



*Michigan Department of*  
**TREASURY**

**Engagement. Service. Improvement.**

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**PA 202 of 2017: The Protecting Local  
Government Retirement and Benefits Act**

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**Background:  
Public Act  
202 of 2017**



# PA 202 of 2017 Background

- Protecting Local Government Retirement and Benefits Act (PA 202) implements the recommendations from the Responsible Retirement Reform Task Force
- Act became law December 2017

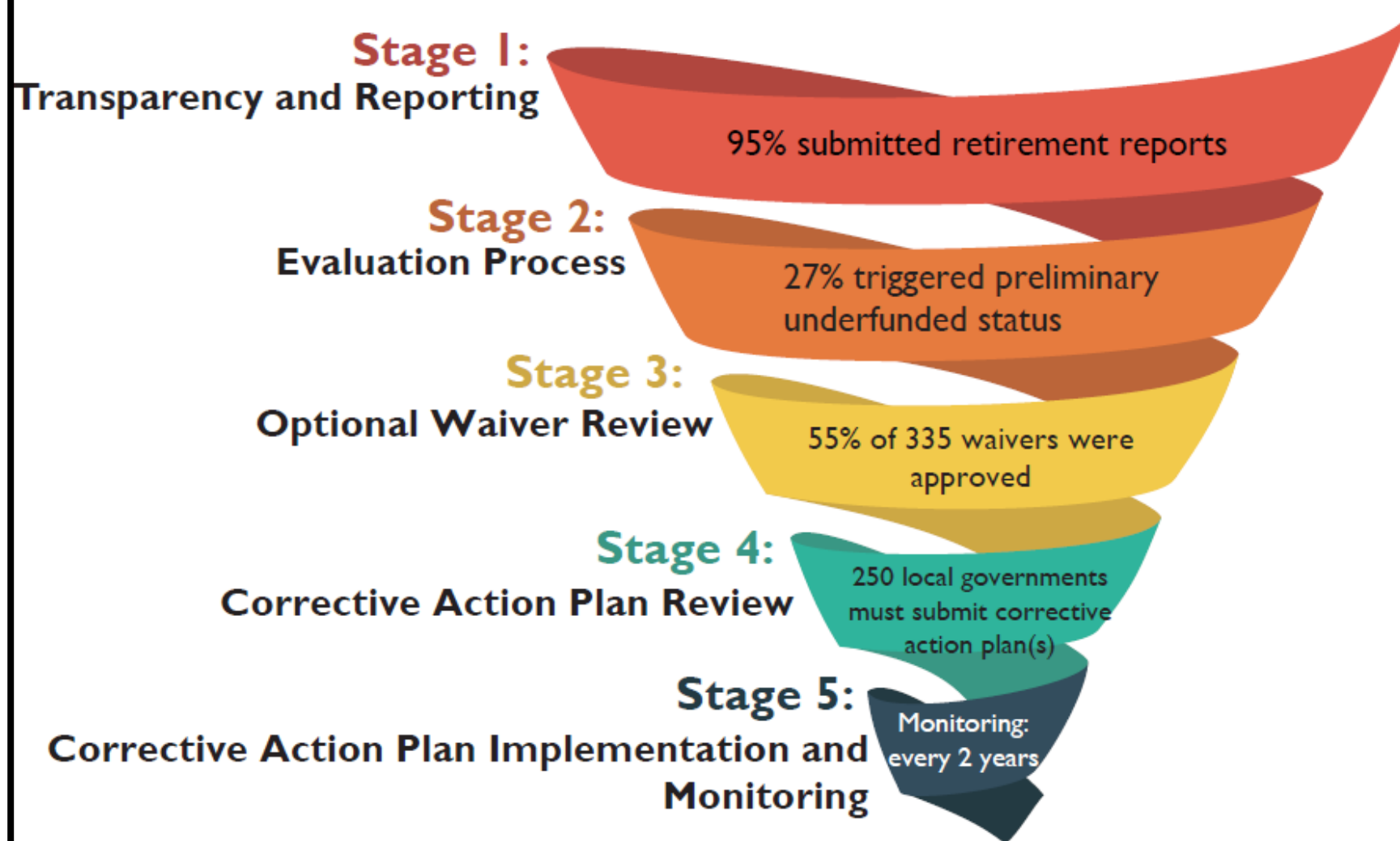
# Requirements and Process: Public Act 202 of 2017

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# Reporting Data - Fiscal Years 2017 - 2019

Reporting dates: December 20, 2017 - June 30, 2020



*\*\*Amounts and percentages are subject to rounding.*

# Corrective Action Plan Approval Criteria

- ▶ Best practices and approval criteria have been created, and are updated annually, demonstrating what the Board will consider during corrective action plan review
- ▶ **Approval Criteria**
  - 1) **Underfunded Status**
  - 2) **Legality**
  - 3) **Affordability**

# Corrective Action Plan Monitoring: Certification of Compliance

- ▶ Approved corrective action plan(s) shall be monitored for compliance every two years
  - First monitoring reviews began in late 2020
- ▶ **Certification Criteria**
  - 1) **Underfunded Status**
  - 2) **Review for Substantial Changes**
  - 3) **Sustainability**

**Reporting  
Data :  
Public Act 202  
of 2017**



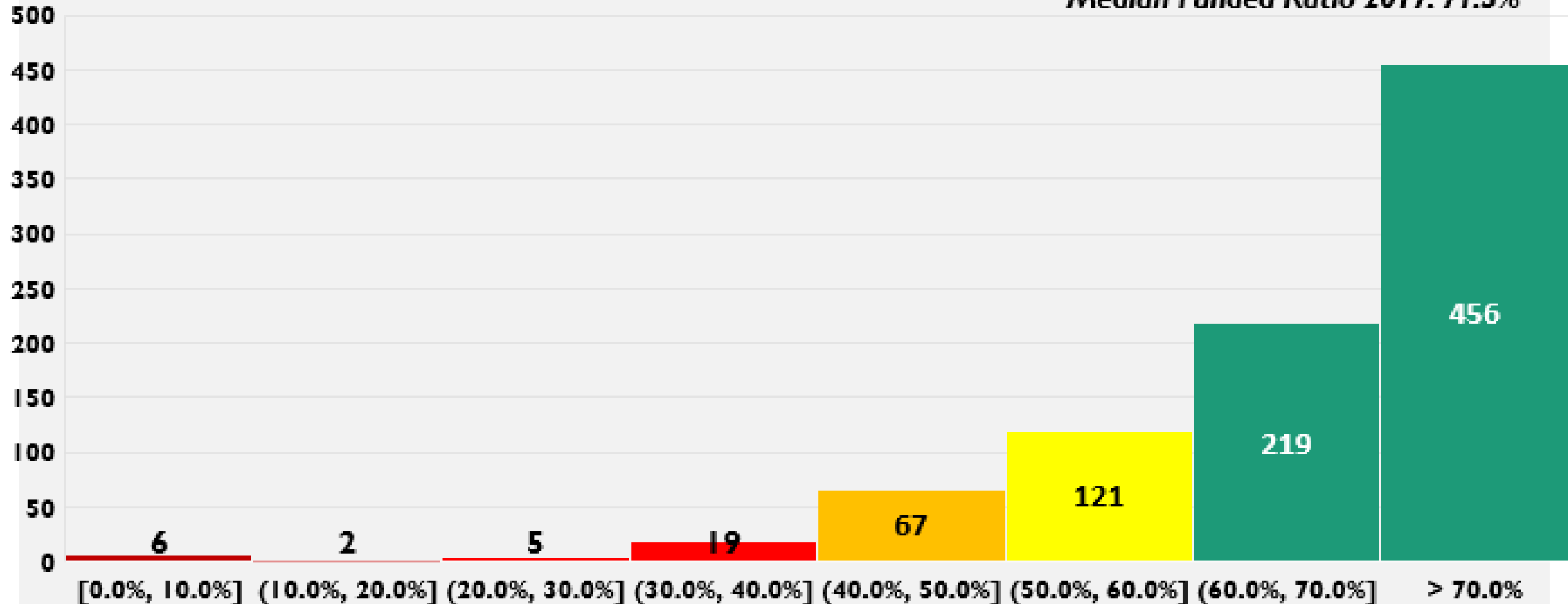


# Pension System Funded Ratios FY 2019

Total Systems: 900

Median Funded Ratio 2019: 70.7%

Median Funded Ratio 2017: 71.5%

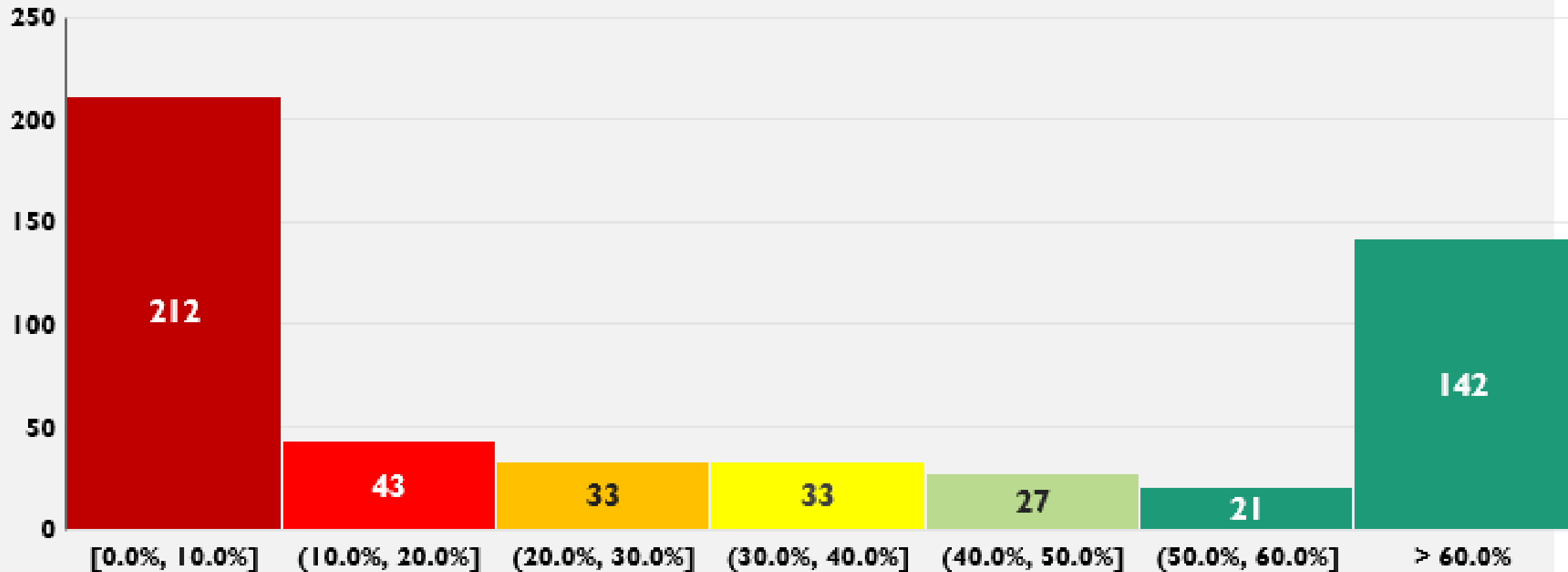


# Retiree Healthcare System Funded Ratios FY 2019

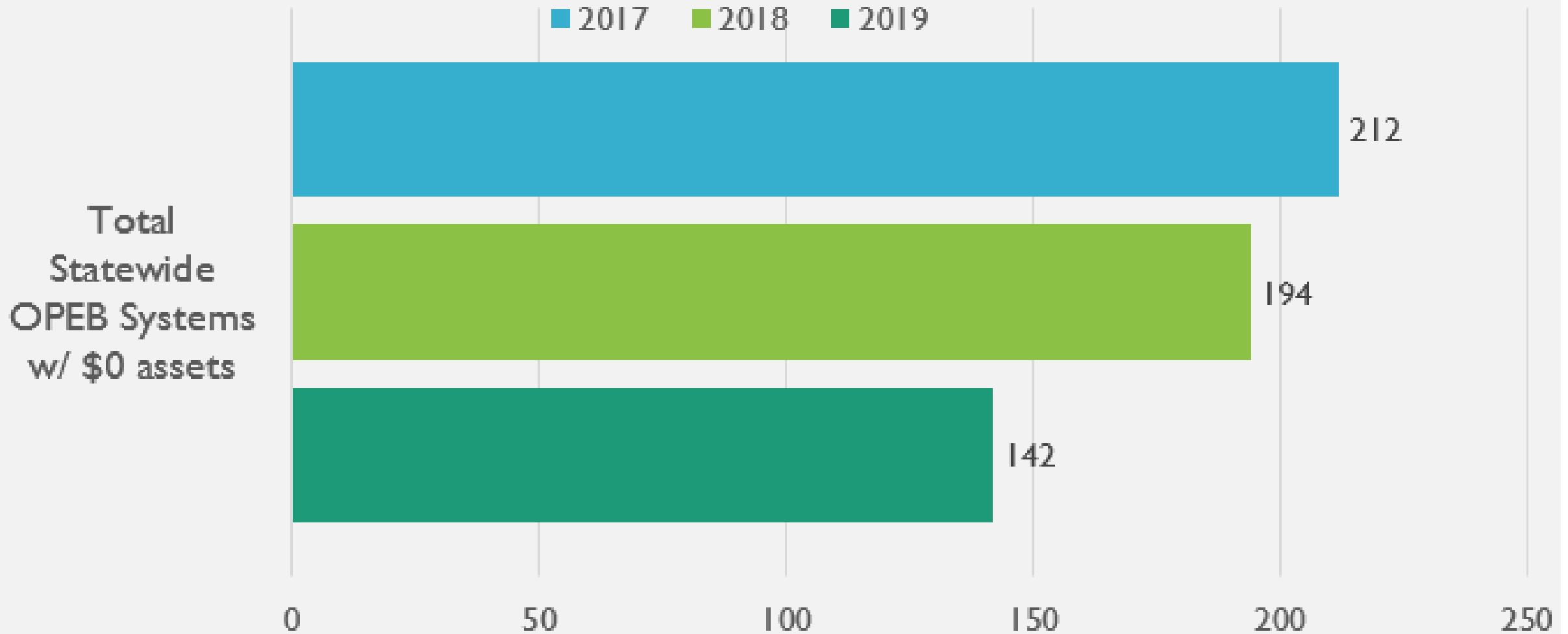
Total Systems: 511

Median Funded Ratio 2019: 20.9%

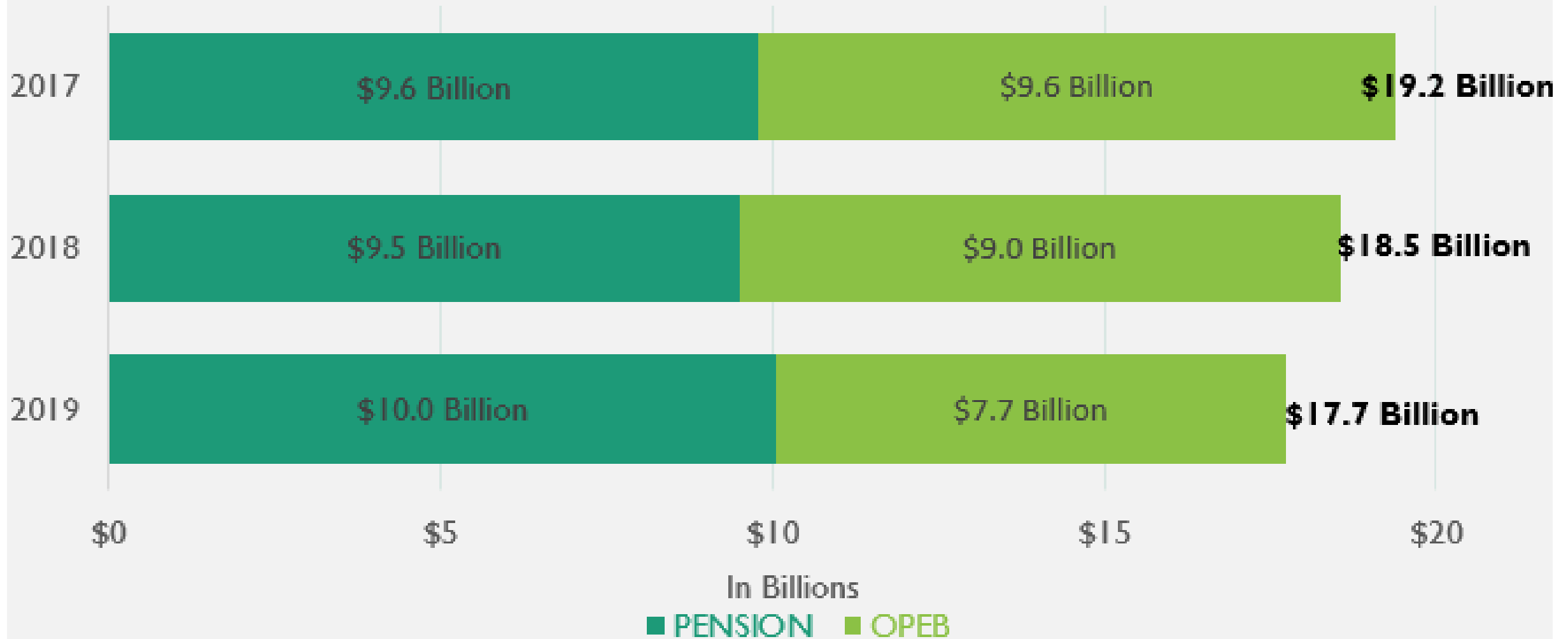
Median Funded Ratio 2017: 7.1%



# Unfunded (\$0 Assets) OPEB Systems 2017-2019



# Unfunded Liabilities 2017-2019



# Impacts: Public Act 202 of 2017

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# Local Government Corrective Actions

## ▶ Pension Corrective Actions

- Reduced multipliers for new hires AND/OR bridged benefits for existing employees
- Made additional requirements above ADC
- Increased member contributions
- Changed final average compensation
- Closed retirement system to new hires

# Local Government Corrective Actions

## ▶ **OPEB Corrective Actions**

- ▶ Made additional requirements above “Pay-Go” amount
- ▶ Established a qualified OPEB medical trust for
- ▶ Closed OPEB system to new hires
- ▶ Increased coinsurance/copays
- ▶ Increased member contributions

# Important Information and Direct Assistance

## ▶ **Statewide Reporting:**

- ▶ Local Government Reporting Status
- ▶ Pension and OPEB Reporting Data
- ▶ Compliance Status
- ▶ Summary Reporting and Uniform Assumptions

[Michigan.gov/LocalRetirementReporting](https://Michigan.gov/LocalRetirementReporting)

## ▶ **Approved Corrective Action Plans:**

[Michigan.gov/MSB](https://Michigan.gov/MSB)

## ▶ **Targeted Assistance**



# Questions

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