

COUNTY OF ALGER, MICHIGAN

OTHER POST-EMPLOYMENT BENEFITS TRUST FUND POLICY

I. Introduction

The purpose of this policy is to establish guidelines to manage the impact of Other Post-Employment Benefits (OPEB) liabilities on Alger County's budget and credit rating while meeting obligations to its eligible retirees.

II. Funding Sources

The OPEB Trust Fund established by the Alger County Board of Commissioners with the Municipal Employees Retirement System may be supported by transfers from multiple funding sources, including taxation and free cash. All interest proceeds or other income generated by the accumulated deposits shall accrue to the Trust Fund.

III. Management of OPEB Liability

Alger County administration will continue to make every effort to manage the OPEB liability by identifying revisions to benefit delivery and cost assignment that will reduce current and future costs.

IV. Management Parameters

Management of the Trust Fund is subject to the following parameters:

1. OPEB obligations will be funded on a pay-as-you-go basis;
2. The Alger County Board must authorize any withdrawals from the Trust Fund;
3. Funds may not be withdrawn to meet regular operating costs of retiree health insurance until at least a two (2) year reserve for Alger County's retiree insurance premium costs is maintained;
4. The Alger County Board may only authorize withdrawal from the Trust Fund to offset the impact of unexpected increases in retiree benefit costs once the reserve benchmark has been attained, and only if such increases will destabilize the annual budget;
5. Alger County may, as available funds permit, set aside more than the amount required to maintain the benchmark reserve.

V. Effective Date

This policy shall be effective March 1, 2019.

VI. Rescission of Inconsistent Resolutions

Any policy or any resolution inconsistent with the resolution that adopted this policy is rescinded.