

Macomb County Retiree Health Care Plan  
Actuarial Valuation  
as of December 31, 2018



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January 7, 2021

Mr. Steven Smigiel, Finance Director  
Macomb County Retiree Health Care Plan  
120 North Main Street, 2<sup>nd</sup> Floor  
Mt. Clemens, MI 48043

Dear Mr. Smigiel:

Submitted in this report are the results of an actuarial valuation of the assets and liabilities associated with the employer financed retiree health plan benefits provided by Macomb County. The date of the valuation was December 31, 2018. The actuarially determined contributions have been calculated for the fiscal year beginning January 1, 2020.

This report was prepared at the request of Macomb County and is intended for use by the County and those designated or approved by the County. This report may be provided to parties other than the County only in its entirety and only with the permission of the County. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the liabilities of the Retiree Health Care Plan and determine the fiscal year 2020 employer contribution. This report should not be relied upon for any other purpose. The valuation was based upon information furnished by the County, concerning retiree health benefits, financial transactions, plan provisions, active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency with data provided for the last valuation, but did not audit the data. As a result, we are unable to assume responsibility for the accuracy or completeness of the information provided by the County.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

Mr. Steven Smigiel

January 7, 2021

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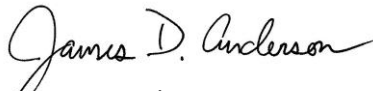
This report was prepared using our proprietary valuation model and related software which in our professional judgment has the capability to provide results that are consistent with the purposes of the valuation. We performed tests to ensure that the model reasonably represents that which is intended to be modeled.

This report was prepared by actuaries with substantial experience in valuing public employee retirement systems. All calculations have been made in conformity with generally accepted actuarial principles and practices and with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Louise M. Gates and James D. Anderson are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. The signing actuaries are independent of the plan sponsor.

Respectfully submitted,



Louise M. Gates, ASA, FCA, MAAA



James D. Anderson, FSA, EA, FCA, MAAA

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## **SECTION A**

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### **VALUATION RESULTS**

## County Contributions to Provide Benefits for the Fiscal Year Beginning January 1, 2020

Contributions for	All Groups Combined
A. Normal Cost of Benefits	\$ 7,150,941
B. Unfunded Accrued Liability (UAL)	204,955,055
C. UAL Payment	16,910,621
D. Employer Contribution (A+C)	24,061,562

The Actuarially Determined Contribution (ADC) shown above was developed for the General division, Sheriff's department and Martha T. Berry combined. The UAL was financed over 24 years using a level dollar amortization method.

The table below shows fiscal year 2020 employer contributions for each employment group.

Employment Group	Contribution Dollars
General	\$ 17,393,804
Sheriff	5,525,498
Martha T. Berry	1,142,260
Total	24,061,562

## Determination of the Unfunded Accrued Liability as of December 31, 2018

A. Accrued Liability	
1. For retirees and beneficiaries	\$ 271,264,733
2. For current DROP members	37,229,446
3. For vested terminated members	43,013,324
4. For present active members	116,276,888
5. Total	467,784,391
B. Market Value of Assets (MVA)	\$ 262,829,336
C. Unfunded Accrued Liability (UAL): (A.5) – (B)	\$ 204,955,055
D. Funded Percent: (B) / (A.5)	56.2%

The table above shows the development of the Plan's unfunded actuarial accrued liabilities for the three employment groups combined as of December 31, 2018.

As of December 31, 2018, for Martha T. Berry (MTB) the accrued liability was \$25,688,847, the MVA was \$14,025,595 and the funded percent was 54.6%.

## Comments

**Comment A:** There are three general reasons why contributions change from one valuation to the next. The first is a change in the benefits or eligibility conditions of the Plan. The second is a change in the valuation assumptions or methods. The third is the difference during the year between the Plan's actual experience and what the assumptions predicted. No benefit changes were reported to GRS in connection with this valuation of the Plan. This valuation of the Plan reflects a minor update to the medical and prescription drug trend rates and a change in the load on Plan liabilities. Prior reports included a liability load to account for the excise tax in connection with the Affordable Care Act. This provision of the Act has been repealed and as a result, the load for this in the valuation has been removed. This valuation reflects a load on liabilities for potential future claims volatility. These changes in loading factors increased the actuarial accrued liability as of the valuation date by \$22.9 million. These changes were made to better reflect the anticipated future experience of the Plan. Additional information about these assumptions is included on page D-8.

Plan experience during calendar year 2018 was overall, favorable and offset the increases in accrued liabilities due to the changes noted above. The medical and prescription drug claims experience during calendar year 2018 was more favorable than anticipated by actuarial assumptions. This favorable experience was offset in part by lower than expected investment returns on trust assets. Additional information related to Plan assets is shown on page C-1.

**Comment B:** The Plan's funding percent was 56.2% as of December 31, 2018. The funding percent was 48.4% as of December 31, 2017. The increase in the Plan's funding percent is due primarily to the favorable Plan experience.

**Comment C:** Michigan Public Act 202 of 2017 has created new reporting and other requirements for local units of government. Recently, the Department of Treasury (the DOT) issued new guidance on uniform actuarial assumptions needed in connection with the Act. The actuarial assumptions used in this valuation of the Plan are inconsistent with the uniform assumptions prescribed by the DOT for reporting purposes under the Act. As a result, a separate valuation of the System using DOT compliant assumptions will be needed for reporting on the 2020 Form 5572.



## **SECTION B**

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### **RETIREE PREMIUM RATE DEVELOPMENT**

# Retiree Premium Rate Development

## Rate Development

Premium rates for Macomb County were developed separately for the self-insured and the fully-insured portions and then combined to create one set of premium rates.

The self-insured initial premium rates were developed only for pre-65 retirees, as the post 65 retirees are now covered for both medical and prescription drugs through a fully-insured Medicare Advantage program. The pre-65 rates were calculated by using paid claims experience and exposure data for the period of January 2017 to December 2019 adjusted for catastrophic claims, plus the load for administration, network access fee, and stop loss premiums. The self-insured medical and prescription drug data were provided by the County. Since the prescription drug claims and the medical claims exhibit different trends and claim payment patterns, we analyzed these claims separately as well.

The fully-insured initial premium rates were developed for the two classes of retirees (pre-65 and post-65). The January 1, 2020 fully-insured rates provided by County were utilized to determine the appropriate premium rates. The pre-65 fully-insured premiums for current retirees in the HAP group are assumed to be unblended rates based on the experience of pre-65 retired members; therefore, the fully-insured premium rate is used as the basis of the initial per capita cost without adjustments, since the rate reflects the demographics of the pre-65 retiree group.

For the post-65 retirees, the fully-insured Medicare Advantage premium rate is used as the basis of the initial per capita cost since the rate reflects the demographics of the post-65 retiree group. In a Medicare Advantage program, the OPEB liability is based on the difference between the present value of future claims less the present value of future Medicare reimbursements. The law provides for reductions to the reimbursement amounts that would be provided to Medicare Advantage plans starting in 2011. GASB does not permit recognition of future plan changes in a valuation, so the net claims growth assumption will be based on the current plan design. Due to the uncertainty in the future design of the Medicare Advantage program, a load is added implicitly assuming total claims will experience higher trends than reimbursements in the short term.

For the current active employees who retire after November 1, 2013, retiree coverage floats with active coverage. We have developed separate premium rates for future retirees in order to reflect the benefit differences.

Age graded and sex distinct premiums are utilized in this valuation. The premiums developed by the preceding process are appropriate for the unique age and sex distribution currently existing. Over the future years covered by this valuation, the age and sex distribution will most likely change. Therefore, our process “distributes” the average premium over all age/sex combinations and assigns a unique premium for each specific age/sex combination. The age/sex specific premiums more accurately reflect the health care utilization and cost at that age.



# Retiree Premium Rate Development

The tables below show the combined self-insured and fully-insured medical and prescription drug one-person monthly premiums at select ages. The premium (or per capita costs) rates shown below reflect the use of age grading.

## Current Retiree Rates

Retirements prior to 11/1/2013 and All POAM and POLC Retirees

Premiums For Retirees Not Eligible For Medicare		
Age	Males	Females
50	\$517.58	\$637.61
55	681.08	743.64
60	879.65	866.15

Premiums For Retirees Eligible For Medicare		
Age	Males	Females
70	\$418.71	\$405.16
75	449.70	438.81
80	472.09	463.84

## Future Retiree Rates

Retirements after 11/1/2013

Premiums For Retirees Not Eligible For Medicare		
Age	Males	Females
50	\$420.92	\$518.54
55	553.89	604.77
60	715.38	704.40

Premiums For Retirees Eligible For Medicare		
Age	Males	Females
70	\$418.71	\$405.16
75	449.70	438.81
80	472.09	463.84

The dental and vision premium rates were not “age graded” for this valuation because dental and vision claims do not vary significantly by age. The monthly dental rates used for this valuation were \$38.87 per person. The monthly vision rates used for this valuation were \$3.74 per person.

## Health Care Trend Assumption

The health care cost trend rate is the rate of change in per capita health care claims over time as a result of factors such as medical inflation, utilization of health care services, plan design, and technological improvements. It is a crucial economic assumption that is required for measuring retiree health care benefit obligations.

While experience is often the best starting point for future costs, GRS does not rely on a group’s experience in setting the near-term trend assumptions since trends vary significantly from year to year and are not credible for most groups. Therefore, professional judgment, trends from GRS’ book of business and industry benchmarks (e.g., trend reports from various Pharmacy Benefit Management (PBM) organizations and national healthcare benefit consulting firms) are used in conjunction with a group’s historical experience to establish the trend assumptions.



# Retiree Premium Rate Development

Retiree health care valuations use a health care cost trend assumption (trend vector) that changes over the years. The trend vector used in this valuation begins with a near-term trend assumption and declines over time to an ultimate trend rate. The near-term rates reflect the increases in the current cost of health care goods and services. The process of trending down to a lower ultimate trend relies on the theory that premium levels will moderate over the long-term, otherwise the healthcare sector would eventually consume the entire GDP. It is on this basis that projected premium rate increases continue to exceed wage inflation for the next ten years, but by less each year until leveling off at an ultimate rate, assumed to be 3.50% in this valuation; see below for the trend vector used in this valuation.

Year Beginning January 1,	Future Health Cost Increases	
	Medical /Rx	Dental/Vision
2020	8.25 %	3.50 %
2021	7.50	3.50
2022	7.00	3.50
2023	6.50	3.50
2024	6.00	3.50
2025	5.50	3.50
2026	5.00	3.50
2027	4.50	3.50
2028	4.00	3.50
2029 & after	3.50	3.50

## Actuarial Disclosures

The premium rates used in this valuation were developed using proprietary Excel models which in James E. Pranschke’s professional judgment provide initial projected costs which are consistent with the purposes of the valuation. We performed tests to ensure that the models, in their entirety, reasonably represent that which is intended to be modeled.

Aging factors used in the premium development models were developed based on information and data from a 2013 study commissioned by the Society of Actuaries entitled "Health Care Costs – From Birth to Death".

James E. Pranschke is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to certify the per capita retiree health care rates shown above.



James E. Pranschke, FSA, FCA, MAAA



## SECTION C

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### VALUATION DATA

## Summary of Reported Financial Information Year Ended December 31, 2018

<b>Market Value on December 31, 2017</b>	\$ 255,490,139
<b>Revenues:</b>	
a. Employer Contributions	38,365,857
b. Net Investment Earnings	-10,898,543
c. Member Contributions	0
d. Other	0
e. Total	<u>27,467,314</u>
<b>Disbursements:</b>	
a. Health Care Premiums	20,065,840
b. Administrative Expenses	<u>62,277</u>
c. Total	<u>20,128,117</u>
<b>Market Value on December 31, 2018</b>	<u><u>\$ 262,829,336</u></u>
<b>Market Value Rate of Return</b>	-4.1%

The assets shown above are those held in the Retiree Health Care Plan trust. Assets attributable to bond proceeds (held in a separate account) were not included in this valuation of the Plan.

# Summary of Retiree Health Plan Members by Employment Group as of December 31, 2018

## Active Members

<b>General County Employees</b>	
Number	1,032
Average Age	48.1 years
Average Service	11.7 years
<b>Sheriff Department</b>	
Number	358
Average Age	41.4 years
Average Service	13.6 years
<b>Martha T. Berry MCF</b>	
Number	35
Average Age	47.3 years
Average Service	15.6 years
<b>Total</b>	
Number	1,425
Average Age	46.4 years
Average Service	12.3 years

## DROP Members

<b>General County Employees</b>	
Number	185
Average Age	59.2 years
<b>Sheriff Department</b>	
Number	35
Average Age	54.9 years
<b>Martha T. Berry MCF</b>	
Number	5
Average Age	55.8 years
<b>Total</b>	
Number	225
Average Age	58.5 years

# Summary of Retiree Health Plan Members as of December 31, 2018

## Retirees and Beneficiaries (Current Benefit Recipients)

<b>General County &amp; Sheriff Department</b>	
<b>Recipient Age</b>	<b>Number of Contracts</b>
Under 35	3
35 - 39	1
40 - 44	8
45 - 49	10
50 - 54	82
55 - 59	187
60 - 64	372
65 - 69	444
70 - 74	358
75 - 79	278
80 - 84	145
85 - 89	105
90 & Over	76
<b>Totals</b>	<b>2,069</b>

The table above includes 167 retirees who receive a \$2,000 annual payment in lieu of County paid retiree health benefits.

<b>Martha T. Berry MCF</b>	
<b>Recipient Age</b>	<b>Number of Contracts</b>
50 - 54	6
55 - 59	15
60 - 64	34
65 - 69	32
70 - 74	25
75 - 79	25
80 - 84	26
85 - 89	10
90 & Over	7
<b>Totals</b>	<b>180</b>

The table above includes 5 retirees who receive a \$2,000 annual payment in lieu of County paid retiree health benefits.





# Summary of Retiree Health Plan Members as of December 31, 2018

## Vested Terminated Employees (Future Benefit Recipients)

<b>General County &amp; Sheriff Department</b>	
<b>Age</b>	<b>Number of Contracts</b>
30-34	2
35-39	12
40-44	43
45-49	53
50-54	48
55-59	57
60	6
61	1
62	4
65	2
67	1
<b>Totals</b>	<b>229</b>

<b>Martha T. Berry MCF</b>	
<b>Age</b>	<b>Number of Contracts</b>
40-44	2
50-54	5
55-59	4
61	2
<b>Totals</b>	<b>13</b>

## SECTION D

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### VALUATION METHODS AND ACTUARIAL ASSUMPTIONS

# Actuarial Methods and Assumptions Used for the Valuation

*The individual entry age actuarial cost method of valuation* was used in determining liabilities and normal cost. Differences in the past between assumed experience and actual experience (“actuarial gains and losses”) become part of actuarial accrued liabilities.

Unfunded actuarial accrued liabilities are amortized to produce payments (principal & interest) which are level dollar amounts.

The **asset valuation method** is the market value of assets. Assets were allocated among the three employment divisions based on noninvestment activity during the year (contributions and other information for each group) such that the rate of investment return for each group is equal to the investment return for the entire Plan.

The **amortization method** used to develop employer contributions is a level dollar closed period amortization method over a 24-year period.

## Actuarial Assumptions Used for the Valuation

The assumed **rate of investment return** used in the valuation was 7.25% per year, net of expenses, compounded annually

The **salary increase assumption** used in this actuarial valuation projects annual salary increases of 3.50% plus a percentage based on an age-related scale to reflect merit, longevity and promotional salary increases.

Years of Service	Annual Rate of Pay Increase					
	Base (Economic)	Merit and Longevity			Total	
		General County	Sheriff's Department	Martha T. Berry MCF	General County	Sheriff's Department
1	3.50%	3.00%	7.00%	3.00%	6.50%	10.50%
2	3.50	3.00	7.00	3.00	6.50	10.50
3	3.50	3.00	7.00	3.00	6.50	10.50
4	3.50	3.00	4.00	3.00	6.50	7.50
5	3.50	3.00	4.00	3.00	6.50	7.50
6	3.50	3.00	4.00	3.00	6.50	7.50
7	3.50	1.00	4.00	1.00	4.50	7.50
8	3.50	1.00	1.00	1.00	4.50	4.50
9	3.50	1.00	1.00	1.00	4.50	4.50
10	3.50	1.00	1.00	1.00	4.50	4.50
11+	3.50	1.00	1.00	1.00	4.50	4.50

## Actuarial Assumptions Used for the Valuation

The **mortality table** used was the RP-2014 Healthy Annuitant Mortality Table projected to 2025 using a static projection based on the 2-dimensional MP-2014 improvement scales. This assumption was first used for the December 31, 2015 valuation. For disabled retirees, the regular mortality table is used with a 4-year set-forward in ages to reflect the higher expected mortality rates of disabled members.

Projected life expectancies and mortality rates for non-disabled members are shown below for selected ages:

Sample Ages	Single Life Retirement Values			
	Values at Retirement of		Future Life	
	\$1 Monthly for Life		Expectancy (years)	
	Men	Women	Men	Women
50	\$147.93	\$152.03	33.92	36.62
55	141.47	146.29	29.56	32.08
60	133.55	138.88	25.34	27.64
65	123.72	129.54	21.26	23.33
70	111.75	118.10	17.37	19.22
75	97.64	104.50	13.73	15.36
80	81.68	89.00	10.42	11.85

This assumption is used to measure the probabilities of employees dying before retirement and the probabilities of each health insurance premium being paid after retirement.

## Actuarial Assumptions Used for the Valuation

A schedule of **retirement rates** is used to measure the probability of eligible members retiring during the next year. The uniform retirement rates in use for each category are shown below:

Retirement Ages	General County	Sheriff's Department	Martha T. Berry MCF	Retirement Service	Sheriff's Department
50	15 %		15 %	25	50 %
51	15		15	26	40
52	15		15	27	40
53	15		15	28	40
54	15		15	29	40
55	15		15	30	40
56	15		15	31	35
57	15		15	32	25
58	15		15	33	25
59	25		25	34	25
60	25	25 %	25	35 & Up	100
61	25	25	25		
62	25	25	25		
63	25	25	25		
64	25	25	25		
65	25	100	25		
66	25		25		
67	25		25		
68	25		25		
69	25		25		
70 & Up	100		100		

## Actuarial Assumptions Used for the Valuation

For all General County and Martha T. Berry MCF members hired on or after January 1, 2002 the following retirement probabilities will apply:

<b>Retirement Ages</b>	<b>General County</b>	<b>Martha T. Berry MCF</b>
55	10 %	10 %
56	10	10
57	10	10
58	10	10
59	20	20
60	20	20
61	20	20
62	25	25
63	25	25
64	25	25
65	25	25
66	25	25
67	25	25
68	25	25
69	25	25
70 & Up	100	100

# Actuarial Assumptions Used for the Valuation

**Disability rates** are used in the valuation to estimate the incidence of disability in future years.

The assumed rates of disablement at various ages are shown below:

<b>Sample Ages</b>	<b>% of Active Members Becoming Disabled within Next Year</b>
25	0.09 %
30	0.11
35	0.15
40	0.22
45	0.36
50	0.61
55	1.01
60	1.66



## Actuarial Assumptions Used for the Valuation

The **withdrawal rates** are used to estimate the number of employees at each age that are expected to terminate employment before qualifying for retirement benefits. The withdrawal rates do not apply to members eligible to retire, and do not include separation on account of death or disability. The assumed rates of withdrawal applied in the current valuation are based on years of service for members with less than 5 years of service, and based on age for members with 5 or more years of service.

Sample rates of withdrawal from active employment are shown below:

Sample Ages	Years of Service	% of Active Members Separating within Next Year		
		General County	Sheriff's Department	Martha T. Berry MCF
ALL	0	12.00 %	4.00 %	12.00 %
	1	9.00	4.00	9.00
	2	8.00	3.00	8.00
	3	6.00	3.00	6.00
	4	6.00	3.00	6.00
25	5 & Over	5.80	1.60	5.80
30		5.30	1.10	5.30
35		4.30	1.00	4.30
40		3.30	0.75	3.30
45		2.30	0.50	2.30
50		1.80	0.25	1.80
55		1.75	0.25	1.75
60	1.50	0.25	1.50	

## Actuarial Assumptions Used for the Valuation

**Medicare coverage** was assumed to be available for all covered employees on attainment of age 65.

**Coverage:** Based on information provided by the County, 5% of all individuals who retire directly from County employment elect waiver payments (currently \$2,000 per year) in lieu of traditional health care coverage. Based on this information, we have assumed that in the future 5% of all individuals who retire directly from County employment and are eligible for medical and prescription drug coverage under this Plan elect waiver payments. Of those electing health care coverage, 85% of the males and 70% of the females were assumed to elect two-person health care coverage at retirement.

**Spousal Coverage:** 90% of both males and females are assumed to have spouse coverage continue after the member's death.

**Deferred Retirement Option Plan (DROP) Participation:** General County employees who participate in the DROP are assumed to stay in the Plan for 5 years. All other Plan member employees are assumed to stay in the DROP for 2 years before retiring. Additionally, for current employees who may become eligible to enter the DROP, it was assumed that 80% would elect to enter the DROP while 20% would retire directly from County employment.

**Other:** Active Plan member liabilities were loaded by 20% for the General and MTB groups and 10% for the Sheriff's department groups for potential future claims volatility.

# Glossary

**Accrued Service.** The service credited under the plan which was rendered before the date of the actuarial valuation.

**Actuarial Accrued Liability.** The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as "accrued liability" or "past service liability."

**Actuarial Assumptions.** Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

**Actuarial Cost Method.** A mathematical budgeting procedure for allocating the dollar amount of the "actuarial present value of future plan benefits" between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the "actuarial funding method."

**Actuarial Equivalent.** A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

**Actuarial Present Value.** The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

**Amortization.** Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

**Annual Required Contribution (ARC) or Actuarially Determined Contribution (ADC).** The ARC is the normal cost plus the portion of the unfunded actuarial accrued liability to be amortized in the current period. The ARC is an amount that is actuarially determined in accordance with the requirements so that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both the normal cost for each year and the amortized unfunded liability.

**Governmental Accounting Standards Board (GASB).** GASB is the private, nonpartisan, nonprofit organization that works to create and improve the rules U.S. state and local governments follow when accounting for their finances and reporting them to the public.

**Medical Trend Rate (Health Inflation).** The increase in the plan's cost over time. Trend includes all elements that may influence a plan's cost, assuming that enrollments and the plan benefits do not change. Trend includes such elements as, pure price inflation, changes in utilization, advances in medical technology, and cost shifting.

**Normal Cost.** The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as "current service cost." Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.



## Glossary

**Other Postemployment Employee Benefits (OPEB).** OPEB are postemployment benefits other than pensions. OPEB generally takes the form of health insurance and dental, vision, prescription drugs or other health care benefits.

**Reserve Account.** An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

**Unfunded Actuarial Accrued Liability.** The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as "unfunded accrued liability."

**Valuation Assets.** The value of current plan assets recognized for valuation purposes.

## **SECTION E**

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### **SUMMARY OF BENEFIT PROVISIONS**

# Summary of Benefits as of December 31, 2018

## Regular Retirement

All Groups Coverage begins the first of the month following retirement date. Please refer to pages E-3 through E-7 for details.

## Deferred Retirement

All Groups Coverage begins the first of the month the age requirement is met and retirement is applied for. Please refer to pages E-3 through E-7 for details.

## Disability Retirement

All Groups Coverage begins when Retirement System disability pension begins, if the service requirements for healthcare eligibility are met. Please refer to pages E-3 through E-7 for details.

## Death-in-Service

All Groups Coverage for surviving spouse is based on hire date, receipt of Retirement System survivor pension, and satisfaction of the service requirements by the employee. Please refer to pages E-3 through E-7 for details.

## Death After Retirement

All Groups Spouse may be covered based on hire date and receipt of retiree's pension due to optional pension election. Assumes the service requirements are met. Please refer to pages E-3 through E-7 for details.

## Retiree Premium Payments

All Groups General County employees hired on or after January 1, 2012 and certain Sheriff's department employees hired on or after June 1, 2013 will have a monthly premium payment in retirement equal to payments made by employees. Currently, \$0 for a single contract and \$100 per month for a two-person contract. Martha T Berry employees currently have no premium payments.



# Summary of Benefits as of December 31, 2018

## Retiree Contribution

All Groups

Retirees pay for 25% of their dental and vision coverage. Dental and vision coverage for spouse or other coverages may be offered but retiree must pay 100% of the cost. Employees hired after January 1, 2012 will not be eligible for County paid post-retirement benefits for a spouse. Retirees in this category will have the option of paying for 100% of the spouse's health coverage under the County group health plan. There shall be no contribution by the Employer for this option.

## Limitations

All Groups

Coverages supplement Medicare once retiree and/or spouse are eligible for Medicare. Medicare eligible retirees must apply for both Part A & B.

## Bonus Payment

All Groups

A retiree may waive County paid medical and prescription drug benefits and receive a \$2,000 annual payment. Waiver does not affect dental and optical benefits.

## Other

All Groups

Retiree health plan (medical and prescription drug) coverage options available to individuals who retire or "DROP" on or after November 1, 2013 will be the same health plan options available to current employees.

The retiree health plan is closed to new County employees hired on or after January 1, 2016. New County employees will receive retiree health benefits from a defined contribution type retiree health plan and will not become members of this plan.



**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
GENERAL COUNTY EMPLOYEES HIRED BEFORE 2006**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement #	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage)		Disability Retirement (Spouse Coverage)		
							(Duty)	(Non Duty)	(Duty)	(Non Duty)	
0,2,3,6,8,9,10,11,12,13,15,16,18,19 21,24,25,27,28,30,43,44,88	Yes	Yes*	Age 60 w/8 years Rule of 70 (min age 50)	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%

**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
GENERAL COUNTY EMPLOYEES HIRED AFTER 2006 BUT BEFORE 2012**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement #	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage)		Disability Retirement (Spouse Coverage)		
							(Duty)	(Non Duty)	(Duty)	(Non Duty)	
0,2,3,6,8,9,10,11,12,13,15,16,18,19 21,24,25,27,28,30,43,44,88	Yes	Yes*	Age 60 w/ 15 years Age 55 w/25 yrs	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%

# At time of retirement.

\* As long as spouse is receiving survivors benefit.





**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
GENERAL COUNTY EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2012**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage)		Disability Retirement (Spouse Coverage)		
							(Duty)	(Non Duty)	(Duty)	(Non Duty)	
General Non Union (00)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 889 Animal Shelter (02)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
AFSCME Local 411 (03)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
Macomb County Environmental Health Association (06)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
Teamsters Local 214 Court Reporters (08)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
International Union of Operating Engineers (Boiler Operators) (09)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
TPOAM Circuit Court Officers (10)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
MNA Unit Health Department (11)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 412 Unit 49 Information Technology (12)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 889 Specialized Offices (13)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
Building Trades Association (15)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 412 Unit 46 Assistant Prosecutors (16)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
Teamsters Local 214 FOC Circuit Court (18)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 412 General (19)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
POAM JIC (21)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 889 MCCSA (24)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 412 Unit 75 Supervisors (25)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
TPOAM Juvenile Court & Justice Center Employees (28)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 412 Unit 95 (30)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 889 Probate Court/Corporation Counsel (43)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
UAW Local 412 Unit 98 MCCSA Professionals (44)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
AFSCME Council 25 (District Court Employees) (22) @	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
TPOAM Macomb County Senior Service Employees Association (27)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
AFSCME Local 6091 (Head Start Teachers) (29)@	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%
General County Part Time employees (88)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%

\* Coverage is available for an eligible spouse at the retiree's expense, no County paid benefit is available.  
# At time of retirement. @ Now included in Group 03.



**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
SHERIFF'S DEPARTMENT EMPLOYEES HIRED BEFORE June 1, 2013**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement #	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage)		Disability Retirement (Spouse Coverage)		
							(Duty)	(Non Duty)	(Duty)	(Non Duty)	
POAM (01)	Yes	Yes*	25 years Age 60 w/8yrs	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%
POAM Deputies (07)	Yes	Yes*	Age 60 w/8yrs 25 & out	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%
POAM Dispatchers (07)	Yes	Yes*	Age 60 w/8yrs 25 & out	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%
POLC Captains (20)	Yes	Yes*	25 years Age 60 w/8yrs	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%+
Corrections Deputies (26)	Yes	Yes*	Age 60 w/8yrs 25 & out	Yes	Yes*	Yes	Yes	Yes	Yes*	Yes*	100%+

**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
SHERIFF'S DEPARTMENT EMPLOYEES HIRED ON OR AFTER JUNE 1, 2013**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage)		Disability Retirement (Spouse Coverage)		
							(Duty)	(Non Duty)	(Duty)	(Non Duty)	
POAM Command (01)	No	No	25 years	Yes	No	No	Yes	Yes	No	No	100%
POAM Deputies (07)	No	No	25 years	Yes	Yes*	No	Yes	Yes	No	No	100%
POAM Dispatchers (07)	No	No	25 years	Yes	Yes*	No	Yes	Yes	No	No	100%
POLC Captains (20)	No	No	25 years	Yes	Yes*	No	Yes	Yes	No	No	100%+
Corrections Deputies (26)	No	No	25 years	Yes	Yes*	No	Yes	Yes	No	No	100%+

\* As long as spouse is receiving survivors benefit. # At time of retirement.

+ Employer paid portion of retiree health benefits for retiree will be equal to benefit provided to current employees, (retiree pays for part of cost of benefits) except for Division 01 and Division 07.

No County paid spouse coverage for members hired after June 1, 2013.



**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
MTB EMPLOYEES HIRED BEFORE JANUARY 1, 2012**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage)		Disability Retirement (Spouse Coverage)		
							(Duty)	(Non Duty)	(Duty)	(Non Duty)	
MNA - RNs (04)	Yes	Yes*	Age 60 w/8yrs Age 55 w/25 yrs	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%
Service Employees International Union - LPNs (05)	Yes	Yes*	Age 60 w/8yrs Age 55 w/25 yrs	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%
AFSCME 411 (14) Hired before 1/1/2002	Yes	Yes*	Age 60 w/8yrs Rule of 70 min age (50)	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%
AFSCME 411 (14) Hired on /after 1/1/2002 & before 1/1/2012	Yes	Yes*	Age 60 w/8yrs Age 55 w/25 yrs	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%
MTB UAW Supervisors (42) Hired before 1/1/2002	Yes	Yes*	Age 60 w/8yrs Rule of 70 min age (50)	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100
MTB UAW Supervisors (42) Hired on /after 1/1/2002 & before 1/1/2012	Yes	Yes	Age 60 w/8yrs Age 55 w/25 yrs	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%
MTB Non Union Employees (40) Hired before 1/1/2002 or vested before 2/26/2009	Yes	Yes*	Age 60 w/8yrs Rule of 70 min age (50)	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%
MTB Non Union Employees (40) Hired on /after 1/1/2002 & before 1/1/2012	Yes	Yes*	Age 60 w/ 15 years Age 55 w/25 yrs	Yes	Yes	Yes	Yes	Yes	Yes*	Yes*	100%

\* As long as spouse is receiving survivors benefit.

# At time of retirement.

For individuals noted above (except Div. 40) hired after 2005, age 60 with 15 years of service is needed for benefit eligibility.

Division 4,5,14 and 42 employees hired after 1/1/2010 are not eligible for employer funded retiree health benefits.



**MACOMB COUNTY RETIREE HEALTH CARE PLAN  
MTB EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2012**

Employee Group (Group Number)	Spouse Coverage		County Paid Coverage for Retiree/Spouse								Employer Paid Portion of Retiree Medical Benefits	
	While Retiree is Alive	After Retiree's Death	Eligibility for Benefits	Retiree Deferred Retirement	Spouse Deferred Retirement #	Duty Death (Spouse Coverage)	Disability Retirement (Retiree Coverage) (Duty) (Non Duty)		Disability Retirement (Spouse Coverage) (Duty) (Non Duty)			
MNA - RNs (04)	No	No	NA	No	No	No	No	No	No	No	No	NA
Service Employees International Union - LPNs (05)	No	No	NA	No	No	No	No	No	No	No	No	NA
AFSCME 411 (14)	No	No	NA	No	No	No	No	No	No	No	No	NA
MTB Non Union Employees (40)	No*	No*	Age 60 w/15yrs Age 55 w/25 yrs	Yes	No*	No*	Yes	Yes	No*	No*	100%	
MTB UAW Supervisors (42)	No	No	NA	No	No	No	No	No	No	No	NA	

\* Coverage is available for an eligible spouse at the retiree's expense, no County paid benefit is available.  
# Employee is vested after completing 15 years of service, spouse at the time of retirement is covered.

