

East Lansing 2017 Retirement System Summary Annual Report
Public Act 530 of 2016

Section 13 (1)(d)

(i)	Name of System	City of East Lansing
(ii)	Name of Investment Fiduciaries	MERS of Michigan is the Investment Fiduciary
(iii)	Systems Service Providers	MERS of Michigan , CBIZ Retirement Plan Services (actuary)
(iv)	System's assets and liabilities/changes	Annual statement of fiduciary net position
	System's valuation assets 12/31/2017	\$101,919,898
	System's valuation liabilities 12/31/2017	\$190,063,681
	Unfunded Accrued liability 12/31/2017	\$88,143,783
	System's market value of assets 12/31/2017	\$100,778,980
	System's valuation assets 12/31/2016	\$99,444,497
	System's valuation liabilities 12/31/2016	\$187,115,599
	Unfunded Accrued liability 12/31/2016	\$87,671,102
	System's market value of assets 12/31/2016	\$92,326,581
	Change in net plan assets (accrued liability)	\$472,681
(v)	System's funded ratio	54%
(vi)	Investment performance	Investment performance net of fees:
	1 year:	13.20%
	3 years:	7.45%
	5 years:	8.67%
	7 years:	8.03%
	10 years:	5.56%
(vii)	System admin & invest expenses	At December 31, 2017, the cost of the Defined Benefit Plan was 0.32% (0.19% for administration and 0.13% for investments)
(viii)	System's budget	Not applicable to local governments within MERS
(ix)	(A) Number of Actives	263
	(B) Number of retirees/beneficiaries	372
	(C) The average annual retirement allowance	34,072
	(D) Total annual retirement allowance	13,042,912
	(E) Valuation payroll for active employees	15,638,130
	(F) Normal Cost and/or percentage	
		<u>Normal Cost %</u> <u>Normal Cost \$</u>
	01 - Gnl NonUnio	10.54% 2,383
	02- Plc NonComm	18.45% 14,540
	05- Fire	18.46% 22,268
	08- NewHires 54B	10.92% 1,825
	10- Gnl DPW	13.67% 1,123
	11- Gnl Auxlry	12.11% 2,791
	12- Gnl 54B Crt	12.59% 583
	13- Jail Serv	10.88% 610
	14- Water&Sewer	12.01% 2,302
	15- Junior Empl	0.00% -
	16- Comm Devlpm	0.00% -
	17- Supervisory Indendent Union	0.00% -
	18- UAW Non Sup	10.91% 1,424
	19- UAM Jr Unit	11.80% 1,025
	20- Plc Sprvsrs	18.45% 14,288
	21- Police/Fire	18.43% 2,048
	22 - Sup of Info & Tech /Records	13.96% 927
	23- POAM aft 7/1/11-Officers Only	11.27% 12,853
	50- Fire Hired after 7/1/11	11.28% 14,977
	HA- New hires after 11/1/10	8.71% 55,381
	HB- Gen.Aux FOP-hired aft 7/1/11	7.31% 1,938

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(G) Total computed employer contributions for the fiscal year beginning July 1, 2019		\$8,173,320
(H) Weighted average member contributions		1.00%
(I) Actuarial investment returns		7.75%
(J) Actuarial long-term inflation		3.75%
(K) Smoothing method		5 Years
(L) Amortization period	Layered amortization schedule	
(M) Actuarial cost method	Entry Age Normal Method	
(N) Open or closed membership		
01 - Gnl NonUnio	Closed	
02- Plc NonComm	Closed	
05- Fire	Closed	
08- NewHires 54B	Closed	
10- Gnl DPW	Closed	
11- Gnl Auxlry	Closed	
12- Gnl 54B Crt	Closed	
13- Jail Serv	Closed	
14- Water&Sewer	Closed	
15- Junior Empl	Closed	
16- Comm Devlpm	Closed	
17- Supervisory Indendent Union	Closed	
18- UAW Non Sup	Closed	
19- UAM Jr Unit	Closed	
20- Plc Sprvsrs	Open	
21- Police/Fire	Closed	
22 - Sup of Info & Tech /Records	Open	
23- POAM aft 7/1/11-Officers Only	Open	
50- Fire Hired after 7/1/11	Open	
HA- New hires after 11/1/10	Open	
HB- Gen.Aux FOP-hired aft 7/1/11	Open	

(O) HealthCare inflation

Actuarial Assumptions as of December 31, 2016

<u>Year After Valuation</u>	<u>Health Care Trend Inflation Rates</u>
1	9.00%
2	8.50%
3	8.00%
4	7.50%
5	7.00%
6	6.50%
7	6.00%
8	5.50%
9	5.00%
10	4.50%
11+	4.00%

(x) Travel report

Not applicable to local governments within MERS

Section 20h (1)

7 If below 60% funded, actions taken
to reduce the system's UAL

MERS adheres to the following fiscal best practices:

- * Conducts an Experience Study every five years to ensure assumptions match actual experience and make adjustments where necessary
- * Use a fixed Amortization period
- * 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.
- * UAL amortization schedule is on track to be paid off in 22 years.

East Lansing has taken the following steps:

- * Reduced the defined benefit plan for police and fire new hires (2011)
- * Enroll all other new employees in a Hybrid Plan (2010)
- * Increased cost sharing amongst existing employees enrolled in defined benefit plans
- * Made supplemental payments of \$5,560,000 over the last three years, in addition to our annual required contribution.