



St. Clair County Employees' Retirement System

Board Summary of December 31, 2024 Actuarial Valuation

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August 19, 2025

2024 Highlights

Asset Performance

- 2024 Market performance
 - Asset return of 10.5% on market basis
 - Asset smoothing in place to limit volatility

Current Year Results

- Experience Study
 - All recommended assumption changes adopted
 - Liability increase of \$1.14M
- Liability impacted by higher pay increases than expected and early retirements
- Plan Funding Ratio
 - Market Value Funding Percentage: 81% to 84%
 - Smoothed Value Funding Percentage: 89% to 88%
- Recommended Contribution
 - Increased from \$7.6M to \$9.0M

Looking Ahead

- Review 15-year funding projections
- Pub-2016 Mortality Tables

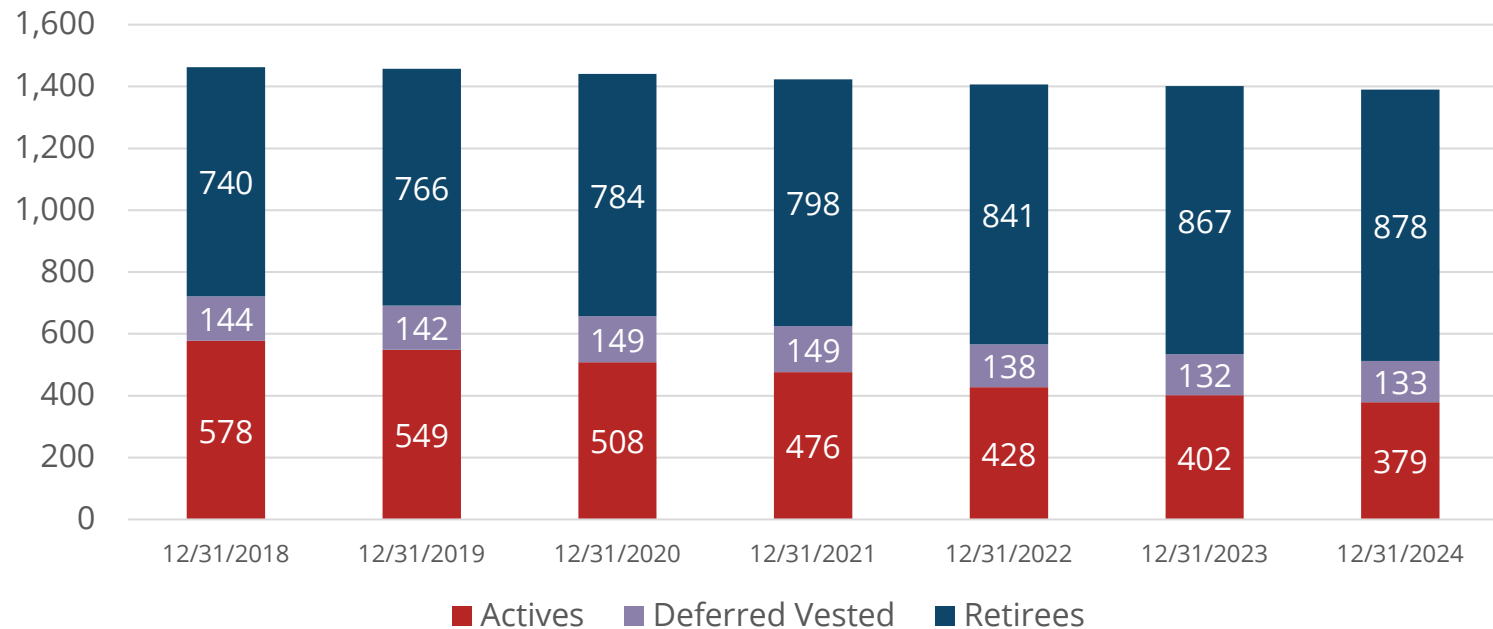


Recap of Experience Study Changes

- Experience Study reviewed at August 2024 Board Meeting
 - Setting good assumptions is key to accurate actuarial measurements and projections
 - Use actuarial judgement to smooth experience to provide a reasonable recommendation
- Board adopted all recommended assumption changes
 - Increase to salary scale
 - Adjustments to retirement rates and withdrawal rates
 - Updated mortality table for Road Commission
 - Interest rate assumption remained at 7.00%
- Experience study assumption changes first implemented in this 12/31/2024 valuation

Impact of All Proposed Changes: Increases contribution by \$965,000. The most significant driver of the contribution increase was the adjustments to the salary scale.

Participant Information



- 20 Active employees retired, 5 terminated, and 1 passed away
- 17 Retirees and survivors passed away, with 5 new beneficiaries
- 3 New Hires entered the Plan
- Average retiree benefit is \$1,882/month.



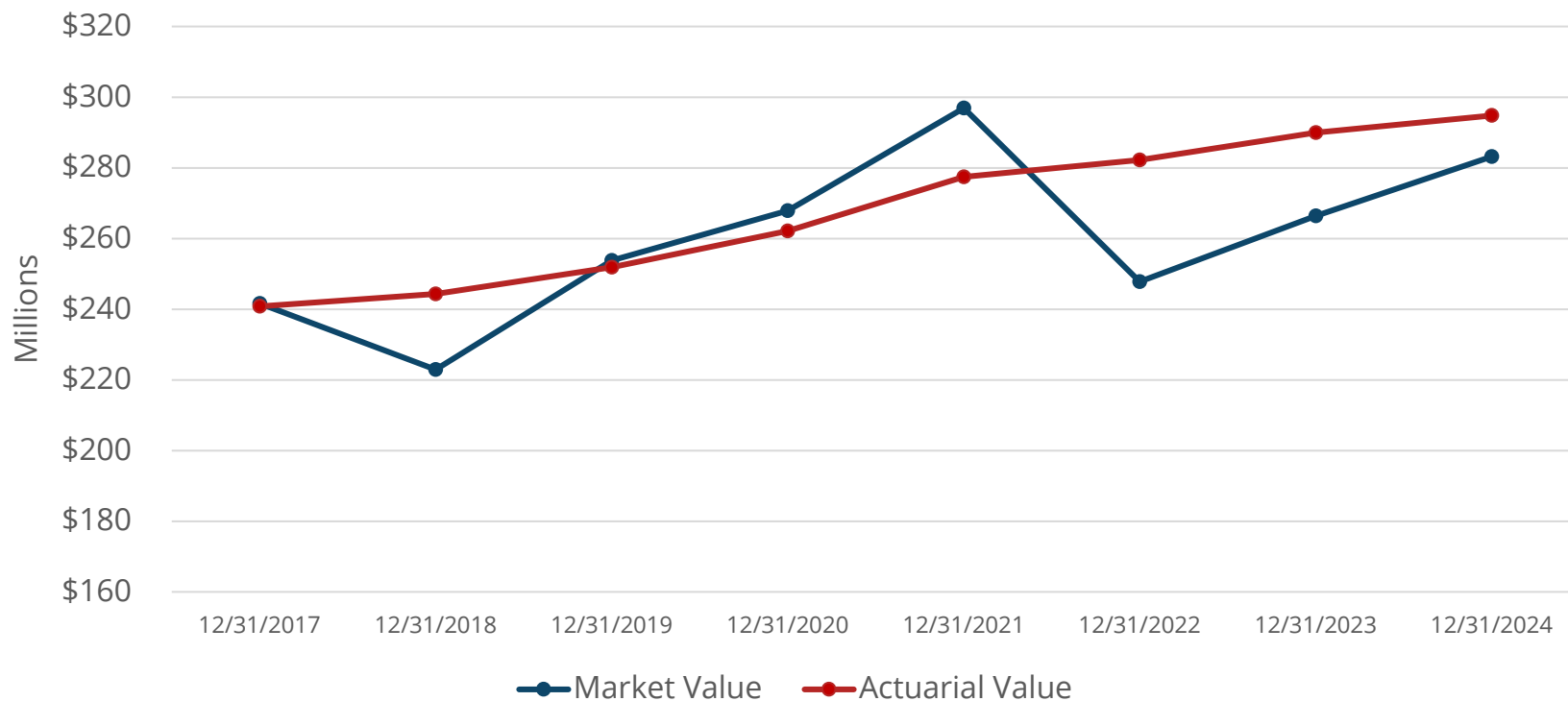
Actuarial Value of Assets Reconciliation

	General	Mental Health	Road Commission	Total
Actuarial Value of Assets, 12/31/2023	\$188,541,000	\$60,146,000	\$41,299,000	\$289,986,000
Employer Contributions	5,614,000	1,257,000	786,000	7,657,000
Employee Contributions	1,134,000	399,000	147,000	1,680,000
Benefit Payments	(12,773,000)	(3,427,000)	(3,587,000)	(19,787,000)
Expenses	(107,000)	(34,000)	(24,000)	(165,000)
Investment Income	10,055,000	3,212,000	2,166,000	15,433,000
Actuarial Value of Assets, 12/31/2024	\$192,464,000	\$61,553,000	\$40,787,000	\$294,804,000



Historical Asset Information (\$Millions)

Market and Actuarial Value of Assets (\$ in millions)



	12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021	12/31/2022	12/31/2023	12/31/2024
Market Value	\$241.6	\$222.9	\$253.8	\$267.9	\$296.9	\$247.8	\$266.4	\$283.2
Actuarial Value	\$240.8	\$244.3	\$251.9	\$262.1	\$277.4	\$282.3	\$290.0	\$294.8
Actuarial Value / Market Value	100%	110%	99%	98%	93%	114%	109%	104%

2024 Plan Experience

- Review end of year liability compared to expected
- Rolled forward with normal cost, benefit payments, and interest
- Assumption changes adopted from last Experience Study
- Overall liability was higher than expected by \$1.2M
 - There were fewer participant deaths than expected (18 participants passed away, compared to an expectation of 29)
 - Salaries grew more than expected with increases of 3.9% compared to expected 2.5%.
 - The salary scale assumptions were adjusted during the Experience Study

Liability (gain)/loss	
Actuarial liability 12/31/2023	\$327,136,000
Normal cost	\$3,145,000
Benefit payments	(\$19,788,000)
Expected Interest	\$22,439,000
Plan provision changes	\$0
Assumption changes	<u>\$1,143,000</u>
Expected actuarial liability	334,075,000
Actual actuarial liability	<u>\$335,297,000</u>
Liability (gain)/loss	\$1,222,000



Total Plan Funded Position and Contribution Requirement

Valuation Date Fiscal Year	12/31/2023 2025 Contribution	12/31/2024 2026 Contribution
Funded Position		
Actuarial Accrued Liability	\$327,136,000	\$335,297,000
Actuarial Value of Assets	<u>289,986,000</u>	<u>294,804,000</u>
Unfunded Accrued Liability	\$37,150,000	\$40,493,000
Funded Ratio	88.6%	87.9%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	\$3,145,000	\$3,769,000
Employee Contributions	<u>1,628,000</u>	<u>1,584,000</u>
Employer Normal Cost	\$1,517,000	\$2,185,000
Admin Expenses	170,000	170,000
Amortization Payment	5,172,000	5,816,000
Interest	<u>714,000</u>	<u>866,000</u>
Total	\$7,573,000	\$9,037,000
Est. Fiscal Year Payroll	\$26,984,000	\$26,272,000
Total as of Percent of Est. Fiscal Year Payroll	28.1%	34.4%



General & Sheriff Funded Position and Contribution Requirement

Valuation Date Fiscal Year	12/31/2023 2025 Contribution	12/31/2024 2026 Contribution
Funded Position		
Actuarial Accrued Liability	\$213,873,000	\$219,982,000
Actuarial Value of Assets	<u>188,541,000</u>	<u>192,464,000</u>
Unfunded Accrued Liability	\$25,332,000	\$27,518,000
Funded Ratio	88.2%	87.5%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	\$2,082,000	\$2,568,000
Employee Contributions	<u>1,071,000</u>	<u>1,080,000</u>
Employer Normal Cost	\$1,011,000	\$1,488,000
Admin Expenses	111,000	111,000
Amortization Payment	3,699,000	4,148,000
Interest	<u>502,000</u>	<u>610,000</u>
Total	\$5,323,000	\$6,357,000
Est. Fiscal Year Payroll	\$17,608,000	\$17,453,000
Total as of Percent of Est. Fiscal Year Payroll	30.2%	36.4%



Mental Health Funded Position and Contribution Requirement

Valuation Date Fiscal Year	12/31/2023 2025 Contribution	12/31/2024 2026 Contribution
Funded Position		
Actuarial Accrued Liability	\$66,682,000	\$67,412,000
Actuarial Value of Assets	<u>60,146,000</u>	<u>61,553,000</u>
Unfunded Accrued Liability	\$6,536,000	\$5,859,000
Funded Ratio	90.2%	91.3%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	\$836,000	\$992,000
Employee Contributions	<u>408,000</u>	<u>381,000</u>
Employer Normal Cost	\$428,000	\$611,000
Admin Expenses	35,000	35,000
Amortization Payment	771,000	738,000
Interest	<u>128,000</u>	<u>147,000</u>
Total	\$1,362,000	\$1,531,000
Est. Fiscal Year Payroll	\$7,776,000	\$7,354,000
Total as of Percent of Est. Fiscal Year Payroll	17.5%	20.8%



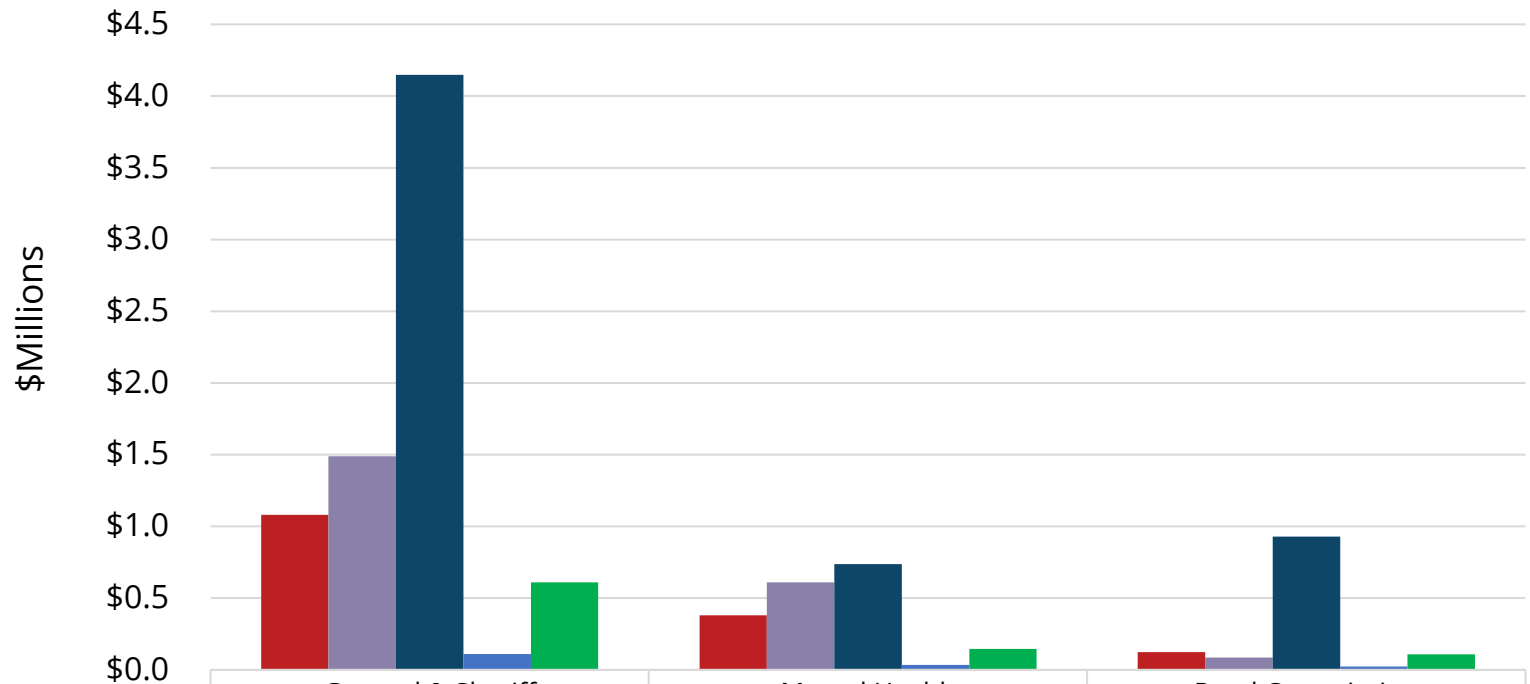
Road Commission Funded Position and Contribution Requirement

Valuation Date Fiscal Year	12/31/2023 2025 Contribution	12/31/2024 2026 Contribution
Funded Position		
Actuarial Accrued Liability	\$46,581,000	\$47,903,000
Actuarial Value of Assets	<u>41,299,000</u>	<u>40,787,000</u>
Unfunded Accrued Liability	\$5,282,000	\$7,116,000
Funded Ratio	88.7%	85.1%
Fiscal Year Employer Contribution Requirement		
Total Normal Cost	\$227,000	\$209,000
Employee Contributions	<u>149,000</u>	<u>123,000</u>
Employer Normal Cost	\$78,000	\$86,000
Admin Expenses	24,000	24,000
Amortization Payment	702,000	930,000
Interest	<u>84,000</u>	<u>109,000</u>
Total	\$888,000	\$1,149,000
Est. Fiscal Year Payroll	\$1,601,000	\$1,464,000
Total as of Percent of Est. Fiscal Year Payroll	55.5%	78.5%



Funding Results

2026 Fiscal Year Contribution Requirement



	General & Sheriff	Mental Health	Road Commission
Employee Contributions	1,080,000	381,000	123,000
Employer Normal Cost	1,488,000	611,000	86,000
Amortization Payment	4,148,000	738,000	930,000
Admin Expenses	111,000	35,000	24,000
Interest	610,000	147,000	109,000



Michigan PA 202

- Underfunded Status
 - Underfunded if funded status is below 60% and required contribution is greater than 10% of City revenue
 - Use Plan Assumptions to determine Underfunded Status
 - St. Clair County Employees Retirement System is **not** in Underfunded Status – Reflects GASB 67/68 reporting, based on prior year assets

	General County	Mental Health	Road Commission
PA 202 Reporting FY 2024	81.6%	84.1%	82.3%

- Uniform Assumptions
 - Compare plans on a more-standard basis
 - For FY 2024 reporting, uniform assumptions use a 6.90% interest rate. All other Plan assumptions align with Uniform guidelines
 - Uniform assumption interest rate moving to 7.00% for FY 2025
- Experience Study every 5 years
 - Last experience study August 2024
 - St. Clair ERS historically completes experience study every 5 years
 - Treasury draft guidance clarified the experience study requirement only applies to OPEB plans, but we highly encourage you to continue reviewing assumptions regularly
- Actuary Audit or Replace Current Actuary every 8 years
 - Treasury draft guidance clarified that audit requirement only applies to OPEB plans with more than 100 participants



Retiree Reserve Balance

Valuation Date	12/31/2023	12/31/2024
Retiree Accrued Liability	\$204,675,555	\$209,080,017
Retiree Reserve	<u>203,007,323</u>	<u>209,436,282</u>
Unfunded Accrued Liability	\$1,668,232	(\$356,265)

As of 12/31/2024, the Reserve for Retired Benefit Payments is greater than the computed retiree liabilities. We recommend a transfer of \$356,265 be made from the Reserve for Retired Benefit Payments to the Reserve for Employer Contributions.

During 2024, the Reserve for Retired Benefit Payments increased by \$3,562,283 from member contributions, decreased by \$19,705,494 for benefit payments, and then increased by \$22,572,170 from market gains.



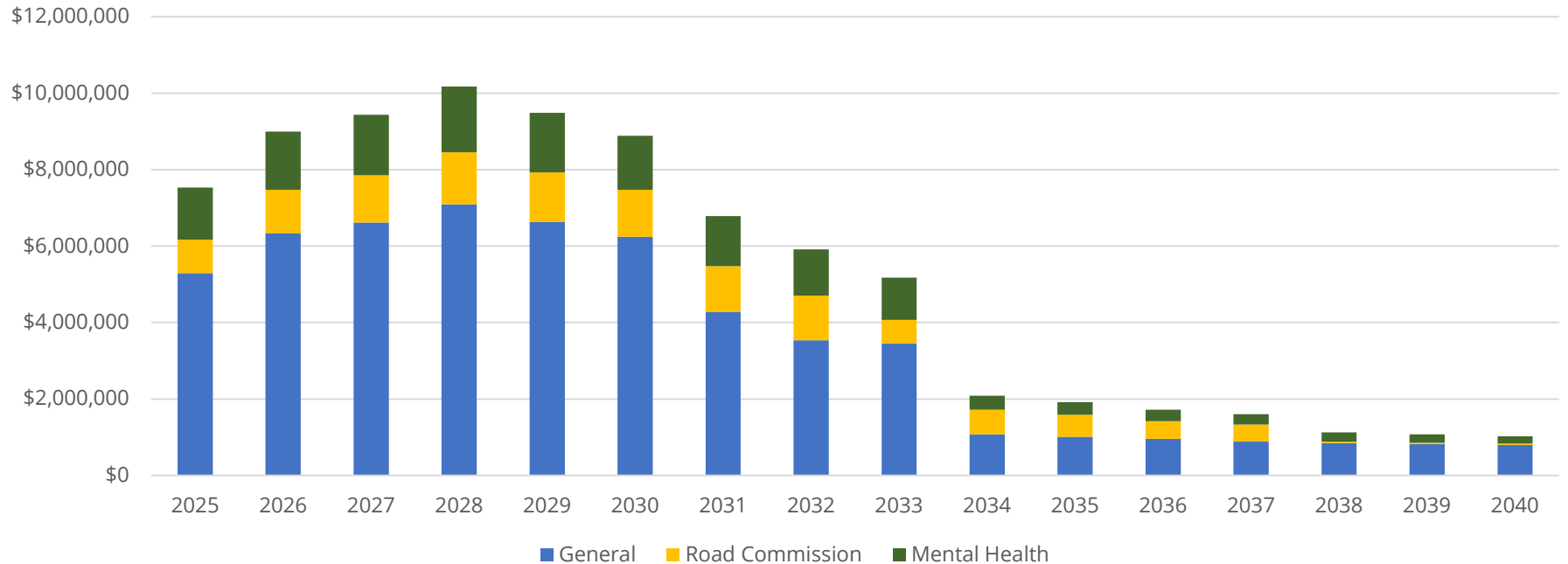
Cost Projections

- Review 15-Year Contribution and Funded Percentage Projections
- Assumptions
 - Assets earn 7.0% every year
 - Each division contributes the recommended contribution annually
 - Participants designated as Sheriff Deputies have a flat population over the entire projection period, otherwise no other new entrants enter the Plan
- All other assumptions are consistent with those described in the 12/31/2024 valuation report that were adopted after the August 2024 Experience Study



Cost Projections

Projection of Contributions



\$ Millions	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036	2037	2038	2039	2040
General	5.29	6.36	6.62	7.10	6.63	6.24	4.27	3.54	3.45	1.08	1.01	0.96	0.88	0.85	0.82	0.80
Roads	0.88	1.15	1.24	1.36	1.29	1.23	1.20	1.17	0.62	0.64	0.58	0.46	0.45	0.04	0.03	0.03
Mental Health	1.36	1.53	1.58	1.72	1.56	1.41	1.31	1.20	1.10	0.37	0.33	0.30	0.27	0.24	0.21	0.19
Total	7.53	9.04	9.44	10.18	9.48	8.88	6.78	5.91	5.17	2.09	1.92	1.72	1.60	1.13	1.06	1.02
Funded %	88.7%	87.9%	87.6%	86.6%	89.3%	91.9%	93.9%	96.0%	97.5%	98.9%	100.2%	100.7%	101.1%	101.6%	102.1%	102.5%

New Public Mortality Study

- In May 2025, the Society of Actuaries released updated Public Retirement Plans Mortality Tables (Pub-2016)
- Covers data from 2013 to 2020, with 2020 excluded to avoid experience impacted by the Covid-19 pandemic
- Recommend pairing the mortality table with appropriate mortality improvement scale
- We have no recommended changes to the St. Clair County Employees Retirement System mortality assumptions at this time.

Life Expectancy: General Employees		
	Male Retiree Age 65	Female Retiree Age 65
Pub-2010 General w/ MP-2021	86 and 7 months	89 and 0 months
Pub-2016 General w/ MP-2021	86 and 3 months	88 and 7 months

Life Expectancy: Public Safety Employees		
	Male Retiree Age 65	Female Retiree Age 65
Pub-2010 Public Safety w/ MP-2021	86 and 2 months	88 and 1 month
Pub-2016 Public Safety w/ MP-2021	86 and 4 months	87 and 8 months

Appendix



Participant Information

December 31, 2024	General	Mental Health	Road Commission	Total
Actives				
Number	251	105	23	379
Average Age	48.8	51.7	54.3	49.9
Average Service	18.5	16.5	23.9	18.2
Average Pay	\$71,879	\$73,126	\$77,224	\$72,549
In-Receipt				
Number	571	159	148	878
Average Age	72.2	70.8	73.5	72.2
Average Monthly Benefits	\$1,877	\$1,780	\$2,014	\$1,882
Terminated Vested				
Number	67	40	9	116
Average Age	51.2	51.4	54.9	51.5
Average Monthly Benefits	\$1,291	\$1,163	\$1,140	\$1,235
Return of Contributions				
Number	10	7	0	17
Total Contributions	\$24,931	\$46,807	\$0	\$71,738



Summary of Assumptions and Methods

Assumption/Method	Description
Funding Interest Rate	7.00% (net of investment expenses)
Annual Pay Increases	Varies by years of service, based on 2024 experience study
Mortality Rates	Pub-2010 Mortality Tables with generational improvements using Scale MP-2021.
Retirement Rates	Varies by age and division, based on 2024 experience study
Withdrawal Rates	Varies by age and division, based on 2024 experience study
Disability	Varies by age
Amortization of UAAL	15-year level dollar closed amortization of UAAL
Asset Method	Spreads actual vs expected investment income over a period of five years



Comments on Projections

The cost projections contained in this report are based on the valuation results and assumptions noted in the December 31, 2024 actuarial valuation report. Reasonable actuarial techniques and assumptions were used to produce the cost projections.

This report shows cost projections under different economic scenarios. Note sophisticated demographic projections of participant data were not completed due to the scope of the project. Actual results will vary from projections shown in this report, perhaps significantly, due to changes in the assumptions, plan provisions, participant demographics, interest rate movement, actual asset performance, and other actual experience of the plan. Depending on the use of this information, additional cost projections may be necessary to quantify the sensitivity of results.

While a diligent effort has been made to produce reasonable projections, by their very nature projections are speculative. Plan sponsors are cautioned against placing too much reliance on any particular scenario.



Certification

This report has been prepared for the primary purpose of summarizing the actuarial valuation for the St. Clair County Employees' Retirement System as of December 31, 2024. To the best of our knowledge, the reports summarized herein present fair positions of the funded status of the plan in accordance with the Actuarial Standards of Practice as described by the American Academy of Actuaries and are based on the plan provisions and assumptions summarized within each report.

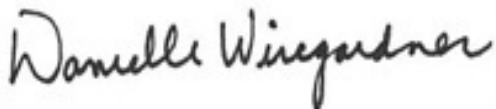
Future actuarial measurements may differ significantly from the current measurements presented in this report due to such facts as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or other additional cost or contribution requirement based on the plan's funded status); and changes in plan provisions of applicable law. The scope of our assignment did not include an analysis of the potential range of future measurements.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

Nyhart



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