RETIREMENT ADMINISTRATIVE REVIEW COMMITTEE

Kimberly L. Murphy
County Administrator

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MEMBERS
James Van Doren, Kevon Martis, Roxann Holloway,
Kimberly Murphy, Jacob Pifer and Jacqueline Wyse (alternate)

MEETING LOCATION
Chambers
301 N. Main St, Adrian, MI 49221

Minutes: Thursday, October 16, 2025

I. Approval of Minutes

Present:	*Commissioners: Jim Van Doren, Kevon Martis, Administrator Kim Murphy, County Clerk Roxann Holloway, Jacob Pifer and Jacqueline Wyse (alternate)*
Also Present:	*Deputy Administrator Shannon Elliott, Human Resource Director Bev Ahlers, Jason Tether, Michele Equale, Becky Sielman, Jack Chmielewski, Rachel McAran, Jennifer Ambrose, Quinn Wilt, and Carissa Zubke*

The meeting was called to order at 10:30am by Comm. Van Doren.

A. 9/18/2024

Motion by Murphy, seconded by Holloway to approve the minutes of September 18, 2024. Motion carried.

II. Capital Market Overview

A. Empower Q4 2025 Economic & Market Outlook

Joe Fine, Empower Investment Director, provided an overview of the 4th Quarter U.S. economic and market outlook via Zoom.
A review of the year by quarter was presented, and the impacts of the current tariffs were discussed.
Mr. Fine briefly highlighted valuations in U.S. large-cap stocks, small-cap stocks, and the bond markets. Interest rates have declined slightly, resulting in strong bond returns during both the third and fourth quarters.
The market has not yet shown any significant impact from the current federal government shutdown.
Possible future market pros and cons were discussed, including the potential effects of reduced income among high-end consumers and the impact of tariffs on lower- to middle-income consumers.
Mr. Fine noted that 8 of the 10 major stock markets currently have high valuations, and since April 2025, U.S. stocks have been considered overvalued.
Additional federal rate cuts may occur in the coming year.
Overall, the market has experienced solid year-to-date (YTD) returns.

III. Defined Benefit Plan Review

A. Defined Benefit Valuation Results

Jack Chmielewski, Principal and Consulting Actuary with Milliman, presented the Defined Benefit Valuation Report. An annual valuation is conducted each year as of January 1.
The three sections reviewed included Plan Liability, Plan Assets, and Impact on Contribution.
Key takeaways from the report: 2024 assets earned 11.99%, which is a strong result. The funded status improved to 82%, driven by higher investment gains and greater-than-expected salary increases.

Membership has declined and will continue to do so over time, as no new participants are being added. The active group had 9 retirees this year—fewer than the 35 expected—and 21 retirees passed away.
The plan currently has 53 active members, and their projected retirement ages were reviewed.
Due to ongoing inflation, member salary increases were higher than projected. Administrator Murphy shared information from the Wage & Compensation Study, noting that 2026 will be the final year of wage adjustments.

Historical performance: Over the past five years, the plan saw double-digit asset returns, except in 2022. The five-year average return is 6.29%, and the expected return for this year is 6.75%.
Board of Commissioners' contributions since the beginning of 2024 were higher than anticipated.

Mr. Chmielewski also provided an overview of the plan's asset allocations, noting that the plan currently maintains a well-diversified mix. Historical data are used to help determine expected returns.
The plan's accrued liability over the past five years was reviewed; for 2025, it is slightly lower than expected, which is positive. Accrued liability by member group and unfunded accrued liability were also reviewed, both trending in the desired direction.
The actuarial determined contribution includes the unfunded accrued liability and annual accruals for active members. Over the past three years, it has decreased, which is viewed positively.
Finally, discussion noted that the plan will no longer accept new members, and eventually, there will be no participants drawing from the plan. However, it is expected to take several decades before the plan reaches minimal membership levels.

IV. Envestnet Defined Benefit Plan Review

A. Plan Investment Review - Lenawee County Board of Commissioners Plan Q2 2025

Jason Tether, Advisor with MassMutual, provided an overview of the Board of Commissioners Retirement Plan.
The current investment model follows a 60/40 blend of equities and bonds. Mr. Tether reviewed the total plan asset allocations, noting that the portfolio is highly diversified.
Total assets as of June 30, 2025 were reviewed, and Mr. Tether stated that current market

conditions are favorable for the plan.

A performance summary was included in the report, outlining the asset breakdown and fund expenses.
Mr. Tether described the 13 fund criteria used to monitor the accounts. Based on these criteria, each fund is evaluated and assigned a Pass, Watch, or Action status.
If a fund remains on Watch status for six consecutive quarters, it transitions to Action status.

V. Defined Contribution Plan Review

A. Plan Performance (Defined Contribution 401a 780136)

Michele Equale, Sr Relationship Manager with Empower, gave a presentation on the Board of Commissioners Defined Contribution Plan.
The plan's data elements are based on employee age and salary. It currently has 522 participants, with an average account balance of approximately $44,000 and total plan assets of $83,000.

Ms. Equale discussed the different investment strategies available to members, including:

- *Do It for Me – My Total Retirement*
- *Help Me Do It – Target-Date Strategy or Risk-Based Strategy*
- *Do It Yourself – Self-directed investing*

She noted that participants using the Do-It-Yourself strategy may be exposed to inflation risk. Empower can also identify individual Do-It-Yourself participants and assist them with personalized investment strategies, if recommended.
Fiduciary responsibilities are focused on active participants, though Empower also monitors vested former employees who are no longer employed by the County. Ms. Equale reported that the average account balance is trending upward.
Members are encouraged to register their accounts with Empower and maintain an updated email address; currently, about 50% of members have registered.

At this time, the plan does not offer a Roth option.
The Target-Date Strategy is based on an individual's expected retirement date, and Mr. Tether reviewed some of the benefits of this approach.

Mr. Tether also provided information on the Managed Account Personalization option, which is available to participants for a fee. This option creates an individualized plan by considering factors such as marital status, salary, account balance, age, gender, and Social Security benefits. Participation in the Managed Account Strategy has increased in recent years, though there is still an opportunity for further education in this area.

B. Plan Performance (Deferred Compensation 457b)

Michele Equale reviewed the Defined Contribution 457b Plan.
This plan is available to employees who wish to invest beyond their contributions to the 401(a) plan. Currently, there are seven participants utilizing the County's 457 plan with Empower, and the average account balance is strong.
The current investment strategy for the 457 plan is primarily Do-It-Yourself, though Empower can also offer other options based on factors such as retirement date or age. A brief overview of the Executive Summary Report was also provided.
Mr. Tether gave an overview of the Empower website and its additional features, including debt payoff planning, savings tools, and more.
Human Resources Director Bev Ahlers reviewed other 457b contracts the County maintains with different organizations. A meeting will be scheduled early next year to review the 457b plans in greater detail.
During the discussion, it was noted that federal regulations impose a 5% contribution cap on 401(a) plans, which creates the need for additional investment options such as the 457b plan.

VI. Envestnet Defined Contribution Plan Review

A. Plan Investment Review - LCBOC DC Plan Q2 25)

Lenawee Board of Commissioners Defined Contribution Plan Investment Review was included in the packet.

VII. Other Business

VIII. Public Comment

No comment.

IX. Adjournment

Motion by Martis to adjourn at 12:20pm, seconded by Murphy. Motion carried.