Are you ready to retire? How about your pension?
By Rick Charmoli
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Retirement is a big step in life, a step we all will have to take at some point in our lives.

For the municipalities and the people who work for them, retirement means a pension for years of hard work. While that is true, there are some concerns when it comes to funding such retirement programs for municipalities.

Wexford County is facing an unfunded pension deficit of more than $7.5 million. When the county approved the current budget last December, its unfunded pension liability for employees who are currently retired and those who have yet to retire had increased from $5.8 million in 2008 to $7.6 million in 2013, although the county has not fallen behind in funding for current retirees.

In Missaukee County, Treasurer Barb Hancock said the sheriff's department and elected officials are in a defined benefit and have a pension plan through Municipal Employees' Retirement System of Michigan, also known as MERS. Hancock said the 2014 liability was $1,155,863 and the percentage was 79 percent funded.

Hancock also said the other plan, which covers employees not in the MERS pension plan, is not a guaranteed pension but is funded by employee/employer contributions.

Osceola County Clerk Karen Bluhm said there are six different employee divisions that receive pensions from MERS. Bluhm said the 2014 liability was $1,992,173, and the percentage was roughly 78 percent funded.

Although Wexford, Missaukee and Osceola counties are dealing with unfunded pension liabilities, Michigan Municipal League Chief Operations Officer Anthony Minghine said pensions are not the real issue but rather health care liabilities. He noted the state constitution has made it a requirement to make pension contributions since 1963. That, however, is not the same for health care benefits.

"The funding requirements didn't exist, and now we are starting to recognize the liabilities," he said. "You see more issues of adequate funding related to retiree health benefits or OPEB (other post-employment benefits). That is an issue we are paying a lot of attention. There is no quick fix."

Minghine said the fix, whatever it is, will likely require an intervention from leaders in Lansing. He said currently it is estimated that there is more than $6 billion in unfunded OPEB, which makes it a significant problem. He added that before the bankruptcy proceedings for Detroit, the city's unfunded OPEB was roughly that number by itself.

With that in mind, Minghine said it will be take a thoughtful approach and creative thinking from everyone involved to address the human aspect of this issue.

"People worked, retired and need reasonable health care," he said. "The current model is not a sustainable model. We need to look at providing benefits that will be more cost-effective. The fact that you have (Affordable Care Act) exchanges where access to health care is now easier may help to be part of the solution, but it is tough to say."

The biggest reason for the growth of the unfunded health care liability has to do with inflation, Minghine said. He added that decades ago, the rate of health care inflation was similar to that of normal inflation, but Minghine added there weren't medicines that cost thousands of dollars.

He also said the fact that people are living longer also is adding to the problem. He added someone who retired 20 years ago is still collecting benefits, and when you look at the cost to provide those benefits 20 years ago, it doesn't cost that today to provide those same benefits.

“It is not being ignored, but how it will be addressed we are not sure,” Minghine said. “We will need broad intervention. I think there are lots of conversations and willingness to look at it. If an answer was found today, it would likely occur over time because of the number of individuals. The devil will be in the details.”