



## **Protecting MI Pension**

**Michigan Local Pension Grant Program**

## **Frequently Asked Questions (FAQs)**

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## Treasury

### Protecting MI Pension: Michigan Local Pension Grant Program

#### Frequently Asked Questions (FAQs)

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## Introduction

Pursuant to [Public Act 166 of 2022](#), legislation was passed that appropriated funding for the Protecting MI Pension: Michigan Local Pension Grant Program.

This FAQ provides detailed information cities, counties, townships, villages, or road commissions that operate a qualified retirement system need to know about the Protecting MI Pension Grant Program and includes resource material and contact information. More information on this grant program can be found on the Protecting MI Pension: Michigan Local Pension Grant Program webpage at: [www.Michigan.gov/MIPensionGrant](http://www.Michigan.gov/MIPensionGrant)

### Protecting MI Pension: Michigan Local Pension Grant Program Overview

#### 1. What is the Protecting MI Pension: Michigan Local Pension Grant Program?

The Protecting MI Pension Grant Program was created to help Michigan’s underfunded municipal pension systems. Under the [Fiscal Year 2022-23 budget](#), the Michigan Department of Treasury (Treasury) was appropriated \$750 million to establish and operate a local unit municipal pension principal payment grant program for qualified retirement systems with a funded ratio below 60%, as defined in the [Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017](#).

Key to understanding the Protecting MI Pension: Michigan Local Pension Grant Program is the definition of “qualified retirement system”, “qualified unit”, and “contractual benefit enhancement”.

- (a) “Qualified retirement system” means a retirement pension benefit within a retirement system, as defined in Section 3 of the Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017, MCL 38.2803](#), of a qualified unit, with a funded ratio below 60 based on the last report filed as required by Section 5 of the Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017, MCL 38.2805](#), as of December 31, 2021.
- (b) “Qualified unit” means a city, county, township, village, or road commission that operates a qualified retirement system.
- (c) “Contractual benefit enhancement” means any change to the current benefit policy for active members in a qualified retirement system that increases the actuarially determined contribution rate or decreases the funded ratio of the system. This does not include wage and salary increases.

## Grant Program Eligibility and Grant Requirements

### **2. Who is qualified for the Protecting MI Pension Grant Program?**

Grant funds will be made to cities, villages, townships, counties, and road commissions with a qualified retirement system with a funded ratio less than 60% based on the last report filed as required by Section 5 of the Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017, MCL 38.2805](#), as of December 31, 2021, the Retirement System Annual Report (Form 5572). Qualified local units can comply with the future expectations for the Protecting MI Pension Grant Program by completing and submitting a notarized copy of the Protecting MI Pension Grant Affidavit (Form 5887) attesting to the requirements listed in in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) upon receipt of the grant award

### **3. Do Other Post-Employment Benefits (OPEB) systems qualify for the Protecting MI Pension Grant Program?**

No, grant funds for the Protecting MI Pension Grant Program will be made to qualified retirement pension benefit systems as defined in section 3 of the [Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017, MCL 38.2803](#).

### **4. Our qualified local unit's retirement pension system is managed by the Municipal Employees Retirement System (MERS). Are we eligible for the Protecting MI Pension Grant Program?**

Yes, MERS members that are a qualified unit with a retirement pension system having a funded ratio below 60% based upon the most recent Retirement System Annual Report (Form 5572), filed with Treasury as of December 31, 2021, are eligible for the Protecting MI Pension Grant Program.

### **5. We have a self-managed (single-employer) pension system. Are we eligible for the Protecting MI Pension Grant Program?**

Yes, self-managed pension systems of a qualified unit, with a funded ratio below 60% based upon the most recent Retirement System Annual Report (Form 5572), filed with Treasury as of December 31, 2021, are eligible for the Protecting MI Pension Grant Program.

### **6. We are an authority, are we eligible for the Protecting MI Pension Grant Program?**

No, a qualified unit for the Protecting MI Pension Grant Program means a city, county, township, village, or road commission that operates a qualified retirement system.

**7. We have closed retirement system, are we eligible for the Protecting MI Pension Grant Program?**

Yes, closed retirement systems with a funded ratio below 60% based upon the most recent Retirement System Annual Report (Form 5572) filed with Treasury as of December 31, 2021, are eligible for the Protecting MI Pension Grant Program.

**8. We have several pension systems. Which pension system is eligible for the Protecting MI Pension Grant Program? How is the unfunded pension liability calculated?**

All qualified units with a retirement pension benefit system with a funded ratio of less than 60% as reported upon the most recent Retirement System Annual Report (Form 5572) as of December 31, 2021 are eligible to participate in the Protecting MI Pension Program. If a qualified unit has more than one qualified retirement pension system, then each qualified retirement pension system would be eligible for a grant award consistent with Section 979.a (4).

**9. How do I verify the funded ratio submitted as of December 31, 2021 under The Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017 \(MCL 38.2805\)](#) to determine eligibility? Where can my local government find that report?**

Qualified local units can verify the funded ratio submitted to Treasury as of December 31, 2021 by referencing the most recent Retirement System Annual Report (Form 5572) submitted to [LocalRetirementReporting@michigan.gov](mailto:LocalRetirementReporting@michigan.gov) as of December 31, 2021, by reviewing the data posted at [www.Michigan.Gov/MIPensionGrant](http://www.Michigan.Gov/MIPensionGrant), or by referencing the funded ratio reported in your financial statement audit report as of December 31, 2021. Local government financial statement audit reports can be found at the [Department of Treasury's Local Government Document Search Site](#).

**10. What is the source for the data reported under The Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017 \(MCL 38.2805\)](#) in the Retirement System Annual Report (Form 5572) to determine eligibility?**

The data reported on the Form 5572 used to determine eligibility is reported from the local unit's financial statement audit report for the corresponding fiscal year.

**11. What fields in my Retirement System Annual Report (Form 5572) are used to determine grant eligibility?**

On the Form 5572, line 6 of the Pension Report worksheet provides the funded ratio of each retirement pension system. That funded ratio is calculated by dividing line 4, "pension system assets (system fiduciary net position ending)", by line 5, "pension system liabilities (total pension liability ending)" as reported in the financial statement audit report.

**12. Where in my financial statement audit report can I locate the funded ratio(s) for my community's pension system(s)?**

Qualified units can verify their pension system funded ratio by reviewing the Required Supplementary Information section of the most recent financial statement audit report received as of December 31, 2021. By reviewing the *Schedule of Changes in the Net Pension Liability and Related Ratios* within the Required Supplementary Information section of the audit, you would review the data for the most recent year listed in this schedule.

**13. The funded ratio on line 6 of the Retirement System Annual Report (Form 5572) Pension tab is above 60%, but the funded ratio using uniform actuarial assumptions reported on line 26 of the Form 5572 Pension tab is less than 60%. Is my retirement pension system eligible for a Protecting MI Pension grant?**

No, grant eligibility is based on the funded ratio as reported on the Form 5572 using the assets and liabilities according to the financial statement audit used to determine underfunded status in [PA 202 of 2017 \(MCL 38.2805\(4\)\)](#).

**14. My qualified local unit's fiscal year end falls between January 31 and July 1? Which fiscal year submission would I use to locate the funded ratio(s) for my unit's pension system(s)?**

Qualified local units with a fiscal year ending prior to July 1 can verify their pension system funded ratio by reviewing the fiscal year 2021 retirement system annual report (Form 5572) or the *Schedule of Changes in the Net Pension Liability and Related Ratios* in the financial statement audit report for fiscal year 2021 submitted as of December 31, 2021. Units that did not submit a timely audit or Form 5572 by December 31, 2021 may use the Fiscal Year 2020 financial statement audit report or Form 5572 to determine qualified status.

**15. My qualified local unit's fiscal year ends between July 1 and December 31? Which submission would I use to locate the funded ratio(s) for my unit's pension system(s)?**

Qualified local units with a fiscal year ending after July 1 can verify their pension system funded ratio by reviewing the fiscal year 2020 retirement system annual report (Form 5572) or the *Schedule of Changes in the Net Pension Liability and Related Ratios* in the financial statement audit report for Fiscal Year 2020 submitted as of December 31, 2021.

**16. My funded ratio on the Retirement System Annual Report (Form 5572), filed is different than what was reported on the financial statement audit report as of December 31, 2021. Which ratio should I use to determine if I am eligible to participate in the Protecting MI Pension Grant Program?**

If the funded ratio on Form 5572 reported to Treasury as of December 31, 2021 is different than what was reported on your financial statement audit report, qualified units of government should use the funded ratio reported on their financial statement audit report as of December 31, 2021.

**17. My local unit filed the Retirement System Annual Report (Form 5572) after December 31, 2021. What date will the Department use to determine eligibility?**

For qualified units that filed their Form 5572 after December 31, 2021, Treasury will use the most recent submission filed with the Department as of December 31, 2021.

**18. I filed my fiscal year 2021 Retirement System Annual Report (Form 5572) on or before January 3, 2022. What Form 5572 will be used to determine eligibility?**

If your qualified unit's Form 5572 and Financial Statement Audit Report submissions were filed by January 3, 2022 due to a State of Michigan holiday consistent with [Numbered Letter 2019-1](#), Treasury will accept the funded ratio reported on Form 5572 submitted as of January 3, 2022 to determine eligibility for the purposes of the Protecting MI Pension Grant Program.

## Grant Payment Calculation

**19. How will Treasury calculate the grant payment amount for the qualified retirement system for the Protecting MI Pension Grant Program?**

Treasury will validate the requested grant payment amounts on the Protecting MI Pension Grant Application (Form 5886) using the qualified local unit's retirement assets and liabilities as reported on the completed financial statement audit report available as of December 31, 2021, for the Protecting MI Pension Grant Program. This validation calculation will be done by multiplying the qualified retirement pension system's liabilities (total pension liability ending) by 60% (0.60) and subtracting the qualified pension system's assets (fiduciary net position ending). If this calculated amount is greater than \$170 million, then the maximum award payment amount will be capped at the lesser amount.

**20. Is there a limit on grant funds received? How much grant funding will my local unit receive?**

Yes, there is a limit on grant funds received. Qualified units for the Protecting MI Pension Grant Program may receive a grant award amount not to exceed an amount equal to the amount necessary to achieve a funded ratio of 60% or the cap on grant awards, whichever is less, as reported on their most recently submitted financial

statement audit report as of December 31, 2021. Grant awards for the Protecting MI Pension Grant Program must be capped at \$170 million for any qualified unit's qualified retirement system.

**21. My retirement system's funded ratio is different from what was reported on the most recent Retirement System Annual Report (Form 5572) submitted as of December 31, 2021. Will this affect potential grant award payment?**

Grant awards are eligible to all qualified units with a qualified retirement pension benefit system with a funded ratio of less than 60% as reported as of December 31, 2021. Qualified units for the Protecting MI Pension Grant Program may receive a grant award amount not to exceed an amount equal to the amount necessary to achieve a funded ratio of 60% or the cap on grant awards, whichever is less, as reported on their financial statement audit report as of December 31, 2021 (or consistent with the due dates described in [Numbered Letter 2019-1](#)). Updated retirement system funded ratios will not impact grant eligibility or award payment amounts.

**22. What can the grant payment not be used for?**

Grant payments must be made into the qualified retirement system and cannot be used to meet the qualified units actuarially determined contribution for a qualified retirement system(s) as reported as of December 31, 2021, for the Protecting MI Pension Grant.

**23. How will grant payments be awarded?**

The grant award payment will be made into the qualified retirement system, and must be in addition to a qualified unit's actuarially determined contribution as reported under Section 5 of the Protecting Local Government Retirement and Benefits Act, [Public Act 202 of 2017, MCL 38.2805](#).

**24. Is the Protecting MI Pension Grant one-time funding or ongoing grant payments?**

Funds appropriated for the Protecting MI Pension Grant Program under Public Act 166 of 2022 provides one-time payments totaling \$750 million to qualified retirement systems as defined in [Public Act 166 of 2022, Section 979a](#) and must be disbursed no later than August 30, 2023.

**25. Is there a way to estimate my grant payment amount for the Protecting MI Pension Grant Program?**

Yes, qualified units can estimate a maximum grant payment amount for the Protecting MI Pension Grant Program using the funded ratio, assets, and liabilities as reported on your financial statement audit report as of December 31, 2021. The specific calculation will be done by multiplying the qualified retirement pension system's liabilities (total pension liability ending) by 60% (0.60) and subtracting the qualified pension system's



assets (fiduciary net position ending). If this calculated amount is greater than \$170 million, then the maximum award payment amount will be capped at the lesser amount.

**26. Will grant funds be prorated? If so, how will I be notified that grant payments were prorated?**

Yes, grant funds will be prorated if the amount appropriated is insufficient to meet all grant award requests for each qualified unit to achieve a funded ratio of 60% or the cap on grant awards. Treasury shall prorate payments by reducing the amount of the allocation as otherwise calculated by an equal percentage per qualified unit receiving funds under this section. Qualified units will be notified in writing of a pro-rated grant payment amount no later than August 1, 2023.

**27. My valuation period closes December 31, 2022, will this impact the calculation of the funded ratio?**

No, the funded ratio used to determine eligibility for the Protecting MI Pension Grant Program will be calculated using the qualified retirement system's funding status as reported on the most recently completed Retirement System Annual Report (Form 5572) submitted as of December 31.

## Certification and Payment Distribution Process

**28. When can I apply for the Protecting MI Pension Grant Program?**

Qualified units can file a claim using the Protecting MI Pension Application (Form 5886) using the Michigan eSignature Solution beginning April 15, 2023, but no later than June 15, 2023.

**29. How do I apply for the grant?**

Qualified units must complete the Protecting MI Pension Grant Application (Form 5886) no later than June 15, 2023. Treasury will accept the completed application, affidavit, and supporting documents through the Michigan eSignature Solution. Details on the Michigan eSignature Solution can be found at [www.michigan.gov/MIpensionGrant](http://www.michigan.gov/MIpensionGrant).

**30. What documentation do I need to include with my Protecting MI Pension Grant Application (Form 5886)? What financial information would be beneficial to highlight in noting receipt of grant funds?**

Qualified units making a claim to receive grant awards are required to include the following documents as a part of the Protecting MI Pension Grant Application:

1. Copy of approved local government governing body resolution authorizing the chief administrative officer to file a claim

2. Copy of the Protecting MI Pension Grant Affidavit (Form 5887)
3. Copy of actuarial valuation(s) utilized in financial statement audit report used to complete the most recent Retirement System Annual Report (Form 5572) submitted as of December 31<sup>st</sup> 2021
4. Copy of the most recent actuarial valuation as of December 31<sup>st</sup> 2022 for all qualified retirement systems that are requesting grant awards.

**31. My qualified local unit is not scheduled to receive our next actuarial valuation until June 2023, do I need to wait for this to be received to apply? (UPDATED 5/23/2023)**

No, the supporting documentation requesting a “copy of the most recent actuarial valuation as of December 31<sup>st</sup> 2022 for all qualified retirement systems that are requesting grant awards”, means to provide the most recent actuarial valuation(s) received as of December 31, 2022. Qualified units are not being asked to wait for future information to be received to provide as supporting documentation. Simply provide the most recent valuations that were on-hand as of the requested date.

**32. Does any part of the Protecting MI Pension Grant Application (Form 5886) packet need to be notarized?**

Yes, the Protecting MI Pension: Michigan Local Pension Grant Affidavit (Form 5887) will be required to be notarized and submitted as part of the final submission with the application packet.

**33. Can I email my grant application, affidavit, and supporting documents to the Treasury?**

No, qualified units must submit the grant application, affidavit and supporting documentation using the Michigan eSignature Solution found at [www.michigan.gov/MIPensionGrant](http://www.michigan.gov/MIPensionGrant).

**34. Am I required to certify and attest via an affidavit that the qualified local unit shall implement all the following practices in [Public Act 166 of 2022, Section 979a 2\(a-f\)](#) upon receipt of the grant award?**

Yes, to qualify for a grant award, a qualified unit must certify and attest via notarized Protecting MI Pension Grant Affidavit (Form 5887) that it shall implement all the practices as stated in [Public Act 166 of 2022, Section 979a 2\(a-f\)](#). This signed and notarized affidavit will be submitted with the Protecting MI Pension Grant Application (Form 5887).

**35. Can I develop my own affidavit to certify I meet the grant requirements?**

No, qualified units are required to use the affidavit developed by the Treasury and submit the Protecting MI Pension Grant Affidavit (Form 5887) as part of the Protecting MI Pension Grant Application (Form 5886) submission to the Treasury no later than June

15, 2023. Form 5887 must be fully completed by the Chief Administrative Officer of the qualified unit certifying all the statutory requirements are met, notarized, and returned submitted with via eSignature Solution along with the Form 5887 and other supporting documentation.

**36. What am I attesting to on the Protecting MI Pension Grant Affidavit (Form 5887)?**

Qualified local units can comply with the future expectations for the Protecting MI Pension Grant Program by completing and submitting a notarized copy of the Protecting MI Pension Grant Affidavit (Form 5887) attesting to the following requirements listed in in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) upon receipt of the grant award:

- (a) The qualified unit shall make, in full, all actuarially determined contributions.
- (b) The qualified unit shall not provide contractual benefit enhancements unless the contractual benefit enhancement is 100% prefunded.
- (c) A qualified retirement system with a discount rate or assumed rate of return less than or equal to 7% must assume a discount rate or assumed rate of return of not more than the current rate. A qualified retirement system with a discount rate or assumed rate of return greater than 7% must lower its discount rate or assumed rate of a return to a rate at or below 7% within the immediately succeeding 5-year period.
- (d) The qualified retirement system shall adopt, on the recommendation of the actuary and in accordance with all applicable actuarial standards of practice, the most current mortality tables that are most appropriate for the characteristics of the population, which may subsequently be adjusted based on an experience study of the qualified retirement system.
- (e) The qualified unit shall be subject to Corrective Action Plan monitoring by the Municipal Stability Board for 5 years following receipt of any grant award.
- (f) Before completing Corrective Action Plan monitoring in a 5-year period, the qualified unit shall comply with the uniform actuarial assumptions of retirement systems, except for the discount rate and assumed rate of return assumptions, published as of December 31, 2021, by the state treasurer under the [Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017, MCL 38.2801 to 38.2812](#), for the qualified retirement system. A qualified unit, if that unit has, before the enactment of this bill, had an amortization schedule approved by an accredited actuary in accordance with all actuarial standards of practice, and if that amortization schedule has been reviewed and approved by the state treasurer, is not subject to the uniform actuarial assumptions of retirement systems' assumption on amortization and may maintain its current amortization schedule.

**37. Is there a way to look at the affidavit criteria in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) and determine my status to date to see if I am compliant for each of the required practices?**

Yes, the criteria for the affidavit in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) is described in detail on Protecting MI Pension Grant Affidavit (Form 5887), which can be found at [www.Michigan.gov/MIpensionGrant](http://www.Michigan.gov/MIpensionGrant).

**38. What timeline do I have upon receipt of the grant award to meet the criteria in [Public Act 166 of 2022, Section 979a\(2\)](#) ?**

Upon receipt of the grant award, qualified units must meet the criteria in [Public Act 166 of 2022, Section 979a\(2\)](#) during the 5-year monitoring period listed in Sec. 979a(2).

**39. Can qualified units electronically submit the Protecting MI Pension Affidavit (Form 5887), for the Protecting MI Pension Grant Program?**

Yes, qualified units can electronically submit the Protecting MI Pension Grant Application (Form 5886) and supporting documentation, including the Protecting MI Pension Grant Affidavit (Form 5887). Treasury will accept a copy of the notarized affidavit for the purposes of the Protecting MI Pension Grant Program, and the original document should be archived for future audit purposes.

**40. What if I fail to include all required supporting documentation with the Protecting MI Pension Grant Application (Form 5886) submission?**

Qualified local units are required to submit all supporting documentation as outlined in the Protecting MI Pension Grant Application (Form 5886) to receive a grant award.

**41. When will my grant money be distributed?**

The grant award payment into the qualified retirement system must be disbursed by Treasury no later than August 30, 2023. The qualified unit shall make, in full, all regularly scheduled actuarially determined contributions.

**42. My retirement pension system is administered by the Municipal Employees Retirement System (MERS). How will my grant money be distributed?**

Treasury will distribute grant award payments into qualified retirement systems. MERS will receive the funds on behalf of your municipality and will deposit the funds directly to your plan.

Local units with a retirement pension system administered through the MERS will need to create a vendor number in SIGMA for the MERS address/bank information. This will allow the payment to be issued to the local unit but go directly to MERS.

**43. My retirement pension system is single-employer or self-managed, how will my grant money be distributed?**

Treasury will distribute grant award payments into qualified retirement systems. If you administer your own retirement plan, the Department of Treasury will work with your retirement system investment providers related to the form and manner to deposit these funds.

**44. How will I be able to confirm receipt of the grant funds?**

Qualified units that are members of the Municipal Employees Retirement System (MERS) will receive an email confirmation of receipt upon deposit of the award. Qualified units with single-employer or self-managed systems should check with their retirement system investment provider(s) for confirmation of deposit.

**45. Are there options for how the pension grant funds are applied to my qualified retirement system's unfunded liability?**

Yes, if you are a member of Municipal Employees Retirement System (MERS), we advise you to contact MERS directly to discuss the options that may be available to you in this regard. If you administer your own retirement system, we advise you to consult with your actuaries regarding options that may be available.

**46. My qualified retirement pension system has multiple divisions, each with a different funded level. How will the funds be distributed across these divisions? Can my qualified local unit direct how the funds are applied?**

Yes, if you are a member of Municipal Employees Retirement System (MERS), we advise you to contact MERS directly to discuss the options that may be available to you in this regard. If you administer your own retirement system, we advise you to consult with your actuaries regarding options that may be available.

**47. What if the qualified unit does not make the full actuarial determined contribution to the qualified retirement system?**

If a qualified unit does not make the full actuarial determined contribution, the qualified unit shall remit an amount equal to the underpayment to the qualified retirement system within 12 months.

**48. What if a qualified unit fails to remit the grant payment awarded from the Protecting MI Pension Grant Program as described in question 45?**

If the qualified unit fails to remit this payment within 12 months, the Department of Treasury may intercept the qualified unit's revenue sharing payment. For a qualified unit that is a road commission, the department of transportation, in cooperation with the Department of Treasury, may intercept an available state revenue distribution.

**49. My pension system experienced a market loss in 2022. What impact will that have on my pension grant amount?**

Recognizing that many pension systems experienced a market loss in 2022, while the impact of this market loss will vary across pension systems and municipalities, the pension grant amount will be calculated based on data reported by your municipality as of December 31, 2021. Any impact from a 2022 market loss will not be factored into the pension grant award amount.

It is important to recall that the funded level of a pension plan is accurate as of a given date or moment in time. Treasury understands that receipt of pension grant funds will raise your municipality's funded level to 60% as of a moment in time in the past. Since that time, plan experience has changed, which will result in a funded level that may be greater or less than 60%.

## Grant Program Post Payment Requirements

**50. Will qualified units be monitored for compliance for Protecting MI Pension Grant Program? If so, how long will the qualified unit be monitored?**

Yes, qualified units shall be subject to corrective action plan monitoring by the Municipal Stability Board for 5 years following receipt of any grant award.

**51. Who will monitor the corrective action plan requirement for the Protecting MI Pension Grant Program?**

The corrective action plan monitoring requirement for the Protecting MI Pension Grant Program will be monitored by the Municipal Stability Board which is charged with approving and monitoring corrective action plans under Public Act 202 of 2017. Additional information on the Michigan Stability Board can be found at [www.Michigan.gov/MSB](http://www.Michigan.gov/MSB).

**52. How will the Municipal Stability Board monitor grant awardees?**

The qualified unit shall be subject to corrective action plan monitoring by the Municipal Stability Board (the Board) for 5 years following receipt of any grant award. Additional requirements specific to the Protecting MI Pension Grant will include at a minimum, compliance with conditions of the grant award requirements.

**53. How will locals comply with future expectations from [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) ?**

Qualified local units can comply with the future expectations for the Protecting MI Pension Grant Program by completing and submitting a notarized copy of the Protecting MI Pension Grant Affidavit (Form 5887) attesting to the requirements listed in Sec. 979a (2)(a)-(f) upon receipt of the grant award. Qualified units shall be subject to

corrective action plan monitoring by the Municipal Stability Board for 5 years following receipt of any grant award.

**54. How do I request removal from the Corrective Action Plan (CAP) monitoring process by Municipal Stability Board now that I am no longer underfunded?**

Qualified local units that accept grant awards may be eligible for removal following the required 5-year monitoring period required in [Public Act 166 of 2022, Section 979a\(2\)\(e\)](#). The CAP monitoring process will include at a minimum, compliance with conditions of the grant award requirements.

**55. What is a contractual benefit enhancement?**

A contractual benefit enhancement is any change to the current benefit policy for active members in a qualified retirement system that increases the actuarially determined contribution rate or decreases the funded ratio of the system. This does not include wage and salary increases.

**56. Can the qualified unit provide contractual benefit enhancements? What happens if contractual benefits are not 100% prefunded?**

Yes, the qualified unit can provide contractual benefit enhancements if the contractual benefit enhancement is 100% prefunded. Failure to meet the conditions of this subdivision requires repayment of the grant award that was received by the qualified unit. The qualified unit shall notify the Treasury in a form and manner prescribed of any contractual benefit enhancement under [Public Act 166 of 2022, Section 979a\(2\)\(b\)](#) within 30 days.

**57. My discount rate of return or assumed rate of return is greater than 7%, am I required to lower the rate of return of the assumed rate of return for the Protecting MI Pension Grant Program?**

For purposes of complying with the reporting requirements of the corrective action plan monitoring process, a qualified retirement system with a discount rate or assumed rate of return greater than 7% must lower its discount rate or assumed rate of a return to a rate at or below 7% within the immediately succeeding 5-year period.

Qualified local units can comply with the future expectations for the Protecting MI Pension Grant Program by completing and submitting a notarized copy of the Protecting MI Pension Grant Affidavit (Form 5887) attesting to the requirements listed in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) upon receipt of the grant award. Qualified units shall be subject to corrective action plan monitoring by the Municipal Stability Board for 5 years following receipt of any grant award.

**58. What actuarial standards of practice should be used for the mortality tables?**

For purposes of complying with the reporting requirements of the corrective action plan monitoring process, the qualified retirement system shall meet the terms of the most current mortality tables that are most appropriate for the characteristics of the population as an actuarial standard of practice, which may subsequently be adjusted based on an experience study of the qualified retirement system.

Qualified local units can comply with the future expectations for the Protecting MI Pension Grant Program by completing and submitting a notarized copy of the Protecting MI Pension Grant Affidavit (Form 5887) attesting to the requirements listed in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) upon receipt of the grant award. Qualified units shall be subject to corrective action plan monitoring by the Municipal Stability Board for 5 years following receipt of any grant award.

**59. Am I required to comply with the uniform actuarial assumptions to receive a grant payment for the Protecting MI Pension Grant Program?**

For purposes of complying with the reporting requirements of the corrective action plan monitoring process, the qualified retirement system shall meet the terms of the uniform actuarial assumptions of retirement systems except for the discount rate and assumed rate of return assumptions, published as of December 31, 2021, by the state treasurer under the [Protecting Local Government Retirement and Benefits Act, Public Act 202 of 2017](#), for the qualified retirement system.

Qualified local units can comply with the future expectations for the Protecting MI Pension Grant Program by completing and submitting a notarized copy of the Protecting MI Pension Grant Affidavit (Form 5887) attesting to the requirements listed in [Public Act 166 of 2022, Section 979a\(2\)\(a-f\)](#) upon receipt of the grant award. Qualified units shall be subject to corrective action plan monitoring by the Municipal Stability Board for 5 years following receipt of any grant award.

**60. Is there a scenario where a qualified local unit's retirement system would not be subject to the uniform actuarial assumption requirements listed in [Public Act 166 of 2022, Section 979a\(2\)\(f\)](#)?**

If a qualified local unit has, prior to the enactment of this bill, had an amortization schedule approved by an accredited actuary in accordance with all actuarial standards of practice, and if that amortization schedule has been reviewed and approved by the state treasurer, it is not subject to the uniform actuarial assumptions of retirement systems' assumption on amortization and may maintain its current amortization schedule.

**61. How will this grant impact my Actuarially Determined Contribution (ADC) amount?**



For the purposes of the Protecting MI Pension Grant Program, the impact on your qualified local unit's ADC will likely be dependent upon individualized decisions on how your qualified local unit would like these funds allocated within your qualified retirement system(s). We advise you to consult with your actuaries regarding options that may be available to best utilize the grant award.

If your qualified local unit's retirement system is administered by the Municipal Employees Retirement System (MERS), once funds are received from MERS, a receipt of funds will be sent via email to the local unit's designated primary contact. This receipt will provide you the summarized information of the plan. Qualified units administered by MERS can also access the [GovInvest Actuarial Tool](#), available to all MERS defined benefit and hybrid plans.

If your qualified retirement system is self-managed or a single-employer system, we advise you to consult with your actuaries regarding options that may be available.

## Grant Program Contact Information

### **62. Where can I find additional information on the Protecting MI Pension Grant Program?**

#### **Who should I contact for additional questions?**

Additional information on the Protecting MI Pension Program can be found at [www.Michigan.gov/MIPensionGrant](http://www.Michigan.gov/MIPensionGrant) or by emailing the Treasury at [Treasury-MIPensionGrant@michigan.gov](mailto:Treasury-MIPensionGrant@michigan.gov).