

Mecosta County Unfunded Accrued Liability Plan 2014

Mecosta County has unfunded accrued liabilities (UAL) in the employee Defined Benefit (DB) Retirement Plan. This plan is a trust administered by the Michigan Employees Retirement System (MERS).

As of the most recent MERS actuarial, dated December 31, 2012, Mecosta County's UAL totaled \$994,828 on a total accrued liability of \$30,501,858. This represents an overall funding level of 96.74%.

In 2000 Mecosta County converted to a Defined Contribution (DC) Pension for all new hires. This plan does not incur UAL as it is funded as a straight percentage of wages. Since 2000 new hires are given a choice upon hiring of the employer contributing a base of 6% to their pension account, or the employee may choose to contribute 3% which the employer matches for a total contribution of 12%. Over 90% of new employees have chosen to contribute and receive the 3% match. This conversion closed the Defined Benefit Plan and led to a recalculation of the funding levels for the DB increasing the UAL for the DB plan.

In 2001 Mecosta County's funding level was at 76.2%. Mecosta County began making additional payments to MERS for application against the UAL. Eight additional payments have been made totaling \$7,278,994. The most recent of these payments, totaling \$1,001,652 were made in 2013 after the 2012 MERS Actuarial was received, essentially funding over 100% of the UAL as reported in that actuarial.

For 2014 the County has budgeted \$100,000 for additional payments to MERS for any UAL reported in the 2013 MERS Actuarial.

Mecosta County will continue to monitor the UAL each year and budget and make such payments as are indicated to achieve full funding.