



**BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM
BAY COUNTY VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION**

BAY COUNTY BUILDING
515 CENTER AVENUE
BAY CITY, MICHIGAN 48708-5128

Jan Histed
Secretary

July 10, 2018

Actuarial Standards Board
1850 M Street NW, Suite 300
Washington, DC 20036

To Whom It May Concern:

The Bay County Employees' Retirement System was established to provide retirement income to qualified employees and former employees. BCERS is over 100% funded and takes great care to follow the advice of our service providers to ensure that we can honor the benefits promised to our members. We understand that as a plan we must reevaluate our current assumptions and adopt new standards. We have recently completed an experience study spanning a 5 year period and followed the advice of our actuary to adopt all of the proposed assumptions. The Bay County Employees' Retirement System implores the Actuarial Standards Board to reconsider the proposed section 3.11 of ASOP 4. We believe that the Investment Risk Defeasement Measure will misrepresent the health of our plan and will negatively impact the system.

BCERS appreciates the Actuarial Standards Board's work to examine the current Actuarial Standards of Practice and ensure that pension plans and the public are provided with an accurate funding valuation. However, the inclusion of the Investment Risk Defeasement Measure will undoubtedly be used against the members of our plan and the public interest. Including in our funding valuation a calculation where the benefits are valued with a discount rate that reflects either U.S. Treasury yields or the rates at which pension obligations may be effectively settled will mislead anyone who is unfamiliar with a financial knowledge of pension systems. As a governmental plan the BCERS Board must present our funding valuation to the public and our members. Including the Investment Risk Defeasement Measure in our valuation will burden the Board with devoting time and resources to make sure that there is no confusion as to the valuation of assets in our plan and our ability to make current and future benefit payments.

Defined benefit pension plans have been under attack on the national level and also in our home state of Michigan. We have been called to action recently to stop Michigan lawmakers from passing blanket legislation that threatens to burden employers and penalize employees. The inclusion of the Investment Risk Defeasement Measure in our funding valuation would provide defined benefit plan opponents with a tool to validate their arguments. The Investment Defeasement Measure would portray our system as underfunded and unable to provide the benefits to our members. Not only will this cause unnecessary confusion for our members but also to legislatures who have been debating pension plan reform.

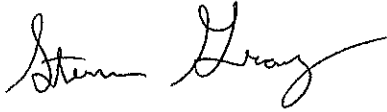
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Thank you for considering The Bay County Employees' Retirement System's position on the proposed section 3.11 of ASOP 4. Again, we urge the Actuarial Standards Board to not require a standard of including the Investment Risk Defeasement Measure in our funding valuation.

Sincerely,

BAY COUNTY EMPLOYEES' RETIREMENT SYSTEM

A handwritten signature in black ink, appearing to read "Steven Gray". The signature is fluid and cursive, with the first name "Steven" and the last name "Gray" clearly distinguishable.

Steven Gray
Chairperson of Bay County Employees' Retirement System