

## BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Division Name	Normal Retirement Eligibility (a) or (f)	Early Retirement Eligibility (b)
Elected Officials and Department Heads (div. 1), Judges (div. 2), General County (div. 3), General Circuit Court (div. 4), General District Court (div. 5), General Probate Court (div. 6), BCAMPS (div. 7), USWA-General (div. 8), USWA Part-Time Employees (div. 9), and District Court AFSCME (div. 15)	(d) or (f)*	(b)
Nurses (div. 10)	(d) or (f)*	(b)
Sheriff/Road Patrol (div. 11)	(d) or (f)*	(b)
Sheriff/Correctional Facility Officers (div. 12)	(d) or (f)*	(b)
Dispatchers (div. 13)	(b) or (c) or (f)	(a) or (b)
Circuit Court G.E.L.C. (div. 14)	(d) or (f)*	(a) or (b)
Probate Court USWA (div. 16), Library-Employee Members of UWUA Local 542 (div. 18), General Library (div. 19), Behavioral Health AFSCME (div. 23), Behavioral Health General (div. 24)	(d) or (e)	(a)
ICEA/PARA 1203 (div. 30), and ICEA/PARA 612 (div. 31)	(d) or (f)	(b)
MCF United Steel Workers Local 15301 (div. 20), MCF RN & LPN Nursing Council (div. 21), General MCF (div. 22)	(h) or (c) or (e)	(a)
Road Commission AFSCME Local 1096 (div. 25), Road Commission Class I Supervisory and Admin. Employees (div. 26)	(b) or (f)*	(b)*
Water and Sewer UWUA Local 546 (div. 28), and Water and Sewer General (div. 29)	(h) or (f)^	(b)^
Road Patrol Supervisory Unit (div. 32)	(g) or (f)^	(b)^
(a) Age 55 with 8 yrs of service	(c)	(b)
(d) Age 55 with 30 yrs of service	(f)	(b)
(e) Age 60 with 8 yrs of service	(c)	(b)
(f) Age 60 with 8/10 yrs of service	(f)	(b)
(g) 25 yrs of service regardless of age	(c)	(b)
(h) 30 yrs of service regardless of age	(f)	(b)
@ 10 years of service for members hired after 1/1/2006.	*	
# 10 years of service for members hired after 3/1/2007.	^	
! 10 years of service for members hired after 3/1/2008.		

### Amount

#### NORMAL RETIREMENT

Total service times FAC times:  
 2.00% for divisions 23  
 2.25% for divisions 1-10, 14, 16-22, 24, and 27-31  
 2.50% for divisions 12, 13, 15 and 32  
 2.80% for division 11  
 2.50% for svc. prior to 3/31/11, 2.25% for svc. after, div. 26.  
 2.50% for those hired before 1/1/2011, 2.25% for those hired after 1/1/2011, div. 25.  
 Type of final average compensation (FAC) - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

#### EARLY RETIREMENT

Normal retirement reduced to the actuarial equivalent.

#### DEFERRED RETIREMENT

Computed as a normal retirement but based on service and final average compensation at time of termination.

8/10 or more years of credited service depending on date of hire. Benefit begins at age 60 or reduced at age 55.

The Retirement System also provides benefits for Non-Duty Death in Service, Duty Death in Service, Non-Duty Disability, and Duty Disability. Please check the Retirement Ordinance for a complete description of these benefit options.

#### POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time increases have been granted at various amounts.

#### MEMBER CONTRIBUTIONS

6% of annual compensation for divisions 11-13, 15, and 32. 5% of annual compensation for division 25. 4% of annual compensation for remaining divisions. The employer pays the member contributions for all employee groups, except division 23, 25, and 26.

#### EMPLOYER CONTRIBUTIONS

Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

# Bay County Employees' Retirement System

## SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2011

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains the professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office or can be accessed via the County's website.

Respectfully submitted,

*Board of Trustees*  
**Bay County Employees' Retirement System**

**Gabriel Roeder Smith & Company**  
 Consultants & Actuaries

## SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on the System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2011 valuation, based on the established funding objective, are summarized below:

### Fiscal Year Beginning January 1, 2013 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost							
Total	12.08%	11.39%	13.48%	12.91%	13.36%	16.45%	16.22%
Member	4.23	4.00	4.00	4.00	4.00	6.00	4.74
Employer	7.85	7.39	9.48	8.91	9.36	10.45	11.48
Amort. of UAL	(3.77)	6.38	0.41	1.26	0.21	(14.53)	9.30
Computed							
Employer Rate*	4.08%	13.77%	9.89%	10.17%	9.57%	(4.08)%	20.78%

\* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAL#	\$85.5	\$12.5	\$9.3	\$36.8	\$43.6	\$24.9	\$29.0
Applied assets *	91.2	10.1	9.2	33.5	43.5	29.9	23.8
(smoothed market value) %funded	106.7%	80.3%	99.0%	90.9%	99.6%	120.1%	81.9%

# Actuarial Accrued Liabilities  
\* \$ millions

### 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.

## SUMMARY FINANCIAL INFORMATION

### Revenues & Expenditures

2011

Market Value - January 1 \$235,379,259

#### Revenues:

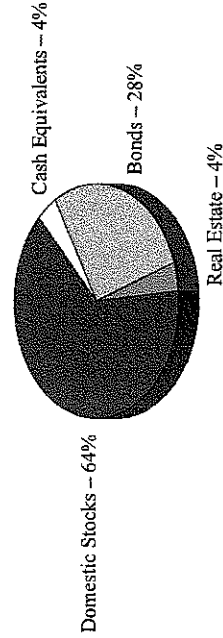
Member contributions	2,045,568
Employer contributions	3,011,323
Investment income/(loss)	(1,139,251)
Other revenue	193,537
Total	<u>4,111,177</u>

#### Expenditures:

Benefit payments	11,493,030
Refund of member contributions	232,331
Administrative expenses	167,920
Investment expenses	1,875,180
Total	<u>13,768,461</u>

Market Value - December 31 \$225,721,975

### Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2011 was (1.22)%.