

MACOMB COUNTY HUMAN RESOURCES POLICY

RETIREMENT SYSTEM

A. Retirement Benefits: The County shall continue the benefits as provided by the presently constituted Macomb County Employee's Retirement Ordinance, and the County and the employee shall abide by the terms and conditions thereof, provided, that the provisions thereof may be amended by the Retirement Board as provided by the statutes of the State of Michigan. An annual statement of employee's contributions is available upon request.

B. **Full-time employees hired into the County on or before December 31, 2001 or who are vested as of July 24, 2009:**

Employee Contribution: The employee's contribution to the retirement system is 3.5% of the employee's compensation.

County Pension Maximum: The County pension shall not exceed 65% of an employee's Final Average Compensation.

Pension Multiplier: The pension multiplier is 2.4% for the first 26 years of credited service and 1% for each year of credited service thereafter.

Final Average Compensation Formula: The formula for computing Final Average Compensation, used for calculating pension benefits for eligible members, shall be based on the average of an employee's 104 highest consecutive pay periods of compensation out of the last 260 pay periods.

Retroactive Effect: Notwithstanding the provisions of the Retirement Ordinance, when an employee's Final Average Compensation is calculated, any retroactive wages provided shall be counted as if the retroactive wages were paid to the employee when the wages were paid, not when they were earned by the employee.

Pension Calculation: The County pension, which when added to an employee pension, will provide a Straight Life pension benefit equal to the number of years, and fraction of a year, of an employee's credited service multiplied by the sum of 2.4% of the employee's Final Average Compensation for the first 26 years of credited service and 1% for each year of credited service thereafter.

Effective January 1, 2020, in no case shall the Straight Life pension benefit for eligible members under this contract exceed 100% of the employee's base salary at the time of retirement. Such limitation shall be applied to the eligible member's

Straight Life pension benefit calculation prior to an applicable actuarial adjustment, if any, for the member's selection of an optional form of benefit or the annuity withdrawal option and shall also apply to the member's DROP benefit.

Eligibility: employees who meet the following criteria may retire upon their written application filed with the Retirement Board:

1. Attained the age of 60 years and has 8 or more years of credited service; or
2. Attained the age of 50 years and has 8 or more years of credited service, if the employee's age, when added to the employee's years of credited service, equal the sum of 70 or more

Upon the employee's retirement, the employee shall receive a pension as provided in the Macomb County Employees' Retirement Ordinance.

In the event a former member is re-employed by the County as a full-time employee within 4 years from their last separation date, membership is reinstated.

1. For employees who have multiple terms of employment as a member in Macomb County Employees' Retirement System, the following shall apply:
 - a. If an employee was vested during the first term of employment, the pension will be calculated per the terms of the original date of hire.
 - b. If an employee was not vested during the first term of employment, the pension will be calculated per the terms of the employee's rehire date.

In the event a former member is re-employed by the County as a full-time employee and it has been 4 or more years since their last separation date, their membership will not be re-instated, and they will enter the 401(a) Defined Contribution plan.

C. Full-time employees hired into the County on or after January 1, 2002:

Employee Contribution: The employee's contribution to the retirement system is 2.5% of the employee's compensation.

County Pension Maximum: The County pension shall not exceed 66% of an employee's Final Average Compensation.

Pension Multiplier: The pension multiplier is 2.2% for all years of credited service.

Final Average Compensation Formula: The formula for computing Final Average Compensation, used for calculating pension benefits for eligible members, shall be

based on the average of an employee's 130 highest consecutive pay periods of compensation out of the last 260 pay periods.

Retroactive Effect: Notwithstanding the provisions of the Macomb County Employees' Retirement Ordinance, when an employee's Final Average Compensation is calculated, any retroactive wages provided shall be counted as if the retroactive wages were paid to the employee when the wages were paid, not when they were earned by the employee.

Pension Calculation: The County pension, which when added to an employee pension, will provide a Straight Life pension benefit equal to the number of years, and fraction of a year, of an employee's credited service multiplied by the sum of 2.2% of the employee's Final Average Compensation for all years of credited service.

Effective January 1, 2020 in no case shall the Straight Life pension benefit for eligible members under this contract exceed 100% of the employee's base salary at the time of retirement. Such limitation shall be applied to the eligible member's Straight Life pension benefit calculation prior to an applicable actuarial adjustment, if any, for the member's selection of an optional form of benefit or the annuity withdrawal option and shall also apply to the member's DROP benefit.

Eligibility: employees who meets the following criteria may retire upon their written application filed with the Retirement Board:

1. Attained the age of 60 years and has 8 or more years of credited service; or
2. Attained the age of 55 years and has 25 years of credited service

Upon the employee's retirement, the employee shall receive a pension as provided in the Macomb County Employees' Retirement Ordinance.

In the event a former member is re-employed by the County as a full-time employee within 4 years from their last separation date, membership is reinstated.

1. For employees who have multiple terms of employment as a member in Macomb County Employees' Retirement System, the following shall apply:
 - a. If an employee was vested during the first term of employment, the pension will be calculated per the terms of the original date of hire.
 - b. If an employee was not vested during the first term of employment, the pension will be calculated per the terms of the employee's rehire date.

In the event a former member is re-employed by the County as a full-time employee and it has been 4 or more years since their last separation date, their membership will not be re-instated, and they will enter the 401(a) Defined Contribution plan.

D. Full-time employees hired into the County on or after January 1, 2012:

Employee Contribution: The employee's contribution to the retirement system is 2.5% of the employee's compensation.

County Pension Maximum: The County pension shall not exceed 66% of an employee's Final Average Compensation.

Pension Multiplier: The pension multiplier is 2.2% for all years of credited service.

Final Average Compensation Formula: The formula for computing Final Average Compensation, used for calculating pension benefits for eligible members, shall be based on the average of an employee's 130 highest consecutive pay periods of compensation out of the last 260 pay periods.

Retroactive Effect: Notwithstanding the provisions of the Macomb County Employees' Retirement Ordinance, when an employee's Final Average Compensation is calculated, any retroactive wages provided shall be counted as if the retroactive wages were paid to the employee when the wages were paid, not when they were earned by the employee.

Pension Calculation: The County pension, which when added to an employee pension, will provide a Straight Life pension benefit equal to the number of years, and fraction of a year, of an employee's credited service multiplied by the sum of 2.2% of the employee's Final Average Compensation for all years of credited service.

Effective January 1, 2020 in no case shall the Straight Life pension benefit for an eligible member under this contract exceed 100% of the employee's base salary at the time of retirement. Such limitation shall be applied to an eligible member's Straight Life pension benefit calculation prior to an applicable actuarial adjustment, if any, for the member's selection of an optional form of benefit or the annuity withdrawal option and shall also apply to the member's DROP benefit.

Eligibility: employees who meets the following criteria may retire upon their written application filed with the Retirement Board:

1. Attained the age of 60 years and has 15 or more years of credited service; or
2. Attained the age of 55 years and has 25 years of credited service

Upon the employee's retirement, the employee shall receive a pension as provided in the Macomb County Employees' Retirement Ordinance.

In the event a former member is re-employed by the County as a full-time employee within 4 years from their last separation date, membership is reinstated.

1. For employees who have multiple terms of employment as a member in Macomb County Employees' Retirement System, the following shall apply:
 - a. If an employee was vested during the first term of employment, the pension will be calculated per the terms of the original date of hire.
 - b. If an employee was not vested during the first term of employment, the pension will be calculated per the terms of the employee's rehire date.

In the event a former member is re-employed by the County as a full-time employee and it has been 4 or more years since their last separation date, their membership will not be re-instated, and they will enter the 401(a) Defined Contribution plan.

E. Full-time employees hired into the County prior to 01/01/2016:

Annuity Withdrawal: Members may elect to take an Annuity Withdrawal, excluding non-duty disability retirement and non-duty death. The utilization of this option shall be governed by any applicable Annuity Withdrawal provisions of the Macomb County Employees' Retirement Ordinance.

Purchase of Military Service Credits: Members who wish to purchase military service credits as provided in the Macomb County Employees' Retirement Ordinance shall be allowed to purchase said credits through payroll deduction. If a member chooses the payroll deduction option, the cost to purchase military service credit shall be computed as provided in the Macomb County Employees' Retirement Ordinance.

Option D: Members shall have the option of selecting survivor's benefits in conjunction with the retirement option described in the Macomb County Employees' Retirement Ordinance commonly known as "Option D – Level Income Option". Said survivor's benefits shall correspond to those benefits known as Option A – 100% Survivor Allowance, Option B – 50% Survivor Allowance and Option C – Allowance for 10 Years Certain and Life Thereafter, as described in the Macomb County Employees' Retirement Ordinance.

Pop Up Option: Members may elect this option in combination with Option A or B of the Macomb County Employees' Retirement Ordinance. Under this option, a reduced retirement allowance is payable during the joint lifetime of the retirant and their beneficiary nominated under Option A or B, whichever is elected. Upon the death of the retirant, their beneficiary will receive a retirement allowance for life equal to the percentage specified by Option A or B of the reduced retirement income payable during the joint lifetime of the retirant and their beneficiary. Upon the death of the beneficiary, the retirant will receive a retirement allowance equal to 100% of the amount specified

by the Macomb County Employees' Retirement Ordinance for the remaining lifetime of the retirant. The reduced retirement allowance payable during the joint lifetime of the retirant and their beneficiary together with the retirement allowance payable to one upon the death of the other will be actuarially equivalent to the retirement allowance provided by the Macomb County Employees' Retirement Ordinance as a single life annuity. This provision shall be without force or effect unless or until the retirant submits acceptable documentation of the death of their beneficiary to Macomb County Retirement Services.

Deferred Retirement Allowance Option: In the event a vested member, leaves the employ of the County prior to the date they have satisfied the age and service requirements for retirement provided in the Macomb County Employees' Retirement Ordinance, for any reason except their disability retirement or death, they shall be entitled to retire at the normal retirement age and be subject to the retirement formula in effect at the time they left County employment and as provided for in the Macomb County Employee's Retirement Ordinance, provided that they do not withdraw their accumulated contributions from the employees savings fund. Their retirement allowance under the plan in effect at the employee's termination of County employment shall begin the first day of the calendar month following the date their application for same is filed with the Retirement Board after the employee would have become eligible for retirement under the plan had the employee's employment not been terminated.

A vested former member who withdraws accumulated member contributions and voluntarily forfeits credited service in the System thereby forfeits all rights in and to the portion of the pension attributable to the forfeited credited service.

There shall be no pension paid to an eligible vested former member until an application for retirement is submitted and approved. In the event an eligible vested member dies prior to applying for their pension, their beneficiary or estate/trust shall not be entitled to a pension. The vested member's beneficiary or estate/trust shall receive the contributions and interest earned as of the date of the vested member's death.

Non-Duty Death Before Retirement, Beneficiary Nominated: Any member who is vested may at any time prior to the effective date of their retirement elect Option A provided in the Macomb County Employees' Retirement Ordinance in the same manner as if they were then retiring from County employment, and nominate a beneficiary whom the Retirement Board finds to be dependent upon the said member for at least 50 percent of their support due to lack of financial means. Prior to the effective date of their retirement a member may revoke their said election of Option A and nomination of beneficiary and they may again elect the said Option A and nominate a beneficiary as provided in this section. Upon the death of a member who has an Option A election in force their beneficiary, if living, shall immediately receive a retirement allowance computed in the same manner in all respects as if the said member had retired the day preceding the date of their death, notwithstanding that they might not have attained the age of 60 years. If a member has an Option A election in force at the time of their retirement their said election of Option A and nomination of beneficiary shall thereafter continue in force; provided, that prior to the effective date of their retirement, they

shall have the right to elect to receive their retirement allowance as a Straight Life pension benefit or under Option B provided in the Macomb County Employees' Retirement Ordinance. No retirement allowance shall be paid under this section on account of the death of a member if any benefits are paid or will become payable under the Macomb County Employees' Retirement Ordinance on account of their death.

Non-Duty Death Before Retirement, Non-spousal Beneficiary Nominated: In the event of a non-duty death of a vested member prior to retirement, a non-spousal beneficiary shall receive only contributions and interest.

Non-Duty Death Retirement Allowance, Automatic Provisions: Any vested member who continues County employment and (1) dies while in County employment and (2) leaves a spouse, the spouse shall immediately receive a retirement allowance computed in the same manner in all respects as if the member had (1) retired the day preceding the date of the member's death, notwithstanding that the member might not have attained age 60 years, (2) elected Option A in the Macomb County Employees' Retirement Ordinance.

Deferred Retirement Option Plan (DROP): The Deferred Retirement Option Plan (DROP) is detailed in the Human Resources Deferred Retirement Option Plan policy. Vesting for the purposes of DROP excludes service time under Reciprocal Act 88.

F. Full-time employees hired into the County on or after January 1, 2016:

1. Will be eligible to receive a one-time fixed payment of \$1,000 from the Macomb County Employees' Retirement System. This payment will be made to an employee after separation from employment and who meets the Employer contribution vesting requirements as outlined in Section F.5 and after the completion of 5 years of service.
2. Will not be eligible for or participate in the Macomb County Employees' Retirement System for any other benefit, including DROP, other than for the fixed payment as outlined in Section F.1.
3. Will participate in a Defined Contribution Retirement Plan. Employees shall contribute 3% of the employee's base pay and the Employer shall contribute 6% of the employee's base pay.

Upon the completion of 5 years of actual service with the Employer, employees shall be eligible to elect to increase their contribution by 1% of the employee's base pay. Per IRS regulations, the additional 1% contribution is a post-tax contribution. If such election is made by the employee, the Employer shall increase its contribution from 6% to 8% of the employee's base pay.

4. Will not be eligible for Employer provided retiree medical, prescription drug, dental or vision coverage and life insurance. The eligible employee, however, shall receive \$100 per pay period, deposited by the County, into the Defined Contribution Retirement Plan, not to exceed \$2600 per year.

5. Employees shall have the following schedule as it relates to vesting for the Employer contributions:

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| Completion of 1 year of service | 20% |
| Completion of 2 years of service | 40% |
| Completion of 3 years of service | 60% |
| Completion of 4 years of service | 80% |
| Completion of 5 years of service | 100% |



Office of County Executive
Andrew McKinnon, Deputy County Executive

4/27/2023

Date

Approved: July 8, 2014
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