

Fall 2012

Corunna City of

In care of:  
Municipal Employees' Retirement System of Michigan  
1134 Municipal Way  
Lansing, Michigan 48917

**Subject: Corunna City of (7604) – December 31, 2011 Annual Actuarial Valuation Results Summary**

This letter includes the determination of liabilities and contribution rates resulting from participation by the above-named municipality in the Municipal Employees' Retirement System of Michigan ("MERS").

**Please note this letter is a summary of the final December 31, 2011 valuation results.**

Our calculations were based on the following information:

- Demographic information, financial information and benefit provisions provided to us by MERS administrative staff for the December 31, 2011 annual valuation. Data was checked for internal consistency with the prior year, but was not otherwise audited by us.
- The actuarial assumptions and methods adopted by the Retirement Board for use in the December 31, 2011 annual valuation. Please refer to the division-specific assumptions described in table(s) in this letter, and to the Appendix on the MERS website at: <http://www.mersofmich.com/Appendix>.

The results of our calculations are shown in the table(s) beginning on page 3 of this letter. These are the final results of the December 31, 2011 annual actuarial valuation.

The undersigned actuaries are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein. Please see the following page for additional disclosures required by the Actuarial Standards of Practice.

If you have questions, please contact your MERS representative.

Sincerely,

Alan Sonnanstine, MAAA, ASA  
Cathy Nagy, MAAA, FSA  
Jim Koss, MAAA, ASA

## **Additional Disclosures Required by Actuarial Standards of Practice**

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors 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 additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

This report should not be relied on for any purpose other than the purpose described in the primary communication. Determination of the financial results associated with the benefits described in this report in a manner other than the intended purpose may produce significantly different results.

The signing actuaries are employees of MERS.

The calculation was based upon information furnished by the employer and MERS administrative staff, concerning Retirement System benefits and member information. The MERS of Michigan Actuarial Services Department is not responsible for the accuracy or completeness of the information provided to us for these calculations.

The developed findings included in this report consider data or other information through December 31, 2011.

**Corunna City of (7604) - Police (02)**  
**December 31, 2011 Actuarial Valuation Results**

Division Status	Closed	Actuarial Accrued Liability	
Division Link Status	Linked	Active Members	\$ 338,537
Benefit Provisions		Retirees and Beneficiaries	713,414
Benefit Multiplier		Vested Former Members	13,484
Benefit B-3 (80% max)		Pending Refunds	0
		Total	\$ 1,065,435
Normal Retirement Age	60	Valuation Assets <sup>1</sup>	\$ 595,477
Vesting	10 years	Unfunded Accrued Liability (UAL)	\$ 469,958
Early Retirement (Unreduced)	50/25	Percent Funded	55.9%
	-	Amortization Period	
	-	For Positive UAL	27 years
Early Retirement (Reduced)	55/15	For Negative UAL	10 years
	-	Employer Contribution	
Final Average Compensation	3 years	For Fiscal Year Beginning	7/1/2013
COLA for Future Retirees		Percentage of Payroll	
2.50% (Non-Compound)		Normal Cost	-
COLA for Current Retirees		Amortization of UAL	-
2.50% (Non-Compound)		Total Employer Contribution	-
Member Contributions		Estimated Monthly Contribution <sup>2</sup>	
0%		Normal Cost	\$ 450
RS50% Percentage	50%	Amortization of UAL	2,340
D-2	-	Total Employer Contribution	\$ 2,790
		Annual GASB ARC	\$ 33,480
Active Members		Division-Specific Assumptions	
Number	1	Withdrawal Rate Scaling Factor	100%
Annual Payroll	\$ 55,044	FAC Increase Factor	0%
Retirees and Beneficiaries			
Number	3		
Annual Benefits	\$ 59,231		
Vested Former Members			
Number	1		
Annual Deferred Benefits	\$ 5,438		

<sup>1</sup> Valuation assets are equal to 1.205815 times the reported market value of assets.

<sup>2</sup> For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). For divisions that will have no new hires, invoices will be based on the above dollar amounts which are based on projected fiscal year payroll.

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix on the MERS website at: <http://www.mersofmich.com/Appendix>.

**Corunna City of (7604) - Gnrl AFSCME (10)**  
**December 31, 2011 Actuarial Valuation Results**

Division Status	Closed	Actuarial Accrued Liability	
Division Link Status	Linked	Active Members	\$ 191,371
Benefit Provisions		Retirees and Beneficiaries	564,364
Benefit Multiplier		Vested Former Members	88,574
Benefit B-3 (80% max)		Pending Refunds	0
		Total	\$ 844,309
Normal Retirement Age	60	Valuation Assets <sup>1</sup>	\$ 574,029
Vesting	10 years	Unfunded Accrued Liability (UAL)	\$ 270,280
Early Retirement (Unreduced)	50/25	Percent Funded	68.0%
	-	Amortization Period	
	-	For Positive UAL	27 years
Early Retirement (Reduced)	55/15	For Negative UAL	10 years
	-	Employer Contribution	
Final Average Compensation	3 years	For Fiscal Year Beginning	7/1/2013
COLA for Future Retirees		Percentage of Payroll	
2.50% (Non-Compound)		Normal Cost	-
COLA for Current Retirees		Amortization of UAL	-
2.50% (Non-Compound)		Total Employer Contribution	-
Member Contributions		Estimated Monthly Contribution <sup>2</sup>	
0%		Normal Cost	\$ 869
RS50% Percentage	50%	Amortization of UAL	1,345
D-2	-	Total Employer Contribution	\$ 2,214
		Annual GASB ARC	\$ 26,568
Active Members		Division-Specific Assumptions	
Number	2	Withdrawal Rate Scaling Factor	100%
Annual Payroll	\$ 82,629	FAC Increase Factor	0%
Retirees and Beneficiaries			
Number	4		
Annual Benefits	\$ 52,932		
Vested Former Members			
Number	1		
Annual Deferred Benefits	\$ 7,914		

<sup>1</sup> Valuation assets are equal to 1.205815 times the reported market value of assets.

<sup>2</sup> For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). For divisions that will have no new hires, invoices will be based on the above dollar amounts which are based on projected fiscal year payroll.

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix on the MERS website at: <http://www.mersofmich.com/Appendix>.

**Corunna City of (7604) - Dept Heads (11)**  
**December 31, 2011 Actuarial Valuation Results**

Division Status	Closed	Actuarial Accrued Liability	
Division Link Status	Linked	Active Members	\$ 362,966
Benefit Provisions		Retirees and Beneficiaries	937,030
Benefit Multiplier		Vested Former Members	584,550
Benefit B-3 (80% max)		Pending Refunds	0
		Total	\$ 1,884,546
Normal Retirement Age	60	Valuation Assets <sup>1</sup>	\$ 1,271,833
Vesting	10 years	Unfunded Accrued Liability (UAL)	\$ 612,713
Early Retirement (Unreduced)	50/25	Percent Funded	67.5%
	-	Amortization Period	
	-	For Positive UAL	27 years
Early Retirement (Reduced)	55/15	For Negative UAL	10 years
	-	Employer Contribution	
Final Average Compensation	3 years	For Fiscal Year Beginning	7/1/2013
COLA for Future Retirees		Percentage of Payroll	
2.50% (Non-Compound)		Normal Cost	-
COLA for Current Retirees		Amortization of UAL	-
2.50% (Non-Compound)		Total Employer Contribution	-
Member Contributions		Estimated Monthly Contribution <sup>2</sup>	
2.50%		Normal Cost	\$ 1,415
RS50% Percentage	50%	Amortization of UAL	2,985
D-2	-	Total Employer Contribution	\$ 4,400
		Annual GASB ARC	\$ 52,800
Active Members		Division-Specific Assumptions	
Number	2	Withdrawal Rate Scaling Factor	100%
Annual Payroll	\$ 142,746	FAC Increase Factor	0%
Retirees and Beneficiaries			
Number	3		
Annual Benefits	\$ 83,600		
Vested Former Members			
Number	3		
Annual Deferred Benefits	\$ 51,322		

<sup>1</sup> Valuation assets are equal to 1.205815 times the reported market value of assets.

<sup>2</sup> For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). For divisions that will have no new hires, invoices will be based on the above dollar amounts which are based on projected fiscal year payroll.

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix on the MERS website at: <http://www.mersofmich.com/Appendix>.

**Corunna City of (7604) - All New Hire7/01 (12)  
December 31, 2011 Actuarial Valuation Results**

Division Status	Open	Actuarial Accrued Liability	
Division Link Status	Linked	Active Members	\$ 276,988
Benefit Provisions		Retirees and Beneficiaries	0
Benefit Multiplier		Vested Former Members	0
Benefit B-2		Pending Refunds	0
		Total	\$ 276,988
Normal Retirement Age	60	Valuation Assets <sup>1</sup>	\$ 298,666
Vesting	10 years	Unfunded Accrued Liability (UAL)	\$ (21,678)
Early Retirement (Unreduced)	55/25	Percent Funded	107.8%
	-	Amortization Period	
	-	For Positive UAL	27 years
Early Retirement (Reduced)	50/25	For Negative UAL	10 years
	55/15	Employer Contribution	
Final Average Compensation	5 years	For Fiscal Year Beginning	7/1/2013
COLA for Future Retirees	None	Percentage of Payroll <sup>3</sup>	
COLA for Current Retirees	None	Normal Cost	7.36%
Member Contributions		Amortization of UAL	-1.18%
2.50%		Total Employer Contribution	6.18%
RS50% Percentage	-	Estimated Monthly Contribution <sup>2</sup>	
D-2	-	Normal Cost	\$ 1,622
		Amortization of UAL	(260)
		Total Employer Contribution	\$ 1,362
		Annual GASB ARC	\$ 16,344
Active Members		Division-Specific Assumptions	
Number	6	Withdrawal Rate Scaling Factor	100%
Annual Payroll	\$ 264,453	FAC Increase Factor	0%
Retirees and Beneficiaries			
Number	0		
Annual Benefits	\$ 0		
Vested Former Members			
Number	0		
Annual Deferred Benefits	\$ 0		

<sup>1</sup> Valuation assets are equal to 1.205815 times the reported market value of assets.

<sup>2</sup> For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). For divisions that will have no new hires, invoices will be based on the above dollar amounts which are based on projected fiscal year payroll.

<sup>3</sup> Based on the member contribution rate shown above. If member contributions are increased/decreased by 1.00% of pay, the Employer Contribution Rate will decrease/increase by 0.85%.

Details on MERS plan provisions, actuarial assumptions, and actuarial methodology can be found in the Appendix on the MERS website at: <http://www.mersofmich.com/Appendix>.

**Corunna City of (7604) - Police/Chief (20)**  
**December 31, 2011 Actuarial Valuation Results**

Division Status	Closed	Actuarial Accrued Liability	
Division Link Status	Not Linked	Active Members	\$ 0
Benefit Provisions		Retirees and Beneficiaries	663,556
Benefit Multiplier		Vested Former Members	0
Benefit B-3 (80% max)		Pending Refunds	0
		Total	\$ 663,556
Normal Retirement Age	60	Valuation Assets <sup>1</sup>	\$ 279,164
Vesting	10 years	Unfunded Accrued Liability (UAL)	\$ 384,392
Early Retirement (Unreduced)	50/25	Percent Funded	42.1%
	-	Amortization Period	
	-	For Positive UAL	16 years
Early Retirement (Reduced)	55/15	For Negative UAL	10 years
	-	Employer Contribution	
Final Average Compensation	3 years	For Fiscal Year Beginning	7/1/2013
COLA for Future Retirees		Percentage of Payroll	
2.50% (Non-Compound)		Normal Cost	-
COLA for Current Retirees		Amortization of UAL	-
2.50% (Non-Compound)		Total Employer Contribution	-
Member Contributions		Estimated Monthly Contribution <sup>2</sup>	
2.50%		Normal Cost	\$ 0
RS50% Percentage	50%	Amortization of UAL	2,673
D-2	-	Total Employer Contribution	\$ 2,673
		Annual GASB ARC	\$ 33,348
Active Members		Division-Specific Assumptions	
Number	0	Withdrawal Rate Scaling Factor	0%
Annual Payroll	\$ 0	FAC Increase Factor	0%
Retirees and Beneficiaries			
Number	2		
Annual Benefits	\$ 63,564		
Vested Former Members			
Number	0		
Annual Deferred Benefits	\$ 0		

<sup>1</sup> Valuation assets are equal to 1.205815 times the reported market value of assets.

<sup>2</sup> For divisions that are open to new hires, estimated contributions are based on valuation payroll. Actual contributions will be based on actual reported monthly pays, and will be different from the above amounts (usually higher). For divisions that will have no new hires, invoices will be based on the above dollar amounts which are based on projected fiscal year payroll.

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