attained normal retirement age or early retirement age for a reduced benefit. Members may retire with full benefits at the early retirement age after twenty- five (25) years of service based on the provisions in the Retirement Resolution and Collective Bargaining Agreements.

County employees holding regular positions, either full time or part time of twenty (20) hours or more per week are included by law in the County retirement program. Exceptions to that law are Sheriff's Department Fraternal Order of Police (F.O.P.) members, Kalamazoo County Sheriffs' Supervisors Association members, and pursuant to past negotiations, certain District Court employees and Judges elected after March 31, 1997.

Unlike many systems, the County does not wait until an individual retires to fund his/her benefit. Instead, money is contributed each year, based on a number of statistical assumptions. It is important to know that at the current time, the System for General County, Community Mental Health, and Road Commission is fully funded. In essence, retirement benefits are guaranteed.

ELIGIBILITY -- How Much Do I Pay?

When first hired, an individual completes a membership form and returns it to the Human Resources Department to become a part of the County's Retirement System. As of January 1, 1991, the County, Community Mental Health and Road Commission have made one hundred percent (100%) of the required contributions except for certain District Court employees.

WHAT IT MEANS TO BE "VESTED"

An employee becomes vested in the Retirement System after eight (8) years of service credit. Once vested, if County service is terminated for any reason, the employee is entitled to retirement benefits. The dollar amount of the benefit will be based on the Final Average Compensation, number of years of service, and the multiplier or percentage in effect at the time of departure.

RETIREMENT

Before you retire, you should take steps to begin your benefits by:

1. Determining the effective date of your retirement.

2. Making application not less than thirty (30) days before that date.

Applications for the General County and Community Mental Health are submitted to the Office of Finance and applications for the Road Commission are submitted to the business office of the Road Commission.

A "benefit formula" is applied that will determine the actual benefit to be received when the day of retirement arrives. The expected retirement benefit can be estimated by applying the same formula to current salary and years of service or by projecting what circumstances are expected to be at retirement age. Three factors make up the benefit formula:

1. Service Credit – Years of Service

2. Final Average Compensation (FAC)

3. Multiplier

Service Credit

Service credit is the total number of years and months of County service and is given to regular employees who are at least a 0.5 FTE (full-time equivalency). Service credit is not given to employees while on a leave of absence without pay (excluding Worker's Compensation and FMLA leave of absences.) A member must have ten days of service rendered in any calendar month to be credited as a month of service.

Final Average Compensation (FAC)

The Final Average Compensation (FAC) is the average of the compensation received during the highest five (5) consecutive years of the last ten (10) years of service. If less than ten (10) years were worked, the FAC is the average of the highest five (5) years' salary over the past eight (8) years of employment, eight (8) years being the minimum vesting time. For the purposes of calculating FAC, lump sum payments such as sick leave, final vacation pay, etc. are included for Road Commission employees. For General County and Community Mental Health employees, lump sum payments for accrued sick leave earned subsequent to January 1, 1986, and vacation leave are not included for FAC purposes.

<u>Multiplier</u>

The multipliers are as follows:

GENERAL COUNTY SALARY BANDS	
Head Start Unit II Union	2.0%
Airport Union	2.2%
District Court – City Replicated Employees	2.3%
Juvenile Home	2.4%
Managerial, Professional, TOPS, Juvenile Court Union, Maintenance, Animal Services and Parks Union, Head Start Unit I Union and District Court Union	2.5%
COMMUNITY MENTAL HEALTH SALARY GROUPS	
Managerial, Professional and TOPS	2.5%
ROAD COMMISSION SALARY GROUPS	
Non-Union	2.1%
Union	2.2%

The Benefit Formula

To estimate the annual retirement benefit (d), apply the following formula, inserting the numbers that apply for (a) FAC; (b) Multiplier; and (c) Years of Service. This is known as a "Straight Life" benefit.

FAC x Multiplier x Years of Service = Annual Benefit

or: a x b x c = d

The annual benefit may be reduced by one or more of the following:

1. Early retirement (see "Retirement Age" for details)

2. If Option A or Option B is chosen (these options provide a benefit to the beneficiary in the event of the employee's death (see "Options" for details).

3. If death occurs while the employee is still in County Service, Option A is then assumed.

An Example Benefit Calculation for Regular Retirement

A general County TOPS employee hired prior to July 1, 2009, who is sixty (60) years of age and has been with the County for the past twenty-two (22) years with a FAC of $25,000 per year would calculate the annual benefit as follows:

(a)	$25,000			
(b)	x.025	=		$ 625.00
			Years (c)	x 22
			Annual Benefit (d)	$ 13,750.00

Another example: A non-union Road Commission employee, who is sixty-five (65) years of age at retirement, has twenty-seven (27) years of service, and a FAC of $23,451 at the time of retirement would calculate the annual benefit as follows:

(a)	$23,451			
(b)	x.021	=		$ 492.47
			Years (c)	x 27
			Annual Benefit (d)	$ 13,296.69

Calculate Your Own Benefit

Using the following format as a guide, calculate your own projected annual retirement benefit by inserting your FAC, the multiplier that pertains to your salary group, and the number of years' service credit you expect to have accumulated by the time you retire. **Remember: This calculation is only an estimate; the actual benefit dollars will be determined at the time of retirement.**

The information you need:

(a) Your FAC =
(b) Your Multiplier =
(c) Your Years of Service =

The actual calculation:

(a) FAC (average of the best five (5) consecutive years of the last ten (10) years

(b) Multiplied by Multiplier

=

(c) Multiplied by Years of Service

(d) Annual Benefit

By law, the employer may only fund a maximum of 75% of your final average compensation (FAC) as a benefit. Employees who are at the 2.5% multiplier will reach this maximum when they have completed 30 years of retirement service. Employees with employee contributions in the retirement system can use those contributions to fund a benefit beyond 75% of their final average compensation.

Retirement Age

Retirement age is described as "Normal Retirement Age" and "Early Retirement Age" and is identified in the table on page 20.

If an employee is vested (eight or more years of service), the option is available to retire early and receive a reduced benefit.

GENERAL COUNTY	NORMAL RETIREMENT AGE	EARLY RETIREMENT AGE
Membership began prior to July 1, 2009	60	55
Membership began on or after July 1, 2009	65	60
COMMUNITY MENTAL HEALTH SALARY GROUPS		
Managerial, Professional and TOPS	60	55
ROAD COMMISSION SALARY GROUPS		
Non-Union and Union	60	55

For each month of early retirement prior to reaching normal retirement age, the Straight-Life benefit is reduced by .4 of one (1%) percent (.004%). Example: If a CMH employee chooses to retire at age fifty-five (55), and does not have twenty-five (25) years of service, the benefit is reduced by twenty-four (24%) percent.

OPTIONS

The option chosen is a personal decision made at the time of retirement. It is obviously dependent on health, the health of the spouse or beneficiary, and other financial considerations. If Option A, Option B, or Single Sum are not chosen, benefits will cease at the retirees death. The actual dollar amounts and the factors that will determine whether to choose Option A, Option B, or Single Sum can be calculated best when actually planning retirement. However, the Office of Finance will provide, upon request, an estimate of retirement benefit options.

<u>Straight Life</u>

This option provides a monthly payment to the retiree which ceases upon his/her death. Please see page 18 for information on calculating your straight-life retirement benefit.

<u>Option A: 100% Survivor</u>

This option provides for a continued retirement benefit to a beneficiary after the death of the retired employee. If this option were chosen, the retiree would receive a reduced benefit depending upon his/her age and the age of the beneficiary. If the retiree predeceases the beneficiary, benefits would continue at the adjusted rate until the beneficiary's death.

Option B: 50% Survivor

If this modification of the Straight Life option is chosen, the reduction in benefit is less than in Option A; but if the retiree predeceases the beneficiary, the for-life benefit the beneficiary receives would be reduced by one-half.

To calculate an Option A or Option B benefit our actuary has provided us with reduction factors which are multiplied by the employee's straight-life monthly benefit.

An Example Option A and Option B Benefit Calculation

Joe and his wife are age fifty-five (55) at the time that he retires. Joe is eligible to receive $18,750.00 annually or $1,562.50 monthly as a straight life benefit. Our charts indicate that the reduction factor for Option A: 100% Survivor is 0.87912 and 0.93567 for Option B: 50% Survivor. If Joe were to take Option A, his monthly benefit would be $1,373.63 and his wife would be eligible to receive $1,373.63 once Joe passed away. If Joe were to take Option B, his monthly benefit would be $1,461.98 and his wife would be eligible to receive $730.99 once Joe passed away.

Single Sum Benefit

General County Members whose membership began after September 30, 2009 are not eligible for payment in the form of a single sum.

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To create the most beneficial tax advantages for those employees who choose this option, the County applied for and received approval from the IRS for the County's Retirement Plan to offer this benefit. Therefore, effective January 1, 1997, employees may elect to receive this benefit instead of the Straight-Life, Option A, or Option B. The Single Sum option represents the present value of future benefits, which an employee can expect to receive. It is calculated using the annual benefit amount (Straight-Life), the expected years of future lifetime as determined by mortality tables, and a discount rate. The discount rate used shall be the investment rate of return actuarial assumption as determined by the Retirement Investment Committee. Effective for retirement dates from April 4, 2007 through December 31, 2009, the discount rate will be 7.75%. The discount rate is reviewed on an annual basis and is subject to change. If an employee elects a Single Sum option, there will be no future benefit payments to the employee or beneficiary.

Also, the Single Sum option may have Federal and State income tax and other implications, so employees considering the election of a Single Sum option are encouraged to contact a tax or financial planning professional before making such election.

The single sum benefit amount is determined by calculating your unreduced annual benefit for employees who reach normal retirement age or early retirement age with twenty-five (25) years of service or your reduced annual benefit for those that have not reached normal retirement age or early retirement age with twenty-five (25) years of service and multiplying that benefit by a single sum factor. Factors vary based on the discount rate in effect and the individual's age at retirement in years and months. Review the chart on page 23 to determine the single sum factors for employee's whose normal retirement age is age 60. The single sum factors for employees whose normal retirement age is 65 were not available at the time this booklet was produced.

ADDITIONAL SERVICE CREDIT

Service credit is simply the total number of years and months worked for the County. This time period can be extended only for the following situations:

<u>Military Credit</u>

If an employee of the County enters or is called to serve in the military, the time spent in military service will automatically be counted as service credit if the individual again becomes a County employee within one (1) year after leaving the military. This provision does not apply to military service acquired before becoming a County employee.

<u>Disability Leave</u>

If disabled from a work related situation, the period during which the employee is disabled and receiving Workers' Compensation will be counted as service credit once retirement age is reached.

DEFERRED RETIREMENT

If an employee leaves the County following vestiture into the Retirement System, the accumulated benefit remains until normal retirement age or early retirement age, unless the individual elects at the time of termination to take any contributions he/she has made to the System. At that time, the retirement benefit will be based upon the factors in effect at termination.

Effective January 1, 1997, employees who are leaving County employment following vestiture may elect to receive a Single Sum Benefit in lieu of deferring retirement benefits. This option is not available to General County members whose membership began after September 30, 2009. Individuals who presently have deferred retirement benefits may elect a Single Sum benefit at any time. The Single Sum benefit represents the present value of the future benefits that the employee is expected to receive.

To calculate what your single sum benefit would be if you terminated your employment and took a single sum benefit before the early retirement age, you will need to calculate your unreduced annual benefit (years of service x final average compensation x multiplier). The annual benefit is then multiplied by a single sum factor to determine your single sum payment. Factors vary based on the discount rate in effect and the individual's age in years and months at the time of the withdrawal. As of April 4, 2007, the discount rate used for determining single sum benefits is 7.75%. Please note that this rate is subject to change in the future. Review the chart on page 24 to determine the single sum factor for employees whose normal retirement age is age 60 and who are between the ages of forty (40) and fifty-four (54). The single sum factors for employees whose normal retirement age is age 65 were not available at the time this booklet was produced. Community Mental Health & General County employees should note that if they withdraw their retirement benefit, they will not be eligible to be rehired as a regular employee in the future.

7.75 FACTORS BY AGE IN YEARS AND MONTHS FOR AGES 55-65 NORMAL RETIREMENT AGE = 60												
	0	1	2	3	4	5	6	7	8	9	10	11
55	10.6588	10.6467	10.6346	10.6225	10.6104	10.5983	10.5862	10.5741	10.5620	10.5499	10.5378	10.5257
56	10.5136	10.5010	10.4884	10.4758	10.4632	10.4506	10.4381	10.4255	10.4129	10.4003	10.3877	10.3751
57	10.3625	10.3494	10.3363	10.3232	10.3101	10.2970	10.2839	10.2707	10.2576	10.2445	10.2314	10.2183
58	10.2052	10.1915	10.1779	10.1642	10.1506	10.1369	10.1233	10.1096	10.0959	10.0823	10.0686	10.0550
59	10.0413	10.0270	10.0128	9.9985	9.9843	9.9700	9.9558	9.9415	9.9272	9.9130	9.8987	9.8845
60	9.8702	9.8554	9.8405	9.8257	9.8108	9.7960	9.7811	9.7663	9.7514	9.7366	9.7217	9.7069
61	9.6920	9.6766	9.6612	9.6458	9.6304	9.6150	9.5996	9.5842	9.5688	9.5534	9.5380	9.5226
62	9.5072	9.4913	9.4754	9.4595	9.4435	9.4276	9.4117	9.3958	9.3799	9.3640	9.3480	9.3321
63	9.3162	9.2998	9.2834	9.2670	9.2506	9.2342	9.2178	9.2013	9.1849	9.1685	9.1521	9.1357
64	9.1193	9.1024	9.0855	9.0686	9.0516	9.0347	9.0178	9.0009	8.9840	8.9671	8.9501	8.9332
65	8.9163	8.8989	8.8815	8.8640	8.8466	8.8292	8.8118	8.7943	8.7769	8.7595	8.7421	8.7246

7.75% FACTORS BY AGE IN YEARS & MONTHS FOR AGES 40–54 NORMAL RETIREMENT AGE = 60												
	0	1	2	3	4	5	6	7	8	9	10	11
40	2.0476	2.0601	2.0728	2.0857	2.0987	2.1119	2.1252	2.1387	2.1524	2.1663	2.1803	2.1946
41	2.2090	2.2225	2.2362	2.2501	2.2642	2.2784	2.2928	2.3074	2.3222	2.3372	2.3524	2.3677
42	2.3833	2.3979	2.4128	2.4278	2.4430	2.4584	2.4739	2.4897	2.5057	2.5219	2.5382	2.5549
43	2.5717	2.5875	2.6035	2.6198	2.6362	2.6528	2.6696	2.6867	2.7040	2.7215	2.7392	2.7572
44	2.7753	2.7925	2.8098	2.8273	2.8451	2.8631	2.8813	2.8997	2.9184	2.9374	2.9565	2.9760
45	2.9957	3.0142	3.0330	3.0519	3.0712	3.0906	3.1104	3.1303	3.1506	3.1711	3.1918	3.2129
46	3.2342	3.2543	3.2746	3.2952	3.3160	3.3371	3.3585	3.3801	3.4020	3.4242	3.4467	3.4695
47	3.4926	3.5144	3.5364	3.5587	3.5813	3.6042	3.6274	3.6508	3.6746	3.6987	3.7231	3.7478
48	3.7729	3.7965	3.8204	3.8446	3.8691	3.8939	3.9190	3.9445	3.9703	3.9964	4.0229	4.0498
49	4.0770	4.1026	4.1286	4.1548	4.1814	4.2084	4.2357	4.2633	4.2914	4.3198	4.3485	4.3777
50	4.4072	4.4351	4.4633	4.4918	4.5207	4.5500	4.5797	4.6097	4.6402	4.6711	4.7023	4.7341
51	4.7662	4.7964	4.8271	4.8582	4.8896	4.9215	4.9537	4.9864	5.0196	5.0531	5.0872	5.1217
52	5.1566	5.1896	5.2229	5.2567	5.2909	5.3256	5.3607	5.3963	5.4324	5.4690	5.5060	5.5436
53	5.5817	5.6175	5.6539	5.6907	5.7279	5.7657	5.8040	5.8428	5.8821	5.9219	5.9623	6.0033
54	6.0448	6.0838	6.1235	6.1636	6.2042	6.2454	6.2871	6.3294	6.3723	6.4157	6.4598	6.5045

RECIPROCAL RETIREMENT ACT

The County is a "reciprocal unit" under the provisions of the State Reciprocal Retirement Act. This Act allows employees who have worked for more than one State of Michigan municipal unit to combine years of service for vesting purposes only.

If an employee leaves the County and begins working for another governmental agency that is a member of the Reciprocal Retirement Act, it may be possible to combine the service credit of the two units of government for vesting purposes only.

Also, if an individual has been a County employee for at least thirty (30) months after working for another participating governmental agency, it may be possible to combine the service credit of the two units of government for vesting purposes only.

DISABILITY

If you become disabled when you are at work:

Road Commission Employee

If a worker became permanently and totally disabled while on duty (Duty Disability), that individual would be entitled to full retirement benefits. There is no vesting period for Duty Disability. There are several factors that affect the computation of the dollar amount of the retirement benefit:

- State law provides that the disability allowance will be no less than fifteen (15%) percent of final average compensation. That assures protection to an employee with little service time.

- It is also possible to receive Workers' Compensation while Duty Disability is being collected. As a result, normal retirement benefits would begin when Workers' Compensation ends; in addition, the years spent collecting Workers ' Compensation are credited to years of service and increase the individual's retirement benefit.

General County and Community Mental Health Employees

No disability benefits are available under the System. Disability is provided by insurance but service credit for Duty Disability is the same as for Road Commission employees.

If you become disabled when you are off duty:

Road Commission Employees

Road Commission employees are entitled to non-duty disability benefits if they become permanently and totally disabled and have at least ten (10) years of service credit. The retirement benefit would be computed in the same way as with normal retirement, and the employee would also have the opportunity to select either Option A or Option B. However, with non-duty disability, credit for time while disabled does not count toward service credit.

General County and Community Mental Health Employees

Non-duty disability insurance is also provided outside the system.

IN THE EVENT OF DEATH

The Retirement System provides death benefits in varying degrees to an employee's beneficiary if a vested employee dies before retirement (vestiture for death benefits differs from that for retirement benefits -- see below for details). A beneficiary is someone who depends on the employee/retiree for more than fifty (50%) of his/her support.

Unless the employee is normal retirement age or older at the time of death, vestiture is ten (10) years.

Regardless of the ages of the employee or spouse, retirement benefits under this section are calculated as an Option A benefit and referred to as an “assured” Option A benefit.

TERMINATION OF MEMBERSHIP

Membership in the Retirement System will be terminated when an individual leaves the County's service prior to reaching retirement age unless vested. If vested in the Retirement System, the benefit will be deferred, and retirement benefits will be received based on the “benefit formula” at the time of termination.

CAN THE RETIREMENT SYSTEM BE CHANGED?

The Retirement System is controlled by laws set by the State of Michigan. The County Board of Commissioners approves changes to the Retirement Resolution.

For Road Commission employees, the County Road Commission recommends changes to the County Board. For Mental Health employees, the Mental Health Board recommends changes to the County Board.

If there are any questions with this report, please call (269) 384-8090 or personally inquire at the Office of Finance.

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