

Newaygo County 2017 Retiree Health Care Information Report

**Newaygo County
Municode 62-0-000**

Section 20h(7) - under 60% funded for retiree health care

Public Act 530 of 2016

OVERVIEW

Newaygo County's Retiree Healthcare Plan is a single-employer defined benefit postemployment healthcare plan which provides medical insurance and prescription drug coverage to qualified retirees and their beneficiaries. As of the date of the most recent actuarial valuation (10-1-2015), the plan included 149 members (48 retirees and 101 active employees).

The contribution requirements of plan members and the County are established and may be amended by the County Board of Commissioners. Retirees receiving benefits contribute a percentage of actual premiums for retiree and spousal coverage, depending on bargaining unit. The County participates in the MERS Retiree Health Funding Vehicle, a legally established trust under section 401(a) of the Internal Revenue Code.

The County's annual other postemployment (OPEB) cost is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

As of October 1, 2015, the date of the most recent actuarial valuation, the plan was 22.79% funded. The actuarial accrued liability for benefits was \$13,123,688 and the actuarial valuation of assets was \$2,990,339 resulting in an unfunded actuarial accrued liability (UAAL) of \$10,133,349.

STEPS TAKEN TO REDUCE THE UNFUNDED ACTUARIAL ACCRUED LIABILITY (UAAL)

Newaygo County, over the course of several years, has taken steps to reduce and continues to evaluate its UAAL:

- As of 11-10-2015, all benefits groups have been closed;
- New hires are not eligible for retiree health benefits and will not have access to purchase the County's insurance upon retirement;
- Effective 01-01-2017, Medicare eligible retirees were transferred from a self-funded plan to a fully funded Medicare advantage plan;
- The County intends to fully fund the actuarially determined annual required contribution and has a funding mechanism incorporated into the annual budget process.