

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

Division Name	Normal Retirement Eligibility (d) or (f)	Early Retirement Eligibility (b)
Elected Officials and Department Heads (div. 1), Judges (div. 2), General County (div. 3), General Circuit Court (div. 4), General District Court (div. 5), General Probate Court (div. 6), BCAMPS (div. 7), USWA-General (div. 8), USWA Part-Time Employees (div. 9), and District Court AFSCME (div. 15)	(d) or (f)	(b)
Nurses (div. 10)	(d) or (f)	(b)
Sheriff-Road Patrol (div. 11)	(g) or (f)	(b)
Sheriff Correctional Facility Officers (div. 12)	(c) or (f)	(g) or (b)
Dispatchers (div. 13)	(h) or (c) or (f)	(g) or (b)
Circuit Court G.E.L.C. (div. 14)	(d) or (f)	(b)
Probate Court USWA (div. 16), Behavioral Health AFSCME (div. 23), Behavioral Health General (div. 24), Library-Employee Members of USWUA Local 542 (div. 18), General Library (div. 19)	(d) or (e)	(a)
ICEA/PERA 1203 (div. 30), and ICEA/PERA 612 (div. 31)	(d) or (e)	(a)
MCF United Steel Workers Local 15301 (div. 20), MCF RN & LPN Nursing Council (div. 21), General MCF (div. 22)	(h) or (c) or (e)	(a)
Road Commission AFSCME Local 1096 (div. 25), Road Commission Class I Supervisory and Admin. Employees (div. 26)	(h) or (f)	(b)
Water and Sewer UWUA Local 546 (div. 28), and Water and Sewer General (div. 29)	(h) or (f)	(b)
Road Patrol Supervisory Unit (div. 32)	(g) or (f)	(b)

Eligibility	Amount
(a) Age 55 with 8 yrs of service	(c) Age 55 with 25 yrs of service
(d) Age 55 with 30 yrs of service	(f) Age 60 with 8/10 yrs of service
(e) Age 55 with 30 yrs of service	
(g) 25 yrs of service regardless of age	
(h) 30 yrs of service regardless of age	
* 10 years of service for members hired after 1/1/2006.	
# 10 years of service for members hired after 3/1/2007.	
! 10 years of service for members hired after 3/1/2008.	

See Above.

NORMAL RETIREMENT
Total service times FAC times:
2.00% for division 23
2.25% for divisions 11-10, 14, 16-22, 24, and 28-31
2.50% for divisions 11-13, 15 and 32
2.50% for svc. prior to 3/31/11; 2.25% for svc after, div 26.
2.50% for those hired before date of ratification; 2.25% for those hired after date of ratification, div 25.
Type of final average compensation (FAC) - Highest 5 years. Some lump sums included. Maximum County-financed is 75% of FAC.

EARLY RETIREMENT
Normal retirement reduced to the actuarial equivalent.

DEFERRED RETIREMENT
Computed as a normal retirement but based on service and final average on date of hire. Benefit begins at age 60 or compensation at time of termination.

The Retirement System also provides benefits for Non-Duty Death in Service, Duty Death in Service, Non-Duty Disability, and Duty Disability. Please check the Retirement Ordinance for a complete description of these benefit options.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS
One-time increases have been granted at various amounts.

MEMBER CONTRIBUTIONS
6% of annual compensation for divisions 11-13, 15, and 32. 5% of annual compensation for division 25. 4% of annual compensation for remaining divisions. The employer pays the member contributions for all employee groups, except division 23, 25 and 26.

EMPLOYER CONTRIBUTIONS
Actuarially determined amounts which, together with member contributions, are sufficient to cover both (i) normal costs of the plan, and (ii) financing of unfunded accrued liabilities over a selected period of future years.

Bay County Employees' Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2010

Dear Retirement System Members and Retirees:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die. *The County also supports a retiree health insurance program, which is separate from the Retirement System.*

The Retirement Board's fiduciary responsibility to you is to oversee the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the County's Retirement Ordinance and the Retirement Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available in the Finance Office or can be accessed via the County's website.

Respectfully submitted,

Board of Trustees
Bay County Employees' Retirement System

Gabriel Roeder Smith & Company
Consultants & Actuaries

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year to year.

The Board of Trustees of the Bay County Employees' Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on the System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2010 valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2012 Employer Contribution Rates as a Percentage of Active Member Payroll

Contributions For	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
Normal Cost							
Total	12.03%	11.45%	13.60%	12.79%	13.38%	15.75%	16.28%
Member	4.23	4.00	4.00	4.00	4.00	6.00	4.73
Employer	7.80	7.45	9.60	8.79	9.38	9.75	11.55
Amort. of UAL	(6.61)	4.26	(2.69)	0.29	(2.02)	(20.62)	6.50
Computed Employer Rate*	1.19%	11.71%	6.91%	9.08%	7.36%	(10.87)%	18.05%

* As the System cannot contribute back to the employer, the present recommended employer contribution for each group with a negative rate is 0% of pay. However, employer paid "member contributions" are still required.

Funded Status	General County	DWS	Library	BABH	BMCF	Sheriff's Dept.	Road Comm.
AAL#*	\$83.3	\$11.8	\$8.9	\$33.0	\$42.4	\$23.8	\$28.4
Applied assets * (smoothed market value) %funded	93.0	10.3	9.4	32.3	44.3	30.6	24.8
	111.6%	87.2%	106.2%	97.9%	104.5%	128.6%	87.3%

Actuarial Accrued Liabilities
* \$ millions

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

SUMMARY FINANCIAL INFORMATION

Revenues & Expenditures

2010

Market Value - January 1 \$205,994,725

Revenues:

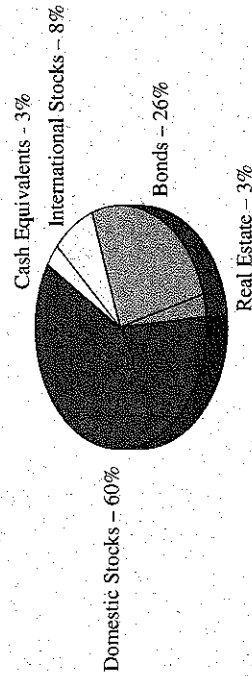
Member contributions	1,954,427
Employer contributions	2,754,508
Investment income/(loss)	36,988,907
Other revenue	364,292
Total	<u>42,062,134</u>

Expenditures:

Benefit payments	10,786,895
Refund of member contributions	128,001
Investment expenses	1,603,224
Administrative expenses	159,480
Total	<u>12,677,600</u>

Market Value - December 31 \$235,379,259

Investments (Market Value)



The market rate of return on System assets net of expenses for the year ended December 31, 2010 was 17.63%.