

Public Act 530 of 2016 - Compliance Report

Section 13 (1)(d)	ITEM	INFORMATION
(i)	Name of System	City of Flushing
(ii)	Names Investment Fiduciaries	MERS of Michigan
(iii)	Systems service providers	MERS of Michigan, CBIZ Retirement Plan Services (actuary)
(iv)	System's assets and liabilities/changes	Valuation Assets 10,228,614 / Actuarial Accrued Liability 20,378,738 / change in assets (2016-2015) = 575,417
(v)	System's funded ratio	50.19%
(vi)	Investment performance	Investment performance net of fees: 1 year: 10.85% 3 years: 5.32% 5 years: 8.30% 7 years: 8.18% 10 years: 5.11%
(vii)	System administratin and investment expenses	At December 31, 2016, the cost of the Define Benefit Plan was 0.39% (0.21% for administration and 0.18% for investments)
(viii)	System's budget	Not applicable to the local government
(ix)		
A	Number of actives	17 active / 4 vested former employees
B	Number of retirees/beneficiaries	41
C	The average annual retirement allowance	\$28,824
D	Total annual retirement allowance	\$1,181,795
E	Valuation payroll for active employees	\$1,098,575
F	Normal cost and or percentage	\$115,056
G	Total computed employer contribution (no phase in)	\$938,460
H	Weighted average member contributions (As of December 31, 2016)	General 2% Police 7% Administration 8% Police Hybrid 0%
I	Acturial investment returns	7.75%
J	Actuarial long term inflation rate	3.75%
K	Smoothing method	5 years
L	Amortization method	General 22 Police 22 Administration 10 Police Hybrid 15
M	Acturial cost method	Entry Age Method
N	Open or closed membership (As of December 31, 2016)	General - Open Police - Closed Administration - Closed Police Hybrid - Open
O	Health care inflation	Not applicable to pension plans
(x)	Travel report	The City of Flushing used 2.99% inflation on its last OPEB Actuary Not applicable to local governments within MERS

Section 20h(1)	ITEM	INFORMATION
7	If below 60% funded, actions taken to reduce the pension system's UAL	MERS adheres to the following fiscal best practices: 1. Conducts an Experience Study every five years to ensure assumptions match actual experience and make adjustments where necessary 2. Uses a fixed Amortization 3. 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 4. UAL amortization schedule is on track to be paid off in 23 years
		Other actions the City of Flushing has taken: 1. Negotiated increased employee contributions to the plan (8%) 2. Requests annual required contribution to be calculated without employee contributions and uses phase in amounts for budgeting purposes 3. Closed General Division 4. Continues conversations with MERS representatives on what options are available to reduce liability and increase funding ratio

If below 60% funded, actions taken to reduce the OPEB UAL

- Actions the City of Flushing has taken:
1. New hires (union and non union) are placed in MERS Healthcare Savings Plan
 2. Current employees have the ability to wave retiree healthcare and participate in the MERS Healthcare Savings Plan
 3. Annual review of health insurance plans available to the City of Flushing
 4. Opened a MERS Retiree Health Funding Vehicle to prefund expense
As of the Annual Financial Report Year Ended June 30, 2017, 4.88% of the expense was prefunded
 5. Budget a contribution into the retiree health funding vehicle in addition to paying retiree healthcare premiums
 6. Complete a OPEB actuary every two years to review and update annual required contribution and actual unfunded liability
 7. Negotiate changes with unioned employee groups