

**Berrien County Employees Amended Retirement Plan**  
**Summary Annual Report - December 31, 2017**

**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. James Curran, Chairman, Finance Committee  
 Ms. Mamie Yarbrough, Vice-Chair, Finance Committee  
 Mrs. Teri Freehling, Finance Committee  
 Mr. David Vollrath, Finance Committee

**Plan Administrator**

William A. Wol  
 Shelley J. Jasper, Assistant

**Actuary**

Gabriel Roeder Smith & Company

**Investment Consultant**

Russell Investment Management

**Auditors/Accountant**

Rehmann Robson

**Fund Custodian**

Russell Investment Management

**Legal Counsel**

VanOverbeke, Michaud & Timmony, PC  
 James McGovern, Corporate Counsel

**Medical Director**

Dr. James Smith, All Cities Occupational Medicine

**Berrien County Employees Amended Retirement Plan**  
**Summary Annual Report - December 31, 2017**

**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.

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, Riverwood:

1 Non-Bargaining members: Lifetime Benefit equals total service times 2.2% of FAE.

Courthouse Elected:

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.

**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.

**Berrien County Employees Amended Retirement Plan**  
**Summary Annual Report - December 31, 2017**

Asset and Investment Information		
<b>Changes in Plan Net Assets</b>		
	2017	
Contributions		
Employer	\$7,727,057	
Plan members	2,932,497	
Total	10,659,554	
Investment Income	23,193,909	
Total Additions	33,853,463	
Deductions:		
Benefits Paid	\$13,275,911	
Refund of Contributions	532,329	
Health Premiums	0	
Total Deductions	13,808,240	
Net Increase		
Net assets held in Trust Fund at Fair Value		
Beginning of year	\$184,785,585	
End of year	208,625,593	
<b>Actuarial Value of Asset:</b>	<b>\$204,857,669</b>	

Actuarial Information					
<b>Funded Status - Pension Benefits</b>		<b>Funded Status - Retiree Health Care</b>			
Actuarial Accrued Liabilities	\$242,916,847	Actuarial Accrued Liabilities	\$70,407,341		
Actuarial Value of Assets	169,857,191	Actuarial Value of Assets	35,000,478		
Percent Funded	69.9%	Percent Funded	49.7%		
<b>Contributions for the Fiscal Year Beginning January 1, 2019</b>					
	Courthouse	Sheriffs	Riverwood	Commission	Total
Valuation Payroll	\$22,118,720	\$11,083,210	\$9,319,756	\$3,281,280	\$45,802,966
Employer Normal Cost	4.79%	9.96%	4.35%	4.23%	
Total Employer Contribution	12.54%	28.95%	6.35%	16.99%	
Employee Contribution	5.96%	8.21%	4.70%	6.00%	
Employer Retiree Health Contribution	8.30%	32.25%	0.00%	5.82%	13.49%
Annual Required Pension Contribution for December 31, 2017		\$7,727,057			
Actual Employer Pension Contribution		\$7,727,057			
Percent Contributed		100%			
<b>Plan Membership</b>		<b>Actuarial Assumptions</b>			
Active Member Count	894	<i>Assumed Rate of Investment Return</i>			
Payroll	\$45,802,966	7.5%			
Retirees/Beneficiaries Count	685	<i>Assumed Rate of Long-term Wage Inflation</i>			
Total Annual Benefits	\$13,455,178	3.25%			
Average Annual Benefit	\$19,643	<i>Smoothing Method for Actuarial Value of Assets</i>			
Deferred Vested Members Count	65	5-year smoothed market			
Total Annual Benefits	\$709,889	<i>Amortization Method and Period</i>			
		28-year closed period switching to 20-year perpetual level percent of pay for pension			
		26-year closed level dollar for retiree health (13.7 years for Riverwood)			
		<i>Actuarial Cost Method</i>			
		Entry age actuarial cost method			

**Berrien County Employees Amended Retirement Plan**  
**Summary Annual Report - December 31, 2017**

Brief Summary of Benefit Provisions	
<b>Death Before Retirement:</b>	
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 Department members). Some members, depending on hire date, may have to reach 10 years of service before being eligible for this benefit.	
Annual Amount:	
<i>Killed in the Line of Duty:</i>	
If the participant was killed in the line of duty and met an age and service requirement for either normal or early retirement, 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 or her death and elected the joint and 100% survivor option.	
<i>Non-duty Death:</i>	
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.	
<b>Social Security Coverage:</b>	
Yes, except for Riverwood members	
<b>Member Contributions:</b>	
Sheriff Non-command & Dispatch POLC members	8% of compensation
Sheriff POLC Command Unit	10.49% of compensation
Road Department	6% of compensation
FOPLC - Civilian Unit	6.89% of compensation
Courthouse Probate Court AFSCME	7.06% of compensation
Courthouse Appointed, Non-Bargaining members, Riverwood Non-Bargaining members	5% of compensation
Courthouse Teamsters members	8% of compensation
Courthouse Elected and Riverwood Bargaining members	4.5% of compensation
For Courthouse, Sheriffs and non-union Road Department 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.	
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.	
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, 1/1/2014, 1/1/2015, 1/1/2016, 1/1/2017 or 1/1/2018.	