



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

TO: Martha Kern, Chair  
Ways & Means Committee

THROUGH: Robert E. Guenzel  
County Administrator

FROM: Robert C. Hubbard, IV  
Retirement Administrator

DATE: March 7, 2001

SUBJECT: Approving An Amendment to the Washtenaw County Employees' Retirement System Ordinance Allowing the Re-entry of Sheriff's Department Non-Union Employees (Group 25) to the Washtenaw County Employees' Retirement System from the Municipal Employees' Retirement System of Michigan

**Board Action Requested:**

It is requested that the Board of Commissioners approve a resolution allowing the **re-entry** of Sheriff's Department Non-Union Employees (Group 25) who were previously members of the Washtenaw County Employees' Retirement System (WCERS) from the Municipal Employees' Retirement System of Michigan.

**Background:**

On December 17, 1986, the Washtenaw County Board of Commissioners passed a resolution authorizing compensation and benefits for a new, non-union employee group (Group 25) at the Sheriff's Department. This non-union group of employees was comprised solely of the Sheriff's Administrative Staff. The resolution authorized, among other benefits, the retirement system in which these employees would participate. The ordinance stated the following:

*If employees are transferred or promoted into positions in Group 25, they shall have the option of staying in their then current retirement plan or going in to the County Money Purchase Pension Plan. New County employees hired into these positions shall participate in the County Money Purchase Pension Plan.*

Of this group of non-union employees, many were already members of the Washtenaw County Employees' Retirement System (WCERS) and chose to leave WCERS in favor of the Money Purchase Pension Plan. Subsequent board resolutions later authorized the members of Group 25 to follow the benefits that were negotiated by the Command Officers Association of Michigan (COAM). This would include replacing the County Money Purchase Pension Plan with the Municipal Employees' Retirement System of Michigan (MERS), a move that was negotiated by both the COAM and POAM in 1995.

In November 2000, long-term incumbent Sheriff Ronald Schebil lost his bid for re-election. As a result, all employees that were a part of his administrative staff had their positions eliminated, effective January 1, 2001. Those that had been employed by the County on a long-term basis were suddenly faced with examining their retirement options.

Currently, there is a window of opportunity for Money Purchase Pension Plan (MPPP) participants who are former members of the WCERS plan to reacquire their membership in the WCERS plan. In a resolution approved by the Board of Commissioners on May 3, 2000, the WCERS ordinance was amended to read as follows:

*“Any former member of the WCERS plan (vested or non-vested) who elected to withdraw from the WCERS plan and is currently a member of the Washtenaw County Money Purchase Pension Plan, shall have the option of reacquiring membership in the WCERS plan...”*

### **Discussion**

If allowed to re-enter WCERS, these employees would be required to repay any contributions refunded to them by the WCERS plan, and transfer all contributions they have made to the MERS plan, as well as any interest earned on those contributions, into the WCERS plan.

Currently, the WCERS plan is viewed in two portions, General and Sheriff. The Sheriff's portion, as of the 2000 Actuarial Valuation, is overfunded by 17.92%. The County, therefore, does not have to fund retirement for the Sheriff's members. The WCERS Actuary has determined that allowing the Sheriff's Administration the opportunity to re-enter WCERS would reduce this overfunding to approximately 12.54%. The County would still not have to fund Sheriff's side of WCERS.

The County is still in an underfunded status with MERS. If these employees were allowed to re-enter the WCERS system from MERS, they would transfer all employee contributions and interest to WCERS. However, the employer contributions would remain with MERS. The removal of these employees from MERS will result in a lower liability within the County MERS plan. Since the County has been funding MERS with these employees as MERS members, removing them will increase the funding status on behalf of the County and should lower the amount the County will need to continue funding MERS. The net result of the re-entry is an increase in the funding status of the County's MERS plan and the retention of the overfunding status of the WCERS Sheriff's portion.

**Impact on Human Resources:**

Allowing Washtenaw County Sheriff's Department employees (Group 25), who had their employment terminated as a result of the 2000 Sheriff's election, to re-enter WCERS from MERS, requiring the Retirement Administrator to coordinate and oversee the proper transfer of funds from MERS to WCERS.

**Impact on Budget:**

The proposed resolution, if approved, will reduce liability in MERS that the County uses to determine its funding percentage. Also, the resolution will not require any additional funding into the WCERS plan.

**Impact on Indirect Costs:**

None

**Impact on Other County Departments or Outside Agencies:**

None

**Conformity to County Policies**

None

A RESOLUTION AMENDING SECTION 4-“MEMBERSHIP IN RETIREMENT SYSTEM” AND EXTENDING SECTION 4 (b) OF THE WASHTENAW COUNTY EMPLOYEES’ RETIREMENT SYSTEM ORDINANCE AS AMENDED AND RESTATED TO ALLOW RE-ENTRY OF FORMER SHERIFF DEPARTMENT NON-UNION MEMBERS (GROUP 25) AND TO CONFORM TO APPLICABLE PROVISIONS OF STATE AND FEDERAL LAWS BE IT ORDAINED BY THE BOARD OF COMMISSIONERS OF THE COUNTY OF WASHTENAW

WASHTENAW COUNTY BOARD OF COMMISSIONERS

March 21, 2001

WHEREAS, the Washtenaw County Employees’ Retirement System was established on February 1, 1948 in order to provide pensions to certain employees; and

WHEREAS, the Washtenaw County Board of Commissioners has approved recent pension enhancements brought before the Board of Commissioners; and

WHEREAS, this ordinance amends the sections effected by these pension enhancements to the Washtenaw County Employees’ Retirement System; and

WHEREAS, AFSCME Local 2733 and Non-Union employees have been offered the opportunity for previous participants of the Washtenaw County Employees’ Retirement System to “buy-back” and reenter the system; and

WHEREAS, there was a number of non-union employees (Group 25) not retained by Washtenaw County as a result of 2000 election for Sheriff; and

WHEREAS, a number of these employees are former members of the Washtenaw County Employees’ Retirement System, and are now currently participating in the Municipal Employees’ Retirement System of Michigan; and

WHEREAS, these employees have presented individual requests to the Board of Commissioners regarding their retirement benefits; and

WHEREAS, this matter ahs been reviewed by the Corporation Counsel, Finance Office, Human Resources, County Administrator’s Office, Employees Retirement Commission and the Ways & Means Committee; and

WHEREAS, these requests have been considered by the Board of Commissioners

NOW THEREFORE BE IT RESOLVED that the Washtenaw County Board of Commissioners hereby adopts the amendment to Section 4 (b) the Ordinance of the Washtenaw County Employees' Retirement System to allow Non-Union Sheriff's Department employees (Group 25) who were formerly members of the Washtenaw County Employees' Retirement System to re-enter the Washtenaw County Employees' Retirement System from the Municipal Employees' Retirement System

BE IT FURTHER RESOLVED that this re-entry for Non-Union employees of the Sheriff's Department (Group 25) shall be limited to those employees who were former members of the Washtenaw County Employees' Retirement System, and whose positions were not retained as a result of the election for the office of Washtenaw County Sheriff

BE IT FURTHER RESOLVED that such employees wishing to re-enter the Washtenaw County Employees' Retirement System must repay all distributions made to them, with any applicable interest, from any of the following retirement systems: the Washtenaw County Employees' Retirement System, the Washtenaw County Money Purchase Pension Plan, and the Municipal Employees Retirement System of Michigan

BE IT FURTHER RESOLVED that such employees wishing to re-enter the Washtenaw County Employees' Retirement System must make such application by 5:00 pm on Monday, April 30, 2001