

Tawas Police Authority 2016 Retirement System Summary Annual Report

Section 13(3)(i)

(i)	Name of System	Tawas Police Authority (3504)
(ii)	Names of Investment Fiduciaries	MERS of Michigan is the Investment Fiduciary
(iii)	Systems service providers (actuary)	MERS of Michigan, CBIZ Retirement Plan Services
(iv)	System's assets and liabilities/changes	See attached Annual Statement of Fiduciary Net Position
(v)	System's funded ratio	57.1%
(vi)	Investment performance	Investment performance net of fees: 1 year: 10.85% 3 year: 5.32% 5 year: 8.30% 7 year: 8.18% 10 years: 5.11%
(vii)	System admin. & invest expenses	At December 31, 2016 the cost of the Defined Benefit Plan was 0.39% (0.21% for administration and 0.18% for investments)
(viii)	System's Budget	Not applicable to the Authority
(ix)		
(A)	Number of actives	3
(B)	Number of retirees/beneficiaries	4
(C)	The average annual retirement allowance	\$18,433.50
(D)	Total annual retirement allowances	\$73,734
(E)	Valuation payroll for active employees	\$144,421
(F)	Normal cost and/or percentage	\$96 <i>(See attached Table 1 Employer Contribution Detail)</i>
(G)	Total computed employer contribution	\$37,788 <i>(See attached Table 1 Employer Contribution Detail)</i>
(H)	Weighted average member contribution	N/A <i>(See attached Table 1 Employer Contribution Detail)</i>
(I)	Actuarial investment return	7.75%
(J)	Actuarial long term inflation rate	3.75%
(K)	Smoothing method	5 years
(L)	Amortization method	Layered Amortization Schedule Initial 23 Years Gain/Loss 20 Years Plan Amendments 20 Years <i>(See attached Table 10 of Annual Actuarial Valuation Page 23)</i>
(M)	Actuarial cost method	Entry Age Normal Method
(N)	Open or closed membership	Closed to new hires as of September 1, 2016 <i>(See attached Benefit Provision History of Annual Actuarial Valuation)</i>
(O)	Health care inflation	Not applicable to pension plans
(x)	Travel Report	Not applicable to the Authority within MERS

Section 20h (1)

- (7) Below 60% funded, actions taken to reduce the system's UAL

MERS adheres to the following fiscal best practices:

- Conducts an Experience Study every five years to ensure assumptions match actual experience and make adjustments where necessary
- Use a fixed Amortization period
- MERS implements checks and balances to eliminate unexpected pension spikes. Actuarial loads are applied to groups that have demonstrated a history of Final Average Compensation increases.
- UAL amortization schedule is on track to be paid off in 23 years.

Other actions the Authority has taken include:

- Defined Benefit Plan Freeze on 9/1/2016
- The three existing employees enrolled in Defined Contribution
- Existing employees were offered the opportunity to transfer the balance of their Defined Benefit to Defined Contribution
- Two of the employees elected to transfer their Defined Benefit to Defined Contribution (conversion was completed on February 16, 2017)
- Defined Contribution Plan for new hires