# Monroe County Employees Retirement System

## Board Summary of December 31, 2025 Actuarial Valuations

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# 2025 Highlights

| | |
|---|---|
| Asset Performance | • 2025 Market performance<br>  ○ Asset return of 12.2% on market basis<br>  ○ Asset smoothing in place to limit volatility<br>• Mental Health contributed an extra $944K |
| Current Year Results | • Mortality Change<br>  ○ Results reflect new Pub-2016 Mortality Tables<br>  ○ Liability decrease for all groups other than Sheriff's division, $2.2M liability decrease<br>• Plan Changes<br>  ○ Benefit changes for certain Tier 2 union groups reflected in results, $1.5M liability increase<br>• Plan Funding Ratio<br>  ○ Market Value Funding Percentage: Increased from 76% to 80%<br>  ○ Smoothed Value Funding Percentage: Slight increase from 75% to 77%<br>• Recommended Contribution<br>  ○ Decreased from $12.6M to $12.4M |
| Looking Ahead | • County Plan Changes<br>  ○ Plan Reopened during 2026 for certain groups |

# New Public Mortality Study (Pub-2016)

- In May 2025, the Society of Actuaries released updated Public Retirement Plans Mortality Tables (Pub-2016)
- Covers data from 2013 to 2020, with 2020 excluded to avoid experience impacted by the Covid-19 pandemic
- We recommend that MCERS adopt new Pub-2016 mortality tables for 12/31/2025 valuation. Preliminary results reflect new table adoption.

**Life Expectancy: General Employees**

| | Male Retiree Age 65 | Female Retiree Age 65 |
|---|---|---|
| Pub-2010 General w/ MP-2021 | 86 and 8 months | 89 and 1 months |
| Pub-2016 General w/ MP-2021 | 86 and 4 months | 88 and 8 months |

**Life Expectancy: Public Safety Employees**

| | Male Retiree Age 65 | Female Retiree Age 65 |
|---|---|---|
| Pub-2010 Public Safety w/ MP-2021 | 86 and 3 months | 88 and 2 months |
| Pub-2016 Public Safety w/ MP-2021 | 86 and 5 months | 87 and 9 months |

| Pub-2016 Impact | General County | County Agency | Sheriff's Office | County Library | Road Comm | Mental Health | Central Dispatch | Total |
|---|---|---|---|---|---|---|---|---|
| **Liability Impact** | $(1.3)M | $(90)K | $80K | $(260)K | $(250)K | $(370)K | $(40)K | $(2.2)M |
| *% of Total Liability* | (1.0)% | (0.6)% | 0.1% | (1.1)% | (0.7)% | (1.0)% | (0.6)% | (0.7)% |

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Based on Age 65 retirees in 2026 with amount-weighted Pub-2016 mortality tables and generational improvement scale, MP-2021

# Monroe County Retirement System Plan Change Overview

## Pre-2011

- Retirement System available for County employees
- 2.50% benefit multiplier
- Retirement at age 55 with 30 years of service or age 60 with 8 years of service

## 1/1/2011 to 7/1/2013

- Tier 2 Established through Collective Bargaining
- Benefit multiplier lowered to 1.50% for new hires
- Retirement eligibility changed to age 60 with 8 years of service

## 1/1/2021

- Retirement System **closed** to new County employees
- County contribution to 401(a) Defined Contribution Plan

## 1/1/2026

- Retirement System reopened for Sheriff Deputies and Assistant Prosecutors
- Sheriff Deputies new hires and Tier 2 now at 2.50% benefit multiplier. Future service only
- Assistant Prosecutors adopted hybrid plan of 2.25% benefit multiplier and 401(a) contribution; future service only

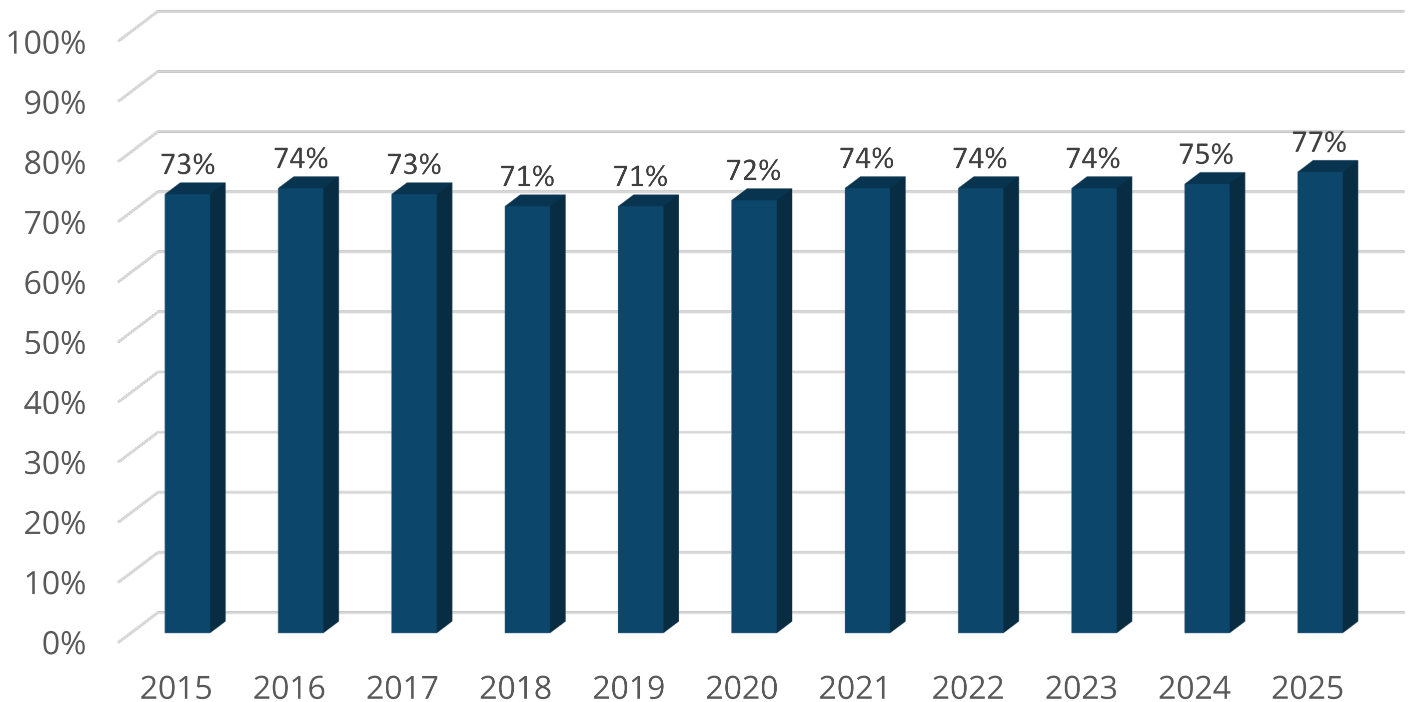
## 5/3/2026

- Retirement System reopened for other Sheriff and Central Dispatch groups
- Benefit multiplier for new hires and Tier 2 increased to 2.50%; future service only
- 911 Dispatchers & Supervisors, POAM Youth Center, Correction Officers & Supervisors

# Monroe County Retirement System
# Plan Change Impact to Actuarial Results

- Today's results are as of 12/31/2025, while plan changes were adopted during 2026
- Actuarial and GASB Standards instruct us on how to treat known future-plan changes
  - Plan changes adopted for current participants → reflect now
  - New participants after valuation date → reflect later
- 12/31/2025 valuation results *do* reflect the new benefit multipliers for Tier 2 employees
- New participants after valuation date
  - County participants who were hired prior to 2026, and now elected to enter the Retirement System, are not included this year. They will be included in the 12/31/2026 valuation
  - Since the County contributes as a percentage of pay, excluding these participants leads to a contribution rate that is too high for the expected pensionable payroll
  - Recommend gathering data on new entrants and providing a supplemental analysis that would show the 12/31/2025 contribution amounts if these new participants were included in this year's results
  - Reminder, contributions calculated as of 12/31/2025 determine FY 2027 contributions

# Historical Funded Percentage




| Change in Funded % | General County | County Agency | Sheriff's Office | County Library | Road Comm | Mental Health | Central Dispatch | Total |
|---|---|---|---|---|---|---|---|---|
| **12/31/2024** | 73% | 56% | 68% | 87% | 83% | 90% | 73% | 75% |
| **12/31/2025** | 76% | 59% | 67% | 91% | 84% | 96% | 81% | 77% |

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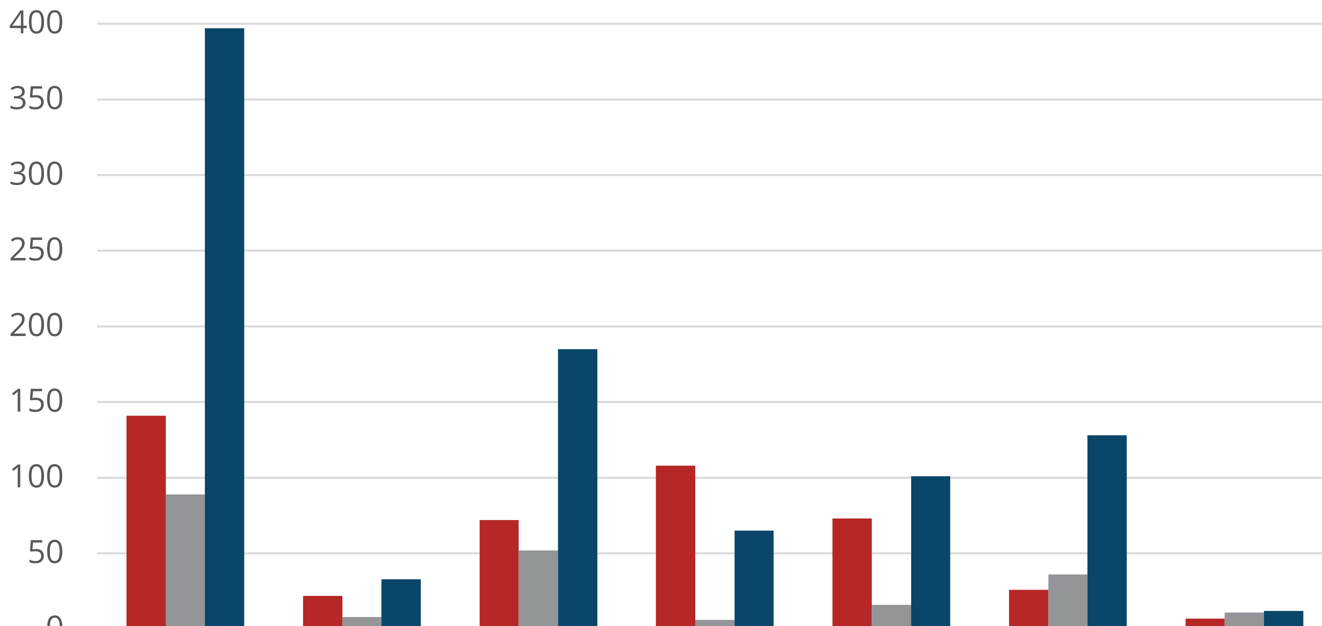
# Participant Information




| | General County | County Agency | Sheriff's Office | County Library | Road Comm | Mental Health | Central Dispatch |
|---|---|---|---|---|---|---|---|
| Active Members | 141 | 22 | 72 | 108 | 73 | 26 | 7 |
| Terminated Vested | 89 | 8 | 52 | 6 | 16 | 36 | 11 |
| In Receipt | 397 | 33 | 185 | 65 | 101 | 128 | 12 |

- 23 Active employees retired, 3 disabilities, 14 terminated, 0 passed away
- 26 Retirees and survivors passed away, with 8 new beneficiaries
- 12 New Hires entered the Plan
- Average retiree benefit is $2,020/month.

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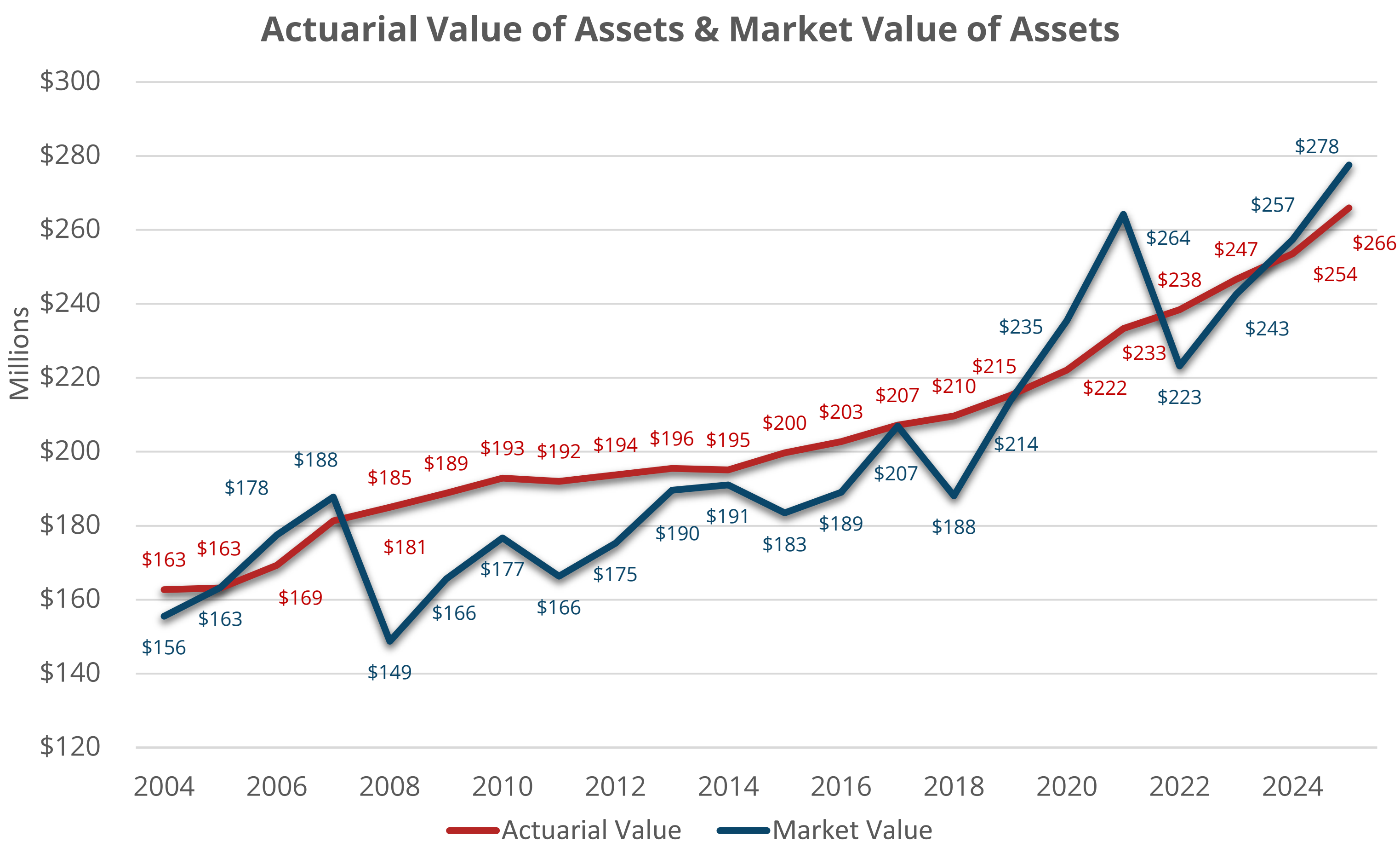
# Asset Information

| Development of Plan Assets | December 31, 2024 | December 31, 2025 |
|---|---|---|
| Market Value of Assets | $242,548,000 | $257,353,000 |
| Employer Contributions | 10,962,000 | 11,678,000 |
| Employee Contributions | 1,241,000 | 1,149,000 |
| Investment Income | 24,901,000 | 30,864,000 |
| Benefit Payments | (21,934,000) | (23,004,000) |
| Administrative Expenses | (365,000) | (484,000) |
| **Market Value of Assets** | **$257,353,000** | **$277,556,000** |
| **Actuarial Value of Assets** | **$253,546,000** | **$265,929,000** |
| Actuarial Value / Market Value | 99% | 96% |
| | | |
| Market Value Return | 10.5% | 12.2% |
| Actuarial Value Return | 7.1% | 9.3% |

- Mental Health made contributions of $650K during 2024 and $944K during 2025 above the minimum required amounts.

# Historical Asset Information ($Millions)




| Market Returns | 2021 | 2022 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|
| | 15.6% | -12.1% | 12.8% | 10.5% | 12.3% |

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# 2025 Plan Liability Experience

- Review end of year liability compared to expected
- Rolled forward with normal cost, benefit payments, and interest
- County Plan changes for Tier 2
- Pub-2016 Mortality Table assumption change
- Overall liability was higher than expected by $3.8M
    - Salary increases much greater than expected (8.5% vs. 4.7% expected)
    - Other assumptions aligned well with experience (23 Retirements vs 22 expected)

| **Liability (gain)/loss** | |
|---|---|
| Actuarial liability 12/31/2024 | $339,666,000 |
| Normal cost | 3,711,000 |
| Benefit payments | (23,004,000) |
| Expected Interest | 23,245,000 |
| Plan provision changes | 1,537,000 |
| Assumption changes | (2,241,000) |
| Expected actuarial liability | $342,914,000 |
| Actual actuarial liability | $346,701,000 |
| Liability (gain)/loss | $3,787,000 |
| | 1.10% |

# Funding Results

| | December 31, 2024 | December 31, 2025 |
|---|---|---|
| | | |
| Interest rate | **7.00%** | **7.00%** |
| Actuarial Liability | $339,666,000 | $346,701,000 |
| Actuarial Value of Assets | 253,546,000 | 265,929,000 |
| Unfunded Liability | $86,120,000 | $80,772,000 |
| Funded Ratio (AVA) | 74.6% | 76.7% |
| Funded Ratio (MVA) | 75.8% | 80.1% |
| **Recommended System Contribution (2026/2027)** | | |
| Total Normal Cost | $3,711,000 | $3,590,000 |
| EE Contributions | (1,124,000) | (1,116,000) |
| Net Normal Cost | 2,587,000 | 2,474,000 |
| Amortization of UAAL | 8,410,000 | 8,225,000 |
| Administrative Expense Load | 365,000 | 484,000 |
| Interest | 1,214,000 | 1,194,000 |
| Total | $12,576,000 | $12,377,000 |
| Contribution as % of Payroll | 38.9% | 38.5% |

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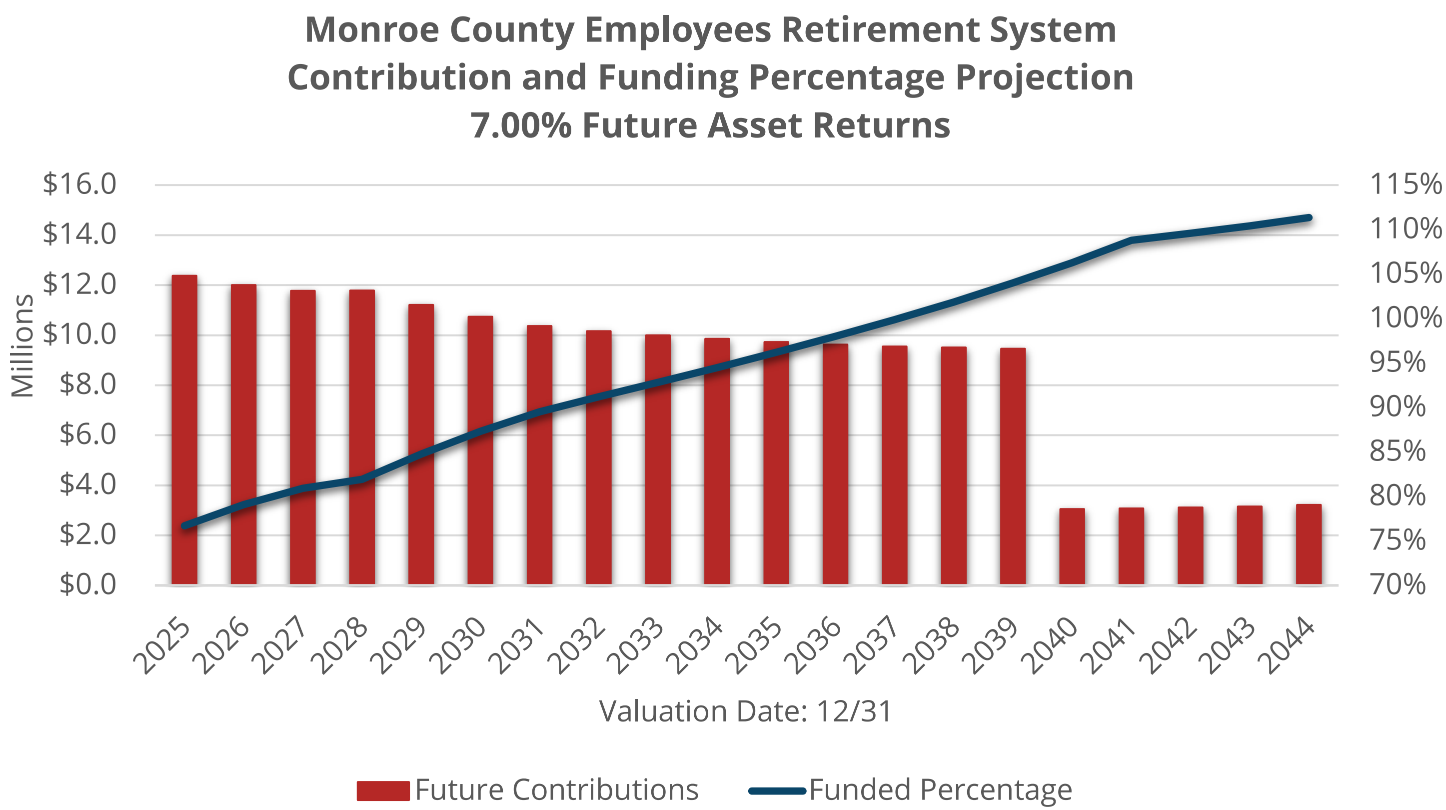
# Projected Contributions
## Baseline: No New County Employees




- Assumes assets earn 7.00% annually
- Contributions calculated under a layered amortization approach
- New entrants assumed to replace retiring/terminating participants for Library and Road Commission only
- Normal Cost is decreasing each year due to reduction in active participant count
- Contributions drop significantly once plan reaches 100% funded after 15-year amortization

# Funding Results by Division

| Results | General County | County Agency | Sheriff's Office | County Library | Road Comm | Mental Health | Central Dispatch | Total |
|---|---|---|---|---|---|---|---|---|
| **Prior Year Funding Percentage** | **73%** | **56%** | **68%** | **87%** | **83%** | **90%** | **73%** | **75%** |
| **Current Year Funding Percentage** | **76%** | **59%** | **67%** | **91%** | **84%** | **96%** | **81%** | **77%** |
| **2026 FY Contribution** | $4,538,000 | $875,000 | $3,869,000 | $1,002,000 | $1,277,000 | $769,000 | $246,000 | $12,576,000 |
| **Contribution as % of Pay** | 47% | 64% | 59% | 18% | 21% | 29% | 41% | 39% |
| **2027 FY Contribution** | $4,313,000 | $862,000 | $4,292,000 | $919,000 | $1,262,000 | $522,000 | $207,000 | $12,377,000 |
| **Contribution as % of Pay** | 45% | 62% | 65% | 17% | 21% | 21% | 34% | 38% |
| ***Change in Contribution*** | *$(225,000)* | *$(13,000)* | *$423,000* | *$(83,000)* | *$(15,000)* | *$(247,000)* | *$(39,000)* | *$(199,000)* |

- Contributions calculated as mid-year timing. Contributions are reduced if made on January 1st. See page 37 of the Actuarial Valuation Report.

# GASB 67/68: Accounting Information

- Initial GASB 67/68 Report: April 2026
  - Covers the overall Retirement System
  - Fast turnaround to send to Retirement System's auditors by audit deadline
  - Based on assets as of 12/31/2025 and roll forward of 12/31/2024 liabilities
  - Does not include breakdowns by Employer

- Final GASB 67/68 Report: December/January timeframe
  - Includes overall Retirement System numbers above
  - Allocates the Net Pension Liability and Pension Expense by Employer using Proportionate Share
  - Employers send to individual auditors
  - Includes PA-202 reporting
  - Effective December 31, 2023, Mental Health employer group is no longer considered a Cost-Sharing Employer for GASB 68 purposes. Their assets and liabilities were pulled out of the cost sharing and calculated separately.

# Michigan PA 202

- Underfunded Status
  - Underfunded if funded status is below 60% and required contribution is greater than 10% of City revenue
  - Use Plan Assumptions to determine Underfunded Status
  - Monroe County Employees Retirement System is **not** in Underfunded Status

- Uniform Assumptions
  - Compare plans on a more-standard basis
  - For FY 2025 reporting, uniform assumptions moved to 7.00% interest rate, aligns with MCERS' current rate
  - For FY 2026 reporting, mortality uniform assumptions move to the new Pub-2016 tables

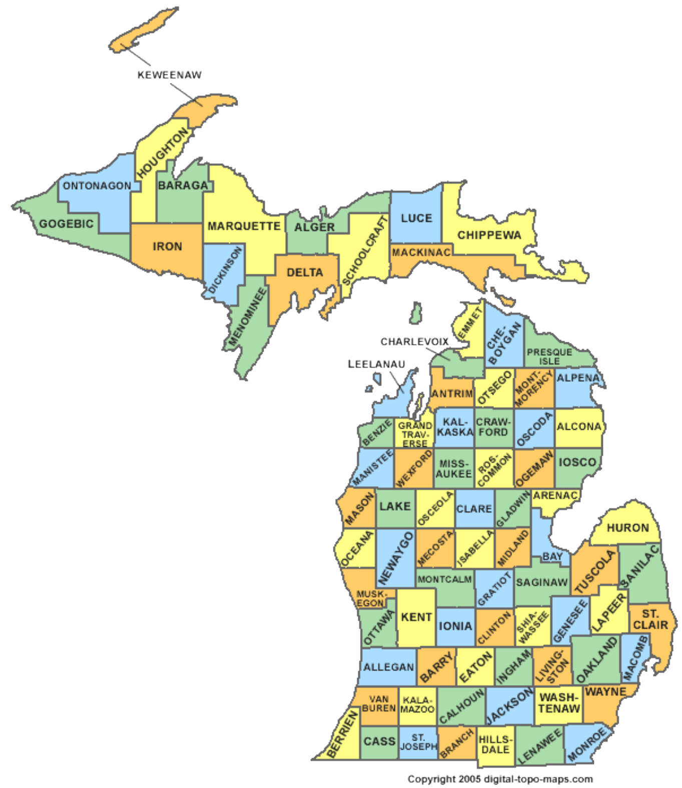
- Experience Study every 5 years
  - Last experience study May 2025
  - MCERS historically completes experience study every 5 years
  - Treasury draft guidance clarified the experience study requirement only applies to OPEB plans, but we highly encourage you to continue reviewing assumptions regularly

- Actuary Audit or Replace Current Actuary every 8 years
  - Nyhart's first valuation was 12/31/2018
  - Treasury draft guidance clarified that audit requirement only applies to OPEB plans with more than 100 participants

# Michigan PA 202
# 2024 Fiscal Year Comparison

Pull Michigan PA-202 Reporting on Treasury Website for the 2024 Fiscal Year

- County Plans
  - 34 plans over $50M in assets with 81 plans total
  - Average funded ratio was 79%
- Road Commission Plans
  - 66 plans total
  - Average funded ratio was 78%
- Library Plans
  - 63 plans total
  - Average funded ratio was 84%
- Authority Plans (WW and Health)
  - 182 plans total
  - Average funded ratio was 81%



# Appendix

# Participant Information

| | General County | County Agency | Sheriff's Office | County Library | Road Comm | Mental Health | Central Dispatch | Total |
|---|---|---|---|---|---|---|---|---|
| **Active Participants** | | | | | | | | |
| Number | 141 | 22 | 72 | 108 | 73 | 26 | 7 | 449 |
| Average age | 50.9 | 41.2 | 41.7 | 49.3 | 43.9 | 52.4 | 47.1 | 47.5 |
| Average service | 17.4 | 15.9 | 15.9 | 14.6 | 10.8 | 21.6 | 14.0 | 15.5 |
| Average pay | $70,502 | $67,095 | $94,315 | $51,850 | $77,597 | $93,961 | $89,423 | $72,474 |
| **Terminated Vested** | | | | | | | | |
| Number | 89 | 8 | 52 | 6 | 16 | 36 | 11 | 218 |
| Average age | 48.2 | 40.2 | 40.8 | 52.7 | 45.7 | 53.1 | 46.4 | 46.8 |
| Average deferred monthly benefit | $1,306 | $1,463 | $1,318 | $764 | $1,268 | $1,277 | $1,163 | $1,272 |
| **Participants Receiving Benefits** | | | | | | | | |
| Number | 397 | 33 | 185 | 65 | 101 | 128 | 12 | 921 |
| Average age | 72.7 | 68.1 | 66.0 | 74.8 | 70.9 | 71.2 | 68.6 | 70.9 |
| Average monthly benefit | $1,839 | $2,517 | $2,812 | $1,662 | $2,006 | $1,487 | $2,220 | $2,020 |

# Summary of Assumptions and Methods

| Assumption/Method | Description |
|---|---|
| Funding Interest Rate | 7.00% (net of investment expenses) |
| Annual Pay Increases | Varies by years of service and division, based on 2025 experience study |
| Mortality Rates | Pub-2016 Mortality Tables with generational improvements using Scale MP-2021. |
| Retirement Rates | Varies by age and division, based on 2025 experience study |
| Withdrawal Rates | Varies by age and division, based on 2025 experience study |
| Disability | Varies by age and gender, based on 2025 experience study |
| Amortization of UAAL | Fresh Start amortization with 15-years remaining<br>Future amortization layers established over 20-year period with 2% payroll growth for open divisions, and level-dollar layers for closed divisions |
| Asset Method | Spreads actual vs expected investment income over a period of seven years |

# Comments on Projections

The cost projections contained in this report are based on the valuation results and assumptions noted in the December 31, 2025 actuarial valuation report. Reasonable actuarial techniques and assumptions were used to produce the cost projections.

The following pages show cost projections under different economic scenarios. Note sophisticated demographic projections of participant data were not completed due to the scope of the project. Actual results will vary from projections shown in this report, perhaps significantly, due to changes in the assumptions, plan provisions, participant demographics, interest rate movement, actual asset performance, and other actual experience of the plan. Depending on the use of this information, additional cost projections may be necessary to quantify the sensitivity of results.

While a diligent effort has been made to produce reasonable projections, by their very nature projections are speculative. Plan sponsors are cautioned against placing too much reliance on any particular scenario.

# Certification

This report has been prepared for the primary purpose of summarizing the actuarial valuation for the Monroe County Employees Retirement System as of December 31, 2025. To the best of our knowledge, the reports summarized herein present fair positions of the funded status of the plan in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries, and are based on the plan provisions and assumptions summarized within each report.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such facts 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 other additional cost or contribution requirement based on the plan's funded status); and changes in plan provisions of applicable law. The scope of our assignment did not include an analysis of the potential range of future measurements.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

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