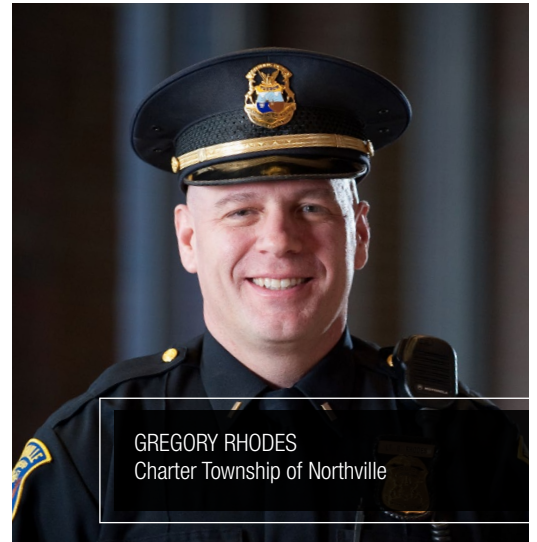
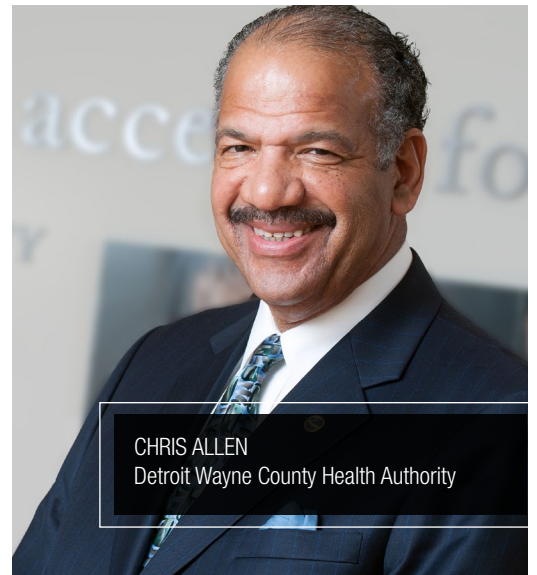




AKEMI GORDON
Eastern U.P. Transit Authority



GREGORY RHODES
Charter Township of Northville



CHRIS ALLEN
Detroit Wayne County Health Authority



Your Partner in
RETIREMENT



KAYO ZIMMERMAN
Bay County Housing Commission

Municipal Employees'
Retirement System of Michigan
1134 Municipal Way • Lansing, MI 48917
800.767.6377 • www.mersofmich.com



JANETTE DAVIS
Detroit Wayne County Health Authority



Our mission is to *partner with those who serve Michigan communities to provide retirement benefits and related services to support a secure retirement.*

The Municipal Employees' Retirement System (MERS) of Michigan is an independent, professional retirement services company that was created to administer the retirement plans for Michigan's local units of government on a not-for-profit basis.

We proudly serve more than 140,000 participants, including local firefighters, nurses, and the men and women who plow our roads and keep our communities safe.

BY THE NUMBERS



ABOUT MERS

We are an independent not-for-profit retirement services company serving municipal members across Michigan.

AN INDEPENDENT ELECTED BOARD SERVING AS THE FIDUCIARY

MERS is governed by an independent, unpaid board committed to fairness, transparency and accountability for our customers. Our board adheres to strong conflict of interest provisions and best fiscal practices making us a reliable fiduciary agent and a go-to expert for retirement security in Michigan.

Three Officer Members:

Officers of a participating municipality, elected by membership

Three Employee Members:

Non-officers of a participating municipality, elected by membership

Two Expert Members:

With experience in retirement systems or investment management, appointed by the Board

One Retiree Member:

Retiree of the system, appointed by the Board



MERS Retirement Board

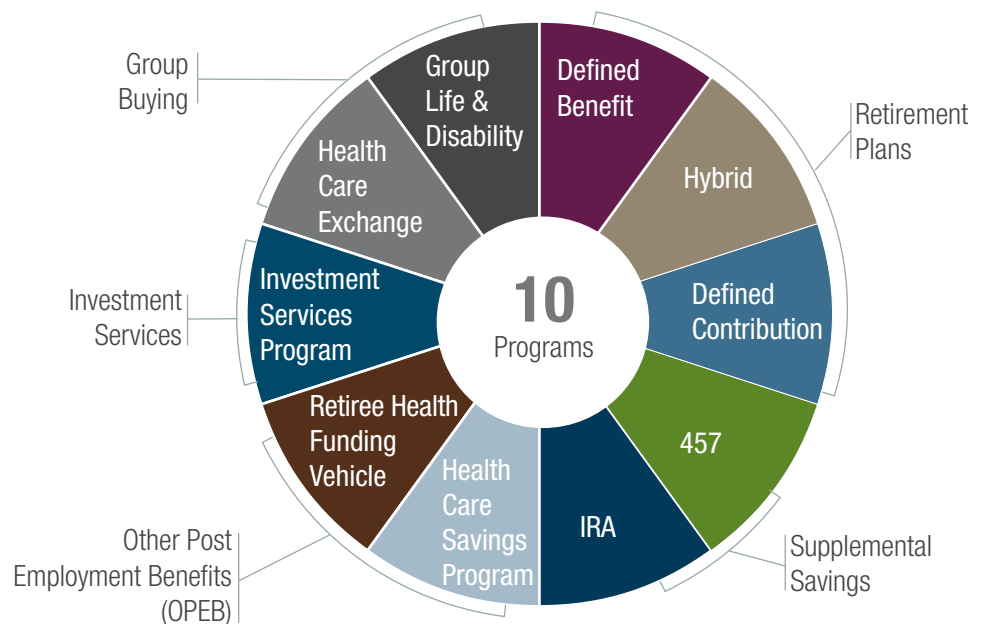
is responsible for administration of the system with **fiduciary responsibility** for the investment of assets and oversight.

A PROGRAM FOR EVERY NEED

There is no one-size-fits-all

approach to providing secure retirements for Michigan's public servants.

From police officers and firefighters to road crews, water treatment plant workers, nurses and others all across the state, each municipality has unique needs. MERS offers a broad range of customizable plans to fit our customers' budgets, needs and goals.



WELL-FUNDED STABILITY

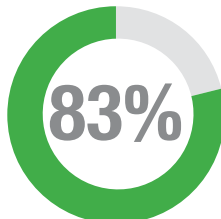
MERS is proud of our track record of working with municipalities to establish long-range plans and sustainable benefits.

OUR PLANS

While funding ratio may be a useful measure, understanding a pension plan's funding progress should not be reduced to a single point in time. Pension plans should have a strategy in place to reach or maintain a 100% funded level or greater over a reasonable time frame.



All plans within MERS are on a schedule to eliminate legacy unfunded liabilities within 16 years



Municipalities who have taken additional action to reduce unfunded liability within the last 5 years (see trends on next page)

Funding %*

Over 100%

90-99%

80-89%

70-79%

60-69%

50-59%

Under 50%

Municipalities

94

105

138

185

126

63

35

*Funding data as of 12/31/22



BENJAMIN COOK
City of Hazel Park

PENSION COST-REDUCING OPTIONS

MERS partners with municipalities, helping them achieve fiscal goals by reviewing options to find the programs and provisions that best fit the municipality's unique needs.

MUNICIPAL ACTIONS – ANNUAL TRENDS

*As of 10/31/2023

PLAN DESIGN STRATEGIES						
Lower Benefit to New Hires New hires receive a lower tier of Defined Benefit provisions (<i>number of divisions</i>)	24 2019	16 2020	10 2021	20 2022	1 2023	Existing employees are not affected Reduces liability for new hires
Bridged Multiplier Benefits are offered in parts to existing employees. Multiplier is then lowered on a going-forward basis (<i>number of divisions</i>)	15 2019	12 2020	4 2021	10 2022	0 2023	Leaves earned benefits unchanged Reduces liability for new hires and existing employees
Bridged COLA Lower Cost of Living Adjustment for calculations going forward (<i>number of divisions</i>)	8 2019	2 2020	3 2021	4 2022	0 2023	Applies to earned but not future service Reduces liability for new hires
Hybrid for New Hires New hires receive a Hybrid Plan (<i>number of divisions</i>)	0 2019	5 2020	3 2021	3 2022	0 2023	Existing employees are not affected Reduces liability for new hires
Defined Contribution for New Hires New hires receive a Defined Contribution Plan (<i>number of divisions</i>)	44 2019	81 2020	41 2021	62 2022	8 2023	Existing employees are not affected Eliminates liability for new hires
Defined Benefit Plan Freeze Plan is frozen and all employees are moved to new plan (<i>number of divisions</i>)	4 2019	8 2020	6 2021	6 2022	0 2023	Existing employees do not accrue additional service credit and FAC is frozen
FUNDING STRATEGIES						
Cost Sharing for Existing Employees Employees contribute to help fund the overall cost of plan (<i>number of divisions</i>)	138 2019	91 2020	73 2021	69 2022	48 2023	Reduces the employer cost, but does not affect total cost or the plan's unfunded liability
Voluntary Contributions Additional payments made into plan toward unfunded liability (<i>number of municipalities</i>)	464 2019	464 2020	471 2021	380 2022	315 2023	Reduces existing liability Extra dollars are invested and recognize market returns
Bonding Municipalities may bond for all or a portion of their unfunded accrued liabilities – pension or OPEB (<i>number of municipalities</i>)	1 2019	1 2020	6 2021	5 2022	0 2023	Bond proceeds are deposited and may fully fund the accrued liability No guarantee that future unfunded liabilities won't occur

OPEB STRATEGIES

Below are strategies MERS members are using to manage or reduce their unfunded liability for Other Post Employment Benefits (OPEB) or retiree healthcare.

MUNICIPAL ACTIONS – ANNUAL TRENDS

**As of 10/31/2023*

OPEB STRATEGIES

Health Care Savings Program

Individual tax-free invested accounts for qualified health expenses *(total municipalities enrolled)*

362

2019

371

2020

386

2021

399

2022

408

2023

Tax-free employer and participant contributions

Retiree Health Funding Vehicle

Invested trust fund for designated OPEB program funding *(total municipalities enrolled)*

235

2019

245

2020

252

2021

257

2022

260

2023

Legally protected from creditors
Reduce OPEB liability

Health Care Exchange

Participant assistance navigating Public Health Exchange *(total municipalities enrolled)*

10

2019

12

2020

13

2021

15

2022

17

2023

Aids employees in post employment healthcare needs



INVESTING IN RETIREMENT

MERS offers a diversified fund utilizing various management strategies that will provide downside market protection with upside market participation.

INVESTMENT POLICY

Law and Regulation
 MERS must follow **Michigan state law** and prudent standards of diligence. We maintain strict oversight and management. Our assets are invested in accordance with the **Public Employee Retirement System Investment Act (PERSIA)**. MERS conducts quarterly compliance reviews.



PERSIA

Performance
 MERS consistently **outperforms its benchmarks** and market averages, with a prudent, long-term approach designed to provide downside protection and upside market participation.



Investment Earnings
 For over 20 years, **more than half** of retirement benefits paid have come from MERS' investment earnings, not taxpayer dollars.

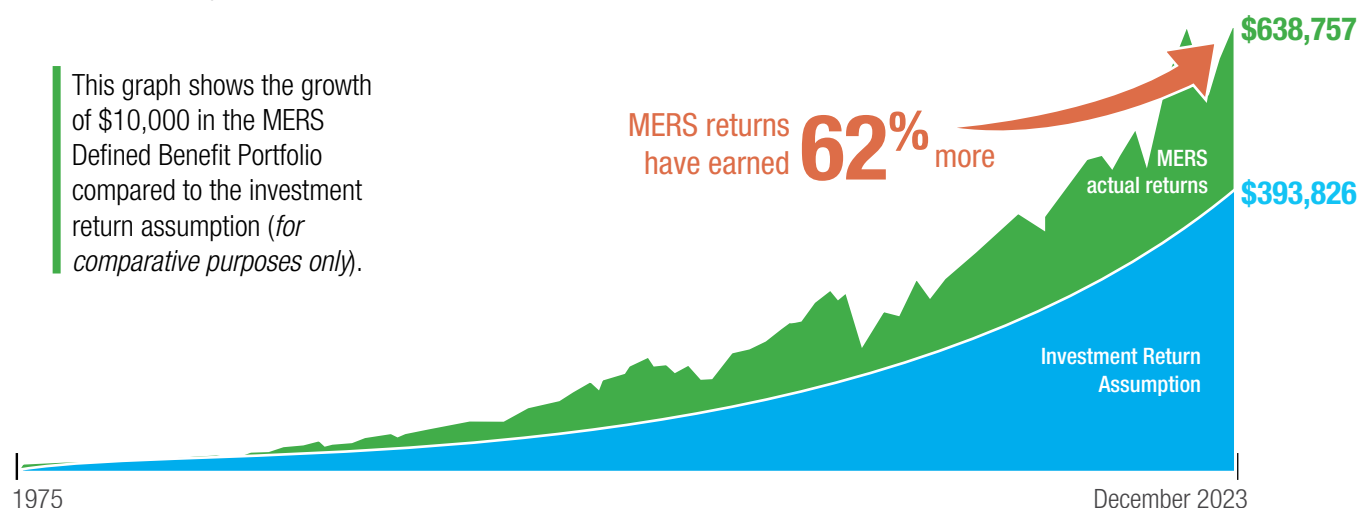


A TRACK RECORD OF SUCCESS

MERS is dedicated to providing municipalities with excellent returns at affordable costs, while protecting the pensions and assets of our many members.

MERS LONG-TERM INVESTMENTS

As retirement plans operate over long-term time horizons, it's important to focus on long-term rates rather than any single year. The investment return assumption of 7.00% is projected over the lifetime of the participants covered in the plan, typically more than 30 years. For municipalities that wish to project a more conservative approach, MERS provides tools to do so within our annual valuation reports.



Year-by-Year Returns (35 years: 1989-2023)

Year	Rate of Return	Year	Rate of Return	Year	Rate of Return
2023	11.92%	2011	2.30%	1999	17.01%
2022	-10.24%	2010	14.43%	1998	14.20%
2021	14.32%	2009	17.31%	1997	14.43%
2020	13.79%	2008	-24.79%	1996	12.68%
2019	14.06%	2007	8.58%	1995	23.95%
2018	-3.51%	2006	13.61%	1994	0.52%
2017	13.40%	2005	6.78%	1993	9.67%
2016	11.10%	2004	14.90%	1992	8.05%
2015	-0.85%	2003	24.72%	1991	22.14%
2014	6.68%	2002	-8.34%	1990	2.94%
2013	15.00%	2001	-1.91%	1989	19.10%
2012	11.39%	2000	-2.76%		

Annualized 35-year rate of return for MERS Defined Benefit: **8.23%**

Performance numbers on this page are gross of fees.

FISCAL BEST PRACTICES

The team at MERS is made up of top industry experts who apply fiscal best practices to give our members peace of mind and security.

PROVEN PRACTICES



Conduct an **Experience Study every 5 years** to ensure assumptions match actual experience and make adjustments where necessary.



100% Funding Required for Improvements

For any benefit enhancements, municipal plans must be fully funded.



Encourage extra contributions through **market volatility scenarios**.



Actuarial Reports

Financial impacts of benefit modifications are required to ensure plan stability. Reports illustrate financial impacts of benefit changes by providing cost projections of at least 5 years.



Establish a **minimum funding threshold** that prevents plans from running out of assets.



Implement a **fixed amortization** policy that gives plans a specific date by which all known obligations will be fully funded.



Pension Spiking Mitigation

MERS implements checks and balances to eliminate unexpected pension spikes. Actuarial loads are applied to groups that have demonstrated a history of Final Average Compensation increases.



KEVIN CORSINI
Hazel Park Fire Department

POOLING POWERS FINANCIAL SECURITY

Pooling municipal assets for investment purposes provides huge benefits to members, including lower administrative costs.



RONALD COLEMAN
City of Holland

POOLED ASSETS

As a multiple employer plan, MERS members benefit from our ability to pool resources for investment purposes while maintaining the integrity and individuality of each plan. Each municipality is responsible for their own plan liabilities; ***funds are not borrowed*** from one municipality's account to pay for another.

Additionally, MERS has a successful track record of improving the financial health of our members' retirement plans, including turning around and rehabilitating plans that are struggling financially when they enter MERS.

Pooled assets for buying power



Separate accounts to maintain each municipality's security

Shared Services

MERS is one of the largest, most established, and most successful shared services stories in Michigan, providing administration, investment expertise, fiduciary responsibility, and oversight for benefit plans. This allows local governments to focus on core services, leaving day-to-day administration to us. Services include:

- Plan Governance
- On-Staff Auditor
- Legal Counsel
- Legislative Advocacy
- Administration of Benefits

READYING MICHIGAN FOR RETIREMENT

MERS is dedicated to helping employers and participants understand their benefits and to providing the right resources to prepare for retirement.

FINANCIAL WELLNESS



MERS defines being financially well as managing your day-to-day spending, controlling debt, having money set aside for an emergency, and having a financial plan for the future. Taking control of finances for both the present and future increases the likelihood of a successful and enjoyable retirement, and relieves the stress and burden that financial uncertainty can cause. MERS provides participants with access to a free [Financial Fitness tool](#) account that helps them track their financial wellness.

ONLINE ACCOUNT ACCESS



myMERS, our free, secure online account access, offers personalized guidance and up-to-the-minute account information to help employees maximize their benefits and stay on the right retirement track.

LIVE CUSTOMER SUPPORT



In addition, our knowledgeable Service Center staff are available weekdays to provide individual assistance via phone call, live online chat and by appointment. 800.767.6377



The CentsAbility blog is a hub of financial education featuring articles and resources centered on topics such as investing, building emergency savings and budgeting tips & tricks. Check it out by visiting www.mersofmich.com.



LISA KRELL, DEBRA BAKER, JENNIFER BURNETTE
Lansing Housing Commission



“ *MERS has been a great recruiting tool for us and provides employees with an excellent benefit.* ”

DEBRA WILHELM
HR Director,
Charter Township of Northville

OPPORTUNITIES TO LEARN MORE

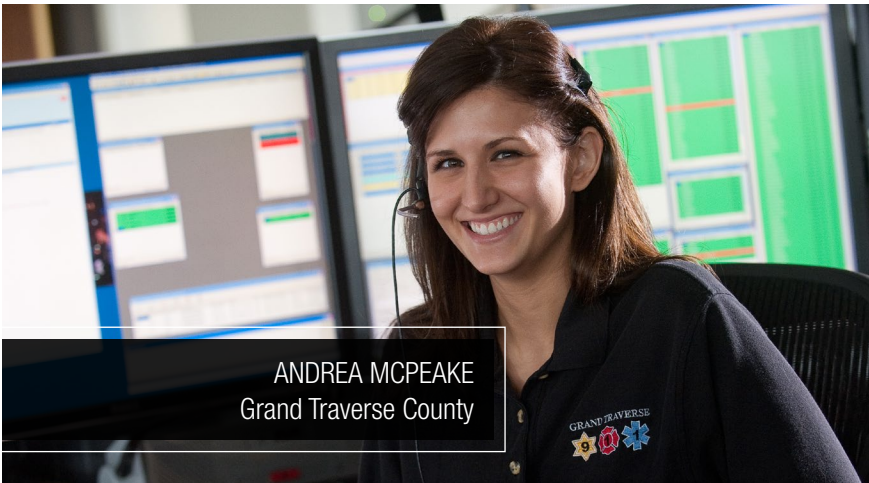
[Participant education](#) is a priority at MERS, and it's always free. In addition to attending benefit fairs and providing customized onsite and/or virtual group presentations, MERS provides 1-on-1 consultations with participants to ensure they understand their plans. MERS also offers events delivering expert guidance on various topics ranging from understanding your benefits, and applying for retirement, to Social Security, and health care in retirement.

TAKE A CLOSER LOOK AT YOUR RETIREMENT



“ *Very good information!
Would highly recommend
everyone go!* ”

– Session participant



ANDREA MCPÉAKE
Grand Traverse County



ED KLOBUCHER
City of Hazel Park



This publication contains a summary description of MERS benefits, policies or procedures. MERS has made every effort to ensure that the information provided is accurate and up to date. If this presentation conflicts with the relevant provisions of the Plan Document, the Plan Document controls. MERS, as a governmental plan, is exempted by state and federal law from registration with the SEC. However, it employs registered investment advisors to manage the trust fund in compliance with Michigan Public Employee Retirement System Investment Act. Past performance is not a guarantee of future returns. Please make independent investment decisions carefully and seek the assistance of independent experts when appropriate.

Municipal Employees' Retirement System of Michigan

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BRIAN AZEVEDO
Eastern U.P. Transit Authority