



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

September 29, 2020

**Retirement System Annual Report:
Notice of Acceptance with Deficiencies and
In Prior Corrective Action**

Fiscal Year: 2019

Municipality Code: 741100

Sent Via Email

East China Charter Township
Cindy@eastchinatownship.org

Dear Administrative Officer or Designee:

Thank you for submitting your Retirement System Annual Report (Form 5572) in accordance with Public Act 202 of 2017 (the Act). Upon review of your Form 5572, none of your retirement systems meet the definition of underfunded status.

Form 5572 Deficiencies

Additionally, in our review of your Form 5572, we noticed some data was inconsistent with the data in your most recent audited financial statements. We wanted to bring this to your attention to assist you with completing this form in future years. Please compare your Form 5572 submission to the corrected data posted online. Local government data can be viewed online by selecting the applicable fiscal year under the "Reports and Documents" header on our [website](#), and then viewing the reports under the "Retirement System Reporting Data" header. **Again, please note, you do not need to resubmit your Form 5572 as this is for your information only.**

Removal from Corrective Action

- I. For local governments in corrective action with retirement systems that failed to meet the Act's funding requirements:**

Example Situation: On the most recently filed Form 5572, a local government with an approved CAP no longer triggers underfunded status per the Act.

Conditions for removal from corrective action:

- The local government filed a subsequent year's Form 5572 showing that the underfunded system now meets the Act's funding requirements.
 - Local governments meeting this criterion may request to be removed from the CAP process and purview of the Board.

OR

- The local government will be removed during the CAP monitoring process if the underfunded system has failed to trigger as underfunded during the last two annual Form 5572 submissions OR the underfunded system(s) funded ratio is at least 5% greater than the Act's designated minimum funded ratio (e.g. an OPEB system is 45% funded, 5% greater than the Act's minimum funded status of 40)

The Board may vote to release local governments from the CAP process and purview of the Board, thereby removing underfunded status.

II. For local governments in corrective action for failure to file the retirement system annual report (Form 5572):

Example Situation: A local government was required to submit a CAP for failure to file the Form 5572; however, information in their audited financial statements shows that the local government would not have been determined to be underfunded had the required Form 5572 been completed by the due date and submitted to Treasury.

Conditions for removal from corrective action:

- The local government subsequently filed the Form 5572 showing that they meet the Act's funding requirements.

Local governments meeting this criterion will be biannually reported to the Board. These local governments may be voted by the Board to be released from the CAP process and purview of the Board, thereby removing underfunded status.

Required Payments for Retirement Health Benefits

Pursuant to Section 4(1)(a) of the Act, local governments that offer a retirement health benefit system are required to pay the following:

- 1.) **Normal costs for employees first hired after June 30, 2018.**
- 2.) Any retiree premiums that are due for retirants in the retirement system.

Thank you for your commitment to fiscal stability and compliance with the requirements of Public Act 202 of 2017. If you have any questions regarding your underfunded status, please visit Michigan.gov/LocalRetirementReporting for step-by-step reporting

instructions and helpful FAQs. Again, you may also contact our office at LocalRetirementReporting@michigan.gov, or if you would prefer to speak with a member of our team, please schedule a phone call appointment using the [Local Retirement Calendar](#). A team member will email you a conference number to call at your scheduled time.

Sincerely,

Michigan Department of Treasury
Local Retirement Reporting Team