

MACOMB COUNTY EMPLOYEES RETIREMENT SYSTEM

POLICY RESOLUTION

Adopted: June 3, 2021

Re: Annuity Withdrawal - Pension Benefit Guaranty Corporation (“PBGC”) Interest Rate

WHEREAS, the Board of Trustees of the Macomb County Employees Retirement System (“Board of Trustees”) is vested with the authority for the general administration, management and operation of the Macomb County Employees Retirement System (“Retirement System”), and

WHEREAS, the Retirement System provides pension benefits in accordance with the provisions of the County Charter, Retirement System Ordinance, applicable collective bargaining agreements, and applicable state and federal laws, and

WHEREAS, the Retirement System allows eligible members of the Retirement System to withdraw (at time of retirement) their accumulated contributions (employee contributions with interest) from the Retirement System (i.e., “Annuity Withdrawal Option”), and

WHEREAS, in accordance with the Retirement System Ordinance, the Retirement System has historically used an interest rate published by the Pension Benefit Guaranty Corporation (“PBGC”) (“PBGC immediate rate”) to calculate the reduction in the member’s monthly pension benefit due to the member’s receipt of a lump-sum payment of their accumulated contributions, and

WHEREAS, the Pension Benefit Guaranty Corporation has determined that the PBGC will no longer calculate/publish the PBGC immediate rate, **effective January 1, 2021**, thereby impacting the ability of the Retirement System to calculate the Annuity Withdrawal Option, and

WHEREAS, the Board of Trustees has discussed this matter with its actuary and legal counsel and has determined that it is in the best interest of the Retirement System to adopt a policy for the calculation of the Annuity Withdrawal Option, therefore be it

RESOLVED, that for purposes of the Annuity Withdrawal Option, the Retirement System shall utilize a rate of interest that is similar to the PBGC immediate rate, and that the rate of interest will be calculated by the Retirement System’s actuary consistent with the PBGC methodology, and

RESOLVED, that the Retirement System provide a copy of this policy to the appropriate County and Union representatives requesting written concurrence or clarification as to the appropriate interest rate to utilize for the administration of the Annuity Withdrawal Option.