

# Actuarial Valuation Report

for

Lenawee County Board of Commissioners  
Retirement Income Plan

as of

January 1, 2011

Contract Number: PF 473



We'll help you get there.®

## Table of Contents

---

Executive Summary .....	1
Measures of Plan Liability .....	2
Contribution History.....	4
Determination of Unfunded Actuarial Accrued Liability .....	5
Allocation of Recommended Contribution among Employee Groups .....	6
Plan Assets .....	7
Reconciliation of Actuarial Value of Plan Assets.....	8
Participant Summary .....	9
Auditor's Information and FAS35 Reconciliation .....	10
Actuarial Assumptions .....	11
Asset Valuation and Actuarial Cost Methods .....	12
Summary of Plan Provisions .....	13

## Executive Summary

---

The Employer's cost for the 2011 Plan Year is \$1,692,879, or about 20.6% of covered salaries (employees under normal retirement age). This recognizes the change in the employee contribution rate for the Nurses M.N.A. Union, Government Employees' Labor Council, Lenawee County Employees (Non-union), Steelworkers Union, and Drain Commission groups from 6.5% to 8.5%. The cost for the 2010 Plan Year was \$2,077,505 or about 20.9% of covered salaries

The Plan's Actuarial Value of Assets covers approximately 69% of the Plan's Present Value of Future Benefits and approximately 82% of the Plan's Present Value of Accrued Benefits (the FAS'35 liability.) Using the Plan's Market Value of Assets rather than Actuarial Value of Assets these percentages increase to approximately 74% and 87%, respectively.

Effective 11/15/2010, the plan was amended to allow employees in groups 03, 04, 05, 06, and 61 to opt-out of participation in this plan for purposes of benefit accruals only. Vesting service and service for purposes of the Rule of 85 Retirement Age will continue to be credited. In the election period running from November 15, 2010 to December 15, 2010, 21 employees elected to opt-out of the defined benefit plan and into the defined contribution plan. The decrease in the 2011 Actuarially Recommended Contribution owing to this change was about \$88,000 (1.1% of covered payroll).

If you have any questions or would like any additional information, please do not hesitate to call.

Respectfully submitted,



---

Daniel Mangan  
Actuarial Analyst  
1-(800)-349-8844, Ext. 43579



---

Richard A. Erickson, ASA, MAAA, MSPA, QKA  
Consulting Actuary  
1-(800)-349-8844, Ext. 43601

July 21, 2011

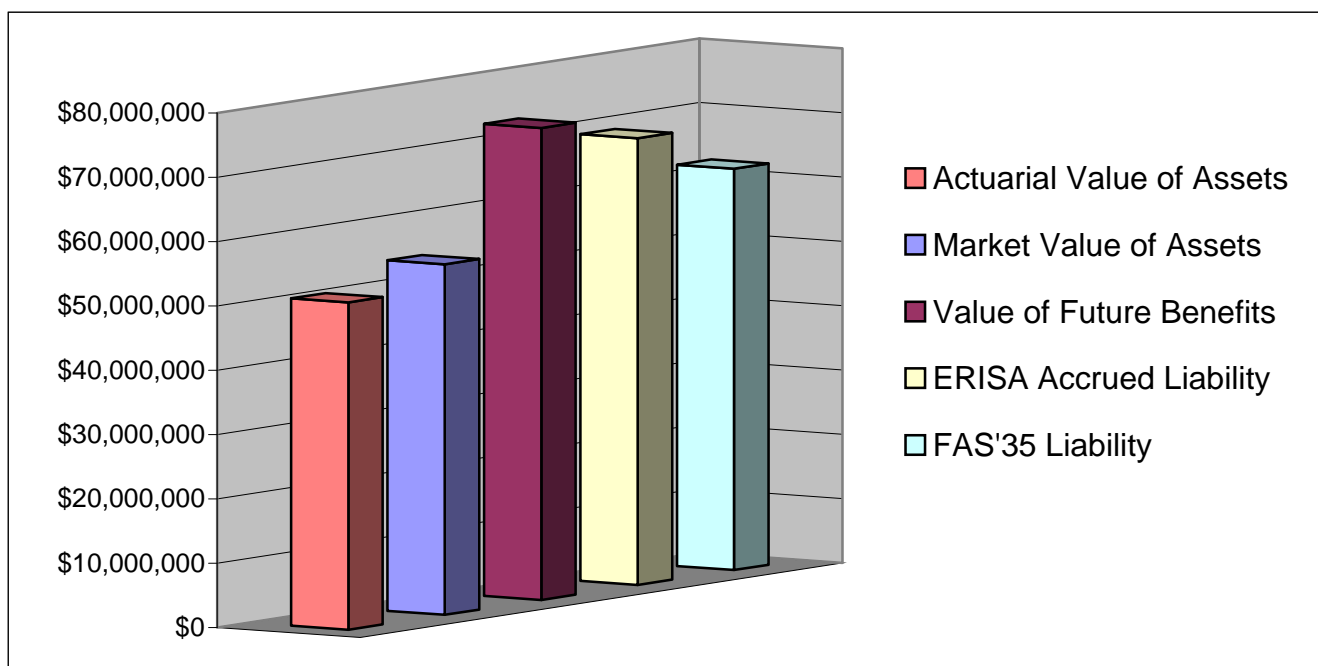
---

## Measures of Plan Liability

There are many measures of Plan liabilities. Four measures that typically are used in the valuation of an ongoing pension plan are shown below and described on the next page. There are other measures of Plan liabilities that are not relevant to the actuarial valuation of an ongoing plan, such as measures of liabilities for plan sponsor accounting purposes, Pension Benefit Guaranty Corporation purposes, or determining plan sufficiency at termination.

	Value of Future Benefits	ERISA Accrued Liability	FAS'35 Liability
Active:	\$ 42,965,773	\$ 39,043,922	\$ 31,976,141
Inactive:	2,299,678	2,299,678	2,299,678
Retired:	<u>28,113,315</u>	<u>28,113,315</u>	<u>28,113,315</u>
Total:	\$ 73,378,766	\$ 69,456,915	\$ 62,389,134

Actuarial Value of Assets:	\$ 50,895,732
Market Value of Assets:	\$ 54,496,143



### Liability Measurement Assumptions

Before comparing and contrasting different measures of Plan liability, it is first necessary to briefly discuss how liability is measured. In order to measure any pension plan liability, assumptions must be made pertaining to what may happen in the future. Two important assumptions are the **interest assumption** and the **mortality assumption**.

## Measures of Plan Liability

---

The **interest assumption** determines the time-value of money. In other words, it determines how much money is needed today to grow to a given amount at some time in the future. A pension plan's liability consists of promises to pay benefits at some time in the future, so a measure of that liability is how much money is needed today to provide for those promised benefits in the future. The **mortality assumption** predicts how long a participant will live. Since retirement benefits are generally paid for the participant's life, the mortality assumption predicts how long retirement benefits will be paid.

### **Value of Future Benefits**

This is the liability associated with the promise to pay the benefits that participants will be entitled to assuming they work until retirement. Of the four measures of liability discussed here, this is typically the largest because it is based on projected benefits. In other words, it includes not only benefits that have been accrued to date, but also benefits that are expected to be earned in the future. The interest and mortality assumptions are chosen by the plan actuary. The interest assumption is a reasonable long-term expectation of future asset returns given how plan assets are invested, and the mortality assumption is based on a standard, current mortality table.

### **ERISA Accrued Liability**

This measure of liability is closely related to the Value of Future Benefits. Briefly, it is the portion of the Value of Future Benefits that the Actuarial Cost Method attributes to past service. In other words, it is the portion of the Value of Future Benefits that is deemed to be accrued. The actuarial assumptions used here are the same as those used in the Present Value of Future Benefits. Of the four liability measurements discussed here, this is probably the most difficult to understand. It is common to compare it to saving money to buy a home in cash. How much cash you'll need is analogous to the Present Value of Future Benefits. How far along you are in your schedule to accumulate the necessary cash is analogous to the ERISA Accrued Liability.

### **FAS'35 Liability**

FAS'35 Liability is a measure of accrued benefit liability. How is this different from the ERISA Accrued Liability discussed above? As discussed above, the ERISA Accrued Liability may take into account the benefit projected to retirement. The accrued benefit liability only takes into account the benefit actually accrued. In other words, the benefit it takes into account is the benefit that would be payable if the participant terminated immediately, as opposed to working until retirement. The interest and mortality assumptions are those used for the Value of Future Benefits and the ERISA Accrued Liability.

## Contribution History

---

The following contributions have been made since 1/1/2010.

<u>Date</u>	<u>Amount</u>	<u>For Plan Year</u>	<u>Prior Year's Interest Credited</u> <sup>(3)</sup>
01/04/2010 <sup>(1)</sup>	\$ 663,359	2009	-
04/01/2010 <sup>(1)</sup>	568,716	2010	34,279
07/07/2010 <sup>(1)</sup>	691,544	2010	26,980
10/05/2010 <sup>(1)</sup>	706,971	2010	13,636
12/28/2010 <sup>(1)</sup>	601,088	2010	527
03/25/2010 <sup>(2)</sup>	192,527	2010	11,900
06/22/2010 <sup>(2)</sup>	1,291	2010	55
07/13/2010 <sup>(2)</sup>	220,720	2010	8,321
10/06/2010 <sup>(2)</sup>	217,048	2010	4,139
12/28/2010 <sup>(2)</sup>	185,336	2010	162
	<u>Total \$ 4,048,600</u>		<u>\$ 99,998</u>

<sup>(1)</sup> Employer Contribution.

<sup>(2)</sup> Employee Contribution.

<sup>(3)</sup> This is interest credited to the contribution(s) at the valuation interest rate. It is not the actual earnings on the contribution(s).

## Determination of Actuarial (Gain) or Loss for 2010 Plan Year

---

### A. Expected Unfunded Actuarial Accrued Liability

1. Unfunded Actuarial Accrued Liability as of 1/1/2010	\$21,846,993
2. Normal Cost as of 1/1/2010	1,355,094
3. Interest at 8 %	1,856,167
4. 2010 contributions plus interest at 8 %	(3,485,239)
5. Expected Unfunded Actuarial Accrued Liability as of 1/1/2011	\$21,573,015

### B. Actual Unfunded Actuarial Accrued Liability

1. Actuarial Accrued Liability as of 1/1/2011	\$69,456,916
2. Actuarial Value of Assets as of 1/1/2011	(50,895,732)
3. Actual Unfunded Actuarial Accrued Liability as of 1/1/2011 (not less than zero)	\$18,561,184

### C. Changes in Unfunded Actuarial Accrued Liability

1. Increase/(Decrease) due to Plan Amendment(s)	(\$698,372) <sup>(1)</sup>
2. Increase/(Decrease) due to Assumption Change(s)	0
3. Increase/(Decrease) due to Funding Method Change	0
4. Total Changes	(\$698,372)

### D. Actuarial (Gain)/Loss

B(3) - C(4) - A(5)	(\$2,313,459)
--------------------	---------------

<sup>(1)</sup> Effective 11/15/2010, the plan was amended to allow employees in groups 03, 04, 05, 06, and 61 to opt-out of participation in this plan for purposes of benefit accruals only. Vesting service and service for purposes of the Rule of 85 Retirement Age will continue to be credited. In the election period running from November 15, 2010 to December 15, 2010, 21 employees elected to opt-out of the defined benefit and into the defined contribution plan.

## Contribution Breakdown for the 2011 Plan Year

Below is a breakdown of the 2011 plan year contribution. To perform the breakdown, we first subtracted the actuarial accrued liability of the plan's inactive participants from the plan assets, and then allocated the remaining assets among the groups based on the actuarial accrued liability of the active participants. The unfunded actuarial accrued liability of each group was then amortized over a 20-year period. The resulting amortization payment was then added to the Normal Cost of each group to produce the recommended annual cost. Finally, the amount of anticipated employee contributions was subtracted from the total cost, to arrive at the annual contribution due from Lenawee County for each employee group.

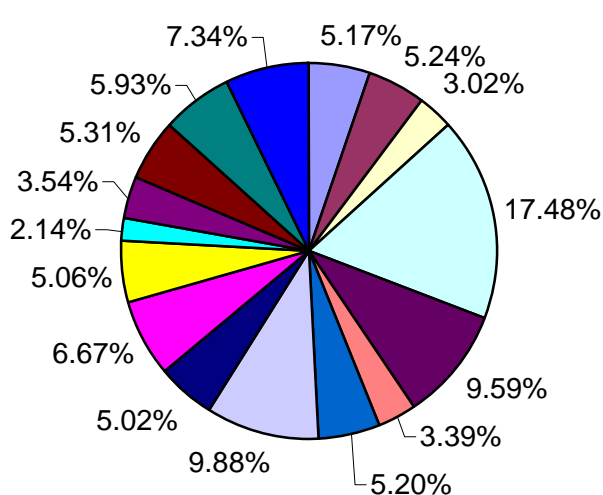
	<b>01</b>	<b>02</b>	<b>03</b>	<b>04</b>	<b>05</b>	<b>06</b>	<b>61</b>	<b>Total of</b>
	<b><u>Sheriff- Command</u></b>	<b><u>Sheriff- Deputy</u></b>	<b><u>Nurses- MNA Union</u></b>	<b><u>G.E.L.C. Union</u></b>	<b><u>County Non-Union</u></b>	<b><u>Steelworkers Union</u></b>	<b><u>Drain Commission</u></b>	<b><u>All Groups</u></b>
<b>Active Employees</b>	10	61	6	52	132	8	8	277
<b>Average Age</b>	46.87	44.42	55.98	48.85	51.83	48.41	48.09	49.34
<b>Annual Salary (excluding employees over NRA)</b>	\$523,995	\$2,853,737	\$155,963	\$1,258,782	\$2,988,719	\$187,045	\$267,033	\$8,235,274
<b>Actuarial Accrued Liability (Active Employees)</b>	\$3,002,242	\$8,752,541	\$752,231	\$5,409,946	\$19,747,720	\$401,540	\$977,702	\$39,043,922
<b>Allocated Actuarial Value Plan Assets (Active Employees)</b>	<u>1,574,999</u>	<u>4,591,649</u>	<u>394,626</u>	<u>2,838,099</u>	<u>10,359,804</u>	<u>210,651</u>	<u>512,910</u>	<u>20,482,738</u>
<b>Unfunded Actuarial Accrued Liability (Active Employees)</b>	\$1,427,243	\$4,160,892	\$357,605	\$2,571,847	\$9,387,916	\$190,889	\$464,792	\$18,561,184
<b>Entry Age Normal Cost Amortization Payment (20 yrs)</b>	<u>\$35,929</u>	<u>\$224,295</u>	<u>\$14,210</u>	<u>\$86,834</u>	<u>\$195,489</u>	<u>\$18,482</u>	<u>\$21,752</u>	<u>\$596,991</u>
<b>Total Annual Cost</b>	<b>\$170,529</b>	<b>\$616,699</b>	<b>\$47,935</b>	<b>\$329,379</b>	<b>\$1,080,841</b>	<b>\$36,484</b>	<b>\$65,585</b>	<b>\$2,347,452</b>
<b>Estimated Employee Contrib. ( % salary )</b>	41,920 (8.00%)	199,762 (7.00%)	13,257 (8.50%)	106,996 (8.50%)	254,041 (8.50%)	15,899 (8.50%)	22,698 (8.50%)	654,573 (7.95%)
<b>Employer Annual Cost ( % salary )</b>	<b>\$128,609</b> (24.54%)	<b>\$416,937</b> (14.61%)	<b>\$34,678</b> (22.23%)	<b>\$222,383</b> (17.67%)	<b>\$826,800</b> (27.66%)	<b>\$20,585</b> (11.01%)	<b>\$42,887</b> (16.06%)	<b>\$1,692,879</b> (20.56%)



## Plan Assets as of 1/1/2011

		<u>Actuarial Value</u>	<u>Market Value</u>
General Investment Account		\$2,817,636	\$2,817,636
Separate Investment Account (Real Estate (OFI))	CB	\$2,484,234	\$2,857,923
Separate Investment Account (Commodity Stratgy Tot Ret (OFI))	CE	\$1,544,346	\$1,643,728
Separate Investment Account (Core Bond (Babson))	E	\$9,313,099	\$9,527,099
Separate Investment Account (Short-Duration Bond (Babson))	F	\$5,226,846	\$5,226,846
Separate Investment Account (Capital Appreciation (Oppenheimer))	NC	\$1,702,018	\$1,846,226
Separate Investment Account (Sm Cap Growth (W&R Wellington))	SC	\$2,485,519	\$2,831,085
Separate Investment Account (Overseas (Am Century/Harris))	SH	\$4,917,380	\$5,386,710
Separate Investment Account (Focused Value (Harris Associates))	SV	\$2,334,009	\$2,737,996
Separate Investment Account (Value Equity (Fidelity))	SW	\$3,416,921	\$3,636,936
Separate Investment Account (Sm Co Value (Clover/T. Rowe Price))	SY	\$2,451,073	\$2,759,342
Separate Investment Account (Emerging Markets Equity (MFS))	UA	\$1,043,847	\$1,166,156
Separate Investment Account (Blue Chip Growth (Fidelity))	W1	\$1,724,787	\$1,930,288
Separate Investment Account (Mid Cap Growth II (T. Rowe Price))	W9	\$2,524,802	\$2,895,441
Separate Investment Account (Indexed Equity)	X	\$3,007,952	\$3,233,431
Separate Investment Account (Prem Inflat-Protected Bond and Income)	Y6	\$3,901,266	\$3,999,300
Total		\$50,895,732	\$54,496,143

### Market Value of Assets



- General Investment Account
- SIA CB (Real Estate (OFI))
- SIA CE (Commodity Stratgy Tot Ret (OFI))
- SIA E (Core Bond (Babson))
- SIA F (Short-Duration Bond (Babson))
- SIA NC (Capital Appreciation (Oppenheimer))
- SIA SC (Sm Cap Growth (W&R Wellington))
- SIA SH (Overseas (Am Century/Harris))
- SIA SV (Focused Value (Harris Associates))
- SIA SW (Value Equity (Fidelity))
- SIA SY (Sm Co Value (Clover/T. Rowe Price))
- SIA UA (Emerging Markets Equity (MFS))
- SIA W1 (Blue Chip Growth (Fidelity))
- SIA W9 (Mid Cap Growth II (T. Rowe Price))
- SIA X (Indexed Equity)
- (Prem Inflat-Protected Bond and Income)

## Reconciliation of Actuarial Value of Plan Assets from 1/1/2010 to 12/31/2010

---

	<b>Actuarial</b>	<b>Market</b>
	<b><u>Value</u></b>	<b><u>Value</u></b>
Assets as of 1/1/2010	\$45,716,778	\$46,461,033
Contributions	3,385,241	4,048,600
Investment Income	202,786	202,786
Appreciation/(Depreciation)	4,675,967	6,868,764
Benefit payments	(3,007,390)	(3,007,390)
Expenses	(77,650)	(77,650)
Assets as of 1/1/2011	\$50,895,732	\$54,496,143 <sup>(2)</sup>
Rate of Return <sup>(1)</sup>	10.64%	15.06%

<sup>(1)</sup> Calculated according to the formula:  $Y = 2I / (A + B - I)$

<sup>(2)</sup> Cash Basis. Does not include any contributions receivable.

## Participant Summary

---

	<u>2010</u>	<u>2011</u>
<u>Classification of Funded Participants</u>		
Actives Under Retirement Age	242	196
Actives Over Retirement Age	56	60
Terminated Vested	75	70
Disabled Receiving Benefits	12	15
Retired	241	251
Opt-out Employees	<u>0</u>	<u>21</u>
Total Participants	626	613

### Monthly Funded Retirement Benefits

Actives Under Retirement Age	\$266,501	\$237,271
Actives Over Retirement Age	119,981	122,555
Terminated Vested	41,555	35,420
Disabled Receiving Benefits	8,798	13,833
Retired	211,754	246,639
Opt-out Employees	<u>0</u>	<u>17,033</u>
Total Accrued Benefits	\$648,589	\$672,751
Total Projected Benefits	\$1,120,191	\$1,015,757

### Averages for Active Participants

Average Eligibility Age	30.97	31.19
Average Attained Age	48.86	49.93
Average Compensation	\$41,783	\$42,308

## Auditor's Information and FAS35 Reconciliation

---

The following information is provided to assist your accountant with the reporting requirements of FAS35. The information reported here should not be used for any other purposes. Information reporting for other purposes, such as determining sufficiency in the event of a plan termination, may be significantly different.

Reporting Date	January 1, 2011
Present Value of Accumulated Plan Benefits	
For Retired Participants and Beneficiaries receiving payments	\$28,113,315
For Terminated Vested Participants	2,299,678
For other vested Participants	31,801,522
Present Value of Vested Accumulated Plan Benefits	\$62,214,515
Present Value of Nonvested Accumulated Plan Benefits	174,619
Present Value of Accumulated Plan Benefits	\$62,389,134
Present Value of Accumulated Plan Benefits as of 1/1/2010	\$59,082,647
Increase Due to Benefit Accruals	1,547,266
Decrease Due to Disbursements	(3,007,390)
Increase Due to Passage of Time	4,730,097
Other <sup>(1)</sup>	36,514
Present Value of Accumulated Plan Benefits as of 1/1/2011 before changes	\$62,389,134
Effect of Interest Rate Change <sup>(2)</sup>	0
Effect of Other Assumption Change(s) <sup>(3)</sup>	0
Effect of Plan Change(s) <sup>(4)</sup>	0
Present Value of Accumulated Plan Benefits as of 1/1/2011 after changes	\$62,389,134
Total Market Value of Assets	\$54,496,143

The Present Value of Accumulated Plan Benefits is measured using the Unit Credit Actuarial Cost Method. The actuarial assumptions used are shown in the Actuarial Assumptions section of this Report, and the Plan provisions are summarized in the Plan Summary section of this Report.

<sup>(1)</sup> *Effect of miscellaneous gains/losses and other demographic changes.*

<sup>(2)</sup> *None.*

<sup>(3)</sup> *None.*

<sup>(4)</sup> *None.*

## **Actuarial Assumptions**

---

*Many of the factors affecting the long term cost of the Plan are variables which cannot be predicted with certainty. The following actuarial assumptions have been selected to reasonably anticipate future experience with respect to these variables.*

### Preretirement Mortality

RP-2000 Mortality Tables for Non-Annuitants, Fully Generational With Scale AA

### Postretirement Mortality

RP-2000 Mortality Tables for Annuitants, Fully Generational With Scale AA

### Postdisablement Mortality

RP-2000 Mortality Tables for Disabled Annuitants, Fully Generational With Scale AA

### Preretirement Interest

8.00%

### Postretirement Interest

8.00%

Assumed Retirement Age: Plan Normal Retirement Age

Termination of Employment: Termination Table T-5 from the Actuary's Handbook

Age adjustments: 0 for males and -5 for females.

### Funding Exclusion

All plan participants are included in the funding calculations.

Salary Scale: 4.00% per year.

Plan Expenses: Interest rate is assumed to be net of plan expenses.

Optional Forms: Liabilities include no load to account for the value of optional annuity forms.

Incidence of Disability: 1952 Disability Table, Period 2, Benefit 5, with a 6 month waiting period.

### Survivor's Benefit:

It is assumed that 100% of participants will be married or otherwise survived by an eligible beneficiary. It is further assumed that the male spouse is 3 years older than the female.

## **Asset Valuation and Actuarial Cost Methods**

---

### **Actuarial Cost Method**

#### Individual Entry Age Normal

The Normal Cost is the level dollar premium necessary to fund the benefit projected to assumed retirement date over the working lifetime of each participants. The Accrued Liability is the excess of the present value as of the valuation date of the benefit projected to assumed retirement age over the present value of future Normal Costs. Or, equivalently, the accumulated value of all past Normal Costs. The benefit projected to assumed retirement date uses projected service, compensation if applicable, and any other components that would be used in the calculation of the benefit. The difference between the Accrued Liability and the Actuarial Value of Assets is the Unfunded Actuarial Accrued Liability. Each year the difference between the expected Unfunded Actuarial Accrued Liability (based on actuarial assumptions being realized exactly) and the actual Unfunded Actuarial Accrued Liability is the Actuarial Gain or Loss.

### **Actuarial Value of Assets**

For assets held in the General Investment Account, Active Life Fund, or Experience Account, the Actuarial Value is the value assigned by the Insurance Company.

For the assets listed below, the Actuarial Value is equal to the prior year's Actuarial Value plus the net deposit and investment income, minus withdrawals, plus (or minus) 50% of the unrecognized appreciation (or depreciation) during the year. The Actuarial Value is not greater than 120% of the Market Value, or less than 80% of the Market Value.

Separate Investment Account CB, CE, E, NC, SC, SH, SV, SW, SY, UA, W1, W9, X, and Y6

For the assets listed below, the Actuarial Value of Assets is equal to the Market Value.

Separate Investment Account F

## Summary of Plan Provisions

---

*The provisions shown here are only summaries. In the interest of space and simplicity, many of them have been abbreviated, simplified, or paraphrased. In matters of Plan interpretation or application, the actual Plan Document should be consulted.*

**Plan:** Lenawee County Board of Commissioners Retirement Income Plan

**Employer Identification Number / Plan Number:** 38-6005798 / 001

**Effective Date:** January 1, 1976

**Plan Year:** Calendar Year

**Employer:** Lenawee County Board of Commissioners.

**Employee:** Any person who is employed by the Employer. An individual who performs services for the Employer pursuant to an agreement between the Employer and an employee leasing organization shall not be considered to be an Employee.

**Participation:** Each person employed by the County in a position normally requiring 1,000 hours or more per year is eligible to join the plan on date of hire. Except that Participation has been frozen for the following Groups:

**Group 02: Sheriff Deputy (Police Officers Association of Michigan) - Employees hired after September 1, 2005.**

**Group 03: Nurses M.N.A. Union - Employees hired after January 31, 2002.**

**Group 04: Government Employees' Labor Council - Employees hired after May 1, 2003, except that for District Court Employees, after March 1, 2004.**

**Group 05: Lenawee County Employees (Non-union) - Employees hired after January 1, 2001.**

**Group 06: Steelworkers Union - Employees hired after August 1, 2002.**

**Group 61: Drain Commission - Employees hired after January 1, 2002.**

**Service:** The period of an Employee's employment with the Employer, as determined by the Employer from its personnel records.

**Vesting Service:** All years of Service with the Employer from Date of Employment.

**Benefit Service:** All years of Service with the Employer from Date of Employment.

## Summary of Plan Provisions

---

### Normal Retirement Date:

**Group 01: Sheriff Command and Group 02: Sheriff Deputy** - First day of the month coincident with otherwise next following the earlier of 1) age 55 and 25 years of service, and 2) age 65 and 8 years of service.

**Group 04: Government Employees' Labor Council (GELC), Group 05: Lenawee County Employees (Non-union), Group 06: Steelworkers Union, Group 03: Nurses M.N.A. Union, and Group 61: Drain Commission Employees** - the earlier of 1) date age and years of service equal 85, and 2) age 62 and 8 years of service.

**All other Groups** - Age 65 and 8 years of service.

**Early Retirement Date:** Any Participant who has attained age 55 and completed 10 years of Benefit Service may elect early retirement on the first day of any calendar month following the termination of Service.

**Disability Retirement Date:** Any Participant who has completed 10 years of Benefit Service may elect disability retirement on the first day of any calendar month following the determination of total and permanent disability.

### Average Monthly Earnings:

**Group 01: Sheriff Command and Group 02: Sheriff Deputy** - The average of Monthly Earnings in the period of 48 consecutive months with respect to which such sum is the

**All Other Groups** - The average of Monthly Earnings in the period of 60 consecutive months with respect to which such sum is the greatest.

### Normal Retirement Benefit:

**Group 01: Sheriff Command** - 2.50% of average monthly earnings times all years of benefit service. The maximum monthly benefit is 80% of average monthly earnings.

**Group 02: Sheriff Deputy** - 2.50% of average monthly earnings times all years of benefit service. The maximum monthly benefit is 80% of average monthly earnings.

**Group 03: Nurses M.N.A. Union** - 2.00% of average monthly earnings times all years of benefit service.

**Group 04: Government Employees' Labor Council** - 2.00% of average monthly earnings times all years of benefit service.

**Group 05: Lenawee County Employees (Non-union)** - 2.00% of average monthly earnings times all years of benefit service.

**Group 06: Steelworkers Union** - 2.00% of average monthly earnings times all years of benefit service.

**Group 61: Drain Commission** - 2.00% of average monthly earnings times all years of benefit service.



## Summary of Plan Provisions

---

**Termination Benefit:** A Participant who has at least eight years of Vesting Service has a nonforfeitable right to 100% of his or her Accrued Benefit. Benefit is payable at Normal Retirement

**Early Retirement Benefit:** The accrued benefit reduced 1/15 for the first five years, and 1/30 for the next five years for each year the Retirement Date precedes the Normal Retirement Date.

**Disability Retirement Benefit:** The accrued benefit reduced by any amounts payable under any worker's compensation or salary continuance program.

**Normal Form:** Single: Modified Cash Refund; Married: Qualified 50% Joint and Survivor Annuity.

**Optional Forms:** Joint and Survivor Annuity, Life Annuity with 60 or 120 monthly payments guaranteed, Life Annuity.

### Death Benefits:

**Pre-retirement:** If the Participant is not vested, no death benefits are payable. If the participant is vested, then the death benefit is 50% of the amount that would have been payable to the Participant under the 50% Joint and Survivor option.

**Post-Retirement:** None except as provided by the annuity form elected.

**Employee Contributions:** (picked up by the Employer under IRC §414(h)(2))

**Group 01: Sheriff Command** - 8.00% of pay.

**Group 02: Sheriff Deputy** - 7.00% of pay.

**Group 03: Nurses M.N.A. Union** - 8.50% of pay.

**Group 04: Government Employees' Labor Council (GELC)** - 8.50% of pay

**Group 05: Lenawee County Employees (Non-union)** – 8.50% of pay.

**Group 06: Steelworkers Union** - 8.50% of pay.

**Group 61: Drain Commission** - 8.50% of pay.

**Opt-out Elections:** Active participants in groups 03, 04, 05, 06, and 61 may elect to opt-out of participation in this plan for purposes of benefit accruals only. Vesting service and service for purposes of the Rule of 85 Retirement Age will continue to be credited. Each year the election period will run from November 15th to December 15th, and such election will take effect the following January 1st. At that time, the participant will commence participation in the County's Defined Contribution Plan.