



**COUNTY ADMINISTRATOR**  
220 NORTH MAIN STREET, P.O. BOX 8645  
ANN ARBOR, MICHIGAN 48107-8645  
(734)996-3055  
FAX (734)994-2592

**TO:** Al Robinson, Chair  
Ways & Means Committee

**THROUGH:** Robert E. Guenzel  
County Administrator

**FROM:** Verna McDaniel, Director  
Human Resources

**DATE:** May 5, 1999

**SUBJECT:** Request to Amend the Washtenaw County Employees Retirement System (WCERS)  
Ordinance—Pop-Up Clause

BOARD ACTION REQUESTED

Authorization to amend the Washtenaw County Employees Retirement System (WCERS) Ordinance.

BACKGROUND

On February 1, 1948, the Washtenaw County Board of Commissioners adopted an ordinance "authorizing the establishment of the Washtenaw County Employees Retirement System under the authority of Section 12a of Act No. 156, of the Public Acts of 1851, as added by Act No 249 of the Public Acts of 1943, as amended.

DISCUSSION

The purpose of this retirement system is to provide for retirement income to qualifying employees and former employees, and survivor income to their qualifying beneficiaries.

The Plan currently specifies in Section 24—Form Of Payment of a Pension

Under Form of Payment 2 and Form of Payment 3, " Should the named survivor beneficiary die before the retired member, the retired member's pension shall be recomputed (pop-up) to a straight life form of pension (Form of Payment SL)."

Section 24 of the Washtenaw County Employees Retirement System is hereby amended by adding the following new subsection:

**Section 1:** Should the named survivor beneficiary of a Form of Payment 2 or Form of Payment 3 pension benefit predecease the retired member, the retired member's pension shall be re-computed (pop-up) to a straight life pension (Form of Payment SL).

This pop-up benefit shall be applicable to all retirees who are in receipt of a Form of Payment 2 or Form of Payment 3 pension benefit.

In the event a survivor beneficiary has died prior to the effective date of this Amendment, the retiree's benefit amount shall be re-computed to a Form of Payment SL benefit which shall be payable prospectively only.

**Section 2.** If this Ordinance amendment or any portion thereof is held to be invalid by

Any court of competent jurisdiction, said decision shall not effect the validity of the remaining Provisions.

**Section 3.** This ordinance shall take effect 30 days from and after the date of its final Passage by the Board of Commissioners of the County of Washtenaw.

There is no change necessary to the current plan document language. We are adding language to extend the benefit to all retirees. This benefit was placed into effect on January 30, 1996 and was only applicable to those employees retiring after that date and electing a Form of Payment 2 or 3 option.

This amendment would extend the pop-up provision to all retirees drawing a pension that elected a Form of Payment 2 (100% Joint & Survivor) or Form of Payment 3 (50% Joint & Survivor) option. For future valuations of the plan the pre-January 30, 1996 retirees will be reported to have this pop-up benefit without incurring the additional reduction to their pension that would normally occur.

This pop-up benefit would be prospective only for those retirees whose beneficiary deceased prior to being eligible for this provision.

#### IMPACT ON HUMAN RESOURCES

None.

#### IMPACT ON BUDGET

A special study was conducted by Gabriel, Roeder, Smith & Company on December 23, 1998 to determine the actuarial cost for this benefit. It was projected that the cost would be approximately .32% of the County's current contribution to the plan.

#### CONFORMITY TO COUNTY POLICIES

This resolution conforms to Washtenaw County Policies & Procedures.

#### ATTACHMENTS

Results of the Actuarial study performed by GRS dated 12/23/98.

Washtenaw County Employees' Retirement System Plan Document

A RESOLUTION AMENDING THE WASHTENAW COUNTY EMPLOYEES RETIREMENT SYSTEM  
ORDINANCE—(POP-UP CLAUSE)

WASHTENAW COUNTY BOARD OF COMMISSIONERS

May 19, 1999

WHEREAS, the Washtenaw County Board of Commissioners approved the establishment of the Washtenaw County Employees Retirement System (WCERS) effective February 1, 1948; and

WHEREAS, additional amendments were made and authorized by the Washtenaw County Board of Commissioners effective January 1, 1994 restating the ordinance in its entirety; and

WHEREAS, this resolution amends the WCERS Ordinance to allow Washtenaw County, through the County Administrator, to provide for the re-computation and commencement of a straight life pension benefit in the event a designated survivor beneficiary (form of payment 2 or 3 beneficiary) predeceases a retiree; and

WHEREAS, this amendment will become effective 30 days from and after the date of its final passage by the Board of Commissioners,

WHEREAS, this matter has been reviewed by the Washtenaw County Employees' Retirement System Board of Trustees, Corporation Counsel, Finance, Human Resources, County Administrator's Office and the Ways & Means Committee

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby amends the Washtenaw County Employees Retirement System Ordinance, as attached hereto and made a part hereof

BE IT FURTHER RESOLVED that the actuary for the Washtenaw County Employees' Retirement System be notified of this amendment for future annual valuations of the plan.

Section 24 of the Washtenaw County Employees Retirement System is hereby amended by adding the following new subsection:

**Section 1:** Should the named survivor beneficiary of a Form of Payment 2 or Form of Payment 3 pension benefit predecease the retired member, the retired member's pension shall be re-computed (pop-up) to a straight life pension (Form of Payment SL).

This pop-up benefit shall be applicable to all retirees who are in receipt of a Form of Payment 2 or

Form of Payment 3 pension benefit.

In the event a survivor beneficiary has died prior to the effective date of this Amendment, the retiree's benefit amount shall be re-computed to a Form of Payment SL benefit which shall be payable prospectively only.

**Section 2.** If this Ordinance amendment or any portion thereof is held to be invalid by

Any court of competent jurisdiction, said decision shall not effect the validity of the remaining Provisions.

**Section 3.** This ordinance shall take effect 30 days from and after the date of its final Passage by the Board of Commissioners of the County of Washtenaw.

[Return to the Board of Commissioners Ways and Means Committee May 5, 1999  
Agenda Page](#)