Michigan State Employees' Retirement System

A Fiduciary Component Unit of the State of Michigan

Schedule of Employer Allocations and Schedules of Pension and Other Postemployment Benefit Amounts by Employer for Fiscal Year Ended September 30, 2024

MICHIGAN OFFICE OF RETIREMENT SERVICES
Big Plans. Small Steps.

Prepared by
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Department of Technology, Management & Budget
R1176G (Rev. 9/2025) Authority:1943 PA 240, as amended

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Independent Auditor's Report

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Report on the Audit of the Schedules

Opinions
We have audited the schedule of employer allocations of the Michigan State Employees' Retirement System (System) as of and for the fiscal year ended September 30, 2024 and the related notes. We have also audited the totals for all entities of the following columns, hereafter referred to as the specified column totals:

- September 30, 2024 net pension liability, total deferred outflows of resources, total deferred inflows of resources, and total employer pension expense included in the accompanying schedule of pension amounts by employer as of and for the fiscal year ended September 30, 2024 and the related notes.

- September 30, 2024 net OPEB liability, total deferred outflows of resources, total deferred inflows of resources, and total employer OPEB expense in the accompanying schedule of other postemployment benefit (OPEB) amounts by employer as of and for the fiscal year ended September 30, 2024 and the related notes.

In our opinion, the accompanying schedules referred to above present fairly, in all material respects, the employer pension and OPEB allocations and the specified column totals of all participating entities included in the schedule of pension amounts by employer and the schedule of other postemployment benefit (OPEB) amounts by employer for the Michigan State Employees' Retirement System as of and for the fiscal year ended September 30, 2024 in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Schedules section of our report. We are required to be independent of the System and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Schedules
Management is responsible for the preparation and fair presentation of these schedules in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Schedules
Our objectives are to obtain reasonable assurance about whether the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and the schedule of other postemployment benefit (OPEB) amounts by employer are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and the schedule of other postemployment benefit (OPEB) amounts by employer.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and the schedule of other postemployment benefit (OPEB) amounts by employer, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the schedule of employer allocations and the specified column totals included in the schedule of pension amounts by employer and the schedule of other postemployment benefit (OPEB) amounts by employer.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the System's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial schedules.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Matter
We have audited, in accordance with GAAS and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the System as of and for the fiscal year ended September 30, 2024, and our report thereon, dated February 6, 2025, expressed an unmodified opinion on those financial statements.

Restriction on Use
Our report is intended solely for the information and use of the State of Michigan Retirement Board, the Department of Technology, Management, and Budget, the Office of Retirement Services, and the System's participating employers and their auditors and is not intended to be and should not be used by anyone other than these specified parties.

Doug Ringler
Auditor General
August 26, 2025

Michigan State Employees' Retirement System
Schedule Of Employer Allocations
As Of And For The Fiscal Year Ended September 30, 2024

Employer Name	Total Required Employer Pension Contributions	Pension Proportionate Share	Total Required Employer OPEB Contributions	OPEB Proportionate Share
GOVERNMENTAL ACTIVITIES				
State of Michigan	$ 664,113,850	0.925097954	$ 421,809,401	0.9246368316
State Building Authority	74,732	0.000104101	44,704	0.0000979936
BUSINESS TYPE ACTIVITIES				
Information Technology Fund	31,433,240	0.043785905	19,971,109	0.0437781210
State Lottery Fund	3,228,204	0.004496827	2,047,134	0.0044874660
Liquor Purchase Revolving Fund	1,752,205	0.002440788	1,081,558	0.0023708529
Office Services Revolving Fund	1,587,448	0.002211285	992,760	0.0021762020
Correctional Industries Revolving Fund	558,883	0.000778513	358,076	0.0007849284
Motor Transport Fund	440,506	0.000613616	275,454	0.0006038150
Attorney Discipline System	24,748	0.000034474	120,072	0.0002632059
Risk Management Fund	115,944	0.000161508	73,545	0.0001612149
COMPONENT UNITS				
Michigan State Housing Development Authority	5,240,680	0.007300167	3,282,986	0.0071965428
Michigan Strategic Fund	613,250	0.000854246	392,593	0.0008605928
Michigan Economic Development Corporation	1,401,857	0.001952761	890,129	0.0019512265
Michigan Finance Authority	542,799	0.000756109	339,599	0.0007444265
Mackinac Bridge Authority	906,667	0.001262970	588,313	0.0012896256
Mackinac Island State Park Commission	281,756	0.000392480	180,837	0.0003964074
Michigan Education Trust	321,073	0.000447249	197,710	0.0004333937
State Land Bank Authority	149,304	0.000207978	97,853	0.0002145000
State Bar of Michigan	14,583	0.000020314	169,827	0.0003722725
Michigan Veterans' Facility Authority	5,083,166	0.007080754	3,275,613	0.0071803810
Total	$ 717,884,895	1.000000000	$ 456,189,273	1.0000000001

Employer-level results may not add to System-wide results due to rounding.
The accompanying notes are an integral part of this schedule.

Michigan State Employees' Retirement System
Schedule Of Pension Amounts By Employer
As Of And For The Fiscal Year Ended September 30, 2024

Employer Name	September 30, 2024 Net Pension Liability	Deferred Outflows of Resources: Differences Between Expected and Actual Experience	Deferred Outflows of Resources: Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Deferred Outflows of Resources: Changes of Assumptions	Deferred Outflows of Resources: Changes in Proportion and Differences Between Employer Pension Contributions and Proportionate Share of Contributions	Deferred Outflows of Resources: Total Deferred Outflows of Resources
GOVERNMENTAL ACTIVITIES						
State Of Michigan	$ 3,766,000,741	$ -	$ -	$ -	$ -	$ -
State Building Authority	423,785	-	-	-	-	-
BUSINESS TYPE ACTIVITIES						
Information Technology Fund	178,248,963	-	-	-	-	-
State Lottery Fund	18,306,229	-	-	-	-	-
Liquor Purchase Revolving Fund	9,936,254	-	-	-	-	-
Office Services Revolving Fund	9,001,968	-	-	-	-	-
Correctional Industries Revolving Fund	3,169,267	-	-	-	-	-
Motor Transport Fund	2,497,984	-	-	-	-	-
Attorney Discipline System	140,339	-	-	-	-	-
Risk Management Fund	657,485	-	-	-	-	-
COMPONENT UNITS						
Michigan State Housing Development Authority	29,718,405	-	-	-	-	-
Michigan Strategic Fund	3,477,567	-	-	-	-	-
Michigan Economic Development Corporation	7,949,535	-	-	-	-	-
Michigan Finance Authority	3,078,062	-	-	-	-	-
Mackinac Bridge Authority	5,141,452	-	-	-	-	-
Mackinac Island State Park Commission	1,597,756	-	-	-	-	-
Michigan Education Trust	1,820,715	-	-	-	-	-
State Land Bank Authority	846,663	-	-	-	-	-
State Bar Of Michigan	82,698					
Michigan Veterans' Facility Authority	28,825,189	-	-	-	-	-
Total	$ 4,070,921,057	$ -	$ -	$ -	$ -	$ -

Employer-level results may not add to System-wide results due to rounding.
The accompanying notes are an integral part of this schedule.

Michigan State Employees' Retirement System
Schedule Of Pension Amounts By Employer
As Of And For The Fiscal Year Ended September 30, 2024

Deferred Inflows of Resources					Pension Expense		
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on Pension Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer Pension Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of Pension Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer Pension Contributions and Proportionate Share of Contributions	Total Employer Pension Expense
$ -	$ 931,366,968	$ -	$ -	$ 931,366,968	$ (61,435,267)	$ (4,088,992)	$ (65,524,259)
-	104,806	-	-	104,806	(6,913)	96,170	89,257
-	44,082,625	-	-	44,082,625	(2,907,799)	(1,442,015)	(4,349,814)
-	4,527,300	-	-	4,527,300	(298,632)	170,943	(127,689)
-	2,457,328	-	-	2,457,328	(162,091)	626,109	464,018
-	2,226,270	-	-	2,226,270	(146,850)	234,842	87,992
-	783,789	-	-	783,789	(51,701)	(11,277)	(62,978)
-	617,775	-	-	617,775	(40,750)	(153,338)	(194,088)
-	34,707	-	-	34,707	(2,289)	(22,086)	(24,375)
-	162,602	-	-	162,602	(10,726)	(52,318)	(63,044)
-	7,349,638	-	-	7,349,638	(484,800)	(563,370)	(1,048,170)
-	860,035	-	-	860,035	(56,730)	863,887	807,157
-	1,965,994	-	-	1,965,994	(129,682)	22,735	(106,947)
-	761,233	-	-	761,233	(50,213)	(617,596)	(667,809)
-	1,271,529	-	-	1,271,529	(83,873)	60,546	(23,327)
-	395,140	-	-	395,140	(26,064)	(61,215)	(87,279)
-	450,280	-	-	450,280	(29,702)	165,877	136,175
-	209,388	-	-	209,388	(13,812)	(52,759)	(66,571)
	20,452	-	-	20,452	(1,349)	(104,534)	(105,883)
-	7,128,737	-	-	7,128,737	(470,229)	(240,254)	(710,483)
$ -	$ 1,006,776,596	$ -	$ -	$ 1,006,776,596	$ (66,409,472)	$ (5,168,645)	$ (71,578,117)

Employer-level results may not add to System-wide results due to rounding.
The accompanying notes are an integral part of this schedule.

Michigan State Employees' Retirement System
Schedule Of Other Postemployment Benefit (OPEB) Amounts By Employer
As Of And For The Fiscal Year Ended September 30, 2024

Employer Name	September 30, 2024 Net OPEB Liability	Deferred Outflows of Resources: Differences Between Expected and Actual Experience	Deferred Outflows of Resources: Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Deferred Outflows of Resources: Changes of Assumptions	Deferred Outflows of Resources: Changes in Proportion and Differences Between Employer OPEB Contributions and Proportionate Share of Contributions	Deferred Outflows of Resources: Total Deferred Outflows of Resources
GOVERNMENTAL ACTIVITIES						
State Of Michigan	$ 313,692,317	$ -	$ -	$ 506,463,200	$ 13,594,138	$ 520,057,338
State Building Authority	33,245	-	-	53,675	123,909	177,584
BUSINESS TYPE ACTIVITIES						
Information Technology Fund	14,852,167	-	-	23,979,152	2,984,628	26,963,780
State Lottery	1,522,418	-	-	2,457,977	1,087,910	3,545,887
Liquor Purchase Revolving Fund	804,336	-	-	1,298,618	1,679,028	2,977,646
Office Services Revolving Fund	738,298	-	-	1,191,999	370,718	1,562,717
Correctional Industries Revolving Fund	266,295	-	-	429,939	56,509	486,448
Motor Transport Fund	204,850	-	-	330,735	47,266	378,001
Attorney Discipline System	89,295	-	-	144,169	373,392	517,561
Risk Management Fund	54,694	-	-	88,304	83,923	172,227
COMPONENT UNITS						
Michigan State Housing Development Authority	2,441,499	-	-	3,941,855	5,185,444	9,127,299
Michigan Strategic Fund	291,965	-	-	471,384	914,079	1,385,463
Michigan Economic Development Corporation	661,973	-	-	1,068,770	937,172	2,005,942
Michigan Finance Authority	252,554	-	-	407,754	21,096	428,850
Mackinac Bridge Authority	437,518	-	-	706,383	168,338	874,721
Mackinac Island State Park Commission	134,485	-	-	217,129	330,499	547,628
Michigan Education Trust	147,033	-	-	237,388	229,935	467,323
State Land Bank Authority	72,771	-	-	117,491	110,012	227,503
State Bar Of Michigan	126,297	-	-	203,910	507,745	711,655
Michigan Veterans' Facility Authority	2,436,016	-	-	3,933,002	15,705,223	19,638,225
Total	$ 339,260,026	$ -	$ -	$ 547,742,834	$ 44,510,964	$ 592,253,798

Employer-level results may not add to System-wide results due to rounding.
The accompanying notes are an integral part of this schedule.

Michigan State Employees' Retirement System
Schedule Of Other Postemployment Benefit (OPEB) Amounts by Employer
As Of And For The Fiscal Year Ended September 30, 2024

Deferred Inflows of Resources					OPEB Expense		
Differences Between Expected and Actual Experience	Net Difference Between Projected and Actual Investment Earnings on OPEB Plan Investments	Changes of Assumptions	Changes in Proportion and Differences Between Employer OPEB Contributions and Proportionate Share of Contributions	Total Deferred Inflows of Resources	Proportionate Share of OPEB Expense	Net Amortization of Deferred Amounts from Changes in Proportion and Differences Between Employer OPEB Contributions and Proportionate Share of Contributions	Total Employer OPEB Expense
$ 2,513,649,187	$ 336,626,268	$ 85,178,094	$ 23,678,959	$ 2,959,132,508	$ (900,385,387)	$ (3,460,684)	$ (903,846,071)
266,398	35,676	9,027	10,012	321,113	(95,423)	21,350	(74,073)
119,011,956	15,938,004	4,032,867	4,320,580	143,303,407	(42,629,905)	(4,768,806)	(47,398,711)
12,199,293	1,633,721	413,388	463,274	14,709,676	(4,369,768)	27,435	(4,342,333)
6,445,225	863,140	218,404	413,834	7,940,603	(2,308,670)	510,272	(1,798,398)
5,916,062	792,275	200,473	37,463	6,946,273	(2,119,124)	122,163	(1,996,961)
2,133,848	285,764	72,308	385,010	2,876,930	(764,341)	(262,443)	(1,026,784)
1,641,487	219,827	55,624	365,766	2,282,704	(587,978)	(117,499)	(705,477)
715,532	95,824	24,247	1,581	837,184	(256,303)	133,682	(122,621)
438,267	58,692	14,851	44,099	555,909	(156,987)	105,070	(51,917)
19,563,988	2,619,997	662,950	1,006,165	23,853,100	(7,007,791)	787,426	(6,220,365)
2,339,544	313,310	79,278	1,572,057	4,304,189	(838,021)	(231,278)	(1,069,299)
5,304,460	710,370	179,748	294,105	6,488,683	(1,900,050)	131,551	(1,768,499)
2,023,743	271,018	68,577	1,803,405	4,166,743	(724,902)	(549,355)	(1,274,257)
3,505,881	469,505	118,801	142,052	4,236,239	(1,255,801)	(171,406)	(1,427,207)
1,077,644	144,317	36,517	226,604	1,485,082	(386,010)	(40,325)	(426,335)
1,178,192	157,783	39,924	71,997	1,447,896	(422,027)	9,189	(412,838)
583,124	78,092	19,760	295,822	976,798	(208,874)	(18,254)	(227,128)
1,012,032	135,531	34,294	18,266	1,200,123	(362,509)	193,104	(169,405)
19,520,052	2,614,113	661,461	77,140	22,872,766	(6,992,053)	9,712,677	2,720,624
$ 2,718,525,915	$ 364,063,227	$ 92,120,593	$ 35,228,191	$ 3,209,937,926	$ (973,771,924)	$ 2,133,869	$ (971,638,055)

Employer-level results may not add to System-wide results due to rounding.
The accompanying notes are an integral part of this schedule.

Michigan State Employees' Retirement System
Notes to the Schedule of Employer Allocations and Schedules of Pension and OPEB Amounts by Employer

Note 1: Plan Description

Organization

The Michigan State Employees' Retirement System (System) is a single-employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan (State) and created under Public Act 240 of 1943, as amended. Section 2 of this act established the board's authority to promulgate or amend the provisions of the System. Executive Order 2015-13 signed by the Governor on October 27, 2015 established the State of Michigan Retirement Board. The executive order establishes the board's authority to promulgate or amend the provision of the System.

The System is administered by the Office of Retirement Services (ORS) within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

Plan Membership

The System's pension and other postemployment benefit (OPEB) plans were established by the State to provide retirement, survivor and disability benefits to state employees. Members are eligible to receive a monthly benefit when they meet certain age and service requirements. In addition, the System's OPEB plan provides all retirees with the option of receiving health, dental, and vision coverages under the Michigan State Employees' Retirement Act as well as eligible Special Duty Officers from the Military Retirement Provisions (MRP).

Effective March 31, 1997, Public Act 487 of 1996 closed the pension plan to new entrants. All new employees become members of the defined contribution plan. The Public Act allows returning employees and members who left State employment on or before March 31, 1997, to elect the defined benefit plan instead of the defined contribution plan.

Public Act 185 of 2010 established a pension supplement. Members who retired under the retirement incentive of the legislation agreed to forfeit accumulated leave balances, excluding banked leave time; in exchange they receive a pension supplement for 60 months to their retirement allowance payments equal to 1/60 of the amount forfeited from funds, beginning January 1, 2011.

Public Act 264 of 2011 granted members a choice regarding their future retirement plan. They had the following options: 1) Defined Benefit (DB) Classified – Members voluntarily elected to remain in the DB plan for future service and contribute 4% of their annual compensation to the pension fund until they terminate state employment; 2) DB 30 – Members voluntarily elected to remain in the DB plan for future service and contribute 4% of pay until they reach 30 years of service, when they will switch to the state's defined contribution (DC) plan; or 3) DB/DC Blend – Members voluntarily elected not to pay the 4% and therefore became participants in the DC plan for future service beginning April 1, 2012.

Public Act 264 of 2011 closed the premium subsidy component of the OPEB plan to new employees hired on or after January 1, 2012. These employees become participants in the Personal Healthcare Fund (PHF).

Former nonvested members of the premium subsidy component of the OPEB plan who are reemployed by the State on or after January 1, 2014, are not eligible for the premium subsidy benefit but will become participants in the PHF. Both groups of employees are eligible for a credit into a health reimbursement account at termination if they terminated with at least 10 years of service. The credit will be $2,000 for participants who are at least 60 years old or $1,000 for participants who are less than 60 years old at termination.

The System's financial statements are available on the ORS website at **Michigan.gov/ORSStateDB**.

Note 2: Summary of Significant Accounting Policies

Governmental Accounting Standards Board (GASB) Statements 68 and 75

Employers participating in the System are required to report pension information in their financial statements for fiscal periods beginning on or after June 15, 2014, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended.

Employers participating in the System are required to report information about OPEB in their financial statements for fiscal periods beginning on or after June 15, 2017, in accordance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, as amended.

The requirements of GASB 68 and 75 incorporate provisions intended to reflect the effects of transactions and events related to pensions and OPEB in the measurement of employer liabilities and recognition of expense and deferred outflows of resources and deferred inflows of resources related to pensions and OPEB.

The Schedule of Employer Allocations recognizes the employers' proportionate share of net pension and OPEB liabilities determined in conformity with GASB 68 and 75. The Schedule of Pension Amounts by Employer recognizes the pension expense, including ending net pension liability, deferred inflows of resources and deferred outflows of resources related to the System's pension plan. The Schedule of OPEB Amounts by Employer recognizes the OPEB expense, including ending net OPEB liability, deferred inflows of resources and deferred outflows of resources related to the System's OPEB plan. These schedules were prepared by ORS with assistance from its third-party actuaries and provide employers with the required information for financial reporting related to the System's pension and OPEB plans as of and for the fiscal year ended September 30, 2024 (the measurement period).

Basis of Accounting and Presentation

The System's financial statements are prepared using the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States (GAAP). Employer contributions are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System.

The Schedule of Employer Allocations, Schedule of Pension Amounts by Employer, and Schedule of OPEB Amounts by Employer were prepared in conformity with GAAP. The preparation of these schedules required management to make estimates and assumptions that affect certain amounts and disclosures. Actual results could differ from those estimates.

The schedules present elements of the financial statements of the System and its participating employers and are not a complete financial presentation of the System or its participating employers.

Proportionate Share Allocation Methodology

The primary government and certain component units participate in the System, which is classified for financial reporting purposes as a single-employer. However, GASB 68 and 75 require that, in stand-alone financial statements, each government should account for and report its participation in the single-employer plan as if it was a cost-sharing employer. Therefore, these allocations are to identify the primary government activities, business-type activities, and component units' proportionate shares of the collective net pension and OPEB liabilities.

In determining the proportionate share allocation, GASB 68 and 75 require that the proportion for each employer be consistent with the determination of the System's contributions. The System has determined that utilizing the statutorily required employer pension and OPEB contributions based on reportable compensation during the System's fiscal year is an appropriate allocation methodology. Each employer's proportionate share allocation is determined by dividing each employer's statutorily required contributions to the system during the measurement period by the percent of pension and OPEB contributions required from all applicable employers during the measurement period.

In December 2003, a settlement was reached between the State Employees Retirement System, the State Bar of Michigan, the Attorney Grievance Commission, and the Attorney Discipline Board. Based on the settlement agreement, State Bar of Michigan and Attorney Discipline System pay retiree premiums for eligible former employees who qualify for the premium subsidy benefit. Because the agreement was determined before the System began prefunding OPEB benefits, the original funding process remains in place. The sum of the retiree premiums invoiced to these employers for the applicable fiscal year comprises their statutorily required contributions for the proportionate share calculation in this report.

The Schedule of Employer Allocations has been rounded and presents the first ten decimal places.

Note 3: Net Pension and OPEB Liability

The System's net pension liability is measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this is the accrued liability less the market value of assets.

Net Pension Liability As of September 30, 2023	
Total Pension Liability	$ 18,999,138,155
Fiduciary Net Position	(13,344,115,138)
Net Pension Liability*	$ 5,655,023,017
Fiduciary Net Position as a Percentage of Total Pension Liability	70.24%
Net Pension Liability as a Percentage of Covered Payroll	152.56%

Net Pension Liability As of September 30, 2024	
Total Pension Liability	$ 18,636,011,712
Fiduciary Net Position	(14,565,090,656)
Net Pension Liability*	$ 4,070,921,056
Fiduciary Net Position as a Percentage of Total Pension Liability	78.16%
Net Pension Liability as a Percentage of Covered Payroll	101.81%

* Employer-level results may not add to System-wide results due to rounding.

The System's net OPEB liability is measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. In actuarial terms, this is the accrued liability less the market value of assets.

Net OPEB Liability As of September 30, 2023	
Total OPEB Liability	$ 7,421,680,690
Fiduciary Net Position	(5,741,150,303)
Net OPEB Liability*	$ 1,680,530,387
Fiduciary Net Position as a Percentage of Total OPEB Liability	77.36%
Net OPEB Liability as a Percentage of Covered Payroll	45.34%

Net OPEB Liability As of September 30, 2024	
Total OPEB Liability	$ 7,113,482,912
Fiduciary Net Position	(6,774,222,884)
Net OPEB Liability*	$ 339,260,028
Fiduciary Net Position as a Percentage of Total OPEB Liability	95.23%
Net OPEB Liability as a Percentage of Covered Payroll	8.48%

* Employer-level results may not add to System-wide results due to rounding.

Discount Rate

A discount rate of 6.00% was used to measure the total pension liability and 6.20% to measure the total OPEB liability. This discount rate was based on the expected rate of return on pension and OPEB plan investments of 6.00% and 6.20% respectively. The projection of cash flows used to determine this discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the fiduciary net positions of both the pension and OPEB plans were projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension and OPEB plan investments was applied to all periods of projected benefit payments to determine the total pension and OPEB liabilities.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

As required by GASB Statement No. 68, the following presents the System's net pension liability, as well as what the System's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease 5.0%	Current Discount Rate 6.0%	1% Increase 7.0%
Total Pension Liability	$ 20,408,157,778	$ 18,636,011,712	$ 17,117,958,418
Fiduciary Net Position	(14,565,090,656)	(14,565,090,656)	(14,565,090,656)
Net Pension Liability	$ 5,843,067,122	$ 4,070,921,056	$ 2,552,867,762

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

As required by GASB Statement No. 75, the following presents the System's net OPEB liability, as well as what the System's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease 5.2%	Current Discount Rate 6.2%	1% Increase 7.2%
Total OPEB Liability	$ 7,893,284,795	$ 7,113,482,912	$ 6,450,447,797
Fiduciary Net Position	(6,774,222,884)	(6,774,222,884)	(6,774,222,884)
Net OPEB Liability	$ 1,119,061,911	$ 339,260,028	$ (323,775,087)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

As required by GASB Statement No. 75, the following presents the System's net OPEB liability calculated using assumed trend rates, as well as what the System's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	$ 6,418,941,008	$ 7,113,482,912	$ 7,903,262,888
Fiduciary Net Position	(6,774,222,884)	(6,774,222,884)	(6,774,222,884)
Net OPEB Liability	$ (355,281,876)	$ 339,260,028	$ 1,129,040,004

Timing of the Pension and OPEB Valuations

Actuarial valuations to determine the total pension liability and total OPEB liability are required to be performed every two years. The System's pension and OPEB valuations are performed every year. If the actuarial valuations are not calculated as of the System's fiscal year end, the total pension liability or total OPEB liability is required to be rolled forward from the actuarial valuation date to the System's fiscal year end.

The total pension and OPEB liabilities as of September 30, 2024, are based on the results of an actuarial valuation date of September 30, 2023 and rolled forward using generally accepted actuarial procedures.

Actuarial Valuations and Assumptions

Actuarial valuations for the pension and OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the fall of 2017, the Department of Technology, Management, and Budget Director and the State of Michigan Retirement Board adopted a dedicated gains policy to lower the discount rate in years where investment returns exceed the current assumption based on a schedule determined by the plan actuary. Excess investment gains in the 2021 fiscal year were sufficient to reduce the discount rate for the System's pension plan from 6.70% to 6.00%; and to reduce the System's OPEB plan discount rate from 6.90% to 6.20% beginning with the September 30, 2022 actuarial valuations. Excess investment gains in the 2024 fiscal year were sufficient to reduce the discount rate for the System's OPEB plan from 6.20% to 6.00% beginning with the September 30, 2025 actuarial valuations.

Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date:	September 30, 2023
Actuarial Cost Method:	Entry-Age, Normal
Wage Inflation Rate:	2.75%
Projected Salary Increases:	2.75% – 11.75%, including wage inflation at 2.75%
Investment Rate of Return:	
– Pension Plan	6.00% net of investment expenses
– OPEB Plan	6.20% net of investment expenses
Healthcare Cost Trend Rate:	Pre-65: 7.25% year 1 graded to 3.50% year 15 Post-65: 6.50% Year 1 graded to 3.50% Year 15

Mortality:

Retirees	PubG-2010 Male and Female Retiree Mortality Tables scaled by 104% for males and 115% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.
Active	PubG-2010 Male and Female Employee Mortality Tables scaled by 100% for males and 100% for females and adjusted for mortality improvements using projection scale MP-2021 from 2010.

Notes:

- Assumption changes as a result of an experience study for the periods 2017 through 2022 have been adopted by the System for use in the determination of the total pension and OPEB liabilities beginning with the September 30, 2023 valuation.
- Recognition period for pension liabilities is the average of the expected remaining service lives of all employees in years is 1.0000.
- Recognition period for pension assets in years is 5.0000
- Recognition period for OPEB liabilities is the average of the expected remaining service lives of all employees in years is 5.7154.
- Recognition period for OPEB assets in years is 5.0000
- Full actuarial assumptions are available in the 2024 State Employees' Retirement System ACFR available on the ORS website at **Michigan.gov/ORSStateDB**.

Note 4: Pension and OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions and OPEB

Pension Plan

The following table provides details of the System's pension expense for the fiscal year ended September 30, 2024.

Expense	Total
Service Cost	$ 52,154,626
Interest on the Total Pension Liability	1,096,303,994
Current-Period Benefit Changes	-
Employee Contributions (shown as negative for addition here)	(14,484,940)
Projected Earnings on Plan Investments (shown as negative for addition here)	(777,185,269)
Pension Plan Administrative Expense	6,251,140
Other Changes in Plan Fiduciary Net Position	6,383,972
Recognition of Outflow (Inflow) of Resources due to Liabilities	(4,620,608)
Recognition of Outflow (Inflow) of Resources due to Assets	(431,212,387)
Total Pension Expense*	$ (66,409,472)

*Employer-level results may not add to System-wide results due to rounding.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in future years' pension expense as follows:

Fiscal Year Ending September 30	Net Deferred (Inflows) and Outflows of Resources
2025	$ (469,859,637)
2026	11,971,103
2027	(303,719,086)
2028	(245,168,974)
2029	-
Thereafter	-
Total	$ (1,006,776,594)

OPEB Plan

The following table provides details of the System's OPEB expense for the fiscal year ended September 30, 2024.

Expense		Total
Service Cost	$	78,173,844
Interest on the Total OPEB Liability		453,619,320
Current-Period Benefit Changes		-
Employee Contributions (shown as negative for addition here)		-
Projected Earnings on Plan Investments (shown as negative for addition here)		(360,820,108)
OPEB Plan Administrative Expense		1,653,265
Other Changes in Plan Fiduciary Net Position		6,000,212
Recognition of Outflow (Inflow) of Resources due to Liabilities		(1,023,783,859)
Recognition of Outflow (Inflow) of Resources due to Assets		(128,614,598)
Total OPEB Expense*	$	(973,771,924)

*Employer-level results may not add to System-wide results due to rounding.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in future years' OPEB expense as follows:

Fiscal Year Ending September 30		Net Deferred (Inflows) and Outflows of Resources
2025	$	(1,015,894,286)
2026		(585,984,907)
2027		(582,244,192)
2028		(373,832,330)
2029		(69,011,182)
Thereafter		-
Total	$	(2,626,966,897)