



Charter Township of Fenton

2017 Retirement System Summary Annual Report

Other Post-Employment Benefits

In Response to Michigan Public Act 530 of 2016, Section 13(3) (i-x):

<i>i</i>	Name of System	Fenton Township Retiree Health Care Plan
<i>ii</i>	Investment Fiduciaries	CLS Investments
<i>iii</i>	Service Providers	CLS Investments & Watkins Ross (actuary)
<i>iv</i>	Assets, Liabilities and Change in Plan Assets	Assets: \$351,922 Liabilities: \$721,770 Change in Plan Assets: \$91,601
<i>v</i>	Plan Funded Ratio	48.77%
<i>vi</i>	Investment Performance Net of Fees	1 Year: 14.94%, 3 Year: 7.44%, 5 Year: 8.70%, Since Inception (9 Years): 7.74%
<i>vii</i>	System Administration and Investment Expenses	System Administration Expenses = \$0; Investment Expenses = \$1,458.04
<i>viii</i>	System Budget	Not Applicable
<i>ix</i>	Plan Statistics	
(A)	# of Active Members	3
(B)	# of Retirees & Beneficiaries	2
(C)	Average Annual Retirement Allowance	\$5,100.00
(D)	Total Annual Retirement Allowance	\$10,200.00
(E)	Payroll Valuation for Active Employees	\$182,016.40
(F)	Employer's Normal Cost of Benefits as a % of Payroll	3.73%
(G)	Employer's Total Contribution Rate Expressed as a % of Payroll	19.34%
(H)	Weighted Average Member Contributions	\$11,733.33
(I)	Actuarial Investment Returns	5.07% including inflation
(J)	Actuarial Long-Term Inflation Rate	Included in Investment Returns
(K)	Smoothing Method	None
(L)	Amortization Method	4 Year level percent of pay
(M)	Actuarial Cost Method	Individual Entry Age Normal (level percentage of compensation)
(N)	Open or Closed Membership	Closed
(O)	Health Care Inflation	Medical: Pre-65 8.0% graded to 5.0% over 6 years; Medicare eligible 5.0%; Dental & Vision 4.0%
<i>x</i>	Travel Report	Not Applicable



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In Response to Michigan Public Act 530 of 2016, Section 20h(7):

The Charter Township of Fenton is required to provide an informational report outlining the steps the system is taking to decrease the system's unfunded actuarial accrued liability.

In 2009, the Charter Township of Fenton established a retirement health care trust through CLS Investments to begin funding the township's liability for retiree health care. The township has contributed annually to this fund since its inception. Other steps Fenton Township has taken to manage the liability and improve funding status:

- Eliminated the legacy retiree health care plan for all current employees that had not reached 20 years of service as of December 1, 2017.
- Closed the legacy retiree health care plan for all new employees as of December 1, 2017.
- Implemented a defined contribution health care savings plan in 2017 for current employees not eligible for the legacy retiree health care plan. This plan will have no impact on OPEB liability.

Moving forward, the township will continue to fund the OPEB liability annually, with a goal of maintaining a funding ratio at or near 50%. Given our relatively low overall liability, the township has determined that a 50% funding ratio is adequate, with any shortfalls being funded from the annual operating budget.