

The logo for nyhart, featuring the word "nyhart" in a white, lowercase, sans-serif font inside a black rectangular box. To the left of this box is a thick vertical red bar that extends from the top to the bottom of the page.

***St. Clair County Employees  
Retirement System***

***Actuarial Valuation Report  
December 31, 2013***

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## Highlights

### Purpose of the Valuation

This report summarizes actuarial information regarding the plan's liabilities and benefit obligations as compared to assets available for benefits on the valuation date. The report was prepared by Nyhart to:

- determine the acceptable range of employer contributions;
- determine the plan's funded status; and
- measure values of plan benefits and obligations under governmental financial accounting standards.

Principal results of the actuarial valuation are shown below. Please see the appropriate sections of the report for details of the valuation.

<b>Valuation Date</b>	<b>12/31/2013</b>	<b>12/31/2012</b>
<b>For Fiscal Year Beginning</b>	<b>01/01/2015</b>	<b>01/01/2014</b>
<b>Funded Position</b>		
Accrued Liability	\$ 227,858,413	\$ 221,491,359
Actuarial Value of Assets	<u>196,440,280</u>	<u>179,949,922</u>
Unfunded Accrued Liability	\$ 31,418,133	\$ 41,541,437
Funded Ratio	86.2%	81.2%
Market Value of Assets	\$ 205,468,437	\$ 183,195,667
<b>Employer Contributions</b>		
Estimated Fiscal Year Payroll	\$ 39,542,954	\$ 42,461,824
Recommended Contribution	\$ 6,108,936	\$ 7,258,395
As percent of payroll	15.45%	17.09%

**Highlights** – Continued

<b>Valuation Date</b>	<b>12/31/2013</b>	<b>12/31/2012</b>
<b>Participants</b>		
Number of participants:		
Active	739	803
Vested Terminated	155	147
Retirees & Beneficiaries	<u>668</u>	<u>642</u>
Total	1,562	1,592
Active participant averages:		
Age	46.8	46.2
Service	12.6	12.1
Compensation	\$ 51,330	\$ 50,454

**Changes Since the Last Valuation**

There have been no changes to assumptions or plan provisions since the last valuation.

## Actuary's Opinion

This report summarizes the actuarial valuation for the St. Clair County Employees Retirement System. This report is intended to communicate the funded position of the plan and recommended contributions based on the assumption and methods described in this report. To the best of our knowledge, the report presents a fair position of the funded status of the System in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries. The valuation is also based upon our understanding of the System provisions as summarized within the report.

The actuarial valuation is prepared using information which has been reconciled and reviewed for reasonableness. We are not aware of any material inadequacy in employee census or asset values. The census information has been provided to us by the employer and the asset information has been provided to us by the trustee. We have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based.

In our opinion, the actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the System. 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 or 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 System 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.

Nyhart



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Heath Merlak, FSA, EA



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Nick H. Meggos, EA

11/4/2014

Date

## Section 1 - Assets

### 1.1 Reconciliation of Plan Assets

	12/31/12 to 12/31/13	12/31/11 to 12/31/12
Income:		
(1) Employer contributions	\$ 7,378,242	\$ 6,749,798
(2) Employee contributions	2,145,573	2,208,258
(3) Investment earnings (realized and unrealized)	<u>25,772,436</u>	<u>21,058,951</u>
(4) Total Income	\$ 35,296,251	\$ 30,017,007
Disbursements:		
(4) Benefit payments	\$ 12,862,374	\$ 12,240,437
(5) Administrative expenses	<u>161,107</u>	<u>105,731</u>
(6) Total disbursements	\$ 13,023,481	\$ 12,346,168
Net Assets:		
(7) Net income, (4) – (6)	\$ 22,272,770	\$ 17,670,839
(8) Net assets beginning of year	<u>183,195,667</u>	<u>165,524,828</u>
(9) Net assets at end of year, (7) + (8)	\$ 205,468,437	\$183,195,667

**Section 1** – Continued**1.2 Actuarial Value of Assets**

The market value of plan assets has been adjusted for valuation purposes to smooth the effects of appreciation and/or depreciation in assets over a 5-year period. Determination of the actuarial value of plan assets is detailed below.

(1)	Actuarial Value of Assets, 12/31/2012		\$	179,949,922
(2)	Employer Contributions			7,378,242
(3)	Employee Contributions			2,145,573
(4)	Benefits Paid			12,862,374
(5)	Expenses			161,107
(6)	Expected Return			<u>13,365,007</u>
(7)	Expected Actuarial Value of Assets, 12/31/2013, (1) + (2) + (3) – (4) – (5) + (6)		\$	189,815,263
(8)	Actual return		\$	25,772,436
(9)	Asset gain/(loss), (8) – (6)		\$	12,407,429
(10)	Five-year smoothing of gain/(loss):			
	2013	12,407,429	x 20% =	\$ 2,481,486
	2012	7,748,258	x 20% =	1,549,652
	2011	(14,655,378)	x 20% =	(2,931,076)
	2010	9,245,962	x 20% =	1,849,192
	2009	18,378,813	x 20% =	3,675,763
				\$ 6,625,017
(11)	Actuarial value of assets, (7) + (10)		\$	196,440,280
(12)	Minimum actuarial value of assets, 80% x market value		\$	164,374,750
(13)	Maximum actuarial value of assets, 120% x market value		\$	246,562,124
(14)	Actuarial value of assets, 12/31/2013		\$	196,440,280

**Section 1** – Continued

**1.3 Rates of Return on Assets**

Average rates of investment return have been determined using the formula

Two times (I) divided by (A + B – I), where

I is the dollar amount of earnings (including unrealized appreciation or depreciation of plan assets) for the plan year;

A is the value of assets at the beginning of the plan year; and

B is the value of assets at the end of the plan year

Under this formula, all transactions are assumed to occur in the middle of the year, therefore rates of return determined in this manner are estimates and should be used only for comparison with actuarial assumptions.

<b>Plan Year Ending</b>	<b>12/31/13</b>	<b>12/31/12</b>
Based on average market value:	14.2%	12.9%
Based on average actuarial value:	11.2%	2.3%



**Section 1** – Continued**1.4 Asset Allocation by Group**

The assets were originally allocated by group for the December 31, 2005 valuation. This asset allocation by group has been maintained for each valuation thereafter taking into account contributions and benefit payments by group. The table below shows how the assets changed by group since the last valuation.

	<b>General</b>	<b>Mental Health</b>	<b>Road Commission</b>	<b>Total</b>
Actuarial Value of Assets, 12/31/2012	\$ 119,980,595	\$ 28,855,330	\$ 31,113,997	\$ 179,949,922
Employee Contributions	1,319,078	518,784	307,711	2,145,573
Employer Contributions	5,173,735	1,224,583	979,924	7,378,242
Benefit Payments	8,587,039	1,550,001	2,725,334	12,862,374
Expenses	107,417	25,834	27,856	161,107
Investment Income	<u>13,335,625</u>	<u>3,246,313</u>	<u>3,408,086</u>	<u>19,990,024</u>
Actuarial Value of Assets, 12/31/2013	\$ 131,114,577	\$ 32,269,175	\$ 33,056,528	\$ 196,440,280

## Section 2 – Results of the Valuation

### 2.1 Actuarial Experience

#### Development of Actuarial Gain/(Loss)

(1)	Expected accrued liability:	
	(a) Actuarial accrued liability, 12/31/2012	\$ 221,491,359
	(b) Total Normal cost	4,746,387
	(c) Benefit payments	12,862,374
	(d) Interest on (a) + (b) – (c)	16,494,212
	(e) Change in actuarial assumptions	0
	(f) Change in plan provisions	<u>0</u>
	(g) Expected actuarial accrued liability, 12/31/2013 (a) + (b) – (c) + (d) + (e)	\$ 229,869,584
(2)	Actuarial accrued liability, 12/31/2013	<u>227,858,413</u>
(3)	Liability gain/(loss), (1)(g) – (2)	\$ 2,011,171
(4)	Expected actuarial asset value:	
	(a) Actuarial asset value, 12/31/2012	\$ 179,949,922
	(b) Contributions	9,523,815
	(c) Benefit payments	12,862,374
	(d) Expenses	161,107
	(e) Interest on (a) + (b) – (c) – (d)	<u>13,365,007</u>
	(f) Expected actuarial asset value, 12/31/2013 (a) + (b) – (c) – (d) + (e)	\$ 189,815,263
(5)	Actuarial asset value, 12/31/2013	<u>196,440,280</u>
(6)	Actuarial asset gain/(loss), (5) – (4)(f)	\$ 6,625,017
(7)	Actuarial gain/(loss), (3) + (6)	\$ 8,636,188

**Section 2 – Continued****2.2 Total Plan Results**

<b>Valuation Date</b>	<b>12/31/2013</b>	<b>12/31/2012</b>
<b>For Fiscal Year Beginning</b>	<b>01/01/2015</b>	<b>01/01/2014</b>
<b>Funded Position</b>		
Active	\$ 88,415,694	\$ 90,539,851
Vested Terminated	8,899,587	8,425,779
Retirees & Beneficiaries	<u>130,543,132</u>	<u>122,525,729</u>
Total Accrued Liability	\$ 227,858,413	\$ 221,491,359
Actuarial Value of Assets	<u>196,440,280</u>	<u>179,949,922</u>
Unfunded Accrued Liability	\$ 31,418,133	\$ 41,541,437
Funded Ratio	86.2%	81.2%
Estimated Fiscal Year Payroll	\$ 39,542,954	\$ 42,461,824
<b>Employer Contributions</b>		
Total Normal Cost Plus Expenses	\$ 4,526,543	\$ 4,830,708
Employee Contributions	<u>2,090,889</u>	<u>2,226,531</u>
Employer Normal Cost	\$ 2,435,654	\$ 2,604,177
Amortization Payment	3,045,259	3,908,026
Interest	<u>628,023</u>	<u>746,192</u>
Total Recommended Contribution	\$ 6,108,936	\$ 7,258,395
Percent of estimated fiscal year payroll	15.45%	17.09%
<b>Participants</b>		
Number of participants:		
Active	739	803
Vested Terminated	155	147
Retirees & Beneficiaries	<u>668</u>	<u>642</u>
Total	1,562	1,592

**Section 2** – Continued**2.3 General County (Including Sheriff division)**

<b>Valuation Date</b>	<b>12/31/2013</b>	<b>12/31/2012</b>
<b>For Fiscal Year Beginning</b>	<b>01/01/2015</b>	<b>01/01/2014</b>
<b>Funded Position</b>		
Active	\$ 57,329,309	\$ 58,845,356
Vested Terminated	4,927,158	4,691,662
Retirees & Beneficiaries	<u>88,300,302</u>	<u>82,831,432</u>
Total Accrued Liability	\$ 150,556,769	\$ 146,368,450
Actuarial Value of Assets	<u>131,114,577</u>	<u>119,989,595</u>
Unfunded Accrued Liability	\$ 19,442,192	\$ 26,387,855
Funded Ratio	87.1%	82.0%
Estimated Fiscal Year Payroll	\$ 24,888,512	\$ 26,897,465
<b>Employer Contributions</b>		
Total Normal Cost Plus Expenses	\$ 2,921,783	\$ 3,125,856
Employee Contributions	<u>1,255,685</u>	<u>1,350,170</u>
Employer Normal Cost	\$ 1,666,098	\$ 1,775,686
Amortization Payment	1,978,422	2,601,966
Interest	<u>417,603</u>	<u>501,608</u>
Total Recommended Contribution	\$ 4,062,123	\$ 4,879,260
Percent of estimated fiscal year payroll	16.32%	18.14%
<b>Participants</b>		
Number of participants:		
Active	473	519
Vested Terminated	84	83
Retirees & Beneficiaries	<u>437</u>	<u>420</u>
Total	994	1,022

**Section 2** – Continued**2.4 Mental Health**

<b>Valuation Date</b>	<b>12/31/2013</b>	<b>12/31/2012</b>
<b>For Fiscal Year Beginning</b>	<b>01/01/2015</b>	<b>01/01/2014</b>
<b>Funded Position</b>		
Active	\$ 19,112,142	\$ 19,167,269
Vested Terminated	2,856,118	2,524,685
Retirees & Beneficiaries	<u>15,020,387</u>	<u>13,889,571</u>
Total Accrued Liability	\$ 36,988,647	\$ 35,581,825
Actuarial Value of Assets	<u>32,269,175</u>	<u>28,855,330</u>
Unfunded Accrued Liability	\$ 4,719,472	\$ 6,726,495
Funded Ratio	87.2%	81.1%
Estimated Fiscal Year Payroll	\$ 10,857,807	\$ 11,495,716
<b>Employer Contributions</b>		
Total Normal Cost Plus Expenses	\$ 1,122,926	\$ 1,182,441
Employee Contributions	<u>520,376</u>	<u>548,796</u>
Employer Normal Cost	\$ 602,550	\$ 633,645
Amortization Payment	371,371	518,924
Interest	<u>111,595</u>	<u>132,065</u>
Total Recommended Contribution	\$ 1,085,516	\$ 1,284,634
Percent of estimated fiscal year payroll	10.00%	11.17%

**Participants**

Number of participants:		
Active	196	205
Vested Terminated	54	47
Retirees & Beneficiaries	<u>84</u>	<u>77</u>
Total	334	329

**Section 2** – Continued**2.5 Road Commission**

<b>Valuation Date</b>	<b>12/31/2013</b>	<b>12/31/2012</b>
<b>For Fiscal Year Beginning</b>	<b>01/01/2015</b>	<b>01/01/2014</b>
<b>Funded Position</b>		
Active	\$ 11,974,243	\$ 12,527,226
Vested Terminated	1,116,311	1,209,432
Retirees & Beneficiaries	<u>27,222,443</u>	<u>25,804,426</u>
Total Accrued Liability	\$ 40,312,997	\$ 39,541,084
Actuarial Value of Assets	<u>33,056,528</u>	<u>31,113,997</u>
Unfunded Accrued Liability	\$ 7,256,469	\$ 8,427,087
Funded Ratio	82.0%	78.7%
Estimated Fiscal Year Payroll	\$ 3,796,636	\$ 4,068,643
<b>Employer Contributions</b>		
Total Normal Cost Plus Expenses	\$ 481,834	\$ 522,411
Employee Contributions	<u>314,828</u>	<u>327,565</u>
Employer Normal Cost	\$ 167,006	\$ 194,846
Amortization Payment	695,466	787,136
Interest	<u>98,825</u>	<u>112,519</u>
Total Recommended Contribution	\$ 961,297	\$ 1,094,501
Percent of estimated fiscal year payroll	25.32%	26.90%

**Participants**

Number of participants:		
Active	70	79
Vested Terminated	17	17
Retirees & Beneficiaries	<u>147</u>	<u>145</u>
Total	234	241

**Section 2** – Continued**2.6 Reserve Balance**

In each valuation the value of anticipated future benefit payments to retired members and their beneficiaries is developed. The accrued liability associated with these anticipated future benefit payments is compared to the reported balance of the Retirement Reserve Fund as of the valuation date. These amounts as of 12/31/2013 are shown below:

Retiree Accrued Liability	\$ 130,543,132
Retiree Reserve Fund Balance	<u>132,173,861</u>
Unfunded Accrued Liability	\$ (1,630,729)

**2.7 13<sup>th</sup> Check Excess Reserve Fund**

	2012	2013
(1) Assets Reserved for Retirees at 12/31*	\$ 75,290,669	\$ 81,398,658
(2) Investment Return	2.35%	11.22%
(3) Excess Return Over 7.5%	0.00%	3.72%
(4) Half of Excess Return	0.00%	1.86%
(5) Amount Reserved for 13 <sup>th</sup> Checks, (1) x (4)	\$ 0	\$ 1,514,0150
(6) Cumulative Reserve	\$ 154,680	\$ 1,668,695
(7) Total Annual Pension for Retirees	\$ 7,713,680	\$ 8,323,505
(8) Active COLA Adjustment	0.00%	0.00%
(9) Maximum 13 <sup>th</sup> Check Payment; (7) x (8)	\$ 0	\$ 0
(10) Actual 13 <sup>th</sup> Check Payment	\$ 0	\$ 0
(11) Reserve after 13 <sup>th</sup> Check Payment, (6) – (10)	\$ 154,680	\$ 1,668,695

\* These amounts are associated with participants that have been receiving benefits for over 5 years as of the valuation date.

## Section 4 – Basis for the Valuation

### 3.1 Plan Participants

Participant information provided by the plan administrator is summarized in the following table.

	Active	Inactive Participants Benefits Deferred	Receiving Benefits	Total
<b>Participants as of 12/31/2012</b>	<b>803</b>	<b>147</b>	<b>642</b>	<b>1,592</b>
Retired	(37)	(4)	41	0
Deaths without survivor	0	0	(16)	(16)
Deaths with survivor benefits	0	0	(9)	(9)
New Survivor	0	0	9	9
Vested terminations	(27)	27	0	0
Nonvested terminations	0	0	0	0
Add alternate payees	0	3	0	3
Benefits paid in full	(17)	(15)	0	(32)
Rehire	2	(2)	0	0
New participants during the plan year	15	0	0	15
Adjustment to data	0	(1)	1	0
<b>Participants as of 12/31/2013</b>	<b>739</b>	<b>155</b>	<b>668</b>	<b>1,562</b>



**Section 3** – Continued**3.2 Information about Participants**

	<b>General County</b>	<b>Mental Health</b>	<b>Road Commission</b>	<b>Plan Total</b>
<b>Active Participants</b>				
Number accruing benefits	473	196	70	739
Average age	46.9	45.6	48.9	46.8
Average years of employment	12.9	10.6	16.5	12.6
Average pay	\$ 51,199	\$ 50,615	\$ 54,223	\$ 51,330
<b>Terminated Vested</b>				
Number of Terminated Vested	84	54	17	155
Average age	48.3	48.1	51.6	49.6
Number with monthly benefits	64	34	12	110
Total deferred monthly benefits	\$ 57,027	\$ 33,224	\$ 12,430	\$ 102,681
Average deferred monthly benefit	\$ 891	\$ 977	\$ 1,036	\$ 933
<b>Participants Receiving Benefits</b>				
Number of Receiving Benefits	437	84	147	668
Average age	69.1	67.2	73.3	69.8
Total monthly benefits	\$ 704,160	\$ 119,591	\$ 227,630	\$1,051,381
Average monthly benefit	\$ 1,611	\$ 1,424	\$ 1,549	\$ 1,574

**Section 3** – Continued

**3.3 Summary of Plan Provisions**

**Name of plan**

St. Clair County Employees Retirement System

**Effective date**

The plan was originally effective as of January 1, 1964.

**Participation**

A county policeman, sheriff, or deputy sheriff who agrees to make required participant contributions shall become a participant on his/her date of hire.

Plan is closed to new hires for most of General County employees and Road Commission.

**Normal retirement benefit**

**Eligibility**

Sheriffs	25 years of service regardless of age.
Others	Age 55 with 25 years of service.
All	Age 60 with 8 years of service. When age plus service equals 80 and service is at least 25 years.

The pension payable for modified plan members is determined as the Final Average Compensation (FAC) multiplied by:

<u>Years of Service</u>	<u>Annual Multiplier</u>
1-10	1.75%
11-19	2.00%
20-24	2.00%
25-29	2.40%
	(2.50% for Sheriff Department Supervisors)

The pension payable for original plan members is determined as the FAC multiplied by total service and 2.00%.

**Final Average Compensation (FAC)**

Highest 3 years out of last 10 (highest 5 years out of last 10 for Mental Health and Friend of the Court and Road Commission is the highest 3 years out of the last 5). Base pay only for certain General County and Sheriff's Department members.

Please see the appendix for applicable provisions by group.

**Section 3** – Continued

**3.3 Summary of Plan Provisions** – Continued

**Non-Duty Disability Retirement**

Eligibility	10 or more years of service
Benefit	Computed as a regular retirement, offsets apply.

**Duty Disability Retirement**

Eligibility	
Sheriffs	10 years of service
Others	No age or service requirements. Must be in receipt of Worker’s Compensation payments.
Benefit	
Sheriffs	50% of compensation at the time of disability and offsets apply.
Others	Computed as a regular retirement. Upon termination of Worker’s Compensation payments, additional service credit is granted and benefit is recomputed. Offsets apply.

**Termination Benefit**

Participants become vested in their accrued benefit after 8 years of service.

**Supplemental Payments to Retirees Age 65 and Older**

If a retiree had less than 20 years of service at retirement, an annual payment of \$14.00 per month will be made for the life of the retiree. For members with 20 or more years of service at retirement, an annual payment of \$16.00 per month.

**Post-Retirement Life Insurance**

The Retirement System provides \$3,500 of life insurance to retirees.

**Credited service**

Service is credited for employees working more than 1,000 hours (nearest 1/12<sup>th</sup>). Full year of service is granted for more than 1,950 hours and partial credit is provided for hours worked between 1,000 and 1,950.

## **Section 3** – Continued

### **3.3 Summary of Plan Provisions** – Continued

#### **Optional forms of payment**

A participant may choose to receive distributable benefits in an actuarially equivalent alternative form of benefit as follows.

- a monthly benefit payable for the participant's lifetime;
- a monthly benefit payable for the participant's lifetime with a guarantee that the remainder, if any, of either 120 monthly payments will be made to the participant's beneficiary following his death; or
- a monthly benefit payable for the participant's lifetime with 50% or 100% of such benefit continued to a surviving contingent annuitant following his death.
- a monthly benefit payable for the participant's lifetime with a pop-up option with 50% or 100% of such benefit continued to a surviving contingent annuitant following his death

#### **Participant contributions**

As a condition for participation, an employee must agree to contribute 5% of his compensation to the plan (8% for Road Commission).

**Section 3** – Continued

**3.4 Actuarial Assumptions**

Actuarial assumptions concerning future events are described below. Please see the *Highlights* section for comments regarding changes in assumptions since the last valuation.

**Retirement Rates**

Age	General*	Road Commission	Sheriff**	Service	Sheriff**
50	15.0%	25.0%		25	25.0%
51	15.0%	25.0%		26	25.0%
52	15.0%	25.0%		27	25.0%
53	15.0%	25.0%		28	25.0%
54	15.0%	25.0%		29	25.0%
55	15.0%	25.0%		30+	100.0%
56	15.0%	25.0%			
57	15.0%	25.0%			
58	15.0%	25.0%			
59	15.0%	25.0%			
60	15.0%	15.0%	25.0%		
61	20.0%	15.0%	25.0%		
62	40.0%	40.0%	25.0%		
63	20.0%	20.0%	25.0%		
64	20.0%	20.0%	25.0%		
65	40.0%	100.0%	100.0%		
66	25.0%	100.0%	100.0%		
67	25.0%	100.0%	100.0%		
68	25.0%	100.0%	100.0%		
69	25.0%	100.0%	100.0%		
70+	100.0%	100.0%	100.0%		

\* Includes Mental Health Authority

\*\* Sherriff Retirement Rates are only based on age when the participant have less than 25 years of service

**Mortality**

RP 2000 Combined Healthy generational mortality with Scale AA

**Disablement Rates**

Ages	Percent Becoming Disabled within Next Year
20	0.08%
25	0.08%
30	0.08%
35	0.08%
40	0.20%
45	0.26%
50	0.49%
55	0.89%
60	1.41%

**Section 3** – Continued

**3.4 Actuarial Assumptions** – Continued

**Withdrawal Rates**

Age	Years of Service	Percent of Active Members Separating within Next Year	
		General*	Road Commission/Sheriff
ALL	0	11.0%	4.0%
	1	11.0%	4.0%
	2	11.0%	4.0%
	3	10.0%	4.0%
	4	10.0%	4.0%
	5+	6.0%	4.0%
20		6.0%	4.0%
25		6.0%	4.0%
30		6.0%	4.0%
35		4.0%	4.0%
40		4.0%	4.0%
45		4.0%	4.0%
50		4.0%	4.0%
55		4.0%	4.0%
60		4.0%	4.0%
65		4.0%	4.0%

\*Includes Mental Health Authority

**Future pay increases**

Pay increase assumption applies to all groups and includes 3% inflation. Pay increase are based on service as follows:

Service	Increase
1	8.0%
2	7.0%
3	6.5%
4	6.0%
5	5.5%
6-19	4.0%
20+	3.5%

**Payroll Growth**

For Mental Health’s level percent of pay amortization payroll growth is assumed to be 2.0%.

**Valuation interest rate**

7.5%

**Expense Loading**

0.2% of pay

**Eligible spouse**

100% of participants assumed to be married with female spouse 3 years younger

**Cost-of-living increases**

None

## **Section 3** – Continued

### **3.5 Valuation Procedures**

#### **Funding method**

##### **Annual Required Contribution – Entry Age Normal Cost Method**

The actuarial cost method used in determining the Annual Required Contribution is the entry age normal cost method.

In determining the Annual Required Contribution, the excess of the entry age actuarial accrued liability over the actuarial value of plan assets is amortized over a 20 year period for Mental Health as a level percent of payroll. General County amortizes the excess of the entry age actuarial accrued liability over the actuarial value of plan assets over 16 years as a level dollar amount since it became closed to new hires three years ago. Similarly, Road Commission does a level dollar amount amortization over 18 years since this is the second year the plan is closed to their new hires.

#### **Asset valuation method**

The actuarial value of assets is equal to the expected actuarial value of assets plus 20% of the asset gain/(loss) from the previous five years. Where the asset gain/(loss) for a particular year is defined as the difference between the actual market value return and the expected actuarial value return. This method was first used for the December 31, 2005 valuation.

#### **Other procedures**

Benefits projected to assumed retirement age for active participants have been limited so as not to exceed maximum benefit limits imposed by Code Section 415(b) and/or maximum compensation limits of Code Section 401(a)(17).

## **Appendix A**

### **Financial Reporting for Statement No. 25/27, As Amended by Statement No. 50**

**Governmental Accounting Standards Board  
for Plan Year Ending 12/31/2013**



# St. Clair County Employees Retirement System

## Required Pension Disclosure Under GASB #27

### Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as % of Payroll
12/31/01	\$ 151,153,871	\$ 121,225,557	\$ (29,928,314)	124.7%	\$ 32,744,255	(91.4%)
12/31/02	148,949,978	129,997,328	(18,952,650)	114.6%	35,716,619	(53.1%)
12/31/03	146,556,581	139,409,729	(7,146,852)	105.1%	38,047,803	(18.8%)
12/31/04	144,411,118	149,377,188	4,966,070	96.7%	39,609,752	12.5%
12/31/05	153,016,205	159,090,379	6,074,174	96.2%	42,622,922	14.3%
12/31/06	165,525,909	171,374,116	5,848,207	96.6%	44,015,666	13.3%
12/31/07	176,628,933	181,439,996	4,811,063	97.3%	44,600,186	10.8%
12/31/08	175,091,222	191,638,371	16,547,149	91.4%	45,511,253	36.4%
12/31/09	176,924,494	203,602,461	26,677,967	86.9%	46,078,581	57.9%
12/31/10	180,051,710	209,379,385	29,327,675	86.0%	44,623,366	65.7%
12/31/11	179,169,959	216,285,667	37,115,708	82.8%	43,552,768	85.2%
12/31/12	179,949,922	221,491,359	41,541,437	81.2%	40,514,547	102.5%
12/31/13	196,440,280	227,858,413	31,418,133	86.2%	39,456,576	79.6%

# St. Clair County Employees Retirement System

## Required Supplementary Information

### Schedule of Contributions from the Employer

<b>Valuation Date December 31</b>	<b>Fiscal Year Ended December 31</b>	<b>Annual Required Contribution</b>
1995	1997	\$ 1,525,221
1996	1998	\$ 1,370,572
1997	1999	\$ 0
1998	2000	\$ 0
1999	2001	\$ 0
2000	2002	\$ 0
2001	2003	\$ 0
2002	2004	\$ 1,257,225
2003	2005	\$ 2,774,069
2004	2006	\$ 4,148,626
2005	2007	\$ 4,379,779
2006	2008	\$ 4,600,352
2007	2009	\$ 4,603,352
2008	2010	\$ 5,546,567
2009	2011	\$ 6,513,424
2010	2012	\$ 6,796,358
2011	2013	\$ 7,918,314
2012	2014	\$ 7,258,395
2013	2015	\$ 6,108,936

**Appendix B**  
**Plan Provisions by Group**  
**As of 12/31/2013**

Group	Code	Category	Eligibility	Multiplier	Maximum	Lump Sums in FAC	Years in FAC period	Closed to New Hires
Bailiff and Court Security Officers Assoc. Modified	66	G	Rule of 80, 60 & 8, 55 & 25	Graded	hired prior 1/1/08 75% - hired after 1/1/08 70%	N	3	07/01/12
Bailiff and Court Security Officers Assoc. Original	67	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	07/01/12
Board Members Modified	13	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Board Members Original	57	G	Rule of 80, 60 & 8, 55 & 25	2%	75.0%	N	3	01/01/09
CANUE Non-Affiliated Modified	36	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
CANUE Non-Affiliated Original	37	G	Rule of 80, 60 & 8, 55 & 25	2%	75.0%	N	3	01/01/09
Circuit Crt/Probate Crt Employees Assoc		G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Commissioners Modified	14	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Communication Officers POAM Modified	69	G	Rule of 80, 25 & Out, 60 & 8, 55 & 25	Graded	75.0%	Y	3	07/01/11
Communication Officers POAM Original	68	G	Rule of 80, 25 & Out, 60 & 8, 55 & 25	2%	64.0%	Y	3	07/01/11
Corr. Ofcrs. & Support Staff Modified	24	G	Rule of 80, 25 & out (Corr Off Only), 60 & 8, 55 & 25	Graded	75.0%	Y	3	10/21/09
Corr. Ofcrs. & Support Staff Original	23	G	Rule of 80, 25 & out (Corr Off Only), 60 & 8, 55 & 25	2%	64.0%	Y	3	10/21/09
Corrections Officers Supervisors Modified	25	G	Rule of 80, 25 & out (Corr Off Only), 60 & 8, 55 & 25	Graded	75.0%	Y	3	01/01/09
Corrections Officers Supervisors Original	26	G	Rule of 80, 25 & out (Corr Off Only), 60 & 8, 55 & 25	2%	64.0%	Y	3	01/01/09
District Court AFSCME Modified	38	G	Rule of 80, 60 & 8, 55 & 25	Graded	hired prior 7/1/06 75% - hired after 7/1/06 70%	N	3	08/19/09
District Court AFSCME Original	39	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	08/19/09
Elected Officials Modified	15	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Elected Officials Original	16	G	Rule of 80, 60 & 8, 55 & 25	2%	75.0%	N	3	01/01/09
Friend of Court Supervisors Modified	32	G	Rule of 80, 60 & 8, 55 & 25	Graded	hired prior 1/1/07 75% - hired after 1/1/07 70%	N	3	07/01/11
Friend of Court Supervisors Original	33	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	07/01/11
Friend of the Court Modified	30	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	05/11/11
Friend of the Court Original	31	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	05/11/11
Human Resources Clerks and Specialists Modified	58	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Human Resources Clerks and Specialists Original	59	G	Rule of 80, 60 & 8, 55 & 25	2%	75.0%	N	3	01/01/09
Judges Modified	35	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Mental Health Chapter 10 Modified	17	MH	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	5	No
Mental Health Chapter 10 Original	18	MH	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	5	No
Mental Health Chapter 20 Modified	17	MH	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	Y	5	No
Mental Health Chapter 20 Original	18	MH	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	Y	5	No

Group	Code	Category	Eligibility	Multiplier	Maximum	Lump Sums in FAC	Years in FAC period	Closed to New Hires
Probate Clerical Modified	44	G	Rule of 80, 60 & 8, 55 & 25	Graded	hired prior 7/1/06 75% - hired after 7/1/06 70%	N	3	07/01/11
Probate Court Juvenile Counselors Modified	46	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	12/16/09
Probate Court Juvenile Counselors Original	47	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	12/16/09
Probate Court Supervisors Modified	48	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	Y	3	01/01/09
Probate Court Supervisors Original	49	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	Y	3	01/01/09
Prosecuting Attorneys Modified	42	G	Rule of 80, 60 & 8, 55 & 25	Graded	69.6%	N	3	01/01/09
Prosecuting Attorneys Original	43	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	01/01/09
Public Health Nurse Supervisors Modified	60	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Public Health Nurse Supervisors Original	61	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	01/01/09
Public Health Nurses Modified	52	G	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	N	3	01/01/09
Public Health Nurses Original	53	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	01/01/09
Public Service Employees Modified	50	G	Rule of 80, 60 & 8, 55 & 25	Graded	hired prior 7/1/06 75% - hired after 7/1/06 70%	N	3	07/01/09
Public Service Employees Original	51	G	Rule of 80, 60 & 8, 55 & 25	2%	64.0%	N	3	07/01/09
Road Commission Modified	20	RC	Rule of 80, 60 & 8, 55 & 25	Graded	75.0%	Y	3	08/23/11
Road Commission Original	19	RC	Rule of 80, 60 & 8, 55 & 25	2%	75.0%	Y	3	08/23/11
Sheriff Deputies Modified	22	G	Rule of 80, 25 & out, 60 & 8, 55 & 25	Graded	75.0%	Y	3	No
Sheriff Deputies Original	21	G	Rule of 80, 25 & out, 60 & 8, 55 & 25	2%	64.0%	Y	3	No
Sheriff Deputies Supervisors Modified	27	G	Rule of 80, 25 & out, 60 & 8, 55 & 25	Graded	hired prior 1/1/07 75% - hired after 1/1/07 70%	Y	3	07/01/11