

# COMPREHENSIVE REVIEW OF THE CITY'S PENSION PLANS

## BACKGROUND

The history of WHG's client can be traced back to the birth of the automobile manufacturing plant. In 1909, Ford Motor car company completed its plant in their city. The city's population dramatically increased in 1913, when Henry Ford opened the plant's first assembly line. The city's relationship with the automobile further intensified when in 1925, Chrysler Corporation made the city its home and served as its home for over 70 years. With high-paying automotive jobs, stunning architecture, a strong taxpayer base, growing municipal services, including, a superb library, the city was nothing short of a wonderful place to live.

With the closing of the Ford's automobile plant and the exit of the automotive powerhouse, Chrysler, the city suffered declines in population and wages. With the declines it suffered under the pressures of economic decline, raising unemployment and increasing crime.

Under mounting fiscal pressure, in June 2001, an emergency financial manager, for the city, was appointed under the supervision of the State of Michigan.

## PAIN POINT

The State of Michigan has declared the city as having a financial emergency and has appointed and put in place an administrator to manage the city. During the city's history, the city put in place three pension plans (Police & Fire, General Employee and Public Safety). Those plans were determined to not be in compliance with current Michigan law requiring the city to file corrective action plan(s) following Public Act 202, of 2017.

It was also determined that the files related to the pension plan(s) were difficult to find, review and ensure compliance with each pension plan(s) document (the rules and regulations governing the city pension plan(s)), policies and procedures.

## THE WOODHILL GROUP SOLUTION

Our approach to resolving the city's pension issues was to review and provide recommendations related to the pension(s) based on the following processes:

- ✓ A review of all plan documents related to the retirement plan(s);
- ✓ Discussed and review plan policies and procedures with city staff;
- ✓ Review of each plan's Actuarial Report to determine funding status and levels, participant population and ensure that assumptions being used in the actuarial calculations were correct and achievable;
- ✓ A review of system participant payments to ensure they comply with all plan documents, policies and procedures;
- ✓ Review of any other plan documents and reports as needed; and

- ✓ Provide our findings and recommended action plan(s), where needed, to bring each plan into compliance with Plan Documents, policies and procedures.

## **RESULTING BENEFITS**

Based on our review and resulting recommendations, the city's PA 202 filing has been accepted by the State of Michigan, pensioner files were organized and computerized, policies and procedures for the retirement system(s) were updated and payments being made by the retirement system(s) were reviewed to ensure compliance with pension plan(s) documents, policies, and procedures.

With the improved pensioner files and updated policies and procedures in place, going forward, the city will be able to better control its pension obligations.