

RESOLUTION

NO: [Title]

LIVINGSTON COUNTY

DATE: Click or tap to enter a date.

Resolution to Adopt the Municipal Employees' Retirement System of Michigan Defined Contribution Retirement Plan - Administration / Fiscal Services

WHEREAS, Livingston County currently provides its non-union employees with a legacy Defined Benefit pension plan through the Municipal Employees' Retirement System of Michigan (MERS) and a Hybrid pension plan for new hires as of 2010; and

WHEREAS, a fundamental objective of the Livingston County Board of Commissioners is to protect the financial health and sustainability of Livingston County. One of its main priorities is to eliminate or reduce long term liabilities; and

WHEREAS, Livingston County has taken numerous steps to fund the pension liability and contain pension costs, including adopting the Hybrid plan in 2010 for all new hires and contributing a total of \$29.6 million in additional payments to the plan; and

WHEREAS the latest actuarial report received of funding progress for all County pension plans, as of 12/31/20, reflects Livingston County at 74% funded with an unfunded pension liability of \$48 million; and

WHEREAS, a MERS Defined Contribution retirement plan for new hires is mutually beneficial for the employer as well as employees in that it provides employees with an account to which contributions are made and assets are invested. When the employee retires, the benefits are based on the total amount of money in the account. As a qualified plan, employees are not taxed on the employer contributions or earnings until the retiree withdraws the assets. For the employer, there is no concern about current or future unfunded liabilities as the employer obligations are paid in full each payroll based on a percentage of employee earnings.

WHEREAS, the Livingston County Personnel Committee has reviewed this recommendation and recommends that the Board of Commissioners adopt the MERS Defined Contribution Pension plan for all new employees, as well as offering an irrevocable voluntary option to all current eligible non-union employees to convert from the MERS Defined Benefit plan or MERS Hybrid plan to the MERS Defined Contribution plan.

THEREFORE BE IT RESOLVED that the Employer hereby adopts the Municipal Employees' Retirement System of Michigan Define Contribution Retirement Plan to be applicable to all eligible Non-union employees hired on or after January 1, 2022 and who are budgeted to work 21 or more hours per week, which shall be funded in the following manner:

The County will contribute 4% of MERS includable wages for the Plan Year.

If a Participant contributes a percentage of includable wages for the Plan Year, the Employer shall make a matching contribution of up to 4% of includable wages for the Plan Year on behalf of that Participant (subject to the limitations of sections 415(c) and (e) of the Internal Revenue Code). Such Participant contributions may also be subject to the rules and requirements of MERS or the MERS plan documents, including limitations on the Participant's ability to change or revoke a contribution election.

The Defined Contribution plan shall have 5 year vesting.

BE IT FURTHER RESOLVED that there shall be a one-time, irrevocable voluntary conversion offered to all current eligible non-union employees to convert from the MERS Defined Benefit plan or MERS Hybrid plan to the MERS Defined Contribution plan.

BE IT FURTHER RESOLVED that eligibility and terms and conditions of the Defined Contribution Retirement Plan or the above-referenced irrevocable conversion are controlled by the plan documents and procedures of MERS as such plan documents or procedures may be amended from time to time. In the event of any inconsistency between this Resolution and the plan documents or procedures, the MERS plan documents or procedures shall control. Moreover, to the fullest extent permitted by Michigan law, Livingston County reserves and retains the unilateral right to amend or terminate any benefit, benefit level, employer contribution or benefit plan.

BE IT FINALLY RESOLVED that the Chair of the Livingston County Board of Commissioners is authorized to sign all the necessary documents, reviewed by legal counsel, to effectuate the adoption of the Municipal Employees' Retirement System of Michigan Defined Contribution Retirement Plan.

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MOVED:
SECONDED:
CARRIED: