

# Economic Vitality Incentive Program/County Incentive Program FY 2014 Unfunded Accrued Liability Plan

Local Unit Name: City of Saginaw  
Local Unit Code: 732020

## PREVIOUS ACTION TAKEN TO REDUCE UNFUNDED ACCRUED LIABILITIES

Previous Actions Taken To Reduce Unfunded Accrued Liabilities		
	Unfunded Accrued Liability Type	Previous Action Taken
1.	MERS Pension	UAL = \$76,562,229 Funded Ratio = 47% The DB pension system was closed in 2000 to all new hires. New hires were enrolled in a Defined Contribution Plan.
2.	Police and Fire Pension	UAL= \$69,116,726 Funded Ratio = 62.2% The DB pension system was closed to new hires in 2000. New Hires are now enrolled in a Defined Contribution plan.
3.	OPEB	<p>UAL= \$220,255,745 Funded Ratio = 1.6%</p> <p>Negotiated Plan Design Changes for <b>Active</b> Employees as follows:</p> <p><u>2009</u> Deductibles = From \$0 to \$250/\$500, Out of Pocket Max. From \$0 to \$1000/\$2000, RX From 10/20 to 10/40, Employee bi-weekly contributions From \$0 to \$20</p> <p><b>New Hires</b> no longer eligible for Retiree Health care. Implemented a Health Care Savings Plan in lieu of retiree healthcare</p> <p><u>2011/2012</u> Deductibles = From \$250/\$500 to \$500/\$1000, Out of Pocket Max. From \$1000/\$2000 to \$2000/\$4000, RX From 10/40 to 7/35/70, Employee bi-weekly Contributions From \$20 to Single \$20/ 2-person \$35/ Family \$50 with a \$5 per year escalator for each category.</p> <p><b>Retiree Healthcare</b> July 1, 2013 Moved all retirees from 22 different healthcare plans to the same healthcare plan as active employees. Retirees hired an attorney, formed an association and were successful in getting a Court ordered injunction which stopped the City from going forward with the change. Estimated savings to the City would have been 3 million to 4 million dollars annually. Currently going through discovery phase in litigation.</p>

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## How Will The Local Unit Continue To Implement And Maintain Previous Actions Taken

Through contract negotiations the City will continue to implement previous actions to reduce UAL. The City will continue to proceed with the retiree litigation in an effort to get retirees into a more affordable plan for the City.

## Additional Actions That Could Be Implemented

Note: Actuarial assumption changes and issuance of debt instruments do not qualify as a new action.

1.	Police and Fire Pension System to MERS. The City is currently in negotiations with the Police units to move the Pension system to MERS rather than the locally controlled police and fire board of trustees. Actuarial analysis has projected that by moving both Police units and the Fire unit to MERS would reduce the Annual Required Contribution for 2014/2015 by \$1,719,241. The reduced Annual Required Contribution would continue to be reduced with an estimated savings of \$56,556,358 through 2042.
2.	As labor contracts expire, the City will negotiate proposals that will reduce DB pension costs with reduced multipliers and reduced adders (overtime and PTO banks). For healthcare cost reductions, the City will continue to negotiate proposals for increased co-pays, increased deductibles and increased employee contributions.