



St. Clair County Employees' Post-Employment Benefits Plan

MANAGEMENT SUMMARY

December 31, 2024 GASB 74/75 Actuarial Valuation

August 19, 2025



Certification

This report was prepared for St. Clair County, MI to summarize projected results based on information provided as of December 31, 2024 and may not be appropriate for other uses. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than the intended use.

Except where indicated otherwise, the funding results included in this report are based on the same substantive plan provisions, and actuarial methods and assumptions as the FYE December 31, 2024 GASB 74/75 valuation (as of December 31, 2023). Census data was updated as of December 31, 2024.

The report shows cost projections under different economic scenarios. 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. Nyhart cannot, and does not, guarantee or warrant any result presented in this exhibit. The Plan Sponsor should carefully review all information presented herein and notify Nyhart immediately if any information differs from that which the Plan Sponsor possesses.

This report has been prepared in accordance with generally accepted actuarial principles and practice. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

A handwritten signature in black ink that reads 'Cody Kocher'.

Cody Kocher, FSA, MAAA

A handwritten signature in black ink that reads 'Andrew Smith'.

Andrew Smith, ASA, MAAA



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Highlights

Negative Claims Experience

- Rising costs in health plan experience since last valuation is reflected for pre-Medicare and post-Medicare benefits effective on January 1, 2025.

Trust Lifespan

- Health Care Trust assets are still expected to last longer than 30 years due to strength of funding position.

Experience Study Results

- Termination, retirement, and payroll growth rate assumptions were updated based on the August 2024 Pension Experience Study. The net change of these updates is a decrease in liabilities.



OPEB Liability Reconciliation

CY 2024		
Total OPEB Liability (TOL) as of 12/31/2023 (6.00% discount rate)	\$	52,505,975
Normal cost for CY 2024		636,827
Interest adjustment for CY 2024		3,298,718
Benefit payments for CY 2024		(3,250,715)
Expected TOL as of 12/31/2024	\$	53,190,625
Differences between expected and actual experience		375,181
TOL as of 12/31/2024 before assumption changes	\$	53,565,806
Changes in assumptions		14,848,988
Final TOL as of 12/31/2024 with assumption changes (6.00% discount rate)	\$	68,414,794

ACTUARY'S COMMENTS

- Differences between expected and actual experience include any deviation on demographic experience (turnover, retirement, death) and health care costs (premium rates and actual pay-go).
- Termination, retirement, and payroll growth rate assumptions were updated based on the August 2024 Pension Experience Study
- The proposed assumption changes made in this year's valuations are:
 - Update health care cost increases for pre-65 retirees to an initial rate of 8.0% decreasing by 0.25% annually to an ultimate rate of 4.5% and change health care cost increases for post-65 retirees to an initial rate of 6.5% decreasing by 0.25% annually to an ultimate rate of 4.5%. This change caused an increase in liabilities.



Premium Rates Summary

Medical / Rx	Eff. 1/1/2024	Expected 1/1/2025**	Eff. 1/1/2025 (County Adopted Budget Rates)	Eff. 1/1/2025 (Premium Equivalent Rates)
Non-Hardship* Pre-Medicare Retiree Rates				
Single	\$573.95	\$649.67	\$649.67	\$649.67
2-Person	\$1,377.47	\$1,559.23	\$1,559.23	\$1,559.23
Non-Hardship* Medicare Retiree Rates				
Single	\$77.91	\$127.33	\$127.33	\$127.33
2-Person	\$155.82	\$254.66	\$254.66	\$254.66

* The County has separate Hardship plans that have the same medical provisions as Non-Hardship plans but with better prescription drug benefits. Effective 1/1/2013, Hardship Retirees are defined as any participants with annual household income of \$24,999 or less and have at least 20 years of service at retirement. Annual household income means any and all income (taxable or not) received by a retired member and/or their spouse residing in the same household.

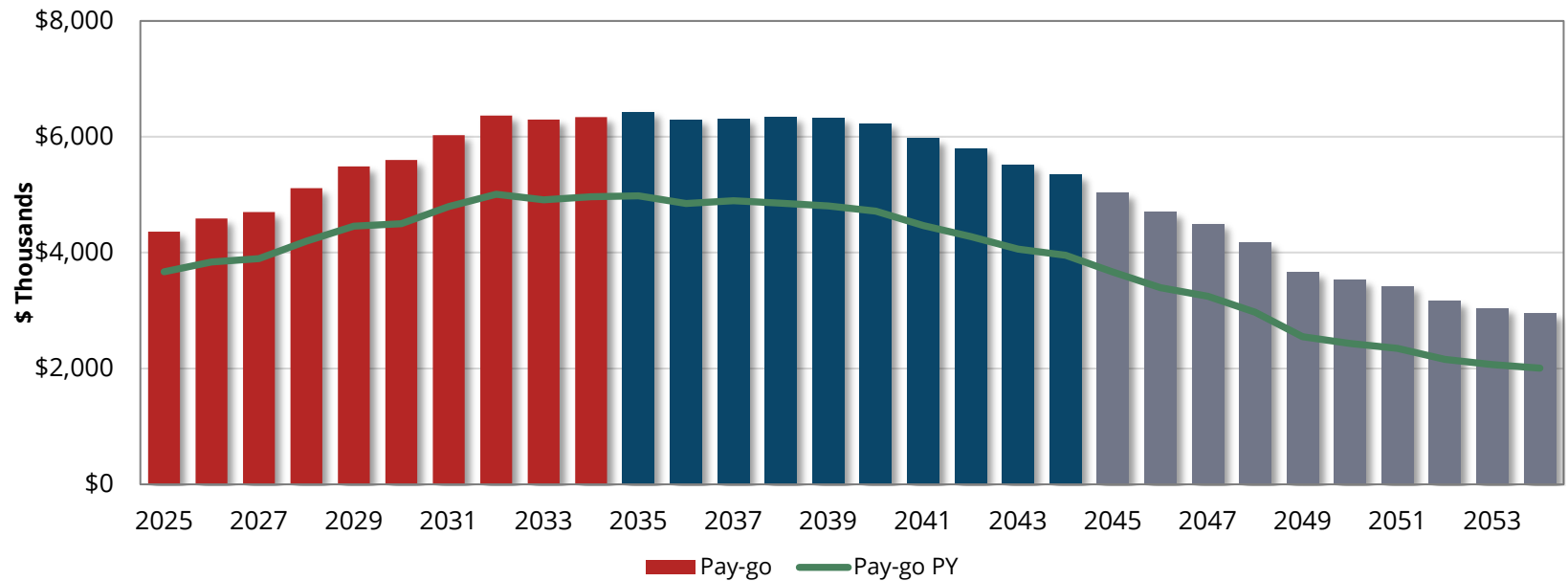
** Expected 1/1/2025 premium rates for pre-Medicare retirees were assumed to be 13.19% higher than 2024 and 63.43% different for Medicare retirees.

The above rates are applicable to all locations (County, Mental Health, and Road Commission).

Premium equivalent rates determined by the County's healthcare consultants are used for determining the per capita cost assumption.



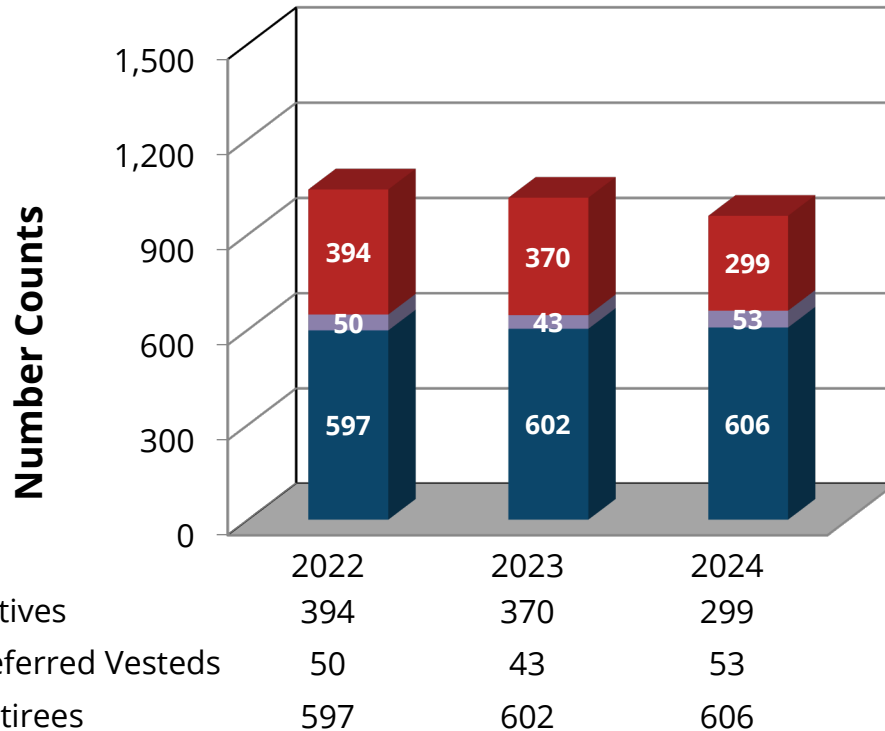
Projected Pay-go Costs



<i>In thousands</i>	2025	2030	2035	2040	2045	2050	2055
Current year	\$4,360	\$5,599	\$6,425	\$6,230	\$5,024	\$3,526	\$2,845
Prior year	\$3,670	\$4,502	\$4,980	\$4,717	\$3,662	\$2,434	\$1,957



Participant Information



As of 12/31/2022	Average Active Age	51.8
	Average Service	19.1
	Average Plan Compensation	\$66,367

As of 12/31/2023	Average Active Age	50.7
	Average Service	18.4
	Average Plan Compensation	\$70,089

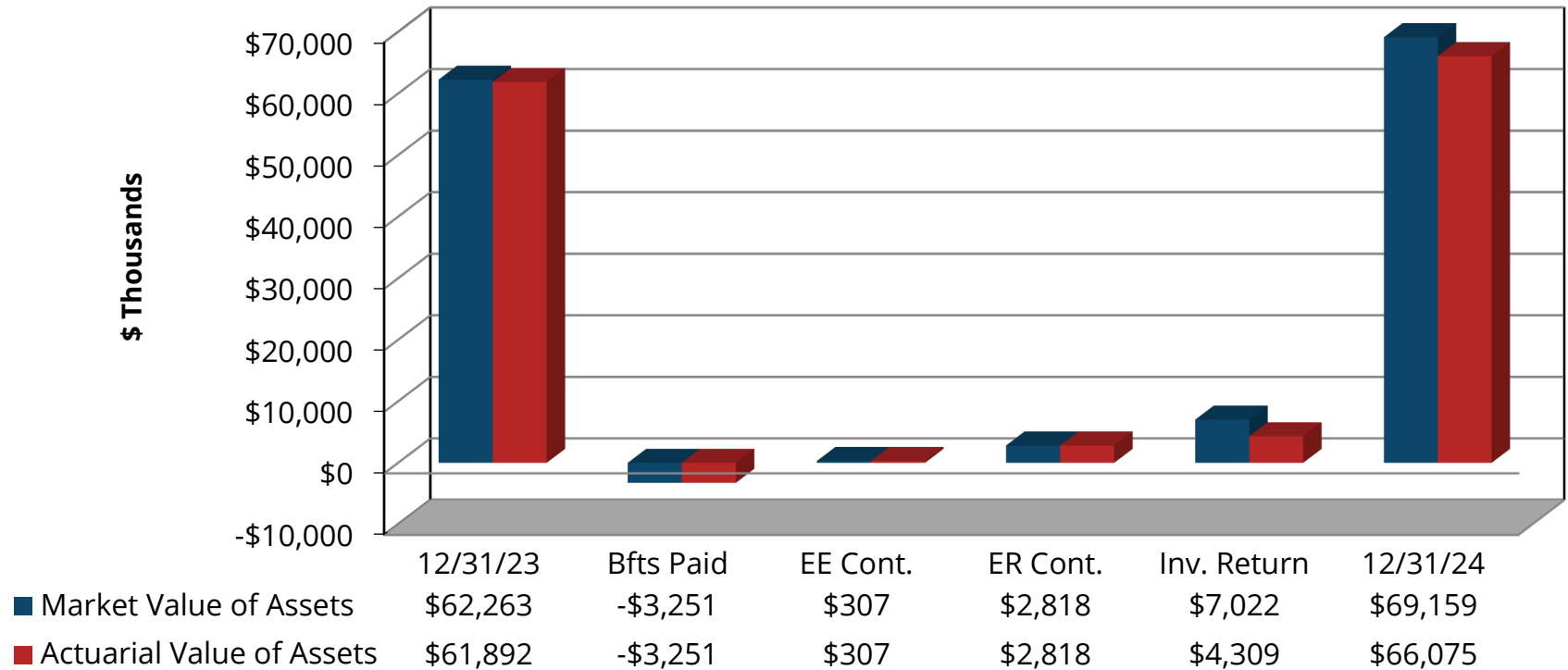
As of 12/31/2024	Average Active Age	52.3
	Average Service	19.9
	Average Plan Compensation	\$72,812

ACTUARY'S COMMENTS

- Since the plan is closed, the total number of participants (actives, deferred vested, and retirees) is expected to decline very gradually in the future.
- Proportion of retirees as a % of total participants will continue to increase for several years in the future as the number of employees retiring are expected to be more than the number of retirees who passed away. There were 20 total retirements and 10 vested terminations in 2024.
- The active count is lower this year due to additional confirmations from the County about which individuals are not eligible for OPEB benefits.

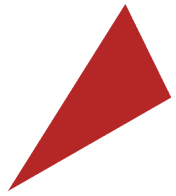


2024 Asset Reconciliation

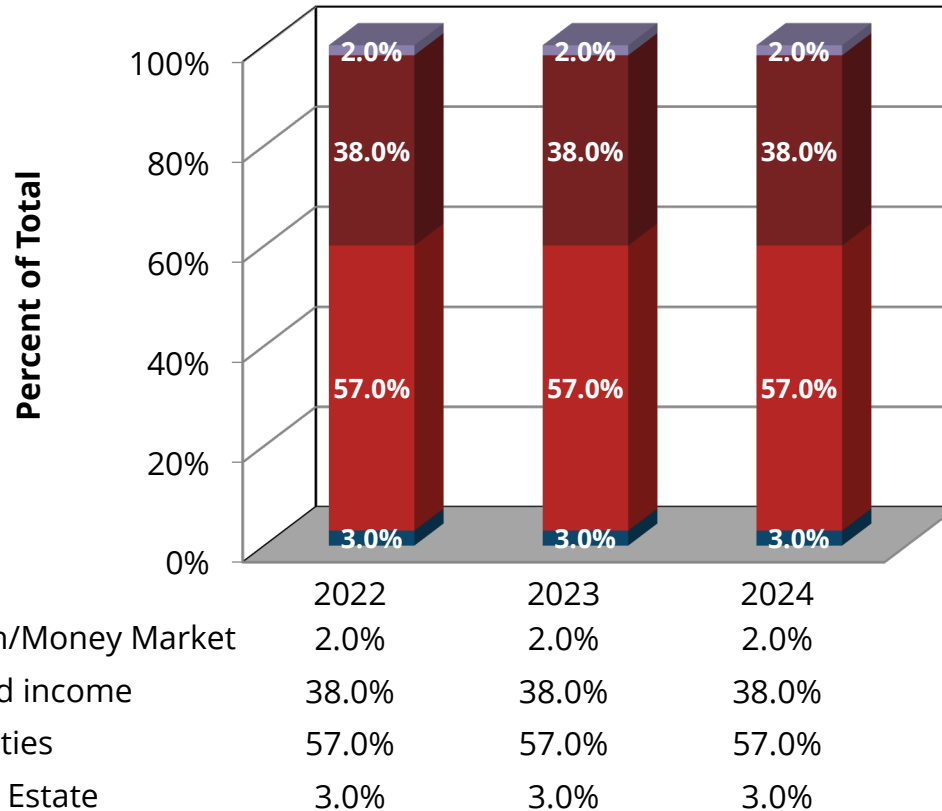


ACTUARY'S COMMENTS

- Actuarial Value of Asset is used to determine the funding requirement of the plan where asset gains and losses are being realized gradually over five years. While this "smoothing" approach will not reduce long-term costs, it will change the timing at which the costs are accounted for. The theoretical rationale for this approach is that gains and losses will offset one another before they must be paid.



Asset Class Allocation



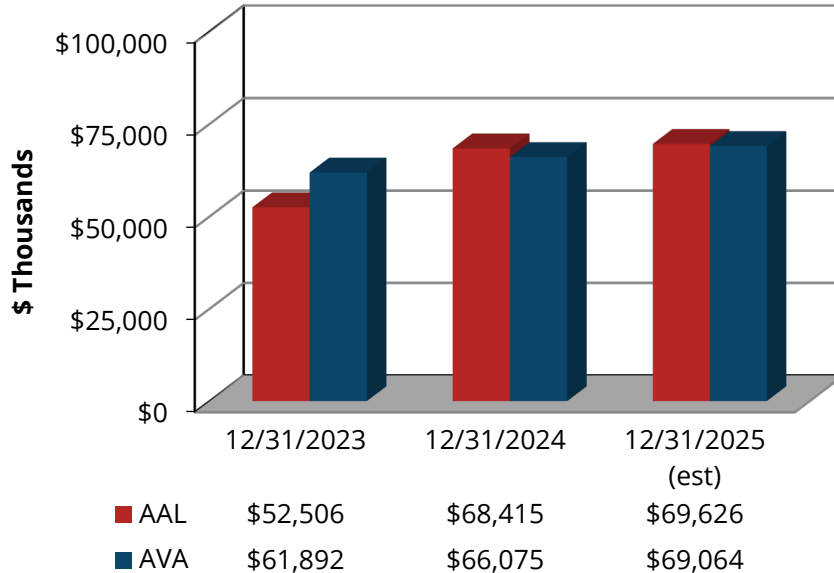
ACTUARY'S COMMENTS

- The target plan asset mix should be considered when setting the expected investment return assumption used in determining the contribution requirements.
- The current target for plan assets as of 12/31/2024 is the same as the allocation target for 12/31/2023.

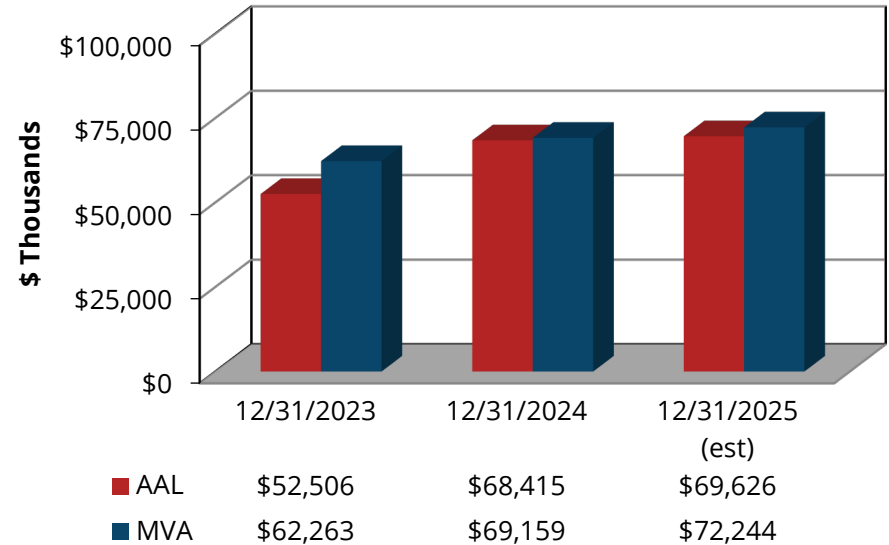


Funded Status (Funding vs Accounting)

FUNDING



ACCOUNTING



		12/31/2023	12/31/2024	12/31/2025 (projected)*
Funding	Funded %	117.9%	96.6%	99.2%
	Unfunded AAL	\$(9,386)	\$2,339	\$562
	Discount Rate	6.40%	6.00%	6.00%
Accounting	Funded %	118.6%	101.1%	103.8%
	Unfunded AAL	\$(9,757)	\$(745)	\$(2,618)
	Discount Rate	6.40%	6.00%	6.00%

ACTUARY'S COMMENTS

- Under GASB 75, a blended discount rate must be used if the HCT is projected to be depleted at some point in the future. The level of Trust assets using MVA allows for use of the investment rate of return for discount rate purposes. However, 2025 performance will be considered as well as the municipal bond rate at 12/31/2025.



Funded Status (By Group)

Funding Valuation (Discount rate = 6.00%)

Funded Status a 12/31/2024	Total	County	Mental Health	Road Commission
Actuarial Liability (AAL)	\$ 68,414,794	\$ 45,780,604	\$ 12,766,889	\$ 9,867,301
Smoothed value of assets (AVA)	(66,075,353)	(31,383,916)	(24,187,787)	(10,503,650)
Unfunded AAL	\$ 2,339,441	\$ 14,396,668	\$ (11,420,898)	\$ (636,349)
Funded Ratio	96.6%	68.6%	189.5%	106.4%

GASB 74 / 75 (Discount rate = 6.00%)

Funded Status at 12/31/2024	Total	County	Mental Health	Road Commission
Total OPEB Liability (TOL)	\$ 68,414,794	\$ 45,780,604	\$ 12,766,889	\$ 9,867,301
Plan fiduciary net position*	(69,159,443)	(32,924,584)	(25,426,412)	(10,808,447)
Net OPEB Liability (NOL)	\$ (744,649)	\$ 12,856,020	\$ (12,659,523)	\$ (941,146)
Funded Ratio	101.1%	71.9%	199.2%	109.5%

* Based on market value of assets.

Actuarially Determined Contribution (ADC)

(in thousands)



Total

Funded Status at End of Year	1/1/2024	1/1/2025	1/1/2026 ¹
Actuarial Liability (AAL)	\$ 52,506	\$ 68,415	\$ 69,626
Smoothed value of assets (AVA)	(61,892)	(66,075)	(69,064)
Unfunded AAL	\$ (9,386)	\$ 2,339	\$ 562
Funded Ratio	117.9%	96.6%	99.2%

Fiscal Year ADC	2024	2025	2026 ¹
ADC ²	\$ 1,531	\$ 4,194	\$ 4,360
Covered payroll ³	\$ 25,933	\$ 26,516	\$ 27,113
ADC as % of payroll	5.9%	15.8%	18.3%
Projected benefit payments	\$ 3,251	\$ 3,816	\$ 4,360

As of 12/31/2023	Actives	370
	Retirees / Survivors	602
	Terminated Vested ⁴	43
	Total	1,015

As of 12/31/2024	Actives	299
	Retirees / Survivors	606
	Terminated Vested ⁴	53
	Total	958

Funded Status shown above is based on a 6.00% discount rate, which is amortized and included as a component of the Actuarially Determined Contribution (ADC).

¹ Projected on a "no gain/loss" basis from 12/31/2024 valuation.

² Includes normal cost (reduced for estimated employee contributions) and amortization of unfunded AAL.

³ FY 2026 covered payroll is projected from FY 2025 and takes into account anticipated terminations and retirements.

⁴ Including those eligible for retiree health benefits only.

Actuarially Determined Contribution (ADC)

(in thousands)



Funded Status at End of Year	1/1/2024	1/1/2025	1/1/2026 ¹
Actuarial Liability (AAL)	\$ 35,507	\$ 45,781	\$ 46,698
Smoothed value of assets (AVA)	(30,068)	(31,384)	(32,060)
Unfunded AAL	\$ 5,439	\$ 14,397	\$ 14,638
Funded Ratio	84.7%	68.6%	68.7%

Fiscal Year ADC	2024	2025	2026 ¹
ADC ²	\$ 1,317	\$ 3,863	\$ 4,615
Covered payroll ³	\$ 15,698	\$ 16,051	\$ 16,412
ADC as % of payroll	8.4%	24.1%	28.1%
Projected benefit payments	\$ 2,127	\$ 2,442	\$ 2,779

As of 12/31/2023	Actives	229
	Retirees / Survivors	409
	Terminated Vested ⁴	26
	Total	664

As of 12/31/2024	Actives	171
	Retirees / Survivors	385
	Terminated Vested ⁴	26
	Total	582

Funded Status shown above is based on a 6.00% discount rate, which is amortized and included as a component of the Actuarially Determined Contribution (ADC).

¹ Projected on a "no gain/loss" basis from 12/31/2024 valuation.

² Includes normal cost (reduced for estimated employee contributions) and amortization of unfunded AAL.

³ FY 2026 covered payroll is projected from FY 2025 and takes into account anticipated terminations and retirements.

⁴ Including those eligible for retiree health benefits only.

Actuarially Determined Contribution (ADC)

(in thousands)



Mental Health

Funded Status at End of Year	1/1/2024	1/1/2025	1/1/2026 ¹
Actuarial Liability (AAL)	\$ 9,579	\$ 12,767	\$ 13,165
Smoothed value of assets (AVA)	(22,980)	(24,188)	(25,190)
Unfunded AAL	\$ (13,402)	\$ (11,421)	\$ (12,025)
Funded Ratio	239.9%	189.5%	191.3%

Fiscal Year ADC	2024	2025	2026 ¹
ADC ²	\$ 159	\$ 263	\$ 269
Covered payroll ³	\$ 8,312	\$ 8,499	\$ 8,690
ADC as % of payroll	1.9%	3.1%	3.1%
Projected benefit payments	\$ 681	\$ 628	\$ 763

As of 12/31/2023	Actives	114
	Retirees / Survivors	96
	Terminated Vested ⁴	17
	Total	227

As of 12/31/2024	Actives	105
	Retirees / Survivors	95
	Terminated Vested ⁴	26
	Total	226

Funded Status shown above is based on a 6.00% discount rate, which is amortized and included as a component of the Actuarially Determined Contribution (ADC).

¹ Projected on a "no gain/loss" basis from 12/31/2024 valuation.

² Includes normal cost (reduced for estimated employee contributions) and amortization of unfunded AAL. If fully funded under the long-term expected discount rate, as shown above for the Mental Health group, an entity could contribute \$0. However, for long-term sustainability purposes, Nyhart would recommend contributing the normal cost plus interest for years in which that entity is fully funded (total for employer + employee contributions). The Mental Health's final recommended contribution reflects the normal cost plus any applicable positive interest, consistent with their assumed funding policy going forward.

³ FY 2026 covered payroll is projected from FY 2025 and takes into account anticipated terminations and retirements.

⁴ Including those eligible for retiree health benefits only.

Actuarially Determined Contribution (ADC)

(in thousands)



Road Commission

Funded Status at End of Year	1/1/2024	1/1/2025	1/1/2026 ¹
Actuarial Liability (AAL)	\$ 7,420	\$ 9,867	\$ 9,763
Smoothed value of assets (AVA)	(8,843)	(10,504)	(11,814)
Unfunded AAL	\$ (1,423)	\$ (636)	\$ (2,051)
Funded Ratio	119.2%	106.4%	121.0%

Fiscal Year ADC	2024	2025	2026 ¹
ADC ²	\$ 54	\$ 67	\$ 69
Covered payroll ³	\$ 1,923	\$ 1,966	\$ 2,011
ADC as % of payroll	2.8%	3.4%	3.4%
Projected benefit payments	\$ 442	\$ 745	\$ 819

As of 12/31/2023	Actives	27
	Retirees / Survivors	130
	Terminated Vested ⁴	0
	Total	157

As of 12/31/2024	Actives	23
	Retirees / Survivors	126
	Terminated Vested ⁴	1
	Total	150

Funded Status shown above is based on a 6.00% discount rate, which is amortized and included as a component of the Actuarially Determined Contribution (ADC).

¹ Projected on a "no gain/loss" basis from 12/31/2024 valuation.

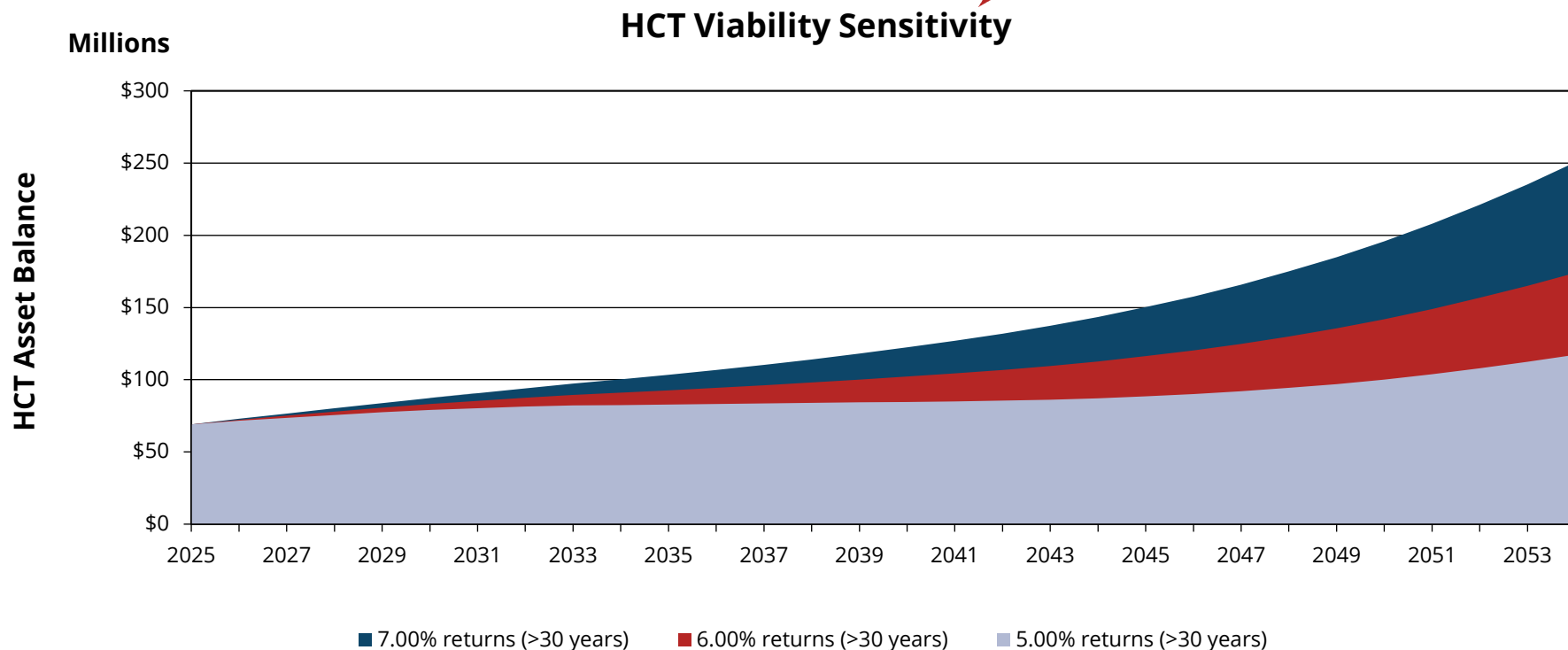
² Includes normal cost (reduced for estimated employee contributions) and amortization of unfunded AAL. If fully funded under the long-term expected discount rate, as shown above for the Road Commission group, an entity could contribute \$0. However, for long-term sustainability purposes, Nyhart would recommend contributing the normal cost plus interest for years in which that entity is fully funded (total for employer + employee contributions). The Road Commission's final recommended contribution reflects the normal cost plus any applicable positive interest, consistent with their assumed funding policy going forward.

³ FY 2026 covered payroll is projected from FY 2025 and takes into account anticipated terminations and retirements.

⁴ Including those eligible for retiree health benefits only.

HCT Projections

All Locations



- Viability of Health Care Trust (HCT) is sensitive to investment income earned and future Trust contributions. Below is a comparison of the viability of the Trust under three different return scenarios:

	Low Return (5.00%)	Expected Return (6.00%)	High Return (7.00%)
# of years until depletion	>30	>30	>30

HCT Projections



Assumptions used to determine the viability of HCT:

- Market Value of Asset as of 1/1/2025 of \$69.159 million.
- Active employee contribution of 2.5% for all County employees and 2.0% for Mental Health (hired after 11/7/2007). Contribution is limited to the first \$50,000 of salary for a majority of County employees.
- Future salary is projected from 12/31/2024 salary and takes into account future terminations and retirements.
- Flat dollar employer contributions as shown below, which are determined based on the average contribution in the past three years. This assumption has been updated since last year and the comparison of current and prior year assumptions are as shown below.

	County (including Sheriff)	Mental Health	Road Commission
Current	\$ 1,081,116	\$ 248,333	\$ 1,441,479
Prior	\$ 1,134,000	\$ 247,000	\$ 1,425,000

- Under the GASB 75 accounting standard, the depletion date of the Trust can affect the discount rate used for accounting disclosure purposes. However, due to the market value of assets as of 1/1/2025 and continued (assumed) contributions, the Trust is not expected to be depleted based on GASB 75 requirements for this calculation.

HCT Projections



Viability of HCT can vary greatly between locations. Based on the market value of assets by location, the viability of HCT using a 6.00% assumption is as shown below.

	County (including Sheriff)	Mental Health	Road Commission
MVA as of 1/1/2025 (in millions)	\$ 32.9	\$ 25.4	\$ 10.8
HCT depleted in	28 years	>30 years	>30 years



PA 202: Additional Reporting

The County will be required to report under the PA 202 uniform assumption requirements for Form No. 5572 similar to last year. These disclosures include the Actuarial Value of Assets (AVA), Actuarial Accrued Liability (AAL), and Actuarially Determined Contribution (ADC). The 2025 Uniform Assumption requirements are described briefly below:

Assumption	Uniform Assumption Guidance
Investment Rate of Return	Maximum of 7.00%
Discount Rate	Blended discount rate calculated per GASB 74/75: <ul style="list-style-type: none">• Maximum of 7.00% where plan assets are sufficient to make projected benefit payments• 3.93% for periods where assets are insufficient to make projected benefit payments
Salary Increase	Minimum of 3.65% or based on actuarial experience study within the past 5 years
Mortality Table	A version of PUB-2010 with Scale MP-2021 generational mortality improvement or based on actuarial experience study within the past 5 years
Amortization Period	Maximum closed period of 24 years for Retiree Health Systems
Asset Valuation	Market Value as reported on Financial Statements
Healthcare Inflation	Non-Medicare: 7.50% decreasing 0.25% per year to a 4.50% long-term rate Medicare: 5.75% decreasing 0.25% per year to 4.50% long-term rate

Next Steps



Identify follow-ups based on today's meeting



Issue December 31, 2024 funding valuation report



Issue December 31, 2025 accounting valuation report (after FY 2025 assets are available)

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APPENDIX



Substantive Plan Provisions

ELIGIBILITY

Original Plan Members – earlier of:

- Age 55 (or age 50 for Sheriff) with 25 years of service (YOS)
- Age 60 with 8 YOS
- 25 YOS and 80 points

Modified Plan Members – earlier of:

- Age 55 (or age 50 for Sheriff) with 25 YOS
- Age 60 with 20 YOS
- 25 YOS and 80 points

STATUS OF THE PLAN

Plan is closed to new hires for all General County, Mental Health, and Road Commission.

SPOUSE BENEFIT

Surviving spouse can continue coverage upon death of the retiree or active employees who have at least ten YOS at time of death. Surviving spouse contribution requirement follows member's contribution requirements prior to their death.

RETIREE CONTRIBUTIONS

Employees are eligible for retiree health benefits if they meet all of the following requirements:

- Original Plan Members – have at least 8 YOS at retirement and contribute to Health Care Trust (HCT) while actively employed if it's required in their Collective Bargaining Agreement (CBA).
- Modified Plan Members – have at least 20 YOS at retirement and contribute to HCT while actively employed if it's required in their CBA.
- All employees may purchase retiree health benefits if they have at least 11 YOS at retirement regardless of whether they contribute to HCT while actively employed.

TERMINATED VESTED EMPLOYEES

- Commencing at age 55 or age 60 if they have at least 25 YOS or fewer than 25 YOS at termination respectively.
- Contribution requirements follow regular retirees.

DISABILITY RETIREMENT (Sheriffs Only)

- No age / service requirement for duty disability, ten YOS for non-duty disability.
- Contribution requirements follow regular retirees.



Actuarial Assumptions

Interest Rate	6.00% for funding valuation as of 12/31/2024 and 6.00% for accounting purposes as of 7/31/2025 ¹
Annual Pay Increases	3.00% plus merit scale based on the August 2024 Pension Experience Study
Mortality Rates	Various Pub-2010 Headcount-weight Mortality Tables using scale MP-2021
Actuarial Cost Method	Entry Age Normal Cost (as a % of pay)
Amortization Method	Level dollar for County and level % of pay for Mental Health and Road Commission Amortization period used in calculating FY 2025 ADC is 5 years
Asset Valuation Method	Actuarial value of assets with 5-year smoothing of asset gains and losses
Retirement and Withdrawal Rates	Varies by age, service, and employee type – based on August 2024 Pension Experience Study
Disability Rates	Varies by age – only valued for Sheriff group (25% of disability is assumed to be line of duty)
Medical/Rx Trend Rates	Pre-65: Initial rate of 8.0% decreasing to an ultimate rate of 4.5% in 7 years for all locations Post-65: Initial rate of 6.5% decreasing to an ultimate rate of 4.5% in 8 years for all locations
Dental Trend Rates	Constant 4.0%
Health Care Coverage Election Rate	Active employees with coverage: <ul style="list-style-type: none">• 90% for County General• 75% for Mental Health• 80% for Sheriff• 85% for Road Commission 100% of terminated vested 100% of retirees with current coverage All participants without current coverage are assumed never to elect coverage.

¹ Will be updated as of 12/31/2025 when available