MICHIGAN PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM

Annual Comprehensive Financial Report for the Fiscal Year Ended September 30, 2021

M P S E R S

A Fiduciary Component Unit of the State of Michigan

Prepared by:
Financial Services
For
Office of Retirement Services
P.O. Box 30171
Lansing, Michigan 48909-7671
517-284-4400
1-800-381-5111

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INTRODUCTORY SECTION

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Michigan Public School Employees' Retirement System

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morrill
Executive Director/CEO

Public Pension Coordinating Council

Public Pension Standards Award
For Funding and Administration
2021

Presented to

Michigan Office of Retirement Services

In recognition of meeting professional standards for
plan funding and administration as
set forth in the Public Pension Standards.

Presented by the Public Pension Coordinating Council, a confederation of

National Association of State Retirement Administrators (NASRA)
National Conference on Public Employee Retirement Systems (NCPERS)
National Council on Teacher Retirement (NCTR)

Alan H. Winkle
Program Administrator

Michigan Public School Employees'
Retirement System
P.O. Box 30171
Lansing, Michigan 48909-7671
Telephone 517- 284-4400
Outside Lansing 1-800-381-5111

STATE OF MICHIGAN

GRETCHEN WHITMER, Governor

DEPARTMENT OF TECHNOLOGY, MANAGEMENT & BUDGET

February 24, 2022

The Honorable Gretchen Whitmer
Governor, State of Michigan,

Members of the Legislature
State of Michigan,

Retirement Board Members
and
Members, Retirees and Beneficiaries

Ladies and Gentlemen:

We are pleased to present the annual comprehensive financial report of the Michigan Public School Employees' Retirement System (System) for fiscal year 2021.

INTRODUCTION TO REPORT

The System was established by legislation under Public Act 136 of 1945, and is administered by the Office of Retirement Services (ORS). The number of active and retired members and beneficiaries of the System is presented in Note 1 of the financial statements in the Financial Section in this report. The purpose of the System is to provide retirement, disability, death, and healthcare benefits for all public school employees. The services performed by ORS staff provide benefits to members, retirees, and beneficiaries.

Responsibility

Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the leadership team of the System. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the System.

Internal Control Structure

The leadership team of the System is responsible for maintaining adequate internal accounting controls designed to provide reasonable assurance that transactions are executed in accordance with management's general or specific authorization, and are recorded as necessary to maintain accountability for assets and to permit preparation of financial statements in accordance with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable assurance regarding the safekeeping of assets and reliability of all financial records.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and that the valuation of costs and benefits requires estimates and judgments by management. This internal control structure includes maintaining written policies and procedures. Discussion and analysis of fiduciary net position and related additions and deductions are presented in the Management Discussion and Analysis which can be found immediately following the Independent Auditor's Report.

Independent Auditors and Actuary

The Office of the Auditor General (OAG), independent auditors, conducted an annual audit of the System. The independent auditor's report on the System's financial statements is included in the Financial Section in this report.

An actuarial valuation is conducted annually. The purpose of the valuation is to evaluate the mortality, service, compensation, and other financial experience of the System and to recommend employer contribution rates. The annual actuarial valuation was completed by Gabriel Roeder Smith & Company for the fiscal year ended September 30, 2020 and recommends employer contribution rates for the fiscal year ended September 30, 2023. Actuarial certification and supporting statistics are included in the Actuarial Section in this report.

Management's Discussion and Analysis (MD&A)

Generally Accepted Accounting Principles (GAAP) require that management provide a narrative introduction, overview, and analysis to accompany the Basic Financial Statements in the form of an MD&A. This letter of transmittal is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the Independent Auditor's Report.

PROFILE OF THE GOVERNMENT

In accordance with Public Act 300 of 1980, on October 31, 1980, the Public School Employees' Chapter I Retirement Fund merged with the Public School Employees' Chapter II Retirement Fund to establish the Public School Employees' Retirement System. Public Acts 136 of 1945 and 259 of 1974, respectively, created the two original funds. A 12-member board and the director of the Department of Technology, Management, and Budget (DTMB), govern the System. The System serves approximately 400,000 members from over 680 participating public school employers in Michigan. The System is funded by employer contributions, member contributions, and investment earnings. A detailed plan description is included in Note 1 of the Financial Section in this report.

ECONOMIC CONDITIONS AND OUTLOOK

Despite a long-term mix of both challenging and robust economic times, the System continues to show steady performance.

Investments

The State of Michigan Investment Board is the investment fiduciary and custodian of all investments of the System pursuant to State law. The primary investment objective is to maximize the rate of return on the total investment portfolio, consistent with a high degree of prudence and sufficient diversity to eliminate inordinate risks and to meet the actuarial assumption for the investment rate of return. The investment activity for the year produced a total rate of return on the portfolio of 27.2 percent for the pension plan and 27.2 percent for the other postemployment benefits (OPEB) plan. For the last five years, the System has experienced an annualized rate of return of 12.1 percent for the pension plan and 12.0 percent for the OPEB plan. A summary of asset allocation and rates of return is presented in the Investment Section in this report.

Accounting System

Transactions of the System are reported on the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when incurred. Participants' benefits are recorded when payable by law. We believe that the accounting and administrative internal controls established by the System provide reasonable assurance the System is carrying out its responsibilities in safeguarding its assets, in maintaining the reliability of the financial records for preparing financial statements, and in maintaining accountability for its assets.

Funding

Funds are derived from the excess of additions to plan fiduciary net position over deductions from plan fiduciary net position. Funds are accumulated by the System to meet future benefit obligations to retirees and beneficiaries. The percentage computed by dividing the actuarial value of assets by the actuarial accrued liability is referred to as the "funded ratio." This ratio provides an indication of the funding status of the System and generally, the greater this percentage, the stronger the System.

Pension – The actuarial value of the assets and actuarial accrued liability for pension benefits of the System were $52.6 billion and $86.3 billion, respectively, resulting in a funded ratio of 60.9 percent on September 30, 2020. A historical perspective of funding levels for the Pension Plan is presented on the Schedule of Funding Progress in the Actuarial section in this report.

OPEB – Prefunding for OPEB began in fiscal year 2013. The actuarial value of the assets and actuarial accrued liability for OPEB were $8.2 billion and $11.9 billion, respectively, resulting in a funded ratio of 68.8 percent as of September 30, 2020. A historical perspective of funding levels is presented on the Schedule of Funding Progress in the Actuarial section in this report.

MAJOR GOALS ACCOMPLISHED

Pension statements go paperless for online account holders – In October, pension statements for members of the public school, state employee, and state police retirement systems with active online accounts went paperless. Nearly 185,000 customers, which is almost half of the retiree population served by ORS, shifted to digital statements. The statements are still available in the retiree's miAccount. Retirees can choose to opt back in to paper statements if desired. After five statement cycles we have saved over $560,000 in printing and mailing costs.

Newsletters shift to quarterly publications – Beginning in March 2021, both the *Connections* and *Proactive* newsletters — for our retired and active customers, respectively — changed from biannual to quarterly publications. The printed *Connections* newsletter also went entirely digital. (The *Proactive* newsletter was already digital.) We doubled our efforts to deliver more timely and relevant information in a predictable format, maintaining a digital presence through the pandemic and beyond. Historically the printed *Connections* newsletter required preparations months in advance, which was a limiting factor in the production process. We also will save over $30,000 a year in printing costs by moving *Connections* to digital delivery.

Covid-related costs share waived for retirees – ORS staff worked with Blue Cross Blue Shield of Michigan to implement measures to help public school retirees consult with their doctors and therapists during the COVID-19 pandemic. Temporary adjustments were made to remove the member cost share for all testing and treatment related to COVID-19, medical and behavioral telehealth services, in-person primary care office visits, in-office services, and behavioral health office visits.

Member seminars go virtual – Every year, ORS staff work with our insurance carriers to create presentations, benefit guides, and flyers to educate public school retirees about their healthcare plan. The carriers typically participate in in-person seminars throughout the fall to help distribute this information. In response to the pandemic, the fall 2020 seminar experience was made available exclusively online. The online seminar had 3,421 users and feedback from members was positive overall. In spring 2021, ORS staff and insurance carriers kicked off another round of online seminar planning to deliver educational materials in a similar format as 2020.

Infographics share remote work successes – As we adapted to remote work, ORS staff found new ways to engage customers and keep our work visible. Over the course of a year, leaders of each process reported notable work that was completed in their area each month. These reports were then converted into infographics representing the accomplishments of the business processes and shared regularly on our Facebook page. These posts were consistently among the top five in engagement for every month of the campaign.

Regular one-on-one meetings sustain relationships, performance – One-on-one meetings between leaders and their direct reports have been a standard practice for several years at ORS. But with the disruption and isolation of remote work, these no-less-than-biweekly meetings have proved vital to build and maintain positive relationships, foster effective communication, and support performance management. Every leader is expected to establish one-on-one meetings with each of their direct reports and to adhere to specific outcomes.

Leadership fosters open communication with town halls, blogs, videos – Over the past year, we have normalized more frequent communications from our leadership team to staff. In addition to the biweekly blogs produced by ORS Director Anthony Estell, the ORS division directors and senior executive assistant began producing biweekly videos for staff. The result is a weekly cadence of leadership communication. Additionally, we have continued quarterly town hall events that have been heavily dedicated to recognition, significant updates from leadership, and leadership fielding questions and answers from staff. These have all proved beneficial in maintaining an executive presence and being open and transparent with timely communications.

ORS exploring different approach to IT development – In fall 2021, we began exploring a new method to develop technical solutions for the business with our partners in the DTMB Application Support Team. Historically, ORS has used a waterfall approach to IT projects which involves fully developing a product before delivery. Value is gained upon project completion, not during development and testing. This pivot in practice adopts an iterative approach, reducing the cycle from development to market. The time savings comes from first delivering simple, viable products and adding features and complexity in subsequent releases. ORS has already completed one release using this methodology. The new approach also introduced ORS to Azure DevOps software for planning and organizing the related business activities

ORS reaches new milestone for monthly pension payments - This July, for the first time in ORS' history, we issued over 300,000 pension payments in a single month. The new milestone was confirmed after the monthly pension payroll processed in mid-July for all retirement systems administered by ORS.

HONORS

Public Pension Standards Award – ORS was awarded the 2021 Standards Award from the Public Pension Coordinating Council Standards Program (PPCC) for both funding and administration. ORS has received these awards every year since 2004. The PPCC Standards reflect expectations for public retirement system management and administration and serve as a benchmark for all DB public plans to be measured.

Government Finance Officers Association Award – The Government Finance Officers Association (GFOA) of the United States and Canada awarded the retirement system with the Certificate of Achievement for Excellence in Financial Reporting for the fiscal year 2020 Annual Comprehensive Financial Report (ACFR). This marks the 30th consecutive year ORS has received this prestigious award.

ACKNOWLEDGEMENTS

The preparation of this report was accomplished with the dedication and cooperation of many people. It is intended to provide complete and reliable information as a basis for making management decisions, as a means of determining compliance with legal provisions, and as a means for determining responsible stewardship of the funds of the System.

We would, therefore, like to express our appreciation for the assistance given by staff, the advisors, and the many people who contributed to its preparation. We believe their combined efforts have produced a report that will enable employers and plan members to better evaluate and understand the Michigan Public School Employees' Retirement System. Their cooperation contributes significantly to the success of the System.

Sincerely,

Michelle Lange, Acting Director
Department of Technology, Management & Budget

Anthony J. Estell, Director
Office of Retirement Services

RETIREMENT BOARD MEMBERS *

As of February 24, 2022

Vacant
Active Classroom Teacher
Term Expired

Jeffrey P. Crouse
Active Superintendent
Term Expires March 30, 2025

Brian Kwiatkowski
Active Classroom Teacher
Term Expires March 30, 2025

Timothy Raymer, Vice Chair
Retired Finance/Operations
Term Expires December 31, 2023

John Solecki
General Public – Investments
Term Expires March 30, 2024

Vacant
General Public -
Actuary/Health Insurance
Term Expired

Dr. Patricia Chapman
Community College Trustee
Term Expires March 30, 2024

Kevin Philipps
Active Finance/Operations,
Non-Superintendent
Term Expires March 30, 2024

James Pearson
Retired Teacher
Term Expires March 30, 2022

Liz Eastway
Retired Non-Certified Support
Term Expires March 30, 2025

Anne Hamming
Reporting Unit Board of
Control
Term Expires March 30, 2024

Scott Koenigsknecht, Chair for Dr.
Michael Rice
State Superintendent of
Education, ex officio

* Statute provides that board members may continue to serve after their term expires until they are replaced or reappointed.

ADVISORS AND CONSULTANTS

As of February 24, 2022

Actuaries
Gabriel Roeder Smith & Co.
Mita D. Drazilov
Southfield, Michigan

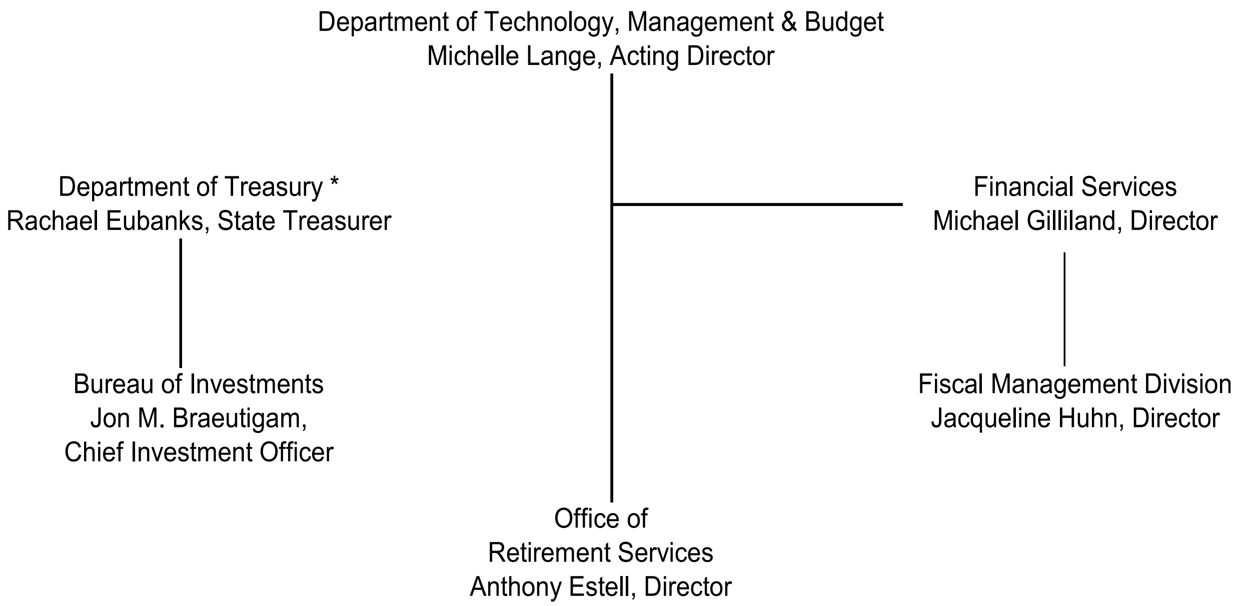
Independent Auditors
Doug A. Ringler, C.P.A., C.I.A.
Auditor General
State of Michigan

Investment Manager and Custodian
Rachael Eubanks
State Treasurer
State of Michigan

Legal Advisor
Dana Nessel
Attorney General
State of Michigan

Investment Performance Measurement
State Street Corporation
State Street Investment Analytics
Boston, MA

ORGANIZATION CHART
As of February 24, 2022



* The investments of the System are managed by the Michigan Department of Treasury. Information on the investments and the fiduciary, Michigan Department of Treasury, can be found in the Investment Section, Introduction. In addition, see the Investment Section, Schedule of Investment Fees (page 75) and Schedule of Investment Commissions (page 76), for information regarding the investment fees and commissions paid as well as investment professionals utilized by the System.

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FINANCIAL SECTION

Independent Auditor's Report
Management's Discussion and Analysis
Basic Financial Statements
Notes to Basic Financial Statements
Required Supplementary Information
Note to Required Supplementary Information
Supporting Schedules

OAG
Office of the Auditor General
Doug A. Ringler, CPA, CIA
Auditor General
201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Independent Auditor's Report on the Financial Statements
and Other Reporting Required by *Government Auditing Standards*

Mr. Scott Koenigsknecht, Chair
Michigan Public School Employees' Retirement System Board
and
Ms. Michelle Lange, Acting Director
Department of Technology, Management, and Budget
and
Mr. Anthony J. Estell, Director
Office of Retirement Services

Dear Mr. Koenigsknecht, Ms. Lange, and Mr. Estell:

Report on the Financial Statements
We have audited the accompanying financial statements of the Michigan Public School Employees' Retirement System, a fiduciary component unit of the State of Michigan, as of and for the fiscal year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the fiduciary net position of the Michigan Public School Employees' Retirement System as of September 30, 2021 and the changes in fiduciary net position for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter
As discussed in Note 8 to the financial statements, the System adopted Governmental Accounting Standards Board Statement No. 84, Fiduciary Activities, for the fiscal year ended September 30, 2021. Our opinion is not modified with respect to this matter.

Mr. Scott Koenigsknecht, Chair
Ms. Michelle Lange, Acting Director
Mr. Anthony J. Estell, Director
Page 2

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability, schedule of changes in net OPEB liability, schedules of contributions, schedules of investment returns, and related note, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the System's basic financial statements. The supporting schedules and the introductory, investment, actuarial, and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supporting schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supporting schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, investment, actuarial, and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*
In accordance with Government Auditing Standards, we will also issue a report on our consideration of the System's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the System's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the System's internal control over financial reporting and compliance.

Sincerely,

Doug Ringler

Doug Ringler
Auditor General
February 24, 2022

Our discussion and analysis of the Michigan Public School Employees' Retirement System's (System) financial performance provides an overview of the System's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the transmittal letter in the Introductory Section on page 4 and the basic financial statements, which follow this discussion.

Financial Highlights

- System assets exceeded liabilities at the close of fiscal year 2021 by $74.1 billion (reported as *net position restricted for Pension Benefits and OPEB*). Fiduciary net position is restricted to meet future benefit payments.
- Additions for the year were $20.6 billion, which are comprised primarily of contributions of $4.7 billion and investment gains of $15.9 billion.
- Deductions increased over the prior year from $5.7 billion to $6.0 billion or 5.2%. This increase is primarily the result of increased health, dental, and vision benefits.

The Statement of Plan Fiduciary Net Position and the Statement of Changes In Plan Fiduciary Net Position

This Annual Comprehensive Financial Report (ACFR) consists of two financial statements; *The Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* (page 18) and *The Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* (page 19). These financial statements report information about the System, as a whole, and about its financial condition that should help answer the question: Is the System, as a whole, better off or worse off as a result of this year's activities? These statements include all assets and liabilities using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, all revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position presents all of the System's assets and liabilities, with the difference between the two reported as fiduciary net position. Over time, increases and decreases in fiduciary net position measure whether the System's financial position is improving or deteriorating. *The Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position* presents how the System's fiduciary net position changed during the most recent fiscal year. These two financial statements should be reviewed along with the Schedule of Changes in Net Pension Liability (page 51), the Schedule of Changes in Net OPEB Liability (page 52), and Schedules of Contributions (page 53) to determine whether the System is becoming financially stronger or weaker.

Financial Analysis

System total assets as of September 30, 2021, were $76.7 billion and were mostly comprised of investments and securities lending collateral. Total assets increased $14.6 billion or 23.4% between fiscal years 2020 and 2021, due primarily to net investment gains.

Total liabilities as of September 30, 2021, were $2.7 billion and were comprised of accounts payable, unearned revenue, and obligations under securities lending. Total liabilities decreased $31.5 million or 1.2% between fiscal years 2020 and 2021 primarily due to a reduction in accounts payable and other accrued liabilities and obligations under securities lending.

System assets exceeded its liabilities at the close of fiscal year 2021 by $74.1 billion. Total fiduciary net position restricted for pension and OPEB increased $14.6 billion or 24.5% from the previous year, primarily due to net investment gains.

PLAN FIDUCIARY NET POSITION
(in thousands)

	2021	2020	Increase (Decrease)
Assets			
Equity in common cash	$ 148,905	$ 135,140	10.2 %
Receivables	722,591	741,352	(2.5)
Investments	73,419,046	58,828,612	24.8
Securities lending collateral	2,434,280	2,452,152	(0.7)
Total assets	76,724,821	62,157,256	23.4
Liabilities			
Unearned revenue	9,029	4,605	96.1
Accounts payable and other accrued liabilities	207,159	225,243	(8.0)
Obligations under securities lending	2,434,280	2,452,152	(0.7)
Total liabilities	2,650,468	2,682,000	(1.2)
Net Position Restricted for Pension Benefits and OPEB	$ 74,074,353	$ 59,475,256	24.5 %

ADDITIONS TO PLAN FIDUCIARY NET POSITION

The reserves needed to finance pension and other postemployment benefits are accumulated through the collection of employer and employee contributions and through earnings on investments. Contributions and net investment income for fiscal year 2021 totaled approximately $20.6 billion.

Total additions for fiscal year 2021 increased approximately $13.3 billion or 182.0% from those of fiscal year 2020 due primarily to increased net investment income and increased contributions. Total member contributions increased between fiscal years 2020 and 2021 by $10.9 million or 1.8%, while employer contributions increased $313.3 million or 8.9%. The Investment Section of this report reviews the results of investment activity for fiscal year 2021.

DEDUCTIONS FROM PLAN FIDUCIARY NET POSITION

The primary expenses of the System include the payment of pension benefits to members and beneficiaries, payment for health, dental and vision benefits, refund of contributions, and the cost of administering the System. Total deductions for fiscal year 2021 were $6.0 billion, an increase of 5.2% over fiscal year 2020 deductions.

The health, dental and vision care expenses during the year increased $163.1 million or 56.9%, from $286.5 million to $449.6 million. The payment of pension benefits increased $126.4 million or 2.4% between fiscal years 2020 and 2021. In fiscal year 2021, the increase in pension benefit payments resulted in an increase in benefit expenses. In fiscal year 2021, the increase in health, dental, and vision care expenses were a result of increased claims cost and a reduction in cost-sharing subsidies that offset expenditures.

CHANGES IN PLAN FIDUCIARY NET POSITION
(in thousands)

	2021	2020	Increase (Decrease)
Additions			
Member contributions	$ 617,300	$ 606,379	1.8 %
Employer contributions	3,830,605	3,517,348	8.9
Other governmental contributions	236,168	254,348	(7.1)
Net investment income (loss)	15,895,354	2,919,801	444.4
Miscellaneous income	248	192	29.0
Total additions	20,579,674	7,298,068	182.0
Deductions			
Pension benefits	5,309,514	5,183,129	2.4
Health care benefits	449,558	286,465	56.9
Refunds and transfers to other systems	26,835	28,029	(4.3)
Administrative and other expenses	194,669	186,832	4.2
Total deductions	5,980,576	5,684,455	5.2
Net Increase (Decrease) in Net Position	14,599,098	1,613,613	804.7
Net Position Restricted for Pension Benefits and OPEB:			
Beginning of Year	59,475,256	57,861,643	2.8
End of Year	$ 74,074,353	$ 59,475,256	24.5 %

RETIREMENT SYSTEM AS A WHOLE

The System's overall Fiduciary Net Position experienced an increase in fiscal year 2021. The System's rate of return for the Pension Plan's investments increased an overall 22.2% from a 5.0% return in fiscal year 2020 to a 27.2% return during fiscal year 2021. The System's rate of return for the OPEB Plan's investments increased an overall 22.3% from a 4.9% return in fiscal year 2020 to a 27.2% return during fiscal year 2021. Management believes that the System remains financially sound and positioned to meet its ongoing benefit obligations due, in part, to a prudent investment program, cost controls, and strategic planning.

CONTACTING SYSTEM FINANCIAL MANAGEMENT

This financial report is designed to provide the Retirement Board, our membership, taxpayers, investors, and creditors with a general overview of the System's finances and to demonstrate the System's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Office of Retirement Services, P.O. Box 30171, Lansing, MI 48909-7671.

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STATEMENT OF PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLAN FIDUCIARY NET POSITION

As of September 30, 2021
(in thousands)

	Pension Plan	OPEB Plan	Total
Assets:			
Equity in common cash	$ 117,963	$ 30,941	$ 148,905
Receivables:			
Amounts due from members	801	-	801
Amounts due from employers	170,946	61,772	232,718
Amounts due from other	-	396,993	396,993
Amounts due from employer long term	45,909	13,513	59,422
Amounts due from other long term	-	31,773	31,773
Interest and dividends	759	125	884
Total receivables	218,415	504,175	722,591
Investments:			
Short term investment pools	1,565,278	246,054	1,811,333
Fixed income pools	6,388,910	1,057,960	7,446,870
Domestic equity pools	14,531,405	2,405,232	16,936,638
Real estate and infrastructure pools	4,440,310	735,414	5,175,725
Private equity pools	14,733,651	2,437,066	17,170,717
International equity pools	10,282,396	1,701,571	11,983,966
Absolute return pools	3,386,782	559,923	3,946,705
Real return and opportunistic pools	7,676,449	1,270,643	8,947,092
Total investments	63,005,182	10,413,864	73,419,046
Securities lending collateral	2,088,262	346,018	2,434,280
Total assets	65,429,823	11,294,998	76,724,821
Liabilities:			
Unearned revenue	8,353	675	9,029
Accounts payable and other accrued liabilities	1,052	206,107	207,159
Obligations under securities lending	2,088,262	346,018	2,434,280
Total liabilities	2,097,667	552,800	2,650,468
Net Position Restricted for Pension Benefits and OPEB:	$ 63,332,155	$ 10,742,198	$ 74,074,353

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN PENSION PLAN AND OTHER POSTEMPLOYMENT BENEFIT PLAN FIDUCIARY NET POSITION

For Fiscal Year Ended September 30, 2021
(in thousands)

	Pension Plan	OPEB Plan	Total
Additions:			
Contributions:			
Member contributions	$ 413,531	$ 203,769	$ 617,300
Employer contributions:			
Colleges and universities	240,496	56,098	296,594
School districts and other	2,840,518	693,492	3,534,010
Other governmental contributions	-	236,168	236,168
Total contributions	3,494,544	1,189,528	4,684,072
Investment income (loss):			
Net increase (decrease) in fair value of investments	12,825,576	2,009,764	14,835,340
Interest, dividends, and other	1,164,260	184,969	1,349,229
Investment expenses:			
Real estate operating expenses	-	-	-
Other investment expenses	(256,226)	(41,251)	(297,477)
Securities lending activities:			
Securities lending income	9,760	1,577	11,338
Securities lending expenses	(2,638)	(437)	(3,075)
Net investment income (loss)	13,740,731	2,154,623	15,895,354
Miscellaneous income	132	116	248
Total additions	17,235,408	3,344,266	20,579,674
Deductions:			
Benefits paid to plan members and beneficiaries:			
Retirement benefits	5,309,514	-	5,309,514
Health benefits	-	377,043	377,043
Dental/vision benefits	-	72,514	72,514
Refunds of contributions	26,728	108	26,835
Administrative and other expenses	23,239	171,430	194,669
Total deductions	5,359,481	621,095	5,980,576
Net Increase (Decrease) in Net Position	11,875,927	2,723,171	14,599,098
Net Position Restricted for Pension Benefits and OPEB:			
Beginning of Year	51,456,229	8,019,027	59,475,256
End of Year	$ 63,332,155	$ 10,742,198	$ 74,074,353

The accompanying notes are an integral part of these financial statements.

NOTE 1 – PLAN DESCRIPTION

ORGANIZATION

The Michigan Public School Employees' Retirement System (System) is a cost-sharing, multiple employer, state-wide, defined benefit public employee retirement plan and a fiduciary component unit of the State of Michigan (State) originally created under Public Act 136 of 1945, recodified and currently operating under the provisions of Public Act 300 of 1980, as amended. Section 25 of this act establishes the board's authority to promulgate or amend the provisions of the System. The board consists of twelve members – eleven appointed by the Governor and the State Superintendent of Instruction, who serves as an ex-officio member. The Governor-appointed board members consist of:

- Two active classroom teachers or other certified school personnel
- One active member or retirant from a non-certified support position
- One active school system superintendent
- One active finance or operations (non-superintendent) member
- One retirant from a classroom teaching position
- One retirant from a finance or operations management position
- One administrator or trustee of a community college that is a reporting unit of the System
- Two from the general public, one with health insurance or actuarial science experience and one with institutional investment experience
- One elected member of a reporting unit's board of control

The System's pension plan was established by the State to provide retirement, survivor and disability benefits to public school employees. In addition, the System's health plan provides all retirees with the option of receiving health, prescription drug, dental and vision coverage under the Michigan Public School Employees' Retirement Act. There are 685 participating employers. A list of employers is provided in the Statistical Section. The System is a qualified pension trust fund under section 401(a) of the Internal Revenue Code. By statute, employees of K-12 public school districts, public school academies, district libraries, tax-supported community colleges and seven universities may be members. The seven universities are: Eastern Michigan, Central Michigan, Northern Michigan, Western Michigan, Ferris State, Michigan Technological and Lake Superior State. Employees, who first become employed by one of the seven universities on or after January 1, 1996, become members of an alternative plan.

The System is included in the pension and other employee benefit trust fund financial statements in the State of Michigan Annual Comprehensive Financial Report.

The System is administered by the Office of Retirement Services within the Michigan Department of Technology, Management & Budget. The Department Director appoints the Office Director, with whom the general oversight of the System resides. The State of Michigan Investment Board serves as the investment fiduciary and custodian for the System.

MEMBERSHIP

At September 30, 2021, the System's pension plan membership consisted of the following:

Inactive plan members or their beneficiaries currently receiving benefits:	
Regular benefits	198,595
Survivor benefits	19,476
Disability benefits	5,696
Total	223,767
Inactive plan members entitled to but not yet receiving benefits:	16,152
Active plan members:	
Vested	90,319
Non-vested	69,544
Total[1,2]	159,863
Total plan members	399,782

[1] Includes 2,842 people who elected not to continue future accruals in the DB plan as a result of PA 300 of 2012.

[2] Excludes 5,856 records with both $0 salary and 0 service credit as of September 30, 2021 with DB benefit plan codes.

Enrollment in the OPEB plan is voluntary. The number of participants is as follows:

Retirees and survivors	200,376
Inactive vested	2,216
Active members[1]	189,076
Participants receiving benefits:	
Health	152,678
Dental/Vision	166,908
Expenses for the year (in thousands)	$ 171,430
Employer payroll contribution rates	7.00 - 8.43%

[1] Active member count includes Personal Healthcare Fund members eligible for the $1,000/$2,000 lump sum at termination benefit.

BENEFIT PROVISIONS - PENSION

Introduction

Benefit provisions of the defined benefit pension plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions for the defined benefit (DB) pension plan. Retirement benefits for DB plan members are determined by final average compensation and years of service. DB members are eligible to receive a monthly benefit when they meet certain age and service requirements. The System also provides disability and survivor benefits to DB plan members.

A DB member or Pension Plus member who leaves Michigan public school employment may request a refund of his or her member contributions to the retirement system account. A refund cancels a former member's rights to future benefits. However, returning members who previously received a refund of their contributions may reinstate their service through repayment of the refund upon satisfaction of certain requirements.

Pension Reform 2010

On May 19, 2010, the Governor signed Public Act 75 of 2010 into law. As a result, any member of the Michigan Public School Employees' Retirement System (MPSERS) who became a member of MPSERS after June 30, 2010 is a Pension Plus member. Pension Plus is a hybrid plan that contains a pension component with an employee contribution (graded, up to 6.4% of salary) and a flexible and transferable defined contribution (DC) tax-deferred investment account that earns an employer match of 50% (up to 1% of salary) on employee contributions. Retirement benefits for Pension Plus members are determined by final average compensation and years of service. Disability and survivor benefits are available to Pension Plus members.

Pension Reform 2012

On September 4, 2012, the Governor signed Public Act 300 of 2012 into law. The legislation grants all active members who first became a member before July 1, 2010 and who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their pension. Any changes to a member's pension are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under the reform, members voluntarily chose to increase, maintain, or stop their contributions to the pension fund.

Option 1 – members voluntarily elected to increase their contributions to the pension fund as noted below, and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they terminate public school employment.

- Basic Plan members: 4% contribution
- Member Investment Plan (MIP)-Fixed, MIP-Graded, and MIP-Plus members: a flat 7% contribution

Option 2 – members voluntarily elected to increase their contribution to the pension fund as stated in Option 1 and retain the 1.5% pension factor in their pension formula. The increased contribution would begin as of their transition date and continue until they reach 30 years of service. If and when they reach 30 years of service, their contribution rates will return to the previous level in place as of the day before their transition date (0% for Basic Plan members, 3.9% for MIP-Fixed, up to 4.3% for MIP-Graded, or up to 6.4% for MIP-Plus). The pension formula for any service thereafter would include a 1.25% pension factor.

Option 3 – members voluntarily elected not to increase their contribution to the pension fund and maintain their current level of contribution to the pension fund. The pension formula for their years of service as of the day before their transition date will include a 1.5% pension factor. The pension formula for any service thereafter will include a 1.25% pension factor.

Option 4 – members voluntarily elected to no longer contribute to the pension fund and therefore are switched to the Defined Contribution plan for future service as of their transition date. As a DC participant they receive a 4% employer contribution to a tax-deferred 401(k) account and can choose to contribute up to the maximum amounts permitted by the IRS to a 457 account. They vest in employer contributions and related earnings in their 401(k) account based on the following schedule: 50% at 2 years, 75% at 3 years, and 100% at 4 years of service. They are 100% vested in any personal contributions and related earnings in their 457 account. Upon retirement, if they meet age and service requirements (including their *total* years of service), they would also receive a pension (calculated based on years of service and final average compensation as of the day before their transition date and a 1.5% pension factor).

Members who did not make an election before the deadline defaulted to Option 3 as described above. Deferred or nonvested public school employees on September 3, 2012, who return to public school employment on or after September 4, 2012, will be considered as if they had elected Option 3 above. Returning members who made the retirement plan election will retain whichever option they chose.

Employees who first work on or after September 4, 2012, choose between two retirement plans: the Pension Plus plan described above and a Defined Contribution (DC) plan that provides a 50% employer match (up to 3% of salary) on employee contributions. New employees are automatically enrolled as members in the Pension Plus plan as of their date of hire. They have 75 days from the last day of their first pay period, as reported to ORS, to elect to opt out of the Pension Plus plan and become a qualified participant in the DC plan; if no election is made they will remain in the Pension Plus plan. If they elect to opt out of the Pension Plus plan, their participation in the DC plan will be retroactive to their date of hire.

Pension Reform of 2017

On July 13, 2017, the Governor signed Public Act 92 of 2017 into law. The legislation closed the Pension Plus plan to newly hired employees as of February 1, 2018 and created a new, optional Pension Plus 2 plan with similar benefit calculations but containing a 50/50 contribution share between the employee and the employer, including the cost of future unfunded liabilities. The assumed rate of return on the Pension Plus 2 plan is 6%. Further, under certain adverse actuarial conditions, the Pension Plus 2 plan will close to new employees if the actuarial funded ratio falls below 85% for two consecutive years. The law included other provisions to the retirement eligibility age, plan assumptions, and unfunded liability payment methods.

Regular Retirement

The pension benefit for DB and Pension Plus members is based on a member’s years of credited service (employment) and final average compensation (FAC). The FAC is calculated based on the member’s highest total wages earned during a specific period of consecutive calendar months divided by the service credit accrued during that same time period. For a MIP member, who became a member of MPSERS prior to July 1, 2010, the averaging period is 36 consecutive months. For a Pension Plus member, who became a member of MPSERS after June 30, 2010, the averaging period is 60 consecutive months. For a Basic Plan member, this period is the 60 consecutive months yielding the highest total wages. The annual pension is paid monthly for the lifetime of a retiree. The calculation of a member’s pension is determined by their pension election under PA 300 of 2012 and is shown below:

Option 1 – FAC × total years of service × 1.5%

Option 2 – FAC × 30 years of service × 1.5% + FAC × years of service beyond 30 × 1.25%

Option 3 – FAC × years of service as of transition date × 1.5% + FAC × years of service after transition date × 1.25%

Option 4 – FAC as of transition date × years of service as of transition date × 1.5%

A MIP member who became a member of MPSERS prior to July 1, 2010 may retire at:

- age 46 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service; or
- age 60 with 5 years of credited service provided the member has worked through his or her 60th birthday and has credited service in each of the five school fiscal years immediately preceding the retirement effective date

A Pension Plus member may retire at age 60 with 10 or more years of credited service.

A Pension Plus 2 member may retire at age 60 with 10 or more years of credited service. Section 81c(5) of PA 300 as amended requires the regular retirement age to be increased in whole year increments based on the results of mortality analysis five-year actuarial experience studies performed after October 1, 2019 and the actuarial funding status of the plan. If the regular retirement age for Pension Plus 2 members is increased in accordance with this provision, members within five years of retirement from the effective date of the increase are automatically exempted and the retirement board may additionally authorize those between five and eight years of the then current retirement age to be exempted.

A Basic Plan member may retire at:

- age 55 with 30 or more years of credited service; or
- age 60 with 10 or more years of credited service

There is no mandatory retirement age.

Early Retirement

A MIP or Basic member may retire with an early permanently reduced pension:

- after completing at least 15 but less than 30 years of credited service; and
- after attaining age 55; and
- with credited service in each of the 5 school years immediately preceding the pension effective date

The early pension is computed in the same manner as a regular pension, but is permanently reduced 0.5% for each full and partial month between the pension effective date and the date the member will attain age 60.

Deferred Retirement

If a member terminates employment before attaining the age qualification, but after accruing 10 or more years of credited service, the member becomes a deferred member and is eligible for a pension at the time the age qualification is attained.

Nonduty Disability Benefit

Any member with 10 or more years of credited service who becomes totally and permanently disabled due to any non-duty related cause, and who has not met the age requirement for a regular pension is eligible for a non-duty disability pension computed in the same manner as an age and service pension, upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Duty Disability Benefit

Any member who becomes totally and permanently disabled as a result of a duty-related cause, who has not met the age and service requirement for a regular pension, and who is in receipt of weekly workers' compensation is eligible for a duty disability pension computed in the same manner as an age and service pension (but based upon a minimum of 10 years of service) upon recommendation from the member's personal physician and the Retirement Board physician and the approval of the Retirement Board. An Annual Certification of Disability is conducted each January. Upon prior approval, total disability benefits plus authorized outside earnings are limited to 100% of final average compensation (increased by 2% for each year retired; first year 100%, next year 102%, etc.).

Pension Payment Options

The election of a pension payment option is made at the time of application. Once a member has retired, the option choice is irrevocable. The pension effective date is the first of the calendar month following the date the member has satisfied the age and service requirements, has terminated public school employment and has the completed application forms on file with the System for a period of 15 days. A retroactive pension can be paid for no more than 12 calendar months. Thus, delay in filing the application can result in a loss of some retroactive pension benefits. An applicant may select only one of the following options.

Straight Life Pension

The Straight Life Pension pays the largest level pension a retiree can receive during his or her lifetime and stops with the month of a retiree's death. There are no monthly benefits for a beneficiary. The pension benefit is computed with no beneficiary rights. If the retiree made contributions while an employee and has not received the total accumulated contributions before death, a refund of the balance of the contributions is made to the beneficiary of record. If the retiree did not make any contributions, there will not be payments to any beneficiaries.

Survivor Options

Under the Survivor Options, 100% Survivor Pension, 100% Equated, 75% Survivor Pension, 75% Equated, 50% Survivor Pension and 50% Equated, the reduction is an actuarial determination dependent upon the combined life expectancies of a retiree and a beneficiary and varies from case to case. A beneficiary may only be a spouse, brother, sister, parent or child (including an adopted child) of a retiring member. If the beneficiary predeceases a retiree, the pension will revert to either the Straight Life or Straight Life Equated amount ("popup" provision). If, however, a retiree was single at the time of retirement and subsequently married, the retiree can request to nominate a new spouse if they elected the straight life option at retirement. Also, if a retiree was married at the time of retirement and has since been widowed and remarried, the retiree can request to nominate a new spouse as a pension beneficiary as long as they elected a survivor option for the spouse at the time of retirement.

100% Survivor Pension

Pays a reduced pension to a retiree. The month after a retiree's death, the same amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

75% Survivor Pension

Pays a reduced pension to a retiree. The month after a retiree's death, 75% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

50% Survivor Pension

Pays a reduced pension to a retiree. The month after a retiree's death, 50% of the pension amount will be paid to a designated beneficiary for the remainder of his or her lifetime.

Equated Plan

For MIP and Basic members, the Equated plan may be combined with the Straight Life, 100% Survivor, 75% Survivor, or 50% Survivor Pension by any member under age 61, except a disability applicant. The Equated Plan provides a higher pension every month until age 62, at which time the monthly pension is permanently decreased to a lower amount than the Straight Life, 100%, 75%, or 50% Survivor alone would provide.

The intent of the Equated Plan is for the retiree's pension to decrease at age 62 by approximately the same amount as that person's Social Security benefit will provide. The System pension until age 62 should be about the same as the combined System pension and Social Security after age 62.

The projected Social Security pension the retiring member obtains from the Social Security Administration and furnishes to the System is used in the Equated Plan calculation. The actual Social Security pension may vary from the estimate.

NOTE: The reduction in the pension at age 62 pertains to the Equated Plan only and affects only the retiree. A beneficiary under 100% Equated, 75% Equated or 50% Equated will receive the 100%, 75%, or 50% Survivor amount the month following the retiree's death as if the Equated Plan had not been chosen. A beneficiary does not participate in the Equated Plan.

Survivor Benefit

A non-duty survivor pension is available if a MIP member has 10 years of credited service or, if age 60 or older, with five years of credited service; the date they became a MIP member does not matter. The Basic plan provides a survivor pension with 15 years of credited service or, if age 60 or older, with 10 years of credited service. The Pension Plus plan provides for a survivor pension with 10 years of credited service. An active member may nominate as a survivor beneficiary a spouse, child(ren) (including adopted child(ren)), brother, sister, or parent. If other than the spouse is nominated and a spouse exists, the spouse must waive this benefit. If no beneficiary has been nominated, the beneficiary is automatically the spouse; or, if there is no spouse, unmarried children under age 18 share the benefit equally until age 18. The benefit is computed as a regular pension but reduced in accordance with a 100% survivor pension factor. The pension begins the first of the month following the member's death. In the event of the death of a deferred member, the System begins payment to the nominated beneficiary at the time the member would have attained the minimum age qualification.

A duty survivor pension is payable if weekly workers' compensation is being paid to the eligible beneficiary due to the member's death. A spouse receives the benefit (based on a minimum of 10 years of service credit) reduced in accordance with a 100% survivor pension factor. If there is no spouse, unmarried children under age 18 share the benefit equally until age 18; if there is no spouse or child(ren), a disabled and dependent parent is eligible.

Postemployment Adjustments

A retiree who became a MIP member prior to July 1, 2010, receives an annual post-retirement non-compounded increase of 3% of the initial pension in the October following twelve months of retirement. Basic plan members do not receive an annual post-retirement increase, but are eligible to receive a supplemental payment in those years when investment earnings exceed actuarial assumptions. Pension Plus members do not receive an annual post-retirement increase.

On January 1, 1990, pre-October 1, 1981 retirees received an increase that ranged from 1% to 22% dependent upon the pension effective date. On October 1, 1990, the base pension of all retirees with an effective pension date of January 1, 1987, or earlier was increased to include all prior post-retirement adjustments.

On January 1, 1986, all recipients through calendar year 1985 received a permanent 8% increase that established the 1986 base pension. In addition, each October, retirees with a pension effective date of January 1, 1987, or earlier receive a fixed increase equal to 3% of the base pension. Both increases are deducted from the distribution of excess investment income, if any. Beginning in 1983, eligible recipients receive an annual distribution of excess investment income, if any.

Member Contributions

Mandatory member contributions were phased out between 1974 and 1977, with the plan remaining noncontributory until January 1, 1987, when the Member Investment Plan (MIP) was enacted. MIP members enrolled prior to January 1, 1990, contribute at a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990, when it was reduced to 3.9%. Members first hired between January 1, 1990 and June 30, 2008, and returning members who did not work between January 1, 1987, through December 31, 1989, contribute at the following graduated permanently fixed contribution rates: 3% of the first $5,000; 3.6% of $5,001 through $15,000; 4.3% of all wages over $15,000. Members first hired July 1, 2008, or later including Pension Plus plan members, contribute at the following graduated permanently fixed contribution rates: 3% of the first $5,000; 3.6% of $5,001 through $15,000; 6.4% of all wages over $15,000. Pension Plus 2 plan members contribute a flat 50% of the total calculated contribution rate including the Unfunded Actuarial Accrued Liability (UAAL) contribution rate associated with the Pension Plus 2 plan, if any.

For a limited period ending December 31, 1992, an active Basic plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987, or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Actuarial rate of interest is posted to member accounts on July 1 on all MIP monies on deposit for 12 months. If a member leaves public school service and no pension is payable, the member's accumulated contributions plus interest, if any, are refundable.

Under Public Act 300 of 2012, eligible members voluntarily chose between increasing, maintaining, or stopping their contributions to the pension fund as of the transition date. Their options are described in detail under Pension Reform 2012 beginning on page 22. Members who elected to increase their level of contribution contribute 4% (Basic plan) or 7% (MIP); by doing so they maintain a 1.5% pension factor in their pension formula. Members who elected to maintain their level of contribution will receive a 1.25% pension factor in their pension formula for their years of service as of their transition date. Their contribution rates are described above. Members who elected to stop their contributions became participants in the Defined Contribution plan as of their transition date.

Employer Contributions

Each school district or reporting entity is required to contribute the full actuarial funding contribution amount to fund pension benefits.

BENEFIT PROVISIONS – OTHER POSTEMPLOYMENT

Introduction

Benefit provisions of the postemployment healthcare plan are established by State statute, which may be amended. Public Act 300 of 1980, as amended, establishes eligibility and benefit provisions. Retirees have the option of health coverage, which, through 2012, was funded on a cash disbursement basis. Beginning fiscal year 2013, it is funded on a prefunded basis. The System has contracted to provide the comprehensive group medical, prescription drug, dental and vision coverage for retirees and beneficiaries. A subsidized portion of the premium is paid by the System with the balance deducted from the monthly pension of each retiree healthcare recipient. For members who first worked before July 1, 2008, (Basic, MIP-Fixed, and MIP-Graded plan members) the subsidy is the maximum allowed by statute. To limit future liabilities of Other Postemployment Benefits, members who first worked on or after July 1, 2008, (MIP-Plus plan members) have a graded premium subsidy based on career length where they accrue credit towards their insurance premiums in retirement, not to exceed the maximum allowable by statute. Public Act 300 of 2012 sets the maximum subsidy at 80% beginning January 1, 2013; 90% for those Medicare eligible and enrolled in the insurances as of that date.

Public Act 75 of 2010 requires each actively employed member of MPSERS after June 30, 2010, to annually contribute 3% of their compensation to offset employer contributions for healthcare benefits of current retirees.

Dependents are eligible for healthcare coverage if they meet the dependency requirements set forth in Public Act 300 of 1980, as amended.

Applications for enrollment after retirement are accepted anytime during the year, with coverage effective six months following the receipt of the application.

Retiree Healthcare Reform of 2012

Public Act 300 of 2012 granted all active members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 3, 2012, or were on an approved professional services or military leave of absence on September 3, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between continuing the 3% contribution to retiree healthcare and keeping the premium subsidy benefit described above, or choosing not to pay the 3% contribution and instead opting out of the subsidy benefit and becoming a participant in the Personal Healthcare Fund (PHF), a portable, tax-deferred fund that can be used to pay healthcare expenses in retirement. Participants in the PHF are automatically enrolled in a 2% employee contribution into their 457 account as of their transition date, earning them a 2% employer match into a 401(k) account. Members who selected this option stop paying the 3% contribution to retiree healthcare as of the day before their transition date, and their prior contributions were deposited into their 401(k) account.

Members who did not make an election before the deadline retain the premium subsidy benefit and continue making the 3% contribution toward retiree healthcare. Deferred or nonvested members on September 3, 2012 who are rehired on or after September 4, 2012, will contribute 3% to retiree healthcare and will retain the premium subsidy benefit. Returning members who made the retirement healthcare election will retain whichever option they chose.

Those who elected to retain the premium subsidy continue to annually contribute 3% of compensation into the healthcare funding account. A member or former member age 60 or older, who made the 3% healthcare contributions but who does not meet eligibility requirements may request a refund of their contributions. Similarly, if a retiree dies before the total value of the insurance subsidy paid equals the total value of the contributions the member made, and there are no eligible dependents, the beneficiary may request a refund of unused funds. Refunds of member contributions to the healthcare funding account are issued as a supplemental benefit paid out over a 60-month period.

- Retirees with at least 21 years of service, who terminate employment after October 31, 1980, with vested deferred benefits, are eligible for subsidized employer-paid health benefit coverage.
- A delayed premium subsidy applies to retirees who became a member of the retirement system before July 1, 2008 and who purchased service credit on or after July 1, 2008. Such individuals are eligible for premium subsidy benefits at age 60 or when they would have been eligible to retire without having made a service purchase, whichever comes first. They may enroll in the insurances earlier but are responsible for the full premium until the premium subsidy begins.

Under Public Act 300 of 2012, the state no longer offers an insurance premium subsidy in retirement for public school employees who first work on or after September 4, 2012. Instead, all new employees will be placed into the Personal Healthcare Fund where they will have support saving for retirement healthcare costs in the following ways:

- They will be automatically enrolled in a 2% employee contribution into a 457 account as of their date of hire, earning them a 2% employer match into a 401(k) account.
- They will receive a credit into a Health Reimbursement Account (HRA) at termination if they have at least 10 years of service at termination. The credit will be $2,000 for participants who are at least 60 years of age at termination or $1,000 for participants who are less than 60 years of age at termination.

Participants in the Personal Healthcare Fund who become disabled for any reason are not eligible for any employer-funded health insurance premium subsidy. If a PHF participant suffers a nonduty-related death, his or her health benefit dependents are not eligible to participate in any employer funded health insurance premium subsidy. If a PHF participant suffers a duty death, the state will pay the maximum health premium allowed by statute for the surviving spouse and health benefit dependents. The spouses' insurance subsidy may continue until his or her death, the dependents' subsidy may continue until their eligibility ends (through marriage, age, or other event). Upon eligibility for a duty death benefit, the 2% employer matching contributions and related earnings in the member's 401(k) are forfeited and the state will pay for the subsidy. The beneficiaries receive the member's personal contributions and related earnings in the member's 457 account.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING AND PRESENTATION

The System's financial statements are prepared using the accrual basis of accounting. Contributions from the members and employers are recognized as revenue when due and payable. Benefits and refunds are recognized when due and payable in accordance with the terms of the System. The reserves are described below, and details are provided in the supporting schedules.

Governmental Accounting Standards Board (GASB) Statement No. 67 and Statement No. 74, which were adopted during the year ended September 30, 2014 and 2017, addresses accounting and financial reporting requirements for pension and other postemployment benefit plans, respectively. The requirements for both GASB Statement No. 67 and 74 require changes in presentation of the financial statements, notes to the financial statements, and required supplementary information. Significant changes include an actuarial calculation of total and net pension and other postemployment benefit liabilities. It also includes comprehensive note disclosures regarding the pension and other postemployment benefit liability, the sensitivity of the net pension and other postemployment benefit liability to the discount rate, and increased investment activity disclosures. The implementation of GASB Statement No. 67 and 74 did not significantly impact the accounting for accounts receivable and investment balances. The total pension and other postemployment benefit liability, determined in accordance with GASB Statement No. 67 and 74, is presented in Note 4 on page 32, Note 5 on page 35, and in the Required Supplementary Information beginning on page 51.

As of September 30, 2016, the System applied GASB Statement No. 72, *Fair Value Measurement and Application*. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

RESERVES

Reserve for Employee Contributions

This reserve represents active member contributions and interest less amounts transferred to the Reserve for Retired Benefit Payments for regular and disability retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Employer Contributions representing unclaimed funds. Members no longer contribute to this reserve except to purchase eligible service credit or repay previously refunded contributions. At September 30, 2021, the balance in this reserve was $1.5 billion.

Reserve for Pension Plus Employee Contributions

This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2021, the balance in this reserve was $532.0 million.

Reserve for Pension Plus 2 Employee Contributions

This reserve represents active member contributions and interest less amounts transferred to the Reserve for Pension Plus 2 Retired Benefit Payments for regular retirement, amounts refunded to terminated members, and amounts transferred to the Reserve for Pension Plus Employer II Contributions representing unclaimed funds. This reserve was established under the provisions of Public Act 92 of 2017. At September 30, 2021, the balance in this reserve was $46.1 million.

Reserve for Member Investment Plan

This reserve represents MIP contributions and interest less refunds and transfers to the Reserve for Retired Benefit Payments. At September 30, 2021, the balance in this reserve was $8.3 billion.

Reserve for Employer Contributions

This reserve represents all reporting unit contributions, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income is credited annually. Amounts are transferred annually to the Reserve for Retired Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. At September 30, 2021, the balance in this reserve was ($21.3) billion.

Reserve for Pension Plus Employer Contributions

This reserve represents all reporting unit contributions for Pension Plus members, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2021, the balance in this reserve was $393.2 million.

Reserve for Pension Plus 2 Employer Contributions

This reserve represents all reporting unit contributions for Pension Plus 2 members, except payments for health benefits. Interest from the Reserve for Undistributed Investment Income is credited annually at a rate of 7%. Amounts are transferred annually to the Reserve for Retired Pension Plus Benefit Payments to bring the balance of that reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 92 of 2017. At September 30, 2021, the balance in this reserve was $47.4 million.

Reserve for Retired Benefit Payments

This reserve represents payments of future retirement benefits to current retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. At September 30, 2021, the balance in this reserve was $57.5 billion.

Reserve for Pension Plus Retired Benefit Payments

This reserve represents payments of future retirement benefits to current Pension Plus retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 75 of 2010. At September 30, 2021, the balance in this reserve was $2.0 million.

Reserve for Pension Plus 2 Retired Benefit Payments

This reserve represents payments of future retirement benefits to current Pension Plus 2 retirees. At retirement, a member's accumulated contributions plus interest are transferred into this reserve. Monthly benefits, which are paid to the retiree, reduce this reserve. At the end of each fiscal year, an amount, determined by an annual actuarial valuation, is transferred from the Reserve for Pension Plus 2 Employer Contributions to bring the balance of this reserve into balance with the actuarial present value of retirement allowances. This reserve was established under the provisions of Public Act 92 of 2017. At September 30, 2021, the balance in this reserve was $0.

Reserve for Undistributed Investment Income

This reserve represents all investment earnings. Interest is transferred annually to the other reserves. Administrative expenses of the System are paid from the Reserve for Administrative Expenses, which is credited with amounts from the Reserve for Undistributed Investment Income to cover the expenses. For ease of reporting and understanding, the two reserves are presented as one reserve in the supporting schedules. Public Act 143 of 1997 established a stabilization subaccount within the Reserve for Undistributed Investment Income to which any over funding is credited. As of September 30, 2021, the balance in the subaccount was $0. At September 30, 2021, the balance in this reserve was $16.3 billion.

Reserve for Health (OPEB) Related Benefits

This reserve is credited with employee and employer contributions for retirees' health, dental, and vision benefits. Starting in fiscal year 2013, the employer contribution is based on a prefunded basis and represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liability (or funding excess) over a period not to exceed 30 years. In addition, in fiscal year 2019, this reserve includes revenue from the federal government for the Employer Group Waiver Plan (EGWP). Premiums for health, dental and vision benefits are paid from this reserve. At September 30, 2021, the balance in this reserve was $10.7 billion.

REPORTING ENTITY

The System is a fiduciary component unit of the State of Michigan. As such, the Systems financial statements are included as a pension and other employee benefit trust fund in the State of Michigan Annual Comprehensive Financial Report. The System and its Board are not financially accountable for any other entities or other organizations. Accordingly, the System is the only entity included in this financial report.

BENEFIT PROTECTION

Public Act 100 of 2002 was passed by the Michigan Legislature to protect pension benefits of public employees from alienation (being transferred). Alienation is attachment, garnishment, levy, execution, bankruptcy or other legal process except for divorce orders or eligible domestic relation orders. The statutes governing the System contained an "anti-alienation" clause to provide for this protection; however, many smaller public pension systems did not have the benefit of this protection. Therefore, Public Act 100 of 2002 was passed to establish legal protection of pension assets that encompasses all public employees.

INVESTMENTS

Generally, investments are reported at fair value, consistent with the provisions of GASB Statement No. 72, *Fair Value Measurement and Application.* Short-term, highly liquid debt instruments including commercial paper are reported at amortized cost. Additional disclosures describing investments are provided in Note 6.

INVESTMENT INCOME

Dividend and interest income is recognized on the accrual basis. Fair value changes are recorded as investment income or loss. Purchases and sales of investments are recorded as of the trade date (the date upon which the transaction is initiated), except for purchase and sale of mortgages, real estate, and private equity investments which are recorded as of the settlement date (the date upon which the transaction is ultimately completed). The effect of recording such transactions as of the settlement date does not materially affect the financial statements.

COSTS OF ADMINISTERING THE SYSTEM

Each year a restricted general fund appropriation is requested to fund the ongoing business operations of the System. These administrative costs are ultimately funded by the System through the regular transfer of funds from the System to the State's general fund based on either a direct cost or allocation basis depending on the nature of the expense. Costs of administering the System are financed by undistributed investment income of the System.

PROPERTY AND EQUIPMENT

Office space is leased from the State on a year-to-year basis. Office equipment is capitalized if the value exceeds $5,000. These assets are recorded at cost and are reported net of depreciation in the *Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position*. Such assets are depreciated on a straight-line basis over 10 years. As of September 30, 1998, all capitalized equipment was fully depreciated. No additional equipment has been capitalized for the System since that date.

RELATED PARTY TRANSACTIONS

Leases and Services

The System leases operating space and purchases certain administrative, data processing, legal and investment services from the State. The space and services are not otherwise available by competitive bid. The schedule below summarizes costs incurred by the System for such services.

	2021 (in thousands)
Building Rentals	$ 933
Technological Support	11,007
Attorney General	278
Investment Services	12,968
Personnel Services	11,079

Cash

At September 30, 2021, the System had $148.9 million in a common cash investment pool maintained for various State operating funds. The participating funds in the common cash pool earn interest at various rates depending upon prevailing short-term interest rates. Earnings (Losses) from these activities amounted to $187.3 thousand for the year ended September 30, 2021.

NOTE 3 – CONTRIBUTIONS

The majority of the members currently participate in the pension and OPEB plans on a contributory basis. Reporting units are required by Public Act 300 of 1980, as amended, to contribute amounts necessary to finance the coverage of pension benefits and OPEB. Contribution provisions are specified by State statute and may be amended only by action of the State Legislature.

Employer contributions to the System are determined on an actuarial basis using the entry age normal actuarial cost method. Under this method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated on a level basis over the service of the individual between entry age and assumed exit age. The normal cost is the annual cost assigned under the actuarial funding method, to the current and subsequent plan years. The remainder is called the actuarial accrued liability. Normal cost is funded on a current basis.

Pension and OPEB contributions made in the fiscal year ending September 30, 2021 were determined as of the September 30, 2018 actuarial valuations. The pension and OPEB unfunded (overfunded) actuarial accrued liabilities (UAAL) as of September 30, 2018 are amortized over a 18 year period beginning October 1, 2020 and ending September 30, 2038. The schedules below summarize pension and OPEB contribution rates in effect for fiscal year 2021.

PENSION CONTRIBUTION RATES

Benefit Structure	Member	Employer
Basic	0.0 - 4.0 %	13.39 - 19.78 %
Member Investment Plan	3.0 - 7.0	13.39 - 19.78
Pension Plus	3.0 - 6.4	16.82
Pension Plus 2	6.2	19.59
Defined Contribution	0.0	13.39

OPEB CONTRIBUTION RATES

Benefit Structure	Member	Employer
Premium Subsidy	3.0 %	7.57 - 8.43 %
Personal Healthcare Fund	0.0	7.00 - 7.57

The System may reconcile with actuarial requirements annually. If the system reconciles in a year, any funding deficiency for pension benefits is smoothed over a maximum of five years, with at least one-fifth (20%) of the funding deficiency included in the subsequent year's contribution. This payment is not recognized as a receivable in the accounting records. If the System does not reconcile in a year, any funding deficiency for pension benefits is accounted for in subsequent required contributions over the remaining amortization period. For fiscal year 2021, the System reconciled.

In May 1996, the Internal Revenue Service issued a private letter ruling allowing the System's members to purchase service credit and repay refunds using tax-deferred (pre-tax) dollars. The program was implemented in fiscal year 1998, and payments began in fiscal year 1999. Public Act 92 of 2017 discontinued the option to initiate a service credit purchase for the majority of service credit types as of September 29, 2017.

The program allowed members to purchase service credit and repay refunds on a tax-deferred basis. Members sign an irrevocable agreement that identifies the contract duration, monthly payment, total contract amount and years of service credit being purchased. The duration of the contract can range from 1 to 20 years. The payment amounts are withheld from members' paychecks and are treated as employer pick-up contributions pursuant to Internal Revenue Code Section 414(h). Contracts entered into prior to the September 29, 2017 deadline remain in effect.

At September 30, 2021, there were 3,081 agreements. The agreements were discounted using the contractual interest rate of 8.00% for September 30, 2021. The average remaining length of a contract was approximately 5.8 years for 2021. The short-term receivable was $7.0 million, and the discounted long-term receivable was $15.4 million at September 30, 2021.

NOTE 4 – NET PENSION LIABILITY

MEASUREMENT OF THE NET PENSION LIABILITY

The net pension liability is to be measured as the total pension liability, less the amount of the pension plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Net Pension Liability

Total Pension Liability	$ 87,569,422,762
Plan Fiduciary Net Position	63,332,155,473
Net Pension Liability	$ 24,237,267,289
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	72.32%
Net Pension Liability as a Percentage of Covered Payroll	261.49%
Total Covered Payroll	$ 9,269,004,259

LONG-TERM EXPECTED RETURN ON PLAN ASSETS

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were provided by the Bureau of Investments (BOI) for each major asset class included in the pension plan's portfolio as of September 30, 2021. These best estimates and the plan's target asset allocation are summarized in the following table:

Asset Allocation

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
International Equity Pools	15.0	7.5
Private Equity Pools	16.0	9.1
Real Estate and Infrastructure Pools	10.0	5.4
Fixed Income Pools	10.5	(0.7)
Absolute Return Pools	9.0	2.6
Real Return / Opportunistic Pools	12.5	6.1
Short-Term Investment Pools	2.0	(1.3)
TOTAL	**100.0 %**	

* Long-term rates of return are net of administrative expenses and 2.0% inflation.

RATE OF RETURN

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on pension plan investment, net of pension plan investment expense, was 27.3%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DISCOUNT RATE

The Michigan Public Schools Employees' Retirement System's Board adopted a Dedicated Gains Policy to lower the discount rate in years where investment returns exceed the current assumption. A single discount rate of 6.80% was used to measure the total pension liability (6.00% for the Pension Plus 2 Plan) for the fiscal year 2021. In fiscal year 2020, the single discount rate used to measure the pension liability was 6.80% (6.00% for the Pension Plus 2 Plan). This single discount rate was based on the expected rate of return on pension plan investments of 6.80% (6.00% for the Pension Plus 2 Plan). The projection of cash flows used to determine this single discount rate was based on the assumption that in the future, plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SENSITIVITY OF THE NET PENSION LIABILITY TO CHANGES IN THE DISCOUNT RATE

As required by GASB Statement No. 67, we determined the sensitivity of the net pension liability, in thousands, to changes in the single discount rate. The following table presents the plan's net pension liability, calculated using a single discount rate of 6.80% (6.00% for the Pension Plus 2 Plan), as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.80% / 5.0%	**Current Discount Rate Assumption** 6.80% / 6.0%	**1% Increase** 7.80% / 7.0%
$34,524,489	$24,237,267	$15,705,695

TIMING OF THE VALUATION

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total pension liability is required to be rolled forward from the actuarial valuation date to the pension plan's fiscal year end.

The total pension liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures.

ACTUARIAL VALUATIONS AND ASSUMPTIONS

Actuarial valuations for the pension plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the actuarially determined contributions (ADC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedules of Contributions in Required Supplementary Information present trend information about the amounts contributed to the plan by employers in comparison to the ADC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 67 for pension.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented in the Net Pension Liability schedules and notes was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2020
Actuarial Cost Method	Entry Age, Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions	
Wage Inflation Rate	2.75%
Investment Rate of Return	
- MIP and Basic Plans	6.80% net of investment expenses
- Pension Plus Plan	6.80% net of investment expenses
- Pension Plus 2 Plan	6.00% net of investment expenses
Projected Salary Increases	2.75% - 11.55%, including wage inflation at 2.75%
Cost of Living Adjustment	3% annual non-compounded for MIP members
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Notes	Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the determination of the total pension liability beginning with the September 30, 2018 valuation.

NOTE 5 – NET OPEB LIABILITY

MEASUREMENT OF THE NET OPEB LIABILITY

The net OPEB liability is to be measured as the total OPEB liability, less the amount of the OPEB plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the fair value of assets (not the smoothed actuarial value of assets that is often encountered in actuarial valuations performed to determine the employer's contribution requirement).

Net OPEB Liability

Total OPEB Liability	$ 12,225,697,573
Plan Fiduciary Net Position	10,742,197,777
Net OPEB Liability	$ 1,483,499,796
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	87.87%
Net OPEB Liability as a Percentage of Covered Payroll	16.00%
Total Covered Payroll	$ 9,269,004,259

LONG-TERM EXPECTED RETURN ON PLAN ASSETS

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return were provided by the Bureau of Investments (BOI) for each major asset class that is included in the OPEB plan's target asset allocation as of September 30, 2021. These best estimates are summarized in the following table:

Asset Allocation

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity Pools	25.0 %	5.4 %
International Equity Pools	15.0	7.5
Private Equity Pools	16.0	9.1
Real Estate and Infrastructure Pools	10.0	5.4
Fixed Income Pools	10.5	(0.7)
Absolute Return Pools	9.0	2.6
Real Return / Opportunistic Pools	12.5	6.1
Short-Term Investment Pools	2.0	(1.3)
TOTAL	**100.0 %**	

* Long-term rates of return are net of administrative expenses and 2.0% inflation.

RATE OF RETURN

For the fiscal year ended September 30, 2021, the annual money-weighted rate of return on OPEB plan investment, net of OPEB plan investment expense, was 27.14%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

DISCOUNT RATE

The Michigan Public Schools Employees' Retirement System's Board adopted a Dedicated Gains Policy to lower the discount rate in years where investment returns exceed the current assumption. A single discount rate of 6.95% was used to measure the total OPEB liability for fiscal year 2021. In fiscal year 2020, the single discount rate used to measure the OPEB liability was 6.95%. This single discount rate was based on the expected rate of return on OPEB plan investments of 6.95%. The projection of cash flows used to determine this single discount rate was based on the assumption that in the future plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on these assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

SENSITIVITY OF THE NET OPEB LIABILITY TO CHANGES IN THE DISCOUNT RATE

As required by GASB Statement No. 74, we have determined the sensitivity of the net OPEB liability to changes, in thousands, in the single discount rate. The following table presents the plan's net OPEB liability, calculated using a single discount rate of 6.95%, as well as what the plan's net OPEB liability would be if it were calculated using a single discount rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease 5.95%	Current Discount Rate Assumption 6.95%	1% Increase 7.95%
$2,810,048	$1,483,500	$357,612

SENSITIVITY OF THE NET OPEB LIABILITY TO HEALTHCARE COST TREND RATE

As required by GASB Statement No. 74, we have determined the sensitivity of the net OPEB liability to changes, in thousands, in the healthcare cost trend rates. The following table presents the plan's net OPEB liability, calculated using the assumed trend rates as well as what the plan's net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher:

1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
$313,317	$1,483,500	$2,800,333

TIMING OF THE VALUATION

An actuarial valuation to determine the total OPEB liability is required to be performed at least every two years. If the actuarial valuation is not calculated as of the plan's fiscal year end, the total OPEB liability is required to be rolled forward from the actuarial valuation date to the OPEB plan's fiscal year end.

The total OPEB liability as of September 30, 2021, is based on the results of an actuarial valuation date of September 30, 2020 and rolled-forward using generally accepted actuarial procedures.

ACTUARIAL VALUATIONS AND ASSUMPTIONS

Actuarial valuations for the OPEB plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the actuarially determined contributions (ADC) are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

The Schedules of Contributions in Required Supplementary Information present trend information about the amounts contributed to the plan by employers in comparison to the ADC, an amount that is actuarially determined in accordance with the parameters of GASB Statement No. 74 for OPEB.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The information presented in the Net OPEB Liability schedules and notes was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Summary of Actuarial Assumptions

Valuation Date	September 30, 2020
Actuarial Cost Method	Entry Age, Normal
Asset Valuation Method	Fair Value
Actuarial Assumptions:	
Wage Inflation Rate	2.75%
Investment Rate of Return	6.95% net of investment expenses
Projected Salary Increases	2.75% - 11.55%, including wage inflation at 2.75%
Healthcare Cost Trend Rate[2]	
- Pre-65	7.75% Year 1 graded to 3.50% Year 15; 3.00% Year 120
- Post-65	5.25% Year 1 graded to 3.50% Year 15; 3.00% Year 120
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Other Assumptions: [1]	
Opt Out Assumption	21% of eligible participants hired before July 1, 2008 and 30% of those hired after June 30, 2008 are assumed to opt out of the retiree health plan.
Survivor Coverage	80% of male retirees and 67% of female retirees are assumed to have coverage continuing after the retiree's death.
Coverage Election at Retirement	75% of male and 60% of female future retirees are assumed to elect coverage for 1 or more dependents.
Notes:	Assumption changes as a result of an experience study for the period 2012 through 2017 have been adopted by the System for use in the determination of the total OPEB liability beginning with the September 30, 2018 valuation.

[1] Applies to individuals hired before September 4, 2012.

[2] Applies to medical, Rx and Medicare payments

NOTE 6 – INVESTMENTS

INVESTMENT AUTHORITY

The State of Michigan Investment Board (Board) was created by Executive Order 2018-10 (Order) and serves as the investment fiduciary over the assets of the State sponsored defined benefit retirement systems. The Board is responsible for investing the System's assets in accordance with the duties and powers enumerated in the Order and with Public Act 380 of 1965, as amended. Investments are made subject to the Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended. The Public Employee Retirement System Investment Act authorizes, with certain restrictions, the investment of pension fund assets in stocks, corporate and government bonds and notes, mortgages, real estate, and certain short-term and private equity investments. Investments must be made for the exclusive purposes of providing benefits to active members, retired members and beneficiaries, and for defraying the expenses of investing the assets.

DERIVATIVES INSTRUMENTS

The Board employs the use of derivative instruments in the investment of the pension and other employee benefit trust funds (the trust funds).

Derivative instruments are used in managing the trust fund portfolios, but uses do not include speculation or leverage of investments. State investment statutes limit total derivative instrument exposure to 15% of a fund's total asset value and restrict uses to replication of returns and hedging of assets. Swap agreements represent the largest category of derivative instrument investments subject to this limitation. Option and Future contracts traded daily on an exchange and settling in cash daily or having a limited and fully defined risk profile at an identified, fixed cost are not subject to the derivative instrument exposure limitation. Less than 15% of the total trust funds' portfolio has been invested from time to time in future contracts, swap agreements, structured notes, option and forward contracts.

The derivative instrument fair values are reported on the Statement of Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position as of September 30, 2021, in their respective investment pool's fair value. Derivative instrument net increase and decrease are reported on the Statement of Changes in Pension Plan and Other Postemployment Benefit Plan Fiduciary Net Position for fiscal year ended September 30, 2021, under "Investment income (loss)", in "Net increase (decrease) in fair value of investments". Bond interest, swap payments, and dividends are reported under "Investment income (loss)", in "Interest, dividends, and other".

Derivative Instrument Investment Table as of September 30, 2021 (in millions):

Investment and Investment Type	Percentage of Fair Value	Notational Value	Investments at Fair Value	Net Increase (Decrease) in Fair Value	Investment Income	Fair Value Subject to Credit Risk
Future Contracts Fixed Income and International Equity Investments	0.0%	$ (485.7)	$ (0.3)	$ 22.2	$ -	$ -
Option Contracts Equity, Fixed Income and International Equity Investments	0.3	23,266.2	242.2	281.0	-	-
Swap Agreements Fixed Income and International Equity Investments	2.5	3,054.3	1,847.8	928.1	(2.0)	245.1
Total		$ 25,834.9	$ 2,089.6	$ 1,231.3	$ (2.0)	$ 245.1

To diversify the trust funds' portfolio, the Board has entered into international swap agreements with investment grade counterparties, which are tied to stock market indices in approximately forty-six foreign countries. Generally, the notional amount of equity swap tied to foreign stock market indices is executed via a net total return USD index. The swap agreements provide that the System will pay quarterly over the term of the swap agreements, interest indexed to the three month London Inter-Bank Offer Rate (LIBOR) or the U.S. Federal Funds Rate, adjusted for an interest rate spread, on the notional amount stated in the agreements. International equity swap agreement maturity dates range from October 2021 to October 2022. U.S. Treasury Bonds, U.S. Corporate Bonds and other public market fixed income securities, as well as other investments are held to correspond with the notional amount of the international swap agreements. The value of the international synthetic equity structures is a combination of the value of the swap agreements and the value of the notes and other investments. The book value represents the cost of the bonds, notes, and other investments. The current value represents the current value of the bonds, notes, and other investments and the change in the value of the underlying indices from the inception of the swap agreements. The current value is used as a representation of the fair value based on the intention to hold all swap agreements until maturity. At the maturity of the swap agreements, the trust funds will either receive the increase in the value of the equity indices from the level at the inception of the agreements or pay the decrease in the value of the indices. The combined swap structure generally realizes gains and losses on a rolling basis.

To reduce the risk in the Fixed Income and International Equity portfolios, the Board has entered into FX swap agreements, interest rate swap agreements and credit default swap agreements with investment grade counterparties. The FX swap agreements are tied to foreign currency forward exchange rates and are used to reduce the currency risk within the fixed income portfolio. The swap agreements are entered into on an as-needed basis and are generally tied to the maturity of a foreign government bond indenture denominated in a foreign currency. The purpose of the FX swap agreement that has a final maturity date of less than three months, is to reduce or eliminate the currency risk on foreign bond transactions. U.S. Domestic LIBOR-based floating rate notes, U. S. Treasury securities, and portfolio cash are held to correspond with the notional amount of FX swap agreements within the Fixed Income and International Equity Portfolios. Interest rate swaps are used to adjust interest rate and yield curve exposures and substitute for physical securities. Long swap positions that receive fixed rate increase exposure to long-term interest rates; short swap positions that pay fixed rate, decrease exposure. Credit default swaps (CDS) are used to manage credit exposure without buying or selling securities outright. Written CDS increase credit exposure, selling protection, obligating the portfolio to buy bonds from counterparties in the event of a default. Purchased CDS decrease exposure, buying protection, providing the right to “Put” bonds to the counterparty in the event of a default.

Counterparty credit risk is the maximum loss amount that would be incurred if the counterparties to the derivative instrument failed to perform according to the terms of the contract, without respect to any collateral or other security, or netting arrangement. For the Over-the-Counter (OTC) derivative instrument investments, the system held collateral of $37.2 million in cash deposits and $87.8 million in securities on behalf of counterparties. Collateral securities in the amount of $0 were held on the behalf of the system by counterparties.

The Board traded bond future contracts to manage duration, yield curve exposure, adjust interest rate exposures and replicate bond positions.

To enhance returns while limiting downside risk, the Board traded equity options in single securities and on indices in the Large Cap Core and All Cap GARP funds. Attractively priced equity options were used for the purpose of stock replacement in order to drive excess returns over the S&P 500, as well as to provide added exposure to strong equity markets while limiting principal at risk. Put options are used to protect against large negative moves in the market indices. Options traded by the Board in the Fixed Income and International Equity pools are used to manage interest rate and volatility exposures. Written options generate income in expected interest rate scenarios and may generate capital losses, if unexpected interest rate environments are realized. Both written and purchased options will become worthless at expiration if the underlying instrument does not reach the strike price of the option. However, purchased options are often sold well before expiration in order to lock in profits at prices well below listed strike prices, and thereby generate consistent returns.

SECURITIES LENDING

The System, pursuant to a Securities Lending Authorization Agreement, has authorized State Street Bank and Trust Company ("State Street") to act as the System’s agent in lending System's securities to approved borrowers. State Street, as agent, enters into Securities Loan Agreements with borrowers.

During the fiscal year, State Street lent, on behalf of the Board, certain securities of the System held by State Street as custodian and received cash or other collateral including securities issued or guaranteed by the United States government. The types of securities lent were equity, and fixed income, which includes government and corporate bonds and notes. State Street does not have the ability to pledge or sell collateral securities delivered absent a borrower default. Borrowers were required to deliver collateral for each loan equal to at least 100% of the fair value of the loaned securities.

Pursuant to the Securities Lending Authorization Agreement, State Street had an obligation to indemnify the System in the event of default by a borrower. There were no failures by any borrowers to return loaned securities or pay distributions thereon during the fiscal year that resulted in a declaration or notice of default of the Borrower.

During the fiscal year, the System and the borrowers maintained the right to terminate securities lending transactions upon notice. The cash collateral received on each loan was invested, together with the cash collateral of other qualified tax-exempt plan lenders, in a collective investment pool. As of September 30, 2021, such investment pool had an average duration of 4 days and an average weighted final maturity of 84 days for USD. Because the loans were terminable at will their duration did not generally match the duration of the investments made with cash collateral. On September 30, 2021, the System had no credit risk exposure to borrowers. The fair value of collateral held and the fair value (USD) of securities on loan for the client as of September 30, 2021, was $2,434.3 million and $2,368.4 million, respectively.

RISK

In accordance with GASB Statement No. 40, investments require certain disclosures regarding policies and practices and the risks associated with them. The credit risk, including custodial credit risk and concentration of credit risk the interest rate risk, and the foreign currency risk are discussed in the following paragraphs. Amounts represent the pro rata share of the underlying investments as required by GASB Statement No. 40. These investments are held in internal investment pools and reported as such in the financial statements.

Credit Risk

Credit risk is the risk that an issuer will not fulfill its obligations.

- Short-Term Fixed Income Investments - Eligible commercial paper investments must be rated within one of the two highest rating classifications ("1" or "2") at the time of purchase from one of the nationally recognized ratings organizations (NRSROs) specified in Public Act 314 of 1965, as amended. Borrowers must have at least $400.0 million in commercial paper outstanding, and the Board may not invest in more than 10% of the borrower's outstanding debt.

- Long-Term Fixed Income Investments - Investment grade and noninvestment grade securities may be acquired in compliance with the parameters set forth in Public Act 314 of 1965, as amended, and the Board's Investment Policy Statement for the System. Public Act 314 defines investment grade as investments in the top four major grades, rated by one of the NRSROs. At September 30, 2021, the System was in compliance with Public Act 314 and the Investment Policy Statement in all material aspects.

Rated Debt Investments

(in thousands)
As of September 30, 2021

Investment Type	Fair Value	S&P	Fair Value	Moody's
Short Term	$ 2,874,832	A-1	$ 3,029,450	P-1
	233,928	A-2	79,310	P-2
Money Market	352,415	AAA	352,415	Aaa
Government Securities				
U.S. Agencies - Sponsored	1,306	AAA	481,812	Aaa
	480,505	AA	-	Aa
Fixed Income				
	267,627	AAA	457,918	Aaa
	163,144	AA	157,407	Aa
	352,416	A	388,719	A
	1,011,469	BBB	869,759	Baa
	338,059	BB	312,389	Ba
	188,325	B	238,799	B
	108,704	CCC	126,231	Caa
	81,071	CC	86,660	Ca
	-	C	297	C
	31,599	D	-	D
	1,927,814	NR	1,832,048	NR
Securities Lending Collateral				
Short Term	367,863	A-1	387,191	P-1
Fixed Income	-	AA	318,170	Aa
	1,966,451	A	842,695	A
	100,505	NR	886,763	NR
Mutual Funds				
	80,278	BBB	80,278	Baa
	105,442	BB	105,442	Ba
Total	$ 11,033,753		$ 11,033,753	

NR – Not Rated

Custodial Credit Risk

Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty, the State will not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the government and are held by either the counterparty or the counterparty's trust department or agent, but not in the government name.

The Board does not have a policy for custodial credit risk. However, the State's custodial bank had a credit rating of A at September 30, 2021. As of September 30, 2021, no securities were exposed to custodial credit risk.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer.

Other than obligations issued, assumed or guaranteed by the United States, its agencies or United States government sponsored enterprises, the System is prohibited by Public Act 314 of 1965, as amended, from investing more than 5% of the outstanding obligations of any one issuer or investing more than 5% of a System's assets in the obligations of any one issuer. When calculating the amount of outstanding obligations, the System includes publicly issued and privately held debt.

At September 30, 2021, there were no investments in any single issuer that accounted for more than 5% of the System's assets. The System held two investments that exceeded the 5% cap in obligations of any one issuer. The System is aware of the breach and in accordance with MCL 38.1133(3)(g), is developing a prudent plan for reallocating assets to comply with the prescribed limitations.

Interest Rate Risk – Fixed Income Investments

Interest rate risk is the risk that changes in interest rates of debt investments will adversely affect the fair value of an investment.

The Boards policy states that cash equivalents are invested in short-term fixed income securities with an average weighted maturity of less than one year to provide liquidity and safety of principal from capital market and default risk. At September 30, 2021, the fair value of the System's short term investments was $3,461.2 million with the weighted average maturity of 125 days.

The Board does not have a policy regarding interest rate risk for long-term debt investments. However, the trust funds are invested with a long-term strategy. The goal is to balance higher returns while accepting minimum risk for the return. Analyzing the yield curve on individual securities as compared to U.S. Treasuries determines, in part, what is an acceptable risk for the return. Therefore, market conditions such as lower interest rates result in shorter duration and higher interest rates result in longer duration.

Debt Securities

(in thousands)
As of September 30, 2021

	Fair Value	Effective Duration in Years
Government		
U. S. Treasury	$ 2,629,719	7.10
U. S. Agencies - Backed	265,292	3.86
U. S. Agencies - Sponsored	481,812	3.71
Corporate	4,636,634	2.99
International*		
U. S. Treasury	982,306	2.00
Corporate	19,313	0.01
Total	$ 9,015,076	

Debt securities are exclusive of securities lending collateral.

* International contains Domestic Government and Corporate Debt Securities as a part of their derivative instrument strategies. The interest rates reset on a quarterly basis for these securities.

Foreign Currency Risk

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit.

The System invests in various securities denominated in foreign currencies. Authorized global securities include equities, fixed income, mutual funds, real estate, and limited partnerships. These investments are limited to 30% of the total assets of the System with additional limits of not more than 5% of the outstanding global securities of any one issuer and no more than 5% of the System's assets in the global securities of any one issuer. In addition to these limits, the Board cannot acquire securities with companies that have active business operations in the state sponsors of terror as identified by the United States Secretary of State. At September 30, 2021, the total amount of foreign investment subject to foreign currency risk was $9,041.0 million, which amounted to 12.3% of total investments (exclusive of securities lending collateral) of the System.

Foreign Currency Risk

(in thousands)
As of September 30, 2021

Region	Country	Currency	Equity Fair Value in U.S. $	Fixed Income Fair Value in U.S. $	International & Absolute Return in U.S. $	Private Equity, Real Estate, & Infrastructure in U.S. $
AMERICA						
	Brazil	Real	$ -	$ 1,277	$ 5,647	$ -
	Canada	Dollar	9,332	1,015	72,302	-
	Mexico	Peso	688	5,762	19,040	-
	Peru	Sol	-	674	-	-
	Columbia	Peso	-	341	-	-
	Chile	Peso	-	5,047	-	-
	Argentina	Peso	-	-	2,370	-
PACIFIC						
	Australia	Dollar	2,309	409	79,164	-
	Hong Kong	Dollar	20,442	-	90,782	-
	India	Rupee	-	102	-	-
	Indonesia	Rupiah	2,326	1,221	-	-
	Japan	Yen	2,949	7,797	71,314	-
	Malaysia	Ringgit	-	4,521	-	-
	Taiwan	New Dollar	-	-	41,660	-
	China	Renminbi	-	-	19,672	-
	Singapore	Dollar	5,561	641	-	-
	South Korea	Won	-	19,722	10,538	-
	Thailand	Baht	-	1,636	-	-
	New Zealand	Dollar	-	-	6,522	-
	China	Yuan	-	(1,910)	339	-
	China	Yuan Offshore	-	2,180	2	-
EUROPE						
	Denmark	Krone	-	-	35,576	-
	European Union	Euro	187,744	57,898	464,114	577,270
	Hungary	Forint	-	1,199	-	-
	Poland	Zloty	-	103	-	-
	United Kingdom	Pound Sterling	25,122	13,393	146,134	52,846
	Romania	Leu	-	-	-	-
	Sweden	Krona	14,274	-	131,387	-
	Switzerland	Franc	15,500	-	19,204	-
	Czech Republic	Koruna	-	810	-	-
	Russia	Ruble	-	1,050	-	-
AFRICA						
	South Africa	Rand	2,980	2,520	8,998	-
	Egypt	Pound	-	1,558	-	-
	Liberia	Dollar	3,854	-	-	-
	Zambia	Kwacha	-	592	-	
MIDDLE EAST						
	Israel	New Shekel	-	3,469	36,909	-
OTHER	Various	Various	-	-	6,723,086	-
	Total		$ 293,081	$ 133,026	$ 7,984,759	$ 630,116

FAIR VALUE MEASUREMENTS

The Retirement System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Not all investments held by the Retirement System are recorded at fair value. GASB 72 allows for certain investments to be recorded at cost (or amortized cost or any other valuation method), and therefore, they are not presented in the fair value hierarchy table. Equity and fixed income securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Equity Swaps and Fixed Income securities classified in Level 2 of the fair value hierarchy are valued using a matrix pricing technique and other significant observable inputs. Equity and fixed income securities classified as Level 3 of the fair value hierarchy are valued using third party data and reports that are unobservable. Securities reported at Net Asset Value (NAV) are valued using the most recent third party statement adjusted for cash flows as of September 30, 2021. Investments that are measured at fair value using the Net Asset Value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Retirement System's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Investments by fair value level:	Balance at September 30, 2021	Fair Value Measurement Using: Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Total cash and cash equivalents	$ 15,764	$ 15,764	$ -	$ -
Equity				
Depository Receipts	119,855	119,855	-	-
Warrants	41	7	34	-
Common Stocks	13,831,502	13,831,502	-	-
Preferred Stocks	12,438	11,369	1,069	-
Real Estate Investments Trusts	567,476	567,476	-	-
Swaps	71,194	-	71,266	(72)
Commingled Funds, ETF's, and PTP's	8,967,800	8,969,160	(1,360)	-
Options	243,127	243,127	-	-
Total Equity	23,813,433	23,742,497	71,008	(72)
Fixed Income				
Asset Backed	1,644,454	-	1,635,233	9,221
Corporate Bonds	1,589,687	-	1,573,056	16,630
Commercial Mortgage-Backed	1,325,854	-	1,325,525	329
Government Issues	3,774,256	3,185,721	588,534	-
Swaps	(9,153)	-	(9,153)	-
US Agency Issues	495,027	-	495,027	-
Forwards	-	-	-	-
Commingled Funds, ETF's, and PTP's	896,335	896,335	-	-
Options	(11)	-	(11)	-
Total Fixed Income	9,716,450	4,082,057	5,608,212	26,181
Total investments by fair value level	**$ 33,545,648**	**$ 27,840,318**	**$ 5,679,221**	**$ 26,109**
Investments measured at the net asset value (NAV)				
Private Equity	$ 16,922,953			
Real Estate and Infrastructure	5,069,317			
Absolute Return	3,888,777			
Real Return	8,764,016			
Other Limited Partnerships	1,630,603			
Total investments measured at the NAV	**$ 36,275,666**			
Total investments measured at fair value	**$ 69,821,314**			

Additional disclosures for fair value measurements of investments in certain entities that calculate the Net Asset Value per Share (or its equivalent):

Private Equity Funds

(in thousands)

Total investments measured at the NAV	$ 16,922,953
Unfunded commitments	6,175,419

These types of investment includes investments in approximately 313 partnerships that invest in leveraged buyouts, venture capital, mezzanine debt, distressed debt, secondary funds and other investments. These types of investments can never be redeemed with the funds, but distributions are received through the liquidation of the underlying assets of the fund. It's expected that the underlying assets of the fund are liquidated over a period of five to eight years. However, as of September 30, 2021, it is probable that all of the investments in this group will be sold at an amount different from the NAV per share (or its equivalent). Therefore, the fair values of the investments in this type have been determined using recent observable transaction information for similar investments and nonbinding bids received from potential buyers of the investments. As of September 30, 2021, a buyer for these investments has not been identified.

Real Estate and Infrastructure

(in thousands)

Total investments measured at the NAV	$	5,069,317
Unfunded commitments		1,600,219

Real Estate and Infrastructure funds include approximately 107 accounts (limited partnerships, limited liability companies, etc.) that invest in real estate or infrastructure related assets. The fair value of the Real Estate and Infrastructure funds have been determined in accordance with generally accepted accounting principles using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These types of investments cannot be redeemed with the funds. Distributions from these funds will be received as the underlying investments are sold and liquidated over time. It is expected that the underlying assets will be sold over the next 5 – 15 years. However, buyers have not been determined so the fair value has been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital.

Absolute Return Portfolio

(in thousands)

Total investments measured at the NAV	$	3,888,777
Unfunded commitments		569,491

This type includes approximately 14 investments in hedge funds and hedge fund of funds that pursue multiple strategies to diversify risks and reduce volatility. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the investments. For 45.8% of the invested capital, investors may redeem at various dates between October 1, 2021, and April 1, 2022; 17.1% of the investments are redeemable between April 1, 2022 through October 1, 2022; 26.2% of the investments are redeemable between October 1, 2022 and October 1st 2032, and the remaining 10.9% is not redeemable on demand.

Real Return and Opportunistic Portfolio

(in thousands)

Total investments measured at the NAV	$	8,764,016
Unfunded commitments		3,024,959

This type includes approximately 95 funds that invest in private credit, tangible and intangible real assets, or other real return and opportunistic strategies. The fair values of the investments in this type have been determined using the NAV per share (or its equivalent) of the Plan's ownership interest in partners' capital. These investments can never be redeemed with the funds. Distributions from each fund will be received as the underlying investments of the funds are liquidated. It is expected that the underlying assets of the funds will be liquidated over the next 5 to 10 years.

All Other Investments

(in thousands)

Total investments measured at the NAV	$	1,630,603
Unfunded commitments		536,310

The balance of plan assets reported at fair value includes 15 investments:

- LPs that invest in fixed income type investment; residential rehabilitation, middle market business loans and senior secured debt financing. These investments cannot be redeemed by limited partners. Distributions are received through the liquidation of the underlying assets of the fund.
- LPs that invest in fixed income type investments permitting partners to request redemption monthly or quarterly, after initial lock up period of 1 year or less, requiring 45 to 65 days' advance notice.
- LPs investing in global investments permitting partners to request partial redemptions quarterly or monthly, with advance notice, subject to the sole discretion of the general partner.
- LPs that invest in private equity, private credit/loans, and tangible real assets that cannot be redeemed by limited partners. Distributions from each fund will be received as the underlying investments of the funds are liquidated.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

Under the Administrative Procedures Act, members may appeal a decision made by the Retirement Board. Once the administrative procedure has been exhausted, the decision may be appealed in Michigan's court system. Various cases that have exhausted the administrative procedures have been appealed in the court system. These cases are in the normal course of business and the System does not anticipate any material loss as a result of the contingent liabilities.

PENDING LITIGATION

Michigan Supreme Court No. 1635670
On September 23, 2021, the State (Defendants) filed an application for leave to appeal in the Michigan Supreme Court (MSC). Plaintiffs allege that the Michigan Public School Employees' Retirement System and related entities and officials violated their (and other similarly situated individuals') retirement benefit rights under the Public School Employees Retirement Act, by implementing and administering a normal salary increase (NSI) limitation in a manner that unlawfully reduces the "compensation" that may be counted toward their pension calculation. The Court of Appeals (COA) ruled in favor of the Plaintiffs. In the application, Defendants argued that the COA misconstrued the Retirement Act as exempting public school administrators from the NSI limitations and in any event, misapprehended the import of its holdings. Briefing of the case is ongoing and a decision is expected by the end of July 2022. Given the not-yet-answered questions surrounding the proper interpretation of the challenged statutory provision, the amount at stake cannot be specifically determined.

NOTE 8 – ACCOUNTING CHANGES AND RESTATEMENTS

For fiscal year 2021, the System adopted Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities.* The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement also establishes criteria for identifying fiduciary activities of all state and local governments. As a fiduciary component unit of the State, the System will be reported in the pension and other employee benefit trust fund financial statements of the State of Michigan Annual Comprehensive Financial Report.

NOTE 9 – SUBSEQUENT EVENTS

DISCOUNT RATE-DEDICATED GAINS POLICY

In 2017, the Department of Technology, Management and Budget Director and the Michigan Public Schools Employees' Retirement System Board adopted a dedicated gains policy to lower the discount rate in years where investment returns exceed the current assumption based on a schedule determined by the plan actuary. In November 2021, the DTMB Director and the Board modified the dedicated gains policy to limit the reduction in the discount rate to no lower than 6%. This change will impact the fiscal year 2021 pension and OPEB valuations and the calculated total pension and OPEB liabilities, however, the dollar value of this impact cannot be determined at this time.

SCHEDULE OF CHANGES IN NET PENSION LIABILITY
(in thousands)

	Fiscal Year							
	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	$ 850,016	$ 854,272	$ 779,545	$ 752,589	$ 675,804	$ 682,608	$ 674,943	$ 738,574
Interest	5,728,433	5,607,512	5,561,469	5,352,730	5,348,515	5,226,021	5,137,527	4,959,187
Changes of benefit terms								
Differences between expected and actual experience	(163,121)	596,200	119,391	(187,289)	(120,998)	401,202	(75,932)	-
Changes of assumptions		-	2,226,621	6,588,286	3,461,025	-	-	1,054,479
Benefit payments, including refunds of member contributions	(5,336,242)	(5,211,046)	(5,087,969)	(4,963,271)	(4,833,050)	(4,695,818)	(4,555,349)	(4,417,169)
Net Change in Total Pension Liability	1,079,086	1,846,938	3,599,058	7,543,045	4,531,295	1,614,013	1,181,190	2,335,070
Total Pension Liability - Beginning	86,490,336	84,643,399	81,044,341	73,501,296	68,970,001	67,355,988	66,174,798	63,839,728
Total Pension Liability - Ending (a)	$ 87,569,423	$ 86,490,336	$ 84,643,399	$ 81,044,341	$ 73,501,296	$ 68,970,001	$ 67,355,988	$ 66,174,798
Plan Fiduciary Net Position								
Contributions - Employer	$ 3,081,014	$ 2,808,839	$ 2,706,713	$ 2,791,509	$ 2,398,950	$ 2,308,657	1,967,611	1,600,375
Contributions - Member	413,531	401,626	403,147	393,059	427,988	398,893	395,722	405,444
Net Investment Income	13,740,731	2,545,231	2,519,320	5,135,866	5,583,469	3,095,178	938,143	6,192,711
Benefit payments, including refunds of member contributions	(5,336,242)	(5,211,046)	(5,087,969)	(4,963,271)	(4,833,050)	(4,695,818)	(4,555,349)	(4,417,169)
Administrative and Other Expenses	(23,239)	(23,119)	(27,741)	(25,952)	(26,133)	(26,213)	(24,487)	(23,711)
Other [1,2]	132	77,526	202	504	(20)	(2,479)	(112,468)	-
Net Change in Plan Fiduciary Net Position	11,875,927	599,058	513,672	3,331,715	3,551,204	1,078,218	(1,390,828)	3,757,649
Plan Fiduciary Net Position - Beginning	51,456,229	50,857,170	50,343,498	47,011,783	43,460,579	42,382,361	43,773,189	40,015,540
Plan Fiduciary Net Position - Ending (b)	$ 63,332,155	$ 51,456,229	$ 50,857,170	$ 50,343,498	$ 47,011,783	$ 43,460,579	$ 42,382,361	$ 43,773,189
Net Pension Liability - Ending (a) - (b)	$ 24,237,267	$ 35,034,108	$ 33,786,229	$ 30,700,843	$ 26,489,513	$ 25,509,422	$ 24,973,627	$ 22,401,609
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.32%	59.49%	60.08%	62.12%	63.96%	63.01%	62.92%	66.15%
Covered Payroll	$ 9,269,004	$ 9,087,724	$ 8,958,777	$ 8,583,695	$ 8,452,983	$ 8,510,200	$ 8,426,755	$ 8,895,091
Net Pension Liability as a Percentage of Covered Payroll	261.49%	385.51%	377.13%	357.66%	313.37%	299.75%	296.36%	251.84%

1 Includes the $77.5 million restatement of beginning net position for the Pension plan in fiscal year 2020 to account for additional contributions due to the System from members and employers.

2 University employer contribution refund for fiscal years 2015 and 2016.

SCHEDULE OF CHANGES IN NET OPEB LIABILITY
(in thousands)

	Fiscal Year				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service Cost	$ 208,171	$ 204,703	$ 179,016	$ 188,707	$ 205,693
Interest	926,740	984,753	1,003,488	1,050,293	1,015,305
Changes of benefit terms	-	-	-	-	-
Differences between expected and actual experience	(1,716,336)	(2,454,057)	(1,835,497)	(1,748,107)	(118,988)
Changes of assumptions	(234,942)	711,252	1,102,881	1,044,391	-
Benefit payments, including refunds of member contributions	(376,485)	(189,729)	(467,095)	(531,998)	(1,255,980)
Net Change in Total OPEB Liability	(1,192,851)	(743,078)	(17,207)	3,286	(153,969)
Total OPEB Liability - Beginning	13,418,548	14,161,627	14,178,834	14,175,547	14,329,516
Total OPEB Liability - Ending (a)	$ 12,225,698	$ 13,418,548	$ 14,161,627	$ 14,178,834	$ 14,175,547
Plan Fiduciary Net Position					
Contributions - Employer	$ 749,591	$ 708,509	$ 707,714	$ 663,708	$ 794,667
Contributions - Member	203,769	204,752	208,197	210,680	214,249
Net Investment Income	2,154,623	374,570	336,063	594,893	595,265
Benefit payments, including refunds of member contributions [1]	(376,485)	(189,729)	(467,095)	(531,998)	(1,255,980)
Administrative and Other Expenses	(8,443)	(6,214)	(4,098)	(3,912)	(2,605)
Other [2]	116	35,040	75	96	-
Net Change in Plan Fiduciary Net Position	2,723,171	1,126,929	780,857	933,467	345,596
Plan Fiduciary Net Position - Beginning	8,019,027	6,892,099	6,111,241	5,177,775	4,832,179
Plan Fiduciary Net Position - Ending (b)	$ 10,742,198	$ 8,019,027	$ 6,892,099	$ 6,111,241	$ 5,177,775
Net OPEB Liability - Ending (a) - (b)	$ 1,483,500	$ 5,399,521	$ 7,269,528	$ 8,067,592	$ 8,997,773
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	87.87%	59.76%	48.67%	43.10%	36.53%
Covered Payroll	$ 9,269,004	$ 9,087,724	$ 8,958,777	$ 8,583,695	$ 8,452,983
Net OPEB Liability as a Percentage of Covered Payroll	16.00%	59.42%	81.14%	93.99%	106.44%

[1] Includes the $553.8 million attributable to the refund of the 3% member contributions collected prior to the passage of Public Act 300 for fiscal year 2017.

[2] Includes $34.9 million restatement of beginning net position for the OPEB plan in fiscal year 2020 to account for additional contributions due to the System from members and employers.

SCHEDULES OF CONTRIBUTIONS

PENSION BENEFITS
(in thousands)

Fiscal Year Ended Sept. 30	Actuarially Determined Contribution (ADC)[1]	Actual Employer Contribution[2]	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	1,744,512	1,454,439	290,073	8,649,029	16.8 %
2013	1,931,894	1,364,136	567,758	8,225,140	16.6
2014	2,117,097	1,600,375	516,722	8,895,091	18.0
2015	2,184,029	1,967,611	216,418	8,426,755	23.4
2016	2,312,223	2,308,657	3,566	8,510,200	27.1
2017	2,334,212	2,398,950	(64,738)	8,452,983	28.4
2018	2,474,279	2,791,509	(317,230)	8,583,695	32.5
2019	2,712,859	2,706,713	6,146	8,958,777	30.2
2020	2,818,578	2,808,839	9,739	9,087,724	30.9
2021	2,961,725	3,081,014	(119,289)	9,269,004	33.2

1 The ADC has been recalculated for all years presented in order to reflect only the employer's share of the annual required contributions and current assumptions.

2 Differences between the ADC and the actual contributions are the result of a timing difference between when the actuarial valuation is completed, and the contributions are made.

OPEB BENEFITS
(in thousands)

Fiscal Year Ended Sept. 30	Actuarially Determined Contribution (ADC)	Actual Employer Contributions[2]	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	2,038,873	795,595	1,243,278	8,649,029	9.2 %
2013 [1]	1,466,840	973,003	493,837	8,225,140	11.8
2014	944,571	1,000,032	(55,461)	8,895,091	11.2
2015	974,957	969,419	5,538	8,426,755	11.5
2016	911,687	883,943	27,744	8,510,200	10.4
2017	815,985	794,667	21,318	8,452,983	9.4
2018	673,996	663,708	10,288	8,583,695	7.7
2019	711,059	707,714	3,345	8,958,777	7.9
2020	638,385	708,509	(70,124)	9,087,724	7.8
2021	605,290	749,591	(144,300)	9,269,004	8.1

1 Revised investment rate of return from 4% to 8% due to prefunding.

2 Differences between the ADC and the actual contributions are the result of a timing difference between when the actuarial valuation is completed, and the contributions are made.

SCHEDULES OF INVESTMENT RETURNS

PENSION BENEFITS

Fiscal Year	Annual Return[1]
2014	12.58 %
2015	(0.02)
2016	5.91
2017	13.24
2018	11.11
2019	5.14
2020	5.37
2021	27.30

[1] Annual money-weighted rate of return, net of investment expenses.

OPEB BENEFITS

Fiscal Year	Annual Return[1]
2017	11.82 %
2018	10.75
2019	5.37
2020	5.24
2021	27.14

[1] Annual money-weighted rate of return, net of investment expenses.

NOTE A – DESCRIPTION

Ten year historical trend information designed to provide information about the System's progress made in accumulating sufficient assets to pay benefits when due is presented in the preceding schedules. Other ten year historical trend information related to the System is presented in the Statistical and Actuarial Sections of the report. This information is presented to enable the reader to assess the progress made by the System in accumulating sufficient assets to pay pension and other postemployment benefits as they become due.

The comparability of trend information is affected by changes in actuarial assumptions, benefit provisions, actuarial funding methods, accounting policies, and other changes. Those changes usually affect trends in contribution requirements and in ratios that use the pension and other postemployment benefit obligations as a factor.

The Schedules of Contributions are presented to show the responsibility of the Employer in meeting the actuarial requirements to maintain the System on a sound financial basis.

The Schedules of Changes in Net Pension and OPEB Liability, Schedules of Contributions, and Schedules of Investment Returns are schedules that are required in implementing GASB Statement No. 67 for pension and No. 74 for OPEB. These schedules are required to show information for ten years; additional years will be displayed as they becomes available. The Schedules of Changes in the Net Pension and Net OPEB Liabilities represents in actuarial terms the accrued liability less the fair value of assets. The Schedule of Contributions is a comparison of the employer's contributions to the actuarially determined contributions. The Schedule of Investment Returns represents a money-weighted rate of return that expresses investment performance, net of pension and OPEB plan investment expense, adjusted for the changing amounts actually invested.

The actuarially determined contributions presented in the Schedule of Contributions for pension and OPEB are calculated as of September 30, three years prior to the end of the fiscal year in which the contributions are reported. The following actuarial methods and assumptions were used to determine the fiscal year 2021 contributions reported in that schedule.

Methods and Assumptions Used to Determine Contributions for Fiscal Year 2021:

Pension and OPEB	
Valuation Date	September 30, 2018
Actuarial Cost Method	Entry Age, Normal
Amortization Method	Level percent of payroll, closed period
Remaining Amortization Period	18 years as of October 1, 2020 ending September 30, 2038
Price Inflation	2.25%
Projected Salary Increases	2.75% - 11.55%, including wage inflation at 2.75%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility conditions.
Mortality	
Retirees	RP-2014 Male and Female Healthy Annuitant Mortality Tables scaled by 82% for males and 78% for females and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Active	RP-2014 Male and Female Employee Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Disabled Retirees	RP-2014 Male and Female Disabled Annuitant Mortality Tables scaled 100% and adjusted for mortality improvements using projection scale MP-2017 from 2006.
Pension	
Asset Valuation Method	5 year smoothed fair value
Investment Rate of Return	
MIP and Basic Plans	6.80% net of investment expenses
Pension Plus Plan	6.80% net of investment expenses
Pension Plus 2 Plan	6.00% net of investment expenses
OPEB	
Asset Valuation Method	Fair value
Investment Rate of Return	6.95% net of investment and administrative expenses
Health Care Trend Rates	
Medical and prescription drugs	7.50% trend, gradually decreasing to 3.50% in year 12.
Medicare payments	7.50% trend, gradually decreasing to 3.50% in year 12.
Dental/Vision	3.50% trend for all years.
Aging Factors	Based on the 2013 SOA Study “Health Care Costs – From Birth to Death.”
Notes	Some of the assumptions used to develop the 2021 Total Pension Liability (TPL) and the 2021 Total OPEB Liability (TOL) may be different than the assumptions shown above. The assumptions used to develop the TPL are described in Note 4 (Page 32) of this report and the assumptions used to develop the TOL are described in Note 5 (page 35) of this report.

SUMMARY SCHEDULE OF PENSION PLAN ADMINISTRATIVE AND OTHER EXPENSES

For Fiscal Year Ended September 30, 2021
(in thousands)

Personnel Services:	
Staff Salaries	$ 4,689
Staff Retirement and Social Security	2,629
Other Staff Fringe Benefits	933
Total	8,250
Professional Services:	
Accounting	1,725
Actuarial	373
Attorney General	240
Audit	426
Consulting	75
Medical	187
Total	3,025
Building and Equipment:	
Building Rentals	804
Equipment Purchase, Maintenance, and Rentals	45
Total	850
Miscellaneous:	
Travel and Board Meetings	1
Office Supplies	13
Postage, Telephone, and Other	1,404
Printing	207
Technological Support	9,490
Total	11,115
Total Administrative and Other Expenses	$ 23,239

SUMMARY SCHEDULE OF OPEB PLAN ADMINISTRATIVE AND OTHER EXPENSES
For Fiscal Year Ended September 30, 2021
(in thousands)

Personnel Services:		
Staff Salaries	$	1,607
Staff Retirement and Social Security		901
Other Staff Fringe Benefits		320
Total		2,829
Professional Services:		
Accounting		276
Actuarial		60
Attorney General		38
Audit		68
Consulting		1,740
Medical		34
Total		2,216
Building and Equipment:		
Building Rentals		129
Equipment Purchase, Maintenance, and Rentals		7
Total		136
Miscellaneous:		
Travel and Board Meetings		-
Office Supplies		2
Printing		27
Postage, Telephone, and Other		1,716
Technological Support		1,517
Health Fees		157,595
Dental Fees		5,181
Vision Fees		211
Total		166,249
Total Administrative and Other Expenses	$	171,430

SCHEDULE OF INVESTMENT EXPENSES

For Fiscal Year Ended September 30, 2021
(in thousands)

Real Estate Operating Expenses	$ -
Securities Lending Expenses	3,075
Other Investment Expenses[1]	
ORS-Investment Expenses[2]	12,968
Custody Fees	1,380
Management Fees	275,033
Research Fees	8,096
Total Investment Expenses	$ 300,552

[1] Refer to the Investment Section for fees paid to investment professionals.

[2] Does not exclude Treasury Civil Service fees recorded as a pass through in the Schedule of Investment Fee - State Treasurer. As of September 30, 2021, fees totaled $214,272.

SCHEDULE OF PAYMENTS FOR PROFESSIONAL SERVICES

For Fiscal Year Ended September 30, 2021
(in thousands)

Accounting	$ 2,000
Actuary	432
Attorney General	278
Independent Auditors	494
Consulting	1,815
Medical Advisor	221
Total Payments	$ 5,241

DETAIL OF CHANGES IN PLAN FIDUCIARY NET POSITION

(Pension and other Postemployment Benefits)

For the Fiscal Year Ended September 30, 2021
(in thousands)

	Employee Contributions	Employee Contributions Pension Plus	Employee Contributions Pension Plus 2	Member Investment Plan	Employer Contributions
Additions:					
Contributions:					
Member contributions	$ 6,464	$ 66,113	$ 21,581	$ 319,372	$ -
Employer contributions:					
Colleges and universities	-	-	-	-	235,738
School districts and other	-	-	-	-	2,763,286
Other governmental contributions	-	-	-	-	-
Total contributions	6,464	66,113	21,581	319,372	2,999,024
Investment income (loss):					
Net increase (decrease) in fair value of investments	-	-	-	-	-
Interest, dividends, and other	-	-	-	-	-
Investment expenses:					
Real estate operating expenses	-	-	-	-	-
Other investment expenses	-	-	-	-	-
Securities lending activities:					
Securities lending income	-	-	-	-	-
Securities lending expenses	-	-	-	-	-
Net investment income (loss)	-	-	-	-	-
Miscellaneous income	-	-	-	-	-
Total additions	6,464	66,113	21,581	319,372	2,999,024
Deductions:					
Benefits paid to plan members and beneficiaries:					
Retirement benefits	-	-	-	-	-
Health benefits	-	-	-	-	-
Dental/vision benefits	-	-	-	-	-
Refund of contributions	2,809	2,150	151	21,500	117
Administrative and other expenses	-	-	-	-	-
Total deductions	2,809	2,150	151	21,500	117
Net Increase (Decrease) before other changes	3,655	63,963	21,431	297,872	2,998,907
Other Changes in Net Position:					
Interest allocation	67,733	29,293	1,116	474,983	-
Transfers upon retirement	(106,737)	(1,238)	-	(566,398)	-
Transfers of employer shares	-	-	-	-	(2,585,968)
Total other changes in net position	(39,005)	28,055	1,116	(91,415)	(2,585,968)
Net Increase (Decrease) in Net Position	(35,350)	92,018	22,547	206,457	412,939
Net Position Restricted for Pension Benefits and OPEB:					
Beginning of Year	1,521,406	439,978	23,565	8,102,228	(21,678,065)
End of Year	$ 1,486,056	$ 531,996	$ 46,111	$ 8,308,685	$ (21,265,126)

Employer Contributions Pension Plus	Employer Contributions Pension Plus 2	Retired Benefit Payments	Retired Benefit Payments Pension Plus	Retired Benefit Payments Pension Plus 2	Undistributed Investment Income	OPEB	Total
$ -	$ -	$ -	$ -	$ -	$ -	$ 203,769	$ 617,300
3,846	912	-	-	-	-	56,098	296,594
56,563	20,670	-	-	-	-	693,492	3,534,010
-	-	-	-	-	-	236,168	236,168
60,409	21,582	-	-	-	-	1,189,528	4,684,072
-	-	-	-	-	12,825,576	2,009,764	14,835,340
-	-	-	-	-	1,164,260	184,969	1,349,229
-	-	-	-	-	-	-	-
-	-	-	-	-	(256,226)	(41,251)	(297,477)
-	-	-	-	-	9,760	1,577	11,338
-	-	-	-	-	(2,638)	(437)	(3,075)
-	-	-	-	-	13,740,731	2,154,623	15,895,354
-	-	128	-	-	4	116	248
60,409	21,581	128	-	-	13,740,735	3,344,266	20,579,674
-	-	5,309,327	187	-	-	-	5,309,514
-	-	-	-	-	-	377,043	377,043
-	-	-	-	-	-	72,514	72,514
-	-	-	-	-	-	108	26,835
-	-	-	-	-	23,239	171,430	194,669
-	-	5,309,327	187	-	23,239	621,095	5,980,576
60,409	21,581	(5,309,199)	(187)	-	13,717,496	2,723,171	14,599,098
21,230	1,414	3,450,902	22	-	(4,046,694)	-	-
-	-	673,135	1,238	-	-	-	-
(640)		2,585,968	640	-	-	-	-
20,590	1,414	6,710,005	1,901	-	(4,046,694)	-	-
80,999	22,996	1,400,806	1,714	-	9,670,802	2,723,171	14,599,098
312,210	24,429	56,112,235	330	-	6,597,912	8,019,027	59,475,256
$ 393,209	$ 47,425	$ 57,513,041	$ 2,044	$ -	$ 16,268,714	$ 10,742,198	$ 74,074,353

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INVESTMENT SECTION

Prepared by Michigan Department of Treasury, Bureau of Investments
Jon M. Braeutigam, Chief Investment Officer

INTRODUCTION

The State of Michigan Investment Board (Board) was created by Executive Order 2018-10 (Order) and serves as the investment fiduciary over the assets of the State sponsored defined benefit retirement system (System). The Board is responsible for investing the System's assets in accordance with the duties and powers enumerated in the Order and State law. Pursuant to powers provided in the Order, the Board duly authorized and delegated duties to the Department of Treasury's Bureau of Investments (BOI) to invest, prudently manage, and oversee the assets of the System and to take certain other actions that support the BOI's mandate in this regard. In furtherance of these duties, the BOI delivers quarterly investment activity reports to the Board that detail the investments, goals, and objectives of the System.

The Board is comprised of five members: three (3) public members appointed by the Governor and two (2) ex-officio members. The public members serve four (4) year terms and are limited to two (2) such terms. The State Treasurer, as the chair of the Board, and the State Budget Director are the ex-officio members. As of September 30, 2021, members of the Board were as follows: Rachael Eubanks (chair, ex-officio member), Chris Harkins (ex-officio member), James B. Nicholson (public member), Reginald G. Sanders, CFA, CAIA (public member), and Dina L. Richard, CPA (public member). The public members serve without pay but may receive reasonable reimbursement for actual and necessary travel and other expenses to attend official Board meetings.

INVESTMENT POLICY & GOALS

The Board's Investment Policy Statement states that it and the BOI will operate in accordance with Public Employee Retirement System Investment Act (Act No. 314 of 1965) and within standard investment practices of the prudent person. This includes being authorized to invest in government obligations, corporate obligations, various short-term obligations, corporate (domestic and international) stocks, private equity interests, mutual funds, real estate interests, and other investments subject to specific parameters. Above all, System assets are to be invested in a fiduciary capacity for the sole and exclusive benefit of the members of the System.

The System's Proxy Voting Policy sets forth directives on various issues as holders of publicly traded securities, including but not limited to: Boards of Directors, corporate governance, social issues, and various corporate actions. All proxies are reviewed and voted in accordance with the System's policy.

The primary function of the System is to provide retirement, survivor and disability benefits along with health and other postemployment benefits to its members. The Board is investment fiduciary and custodian of the System's investments pursuant to the Order and other State law. The goals of the System are to:

1. Maintain sufficient liquidity to pay benefits.
2. Meet or exceed the actuarial assumption over the long term.
3. Perform in the top half of the public plan universe over the long term.
4. Diversify assets to preserve capital and avoid large losses.
5. Exceed individual asset class benchmarks over the long term.

The strategy for achieving these goals is supported by investing the assets of the System according to a five-year asset allocation model. The System currently invests in eight different asset classes, which provides for a well-diversified portfolio.

ASSET ALLOCATION

(Excludes Collateral on Loaned Securities)

Investment Category	As of 9/30/21 Actual %	Five-Year Target %
Domestic Equity Pools	23.0%	25.0%
International Equity Pools	16.3	15.0
Private Equity Pools	23.3	16.0
Real Estate and Infrastructure Pools	7.0	10.0
Fixed Income Pools	10.1	10.5
Absolute Return Pools	5.4	9.0
Real Return and Opportunistic Pools	12.2	12.5
Short-Term Investment Pools	2.7	2.0
TOTAL	**100.0%**	**100.0%**

INVESTMENT AUTHORITY

Pursuant to State law (Executive Order 2018-10, which in part transferred to the Board the powers enumerated in (i) Section 91 of Act No. 380 of the Public Acts of 1965, as amended, and (ii) Section 12c of Act No. 314 of 1965), the Board is the investment fiduciary for the System, which is comprised of the State sponsored defined benefit retirement systems: Michigan Public School Employees' Retirement System, State Employees' Retirement System, Michigan State Police Retirement System, Michigan Judges Retirement System, and the Michigan Military Retirement Provisions. The State Treasurer, State of Michigan, is custodian and ex officio treasurer of the retirement system for the Legislators, State of Michigan (Section 47 of Act no. 261 of the Public Acts of 1957, as amended).

Act No. 314 of the Public Acts of 1965, as amended, authorizes the investment of assets of public employee retirement systems or plans created and established by the State or any political subdivision.

INVESTMENT RESULTS

TOTAL PORTFOLIO RESULTS

For the fiscal year ended September 30, 2021, the total System's rate of return was 27.2% for the Pension Plan and 27.2% for the OPEB Plan as compiled by State Street Investment Analytics. Annualized rates of return for the Pension Plan for the three, five, and ten year periods ending September 30, 2021 were: 12.0%, 12.1%, and 11.0% respectively.

Investment return calculations are prepared using a Time-Weighted rate of return.

DOMESTIC EQUITY POOLS

The objective for investments made in domestic equities is to meet or exceed the total return of the S&P Composite 1500 for one, three, and five-year periods and a market cycle.

For active management strategies, the objective is to earn returns that exceed the most relevant S&P Index, adjusting for market capitalization and style, for one, three, and five-year periods and a market cycle. Another objective is to rank above median in a universe of managers possessing a similar market cap and style characteristics.

The pools are invested primarily in equities or equity-related securities of U.S. companies through internal and externally managed strategies. The goal is to build a portfolio of strategies that will provide excess returns relative to the S&P Composite 1500 while providing a prudent measure of tracking error to the index. At times a portion of these pools may be invested in exchange traded funds (ETFs) and fixed-income short-term securities with maturities of less than one year.

The pools invest in equities and equity related securities that are listed on U.S. national securities exchanges, including American Depository Receipts (ADRs). They may also invest in stocks that are traded over-the-counter. The pools diversify their investments by allocating their equity strategies with consideration of the capitalization weightings of the S&P Composite 1500 Index.

The following summarizes the weightings of the pools as of September 30, 2021:

Active	52.7	%
Passive	47.3	
Total	**100.0**	**%**

Large-Cap	63.9	%
Multi-Cap	30.9	
Mid-Cap	2.9	
Small-Cap	2.3	
Total	**100.0**	**%**

The System's Domestic Equity pools total rate of return was 33.2% for the Pension and OPEB Plans for fiscal year 2021. This compared with 31.4% for the S&P Composite 1500 Index.

At the close of fiscal year 2021, the Domestic Equity pools represented 23.0% of total investments. The following summarizes the System's 77.0% ownership share of the Domestic Equity pools at September 30, 2021:

Domestic Equity Pools

(In thousands)

Short-Term Pooled Investments	$	643,265
Equities		16,277,926
Settlement Principal Payable		(9,238)
Settlement Proceeds Receivable		9,687
Accrued Dividends		14,998
Total	**$**	**16,936,638**

INTERNATIONAL EQUITY POOLS

The objective for investments made in International Equity pools is to meet or exceed the total return of the MSCI ACWI ex-USA Net for one, three, and five-year periods and a market cycle.

For active management strategies, the objective is to earn returns that exceed the most relevant MSCI Index, adjusting for market capitalization, style and geography for one, three, and five-year periods and a market cycle. Another objective is to rank above median in a universe of managers possessing a similar market capitalization, style and geography characteristics.

Active exposure is invested primarily in equities or equity-related securities of non-U.S. companies through externally managed strategies.

The pools diversify their investments by allocating their equity strategies with consideration of the economic development status weightings of the MSCI ACWI ex USA Index.

The following summarizes the weightings of the pool as of September 30, 2021:

Active	75.2	%
Passive	24.8	
Total	**100.0**	**%**

Developed	95.8	%
Emerging	4.2	
Total	**100.0**	**%**

The System's International Equity pools total rate of return was 25.7% for the Pension and OPEB Plans for fiscal year 2021. This compared with 23.9% for the MSCI ACWI ex US Net.

At the close of fiscal year 2021, the International Equity pools represented 16.3% of total investments. The following summarizes the System's 77.0% ownership share of the International Equity Pools at September 30, 2021:

International Equity Pools

(in thousands)

Short-Term Pooled Investments	$ 796,153
Equities	10,072,189
Fixed Income Securities	1,001,619
Market Value of Equity Contracts	110,741
Accrued Dividends and Interest	3,264
Total	**$ 11,983,966**

PRIVATE EQUITY POOLS

The Private Equity pools objective is to meet or exceed the benchmark for all private equity investments over long time periods. The benchmark is the S&P 500 Index plus 300 basis points net of fees, lagged by three months over three, five, seven and ten-year periods and a market cycle.

Private Equity Investments are investments in the private equity market, primarily through limited partnerships. The following summarizes the weightings of the pools as of September 30, 2021:

Buyout Funds	47.6	%
Fund of Funds	25.2	
Venture Capital Funds	13.1	
Special Situation Funds	9.5	
Liquidation Portfolio	3.1	
Mezzanine Funds	1.5	
Total	**100.0**	**%**

The Private Equity pools had a return of 53.9% for the Pension Plan and 54.0% for the OPEB Plan for the fiscal year ended September 30, 2021, versus the benchmark of 44.9%. At the close of fiscal year 2021, the Private Equity pools represented 23.3% of total investments. The following summarizes the System's 78.3% ownership share of the Private Equity pools at September 30, 2021:

Private Equity Pools
(in thousands)

Short-Term Pooled Investments	$ 206,582
Equities	16,950,633
Settlement Proceeds Receivable	13,502
Total	**$ 17,170,717**

REAL ESTATE AND INFRASTRUCTURE POOLS

The objective of the Real Estate and Infrastructure pools is to provide diversification and favorable risk adjusted returns primarily through income and appreciation of investments. Investments are typically held through investment entities, such as limited partnerships or limited liability companies, established for the specific purpose of owning, leasing, managing, financing, or developing real estate and infrastructure related investments.

The Real Estate and Infrastructure pools diversify its holdings by:

- **Geography** – The pools are invested globally and are diversified geographically so that it is not concentrated in a limited number of markets or geographic areas.
- **Size and Value –** The pools diversify its holdings by size so that it is not concentrated in a limited number of large investments.
- **Investment Type** – The pools are diversified by investment type as summarized below.

Multi-family apartments	42.6 %
Commercial office buildings	8.3
Hotel	8.2
Infrastructure	10.7
Industrial warehouse buildings	20.9
Single Family	2.5
Retail shopping centers	4.5
Land	1.2
Short Term Investments	1.1
Total	**100.0 %**

The Real Estate and Infrastructure pools generated a return of 12.7% for the Pension and OPEB Plans for fiscal year 2021. The Real Estate and Infrastructure pools compare performance with two benchmark returns from the National Council of Real Estate Investment Fiduciaries (NCREIF): the NCREIF Property Index (less 130 basis points) was 10.7% and the NCREIF Fund Index - Open-End Diversified Core Equity (NFI-OCDE) was 13.6%.

At the close of fiscal year 2021, the Real Estate and Infrastructure pools represented 7.0% of total investments. The following summarizes the System's 77.1% ownership share of the Real Estate and Infrastructure pools at September 30, 2021:

Real Estate and Infrastructure Pools

(in thousands)

Short-Term Pooled Investments	$ 55,347
Real Estate Equities	4,565,910
Infrastructure Equities	553,575
Dividend Receivable	893
Total	**$ 5,175,725**

FIXED INCOME POOLS

The objective for investments made in the Fixed Income pools is to meet or exceed the Bloomberg US Aggregate Bond Index over one, three, and five-year periods and market cycles. Another objective is to rank above median in a nationally recognized universe of managers possessing a similar style.

For Fixed Income sub-strategies, the objective return is to meet or exceed the most relevant Bloomberg benchmark index.

The pools are invested primarily in fixed income securities of U.S. companies through internal and externally managed strategies. The goal is to build a portfolio of strategies that will provide excess returns relative to the blended benchmark while providing minimal tracking error to the index. At times a portion of the pools may be invested in exchange traded funds (ETFs) and fixed-income short-term securities with maturities of less than one year.

The pools invest in fixed income and related securities in a diversified portfolio of investment grade corporate issues, treasuries, agencies, government sponsored enterprises and government guaranteed mortgages. The pools diversify its investments by allocating its strategies with consideration of credit risk.

The System's Fixed Income pools total rate of return was 3.7% for the Pension Plan and 3.8% for the OPEB Plan for fiscal year 2021. This compared with (0.9)% for the Bloomberg US Aggregate Bond Index.

At the close of fiscal year 2021, the Fixed Income pools represented 10.1% of total investments. The following summarizes the System's 78.7% ownership share of the Fixed Income pools at September 30, 2021:

Fixed Income Pools

(in thousands)

Short-Term Pooled Investments	$ 88,281
Fixed Income Securities	7,343,877
Accrued interest	14,712
Total	**$ 7,446,870**

ABSOLUTE RETURN POOLS

The primary investment objective of the Absolute Return Strategies Pool is to generate a rate of return that meets or exceeds T-bills by 400 basis points net of fees over the one, three, and five-year periods and a market cycle. Another objective is to exceed the appropriate HFRI Fund of Funds Conservative Index median net of fees over one, three, and five-year periods and a market cycle.

The Absolute Return Strategies pool rate of return for the fiscal year was 15.3% for the Pension and OPEB Plans versus the benchmark's 12.4%.

At the close of fiscal year 2021, the Absolute Return Pools represented 5.4% of total investments. The following summarizes the System's 77.1% ownership share of the Absolute Return Pools at September 30, 2021:

Absolute Return Pools

(in thousands)

Short-Term Pooled Investments	$ 57,928
Equities	3,888,777
Total	**$ 3,946,705**

REAL RETURN AND OPPORTUNISTIC POOLS

The primary investment objective of the Real Return and Opportunistic Pool is to generate a rate of return that meets or exceeds the increase in the CPI by at least four percent (4%) annually net of fees over one, three, and five-year periods and a market cycle. Opportunistic investments are targeted to earn a return that exceeds the current actuarial assumed rate of return, with the overall Real Return and Opportunistic Pool's benchmark an equal blend between the two benchmarks. If a peer universe is available, the objective is to rank above median in a nationally recognized universe of managers possessing a similar style.

The Real Return and Opportunistic Investments pool rate of return for the fiscal year was 23.5% for the Pension and OPEB Plans versus the benchmark's 8.3%.

At the close of fiscal year 2021, the Real Return and Opportunistic Pools represented 12.2% of total investments. The following summarizes the System's 77.1% ownership share of the Real Return and Opportunistic Pools at September 30, 2021:

Real Return and Opportunistic Pools

(in thousands)

Short-Term Pooled Investments	$ 99,820
Equities	8,847,272
Total	**$ 8,947,092**

SHORT-TERM INVESTMENT POOLS

The objective of the Short-Term Investment pools is to closely match the return performance of its benchmark, the 30 day Treasury bill. The Short-Term Investment pools return for the fiscal year was 0.2% for the Pension and OPEB plans versus the benchmark's 0.1%.

Potential areas of investment are:

- Obligations of the United States or its agencies
- Banker's acceptances, commercial accounts, certificates of deposit or depository receipts
- Repurchase agreements for the purchase of securities issued by the US government or its agencies
- Commercial paper rated at the time of purchase within the two highest classifications established by not less than two national rating services as determined by the State Treasurer
- Short duration investment grade corporate issues

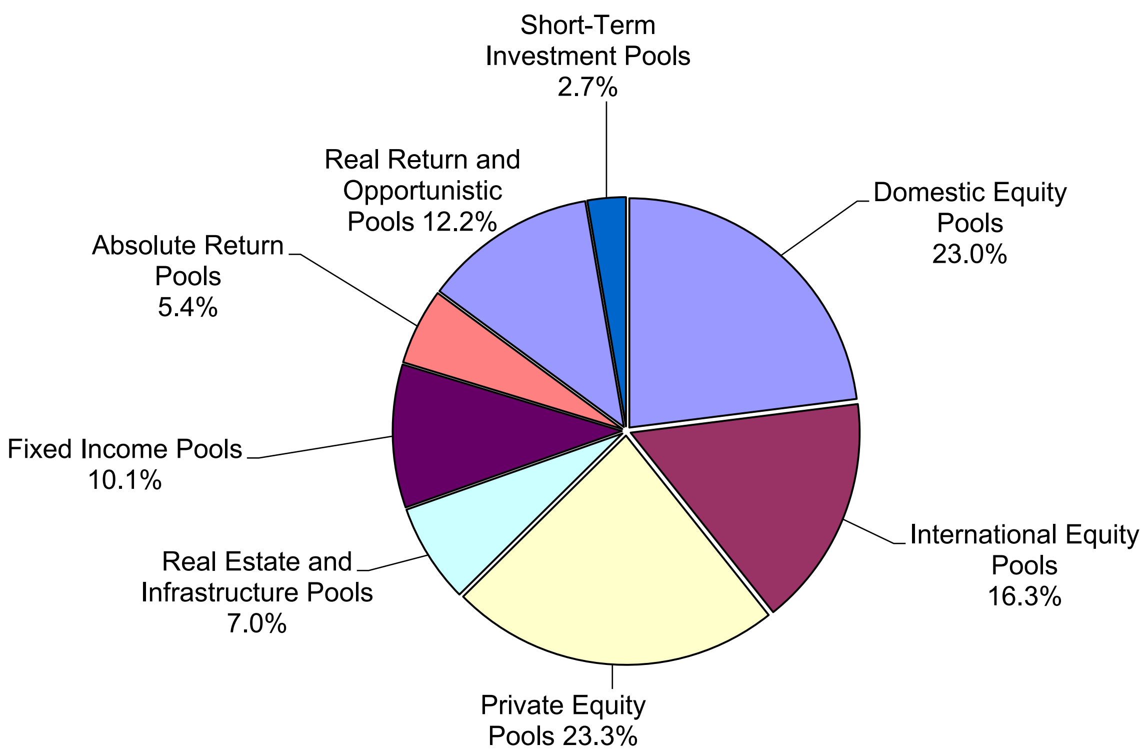
At the close of fiscal year 2021, the Short-Term Investment pools represented 2.7% of total investments. The following summarizes the System's 43.5% ownership share of the Short-Term Investment pools at September 30, 2021:

Short-Term Investment Pools

(in thousands)

Short-Term Pooled Investments	$ 1,352,200
Fixed Income Securities	609,431
Accrued interest	12
Total	**$ 1,961,643**

ASSET ALLOCATION – SECURITY TYPE ONLY



PENSION PLAN INVESTMENT RESULTS

For the Period Ending September 30, 2021

		Annualized Rate of Return[1]		
Investment Category	**Current Year**	**3 Years**	**5 Years**	**10 Years**
Total Portfolio	27.2 %	12.0 %	12.1 %	11.0 %
Domestic Equity Pools	33.2	14.7	16.9	16.4
S&P Composite 1500 Index	31.4	15.5	16.6	16.5
International Equity Pools	25.7	9.5	10.1	8.8
International Blended Benchmark [2]	23.9	8.0	8.9	7.6
Private Equity Pools	53.9	21.5	19.6	15.1
Private Equity Benchmark [3]	44.9	22.2	21.1	18.3
Real Estate and Infrastructure Pools	12.7	3.9	5.9	8.5
NCREIF Property Blended Index [4]	10.7	5.4	5.5	7.6
Fixed Income Pools	3.7	5.5	4.0	4.0
Bloomberg US Aggregate Bond Index	(0.9)	5.4	2.9	3.0
Absolute Return Pools	15.3	7.2	7.1	6.0
HFRI Fund of Funds Conservative Aggregate Index	12.4	5.3	4.8	3.7
Real Return and Opportunistic	23.5	13.1	12.9	11.0
Real Return and Opportunistic Benchmark [5]	8.3	7.0	7.3	7.2
Short Term Investment Pools	0.2	1.4	1.4	0.9
30 Day Treasury Bill	0.1	1.1	1.1	0.6

[1] Calculations used a time-weighted rate of return based on the market rate of return in accordance with industry standards. Excludes income and investment gains and losses from securities lending.

[2] As of 7/1/14 index is MSCI ACWI Ex-US Net. History 10/1/10 to 6/30/14 is MSCI ACWI Ex US Gross. History 1/1/10 to 9/30/10 is S&P Developed BMI-EPAC Net 75/25. History prior to 1/1/10 is S&P Developed BMI-EPAC Net 50/50.

[3] Index is blend of S&P 500 plus 300 bps with a 3 month lag.

[4] As of 10/1/05, index is NCREIF less 130 bp. History prior to 10/1/05 reflects NCREIF less 75 bp.

[5] As of 12/1/18 Benchmark is 50% (CPI + 4%) and 50% (actuarial rate 7.05%) History prior to 12/1/18 reflects 50% (CPI + 5%) and 50% (actuarial rate 8%).

OPEB INVESTMENT RESULTS

For the Period Ending September 30, 2021

Investment Category	Annualized Rate of Return[1] Current Year	3 Years	5 Years	10 Years
Total Portfolio	27.2 %	11.9 %	12.0 %	10.9
Domestic Equity Pools	33.2	14.7	16.9	16.4
S&P Composite 1500 Index	31.4	15.5	16.6	16.5
International Equity Pools	25.7	9.5	10.1	8.8
International Blended Benchmark [2]	23.9	8.0	8.9	7.6
Private Equity Pools	54.0	21.5	19.6	15.1
Private Equity Benchmark [3]	44.9	22.2	21.1	18.3
Real Estate and Infrastructure Pools	12.7	3.9	6.0	8.5
NCREIF Property Blended Index [4]	10.7	5.4	5.5	7.6
Fixed Income Pools	3.8	5.5	4.0	4.0
Bloomberg US Aggregate Bond Index	(0.9)	5.4	2.9	3.0
Absolute Return Pools	15.3	7.2	7.1	6.0
HFRI Fund of Funds Conservative Aggregate Index	12.4	5.3	4.8	3.7
Real Return and Opportunistic	23.5	13.1	12.9	11.0
Real Return and Opportunistic Benchmark [5]	8.3	7.0	7.3	7.2
Short-Term Investment Pools	0.2	1.4	1.4	0.8
30-Day Treasury Bill	0.1	1.1	1.1	0.6

[1] Calculations used a time-weighted rate of return based on the market rate of return in accordance with industry standards. Excludes income and investment gains and losses from securities lending.

[2] As of 7/1/14, index is MSCI ACWI Ex-US Net. History 10/1/10 to 6/30/14 is MSCI ACWI Ex-US Gross. History 1/1/10 to 9/30/10 is S&P Developed BMI-EPAC Net 75/25. History prior to 1/1/10 is S&P Developed BMI-EPAC Net 50/50.

[3] Index is blend of S&P 500 plus 300 bps with a 3 month lag.

[4] As of 10/1/05, index is NCREIF less 130 bp. History prior to 10/1/05 reflects NCREIF less 75 bp.

[5] As of 12/1/18 Benchmark is 50% (CPI + 4%) and 50% (actuarial rate 7.05%). History prior to 12/1/18 reflects 50% (CPI + 5%) and 50% (actuarial rate 8%).

LARGEST STOCK HOLDINGS

(By Fair Value)
September 30, 2021

Rank	Shares	Stocks	Fair Value
1	2,257,725	Microsoft Corp.	$ 636,497,707
2	4,255,035	Apple Inc.	602,087,511
3	124,505	Amazon.com Inc.	409,002,758
4	98,732	Alphabet Inc. CL A	263,961,686
5	4,239,122	Bristol Myers Squibb	250,828,833
6	8,556,251	AT&T Inc.	231,104,337
7	644,073	Facebook Inc.	218,591,892
8	3,007,069	Athene Holding LTD CL A	207,096,875
9	864,690	Nvidia Corp.	179,129,192
10	65,563	Alphabet Inc. CL C	174,746,162

A complete list of holdings is available from the Michigan Department of Treasury.

The System's investments are commingled in various pooled accounts. Amounts, par value and number of shares represent the System's pro-rata share based on its ownership of the investment pools.

LARGEST BOND HOLDINGS

(By Fair Value)
September 30, 2021

Rank	Par Amount	Bonds & Notes	Fair Value
1	231,580,847	US Treasury N/B .25% Due 05/31/2005	$ 227,600,551
2	128,060,358	FNMA TBA 30 YR 3.5 Single Family Mortgage	135,483,959
3	117,085,775	US Treasury N/B 2.375% Due 05/15/2029	125,579,067
4	109,076,119	US Treasury N/B 1.125% Due 02/15/2031	105,548,188
5	96,492,020	US Treasury N/B 2.5% Due 05/15/2024	101,678,466
6	100,351,700	US Treasury N/B .125% Due 9/15/2023	100,042,021
7	77,358,950	US Treasury N/B 3.375% Due 11/15/2048	98,303,281
8	96,492,020	US Treasury N/B .125% Due 07/15/2023	96,288,481
9	96,492,020	US Treasury N/B .375% Due 08/15/2024	96,130,174
10	96,698,687	US Treasury N/B 2% Due 02/15/2050	94,730,718

A complete list of holdings is available from the Michigan Department of Treasury.

Largest Bond Holdings are exclusive of securities lending collateral.

The System's investments are commingled in various pooled accounts. Amounts, par value and number of shares represent the System's pro-rata share based on its ownership of the investment pools.

SCHEDULE OF INVESTMENT FEES

The State of Michigan Investment Board (Board) is the investment fiduciary and custodian of the System's funds pursuant to State law. Outside advisors are utilized to augment the State of Michigan's internal staff. 70.7% of the total investment portfolio is managed by fully discretionary outside advisors. The Michigan Department of Treasury's cost of operations applicable to the retirement system for the fiscal year end amounted to $12,968 thousand or six basis points (0.06%) of the fair value of the Assets under Management by the Board.

SCHEDULE OF INVESTMENT FEES

Investment Managers' Fees:

	Assets under Management (in thousands)	Fees (in thousands)	Basis Points*
State of Michigan	$ 21,584,928	$ 12,968	6.0
Outside Advisors for			
Short Term	161,599	14	0.9
Fixed Income	3,886,580	15,467	39.8
Absolute Return	3,946,705	6,905	17.5
Real Return and Opportunistic	8,864,754	48,095	54.3
International Equity	9,509,826	22,776	23.9
Domestic Equity	3,318,692	8,300	25
Private Equity	17,170,717	130,031	75.7
Real Estate and Infrastructure	5,125,557	43,445	84.8
Total	**73,569,358**	**288,001**	

Other Investment Services Fees:

Assets in Custody	$ 73,419,046	$ 9,476
Securities Lending Collateral	2,457,904	1,450

* Private Equity partnership agreements that define the management fees, the asset management fees range from 0 to 250 basis points of the committed capital. For Real Estate/Infrastructure, the asset management fees range from 12 to 150 basis points. For Absolute Return, the asset management fees range from 0 to 200 basis points. For Real Return and Opportunistic, the asset management fees range from 0 to 200 basis points. These fees, in most cases, are netted against income.

SCHEDULE OF INVESTMENT COMMISSIONS

Fiscal Year Ended September 30, 2021

	Actual Commissions Paid [1]	Actual Number of Shares Traded [1]	Average Commission Per Share	Estimated Trade Costs Per Share	Estimated Research Costs Per Share	Estimated Trade Costs	Estimated Research Costs
Investment Brokerage Firms:							
BTIG LLC	$ 519,722	43,954,963	$ 0.01	$ 0.01	$ -	$ 219,775	$ -
Capital Institutional Services Inc.	70,575	14,091,955	0.01	0.01	-	140,920	-
Cowen & Company LLC	188,687	9,451,671	0.02	0.01	0.01	94,517	94,517
Drexel Hamilton LLC	10,449	2,089,635	0.01	0.01	-	20,896	-
J. P. Morgan Securities Inc.	191,875	10,185,066	0.02	0.01	0.01	101,851	101,851
Jefferies & Company	208	27,766	0.01	0.01	-	278	-
Merrill Lynch,Pierce,Fenner & Smith Inc.	165,804	6,631,981	0.03	0.01	0.02	66,320	132,640
MKM Partners LLC	313,560	19,323,985	0.02	0.01	0.01	193,240	193,240
Morgan Stanley & Co. Inc.	43,249	2,268,111	0.02	0.01	0.01	22,681	22,681
National Financial	154	15,362	0.01	0.01	-	154	-
OTA LLC	27	1,089	0.02	0.01	0.01	11	11
Raymond James and Associates Inc.	53,363	2,134,484	0.03	0.01	0.02	21,345	42,690
Roberts & Ryan Inv.	90,745	4,537,224	0.02	0.01	0.01	45,372	45,372
Stifel, Nicolaus & Co. Inc.	1,036	41,443	0.02	0.01	0.01	414	414
Wayne & Company	227,154	61,903,994	0.00	0.01	-	309,520	-
Glen Eagle Wealth	18,861	1,886,097	0.01	0.01	-	18,861	-
Total	**$ 1,895,469**	**178,544,826**	**$ 0.02** [2]	**$ 0.01**	**$ 0.01**	**$ 1,256,155**	**$ 633,416**

[1] Commissions are included in purchase and sale prices of investments. The commissions and shares represent the System's pro-rata share based on ownership of commission and share transactions in the investment pools.

[2] The average commission per share for all brokerage firms.

Fiscal Year Ended September 30, 2021

	Fair Value [1]	Percent of Fair Value	Investment & Interest Income[2]	Percent of Total Investment & Income
Fixed Income Pools	$ 7,446,870,352	10.1 %	$ 260,865,443	1.6 %
Domestic Equity Pools	16,936,637,675	23.0	4,235,660,390	26.2
Real Estate and Infrastructure Pools	5,175,724,773	7.0	642,457,009	4.0
Private Equity Pools	17,170,717,004	23.3	6,376,048,456	39.4
International Equity Pools	11,983,966,285	16.3	2,458,407,540	15.2
Absolute Return Pools	3,946,704,738	5.4	445,455,698	2.7
Real Return and Opportunistic Pool	8,947,092,041	12.2	1,760,189,544	10.9
Short Term Investment Pools	1,961,643,033 [3]	2.7	5,484,152	0.0
Total	**$ 73,569,355,901**	**100.0 %**	**$ 16,184,568,232**	**100.0 %**

1 Fair value excludes $2,434,280,042 in securities lending collateral for fiscal year 2021.

2 Total Investment & Interest Income excludes net security lending income of $8,262,762 for securities lending collateral.

3 Short term investment pools fair value includes $150,310,171 of equity in common cash.

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ACTUARIAL SECTION

GRS Retirement Consulting
800.521.0498 | P: 248.799.9000 | F: 248.799.9020 | www.grsconsulting.com

January 5, 2022

Ms. Michelle Lange, Acting Director
Department of Technology, Management and Budget
and
The Retirement Board
Michigan Public School Employees' Retirement System
P.O. Box 30171
Lansing, Michigan 48909

Ladies and Gentlemen:

The basic financial objective of the Michigan Public School Employees' Retirement System (MPSERS) is to establish and receive contributions which when combined with present assets and future investment return will be sufficient to meet the financial obligations of the System to present and future benefit recipients. The progress toward meeting these financial objectives is illustrated in the Schedules of Funding Progress and the Schedules of Employer Contributions.

We performed actuarial funding valuations and issued actuarial funding reports for the MPSERS pension and retiree health (i.e., OPEB) plans as of September 30, 2020. The purpose of the September 30, 2020, annual actuarial valuations was to determine the annual required contributions for the fiscal year ending September 30, 2023, to measure the System's funding progress, and to provide actuarial information in connection with applicable Governmental Accounting Standards Board Statements. The valuations should not be relied upon for any other purpose. The valuation process develops employer contributions that are sufficient to fund the System's normal cost (i.e., the costs assigned by the valuation method to the year of service about to be rendered), as well as to fund any unfunded accrued liabilities over a reasonable period. The valuation was completed based upon population data, asset data and plan provisions in effect on September 30, 2020.

In addition to the funding valuation reports, separate reports are issued to provide financial reporting information for MPSERS in accordance with Governmental Accounting Standards Board (GASB) Statement Nos. 67 and 68 (pension benefits) and Nos. 74 and 75 (retiree health benefits, or OPEB). Reports containing the actuarial results of the financial reporting valuations are produced annually after the publication of this letter. The GASB Statement Nos. 67, 68, 74 and 75 financial reporting valuations are based upon a measurement date of September 30, 2021.

The valuations were based upon information provided by the System's administrative staff concerning System benefit provisions, financial transactions, and individual members, terminated members, retirees and beneficiaries. We checked the data for internal and year to year consistency, but did not audit the data. As a result, we do not assume responsibility for the accuracy or completeness of the data provided by the System's administrative staff. The actuary summarizes and tabulates population data in order to analyze long term trends. The System's auditor audits the actuarial data annually.

One Towne Square | Suite 800 | Southfield, Michigan 48076-3723

Ms. Michelle Lange
January 5, 2022
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Annual actuarial valuations are based upon assumptions regarding future activity in specific risk areas including the rate of investment return and payroll growth, eligibility for the various classes of benefits and longevity among retired lives. These assumptions are adopted by the Board and the Department after considering the advice of the actuary and other professionals. Each actuarial valuation takes into account all prior differences between actual and assumed experience in each risk area and adjusts the contribution requirements as needed.

The following schedules in the Financial Section, the Actuarial Section, and the Statistical Section of the Annual Comprehensive Financial Report (ACFR) were prepared by the Department of Financial Services based upon certain information presented in the previously mentioned funding and financial reporting valuation reports:

Financial Section

- Note 1 - Table of System's Membership
- Note 4 - Net Pension Liability; Summary of Actuarial Assumptions and Methods
- Note 5 - Net OPEB Liability; Summary of Actuarial Assumptions and Methods
- Note A – Methods and Assumptions Used to Determine Contributions for Fiscal Year 2021
- Schedules of Changes in the Net Pension Liability (NPL) and the Net OPEB Liability and Related Ratios
- Schedules of Contributions Multiyear
- Sensitivity of the NPL to Changes in the Discount Rate
- Sensitivity of the Net OPEB Liability to Changes in the Discount Rate
- Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

Actuarial Section

- Summary of Actuarial Assumptions and Methods used in the September 30, 2020 Pension Funding Valuation
- Percent of Eligible Active Members Retiring Within Next Year
- Separation from Active Employment Before Age and Service Retirement and Individual Pay Increase Assumptions
- Schedule of Active Member Pension Valuation Data
- Schedule of Changes in the Retirement Rolls
- Prioritized Solvency Tests
- Schedule of Active Member OPEB Valuation Data
- Schedule of Changes in the OPEB Rolls
- Analyses of System Experience
- Schedules of Funding Progress

Statistical Section

- Schedule of Retired Members by Type of Pension Benefit
- Schedule of Retired Members by Type of Health Benefit
- Schedules of Average Benefit Payments – Pension, Medical/Rx and Dental/Vision

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The September 30, 2020 funding valuations and the September 30, 2021 financial reporting valuations were based upon assumptions that were recommended in connection with a study of System experience covering the period from October 1, 2012 through September 30, 2017. The pension investment return assumptions for the Non-Hybrid and Pension Plus Plan groups and the retiree health investment return assumption were updated beginning with the September 30, 2018 funding valuations in accordance with the Dedicated Gains Policy adopted by the Board of Trustees. Future actuarial measurements may differ significantly from those presented in the annual valuations due to such factors as experience differing from that anticipated by actuarial assumptions, or changes in plan provisions, actuarial assumptions/methods or applicable law. Due to the limited scope of the assignment, we did not perform an analysis of the potential range of future measurements.

The signing actuaries are independent of the plan sponsor.

The actuarial valuations of MPSERS were performed by qualified actuaries in accordance with standards of practice prescribed by the Actuarial Standards Board and in compliance with applicable State statutes. The assumptions and methods used for funding and financial reporting purposes are in conformity with the Actuarial Standards of Practice issued by the Actuarial Standards Board. Mita D. Drazilov and Louise M. Gates are Members of the American Academy of Actuaries (MAAA) and meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. It is our opinion that the calculated employer contribution meets the financial objective of the Retirement System.

Respectfully submitted,

Mita Drazilov

Mita D. Drazilov, ASA, FCA, MAAA

Louise Gates

Louise M. Gates, ASA, FCA, MAAA

SUMMARY OF ACTUARIAL ASSUMPTIONS AND METHODS

1. The investment return rate used in the pension valuations of the MIP, Basic and Pension Plus plans was 6.80% per year (6.00% for the Pension Plus 2 plan) net of investment expenses, compounded annually. This rate of return is not the assumed real rate of return. Considering a wage inflation assumption of 2.75%, the nominal rate of investment return translates to a real rate of return of 4.05% for the Basic, MIP and the Pension Plus plan (3.25% for the Pension Plus 2 plan) over wage inflation. Adopted 2018.

2. The healthy life mortality table used in evaluating allowances to be paid was the RP-2014 Male and Female Healthy Annuitant Mortality Tables, scaled by 82% for males and 78% for females, adjusted for mortality improvements using projection scale MP-2017 from 2006. Adopted 2018.

3. Sample probabilities of regular, unreduced retirement are shown in Schedule 1 on the next page. Adopted 2018.

4. Sample probabilities of withdrawal from service and disability, together with individual pay increase assumptions, are shown in Schedule 2 on the next page. Adopted 2018.

5. Total active member payroll is assumed to increase 2.75% per year. This represents the portion of the individual pay increase assumptions attributable to inflation. In effect, this assumes no change in the number of active members. Adopted 2018.

6. An individual entry age actuarial cost method of valuation was used in determining actuarial liabilities and normal cost. Adopted 1975. Unfunded actuarial accrued liabilities are financed over a declining 16-year period ending September 30, 2038. Adopted 2012.

7. The Department of Technology, Management and Budget approved the use of market value of assets as of September 30, 2006 for valuation purposes. For investment gains and losses that occur after that date, a 5-year smoothing technique will be used. Specifically, the excess (shortfall) of actual investment income (including interest, dividends, realized and unrealized gains or losses) over the imputed-income at the valuation interest rate is considered the gain (loss), which is spread over five years. Adopted 2007.

8. The data about persons now covered and about present assets was furnished by the System's administrative staff. Although examined for general reasonableness, the data was not audited by the actuary.

9. The actuarial valuation computations were made by or under the supervision of a Member of the American Academy of Actuaries (MAAA). The assumptions used in the actuarial valuations were adopted by the System's Board and the Department of Technology, Management and Budget after consulting with the actuary.

10. A 5-year experience investigation, covering the period from October 1, 2012 through September 30, 2017 was completed in 2018. The purpose of the study was to analyze the actual experience of the System versus that anticipated by actuarial assumptions then in use.

11. Gabriel, Roeder, Smith & Company was awarded the actuarial and consulting services contract beginning October 4, 2006.

SCHEDULE 1
PERCENT OF ELIGIBLE ACTIVE MEMBERS RETIRING WITHIN NEXT YEAR

Retirement Ages	Basic Teachers	Basic Non-Teachers	MIP[1] and Pension Plus Teachers	MIP[1] and Pension Plus Non-Teachers	Years of Service	MIP[2] Teachers	MIP[2] Non-Teachers
55	25 %	20 %	- %	- %	30	25 %	25 %
58	16	18	-	-	32	20	20
61	20	18	20	17	34	19	20
64	25	24	23	20	36	21	20
67	25	28	25	20	38	24	20
70	25	20	25	16	40	30	25
71	21	20	25	16	42	30	30
72	21	20	25	16	44	30	30
73	21	20	20	16	46	30	30
74	21	20	20	16	48	30	30
75 and over	100	100	100	100	50 and over	100	100

1 Applies to MIP members with fewer than 30 years of service.

2 Applies to MIP members with 30 or more years of service.

SCHEDULE 2
SEPARATION FROM ACTIVE EMPLOYMENT BEFORE AGE & SERVICE RETIREMENT & INDIVIDUAL PAY INCREASE ASSUMPTIONS

		Percent of Active Members Withdrawing Within Next Year				Percent	Percent
		Pay More than $20,000		Pay Less than $20,000		Becoming	Increase in
Sample Ages	Years of Service	Teachers	Non-Teachers	Teachers	Non-Teachers	Disabled Within Next Year	Pay During Next Year
All	0	15.00 %	35.00 %	30.00 %	40.00 %	- %	- %
	1	10.00	14.00	25.00	26.00	-	-
	2	6.50	8.20	22.00	19.00	-	-
	3	6.00	6.80	22.00	16.00	-	-
	4	4.50	5.70	22.00	14.00	-	-
25	5 & Over	3.00	4.76	22.00	14.00	.01	11.55
35	"	1.82	2.78	20.80	13.40	.02	5.85
45	"	1.08	1.88	16.40	9.80	.10	3.89
55	"	1.00	1.80	16.00	8.00	.26	2.93
60	"	1.00	1.80	16.00	8.00	.36	2.75

SCHEDULE OF ACTIVE MEMBER PENSION VALUATION DATA

Valuation Date Sept. 30	Number	Reported Annual Payroll*	Average Annual Pay	Increase (Decrease)	Average Age	Average Service
2011	236,660	9,155,691	38,687	6.1	45.3	11.3
2012	223,769	8,649,029	38,652	(0.1)	45.7	11.9
2013	212,525	8,225,140	38,702	0.1	46.0	12.3
2014	199,674	7,943,922	39,784	2.8	46.1	12.7
2015	194,957	8,005,009	41,060	3.2	46.1	12.8
2016	189,761	7,912,565	41,698	1.6	46.2	13.0
2017	187,735	7,880,041	41,974	0.7	46.2	13.0
2018	182,930	7,884,550	43,101	2.7	46.4	13.1
2019	174,189	8,039,478	46,154	7.1	47.0	13.6
2020	165,015	7,979,260	48,355	4.8	47.3	14.0

* In thousands of dollars.

SCHEDULE OF ACTIVE MEMBER OPEB VALUATION DATA

Valuation Date Sept. 30	Number	Reported Annual Payroll*	Average Annual Pay	Increase (Decrease)	Average Age	Average Service
2013	214,906	8,273,017	38,496	(0.4)	46.0	12.3
2014	191,551	7,618,224	39,771	3.3	45.7	12.6
2015	191,403	7,780,961	40,652	2.2	45.6	12.5
2016	189,458	7,745,962	40,885	0.6	45.6	12.5
2017	190,537	7,778,000	40,821	(0.2)	45.5	12.3
2018	190,291	7,873,900	41,378	1.4	45.6	12.2
2019	192,750	8,255,900	42,832	3.5	45.6	11.9
2020	188,765	8,301,200	43,976	2.7	45.8	12.0

* In thousands of dollars.

SCHEDULE OF CHANGES IN RETIREMENT ROLLS

Year Ended Sept. 30	Added to Rolls No.	Added to Rolls Annual Allowances*	Removed from Rolls No.	Removed from Rolls Annual Allowances*	Rolls - End of Year No.	Rolls - End of Year Annual Allowances*	Increase in Annual Allowances	Average Annual Allowances
2011	9,533	256,356	4,820	83,884	192,435	3,987,227	4.5	20,720
2012	9,007	236,023	4,781	89,032	196,661	4,134,218	3.7	21,022
2013	9,182	244,937	4,891	89,874	200,952	4,289,281	3.8	21,345
2014	8,852	241,473	5,292	99,689	204,512	4,431,065	3.3	21,667
2015	8,761	244,010	5,622	106,223	207,651	4,568,852	3.1	22,003
2016	8,836	248,739	5,480	107,923	211,007	4,709,668	3.1	22,320
2017	8,793	247,289	5,811	117,543	213,989	4,839,414	2.8	22,615
2018	8,741	254,248	6,112	126,607	216,618	4,967,055	2.6	22,930
2019	8,477	252,140	6,158	131,828	218,937	5,087,367	2.4	23,237
2020	9,351	272,951	6,810	148,212	221,478	5,212,106	2.5	23,533

* In thousands of dollars.

SCHEDULE OF CHANGES IN THE OPEB ROLLS

Year Ended Sept. 30	Added to Rolls No.	Added to Rolls Annual Allowances*	Removed from Rolls No.	Removed from Rolls Annual Allowances*	Rolls - End of Year No.	Rolls - End of Year Annual Allowances*	Increase in Annual Allowances	Average Annual Allowances
2012	7,263	73,106	4,401	74,841	157,451	977,843	(0.2)	6,210
2013	6,996	59,203	4,695	156,890	159,752	880,156	(10.0)	5,510
2014	6,634	57,331	5,042	88,058	161,344	849,429	(3.5)	5,265
2015	6,617	65,670	5,159	69,497	162,802	845,602	(0.5)	5,194
2016	6,633	74,740	5,072	68,879	164,363	851,463	0.7	5,180
2017	6,572	65,051	5,382	69,797	165,553	846,717	(0.6)	5,114
2018	5,927	58,668	5,559	99,257	165,921	806,128	(4.8)	4,859
2019	6,981	62,342	5,645	116,702	167,257	751,768	(6.7)	4,495
2020	6,736	67,843	6,069	96,185	167,924	723,426	(3.8)	4,308

* In thousands of dollars.

Notes:
No. refers to number of retiree health contracts
Annual allowances added to rolls includes increases due to medical inflation and contract changes.
Annual allowances removed from rolls includes decreases due to contract changes

PRIORITIZED SOLVENCY TEST

MPSERS's funding objective is to meet long-term benefit promises through contributions that remain approximately level from year to year as a percent of member payroll. If the contributions to MPSERS are level in concept and soundly executed, MPSERS will pay all promised benefits when due, the ultimate test of financial soundness. Testing for level contribution rates is the long-term solvency test.

A prioritized solvency test is another means of checking a system's progress under its funding program. In a short condition test, the plan's present assets (cash and investments) are compared with: (1) active member contributions on deposit; (2) the liabilities for future benefits to present retired lives; and (3) the liabilities for service already rendered by active and inactive members. In a system that has been following the discipline of level percent of payroll financing, the liabilities for active member contributions on deposit (liability 1) and the liabilities for future benefits to present retired lives (liability 2) will be fully covered by present assets (except in rare circumstances). In addition, the liabilities for service already rendered by active members (liability 3) are normally partially covered by the remainder of present assets. Generally, if MPSERS has been using level-cost financing, the funded portion of liability 3 will increase over time. Liability 3 being fully funded is not necessarily a by-product of level percent of payroll funding methods.

The schedules that follow illustrate the history of the liabilities of MPSERS and are indicative of the MPSERS policy of following the discipline of level percent of payroll financing.

PENSION BENEFITS
($ in millions)

	Actuarial Accrued Liability (AAL)				Portion of AAL Covered by Assets			
	(1)	(2)	(3)					
Valuation Date Sept. 30	Active Member Contributions	Retirants and Beneficiaries	Active and Inactive Members (Employer Financed Portion)	Valuation Assets	(1)	(2)	(3)	(4)[1]
2011	5,217	41,043	17,167	41,038	100	87.3	0.0	64.7
2012	5,296	42,076	16,909	38,450	100	78.8	0.0	59.8
2012 [2]	5,296	42,076	15,905	38,450	100	78.8	0.0	60.8
2012 [3]	5,296	42,076	15,344	38,450	100	78.8	0.0	61.3
2013	4,909	43,198	15,733	38,044	100	76.7	0.0	59.6
2014	5,225	44,126	15,699	39,626	100	78.0	0.0	60.9
2014 [2]	5,225	45,545	15,335	39,626	100	75.5	0.0	59.9
2015	5,738	46,538	15,452	41,006	100	75.8	0.0	60.5
2016	6,189	47,431	15,238	43,204	100	78.0	0.0	62.7
2016 [2]	6,189	49,299	16,822	43,204	100	75.1	0.0	59.7
2017	6,730	50,069	16,528	45,397	100	77.2	0.0	61.9
2017 [2]	6,730	51,878	18,085	47,255	100	78.1	0.0	61.6
2018	7,479	52,633	17,753	49,313	100	79.5	0.0	63.3
2018 [2]	7,479	56,834	19,062	50,630	100	75.9	0.0	60.7
2019	8,106	57,716	19,380	51,422	100	75.1	0.0	60.4
2020	8,329	58,699	19,310	52,587	100	75.4	0.0	60.9

1 Percent funded on a total valuation asset and total actuarial accrued liability basis

2 Revised actuarial assumptions and/or methods.

3 Applies to MIP members with fewer than 30 years of service.

OTHER POSTEMPLOYMENT BENEFITS

($ in millions)

Valuation Date Sept. 30	Actuarial Accrued Liability (AAL) (1) Active Member Contributions	(2) Retirants and Beneficiaries	(3) Active and Inactive Members (Employer Financed Portion)	Valuation Assets	Portion of AAL Covered by Assets (1)	(2)	(3)	(4)[1]
2010	$ -	$ 15,591	$ 13,036	$ 999	0.0 %	6.4 %	0.0 %	3.5 %
2011	-	14,496	12,550	1,156	0.0	8.0	0.0	4.3
2012 [2]	-	8,848	5,940	1,348	0.0	15.2	0.0	9.1
2013	691	8,766	5,077	2,041	100	15.4	0.0	14.0
2014 [2]	874	8,829	4,458	2,982	100	23.9	0.0	21.1
2015	1,042	7,867	3,923	3,531	100	31.6	0.0	27.5
2016 [2]	1,186	8,548	5,592	4,279	100	36.2	0.0	31.1
2017	1,320	7,879	3,594	5,178	100	49.0	0.0	40.5
2017 [2]	1,320	8,279	3,989	5,178	100	46.6	0.0	38.1
2018	1,441	7,794	3,638	5,944	100	57.8	0.0	46.2
2018 [2]	1,441	8,505	3,803	6,089	100	54.7	0.0	44.3
2019	1,254	7,841	3,915	6,958	100	72.7	0.0	53.5
2020	1,372	6,895	3,618	8,178	100	98.7	0.0	68.8

[1] Percent funded on a total valuation asset and total actuarial accrued liability basis

[2] Revised actuarial assumptions and/or methods.

GAINS/(LOSSES) IN ACCRUED LIABILITIES

During Year Ended September 30, 2020
Resulting from Differences Between Assumed Experience & Actual Experience

Type of Activity		Gain/(Loss)
1. **Retirements (including Disability Retirement).** If members retire at older ages or with lower final average pay than assumed, there is a gain. If younger ages or higher average pays, a loss	$	18,613,167
2. **Withdrawal From Employment (including death-in-service).** If more liabilities are released by withdrawals and deaths than assumed, there is a gain. If smaller releases, a loss		(26,096,131)
3. **Pay Increases.** If there are smaller pay increases than assumed, there is a gain. If greater increases, a loss		72,334,357
4. **Investment Income.** If there is greater investment income than assumed, there is a gain. If less income, a loss		(321,371,403)
5. **Death After Retirement.** If retirants live longer than assumed, there is a loss. If not as long, a gain		109,103,020
6. **Rehires.**		(1,804,388)
7. **Other.** Miscellaneous gains and losses resulting from data adjustments, timing of financial transactions, etc.		82,363,688
8. **Composite Gain (or Loss) During Year.**	$	(66,857,690)

GAINS/(LOSSES) IN ACCRUED LIABILITIES

During Year Ended September 30, 2020

Resulting from Differences Between Assumed Experience & Actual Experience

	Type of Activity	Gain/(Loss)
1.	**Premiums.** Gains and losses resulting from actual premiums in valuation year versus that assumed from prior valuation	$ 1,302,843,921
2.	**Investment Income**. If there is greater investment income than assumed, there is a gain. If less income, a loss	(42,355,566)
3.	**Demographic and Other.** Gains and losses resulting from demographic experience, data adjustments, timing of financial transactions, etc.	568,278,449
4.	**Composite Gain (or Loss) During Year.**	$ 1,828,766,804

Our actuarial valuation of MPSERS as of September 30, 2020, is based on the present provisions of the Michigan Public School Employees' Retirement Act (Act 300 of 1980. As amended).

REGULAR RETIREMENT

(No reduction factor for age)

- **Eligibility** – Age 55 with 30 years credited service; or age 60 with 10 years credited service. For Member Investment Plan (MIP) members, any age with 30 years credited service; or age 60 with 10 years credited service; or age 60 with 5 years of credited service provided member worked through 60th birthday and has credited service in each of the last 5 years. For Pension Plus and Pension Plus 2 members, age 60 with 10 years of credited service
- **Mandatory Retirement Age** – None
- **Transition Date** – February 1, 2013 (Basic and MIP members only)
- **Annual Amount, Basic and MIP** – Total credited service as of the Transition Date × 1.5% of final average compensation (FAC)

PLUS

An amount determined by the member's election of Option 1, 2, 3, or 4 described below.

Option 1 – Credited Service after the Transition Date × 1.5% × FAC

Option 2 – Credited Service after the Transition Date (until total service reaches 30 years) × 1.5% × FAC, PLUS Credited Service after the Transition Date and over 30 years × 1.25% × FAC

Option 3 – Credited Service after the Transition Date ×1.25% ×FAC

Option 4 – None (Member will receive benefit through a Defined Contribution plan)

- **Annual Amount, Pension Plus Plan** – Credited service x 1.5 x FAC
- **Final Average Compensation** – Average of highest 60 consecutive months (36 months for MIP members). FAC is calculated as of the last day worked unless the member elected option 4, in which case the FAC is calculated at the Transition Date

EARLY RETIREMENT

(Age reduction factor used)

- **Eligibility** – Age 55 with 15 or more years credited service and earned credited service in each of the last 5 years. Pension Plus members are not eligible for early retirements
- **Annual Amount** – Regular retirement benefit reduced by 0.5% for each month by which the commencement age is less than 60

DEFERRED RETIREMENT

(Vested benefit)

- **Eligibility** – 10 years of credited service. Benefit commences at the time age qualification is met
- **Annual Amount** – Regular retirement benefit based on service and final average compensation at time of termination

DUTY DISABILITY RETIREMENT

- **Eligibility** – No age or service requirement; in receipt of workers' disability compensation
- **Annual Amount** – Computed as regular retirement benefit with minimum benefit based on 10 years credited service. Additional limitation such that disability benefits plus authorized outside earnings limited to 100% of final average compensation (increased by 2% each year retired)

NONDUTY DISABILITY RETIREMENT

- **Eligibility** – 10 years of credited service
- **Annual Amount** – Computed as regular retirement benefit based on credited service and final average compensation at time of disability. Additional limitation such that disability benefits plus authorized outside earnings limited to 100% of final average compensation (increased by 2% each year retired)

DUTY DEATH BEFORE RETIREMENT

- **Eligibility** – No age or service requirement. Beneficiary is in receipt of workers' compensation. Also applies to "duty disability" retirees during first three years of disability
- **Annual Amount** – Spouse benefit computed as regular retirement benefit with minimum benefit based on ten years of credited service, reduced for 100% joint and survivor election. If no surviving spouse, children under 18 share in benefit; if no spouse or children, a disabled and dependent parent is eligible

NONDUTY DEATH BEFORE RETIREMENT

- **Eligibility** – For Basic plan members, 15 years of credited service, or age 60 and 10 years of credited service. For MIP members, 10 years of credited service, or age 60 and 5 years of credited service. For Pension Plus members, 10 years of credited service, or age 60 and 10 years of credited service
- **Annual Amount** – Computed as regular retirement benefit, reduced in accordance with a 100% joint and survivor election, with payments commencing first of month following death. For the beneficiary of a deferred member, benefit commences at the time a member would have attained the minimum age qualification

POSTRETIREMENT COST-OF-LIVING ADJUSTMENTS

One-time upward adjustments have been made in 1972, 1974, 1976 and 1977 for members retired on or after July 1, 1956, and prior to July 1, 1976, who were eligible for Social Security benefits. For members who retired prior to July 1, 1956, and not eligible for Social Security benefits based upon membership service, the minimum base pension was increased in 1965, 1971, 1972, 1974 and 1981, and in 1976 and 1977 one-time upward adjustments were made.

Beginning in 1983, eligible recipients received an annual distribution of investment earnings in excess of 8% (supplemental payment). On January 1, 1986, all members who retired prior to January 1, 1986, were given a permanent 8% increase. On January 1, 1990, a one-time upward adjustment for members who retired prior to October 1, 1981, was made.

Currently members receive annual increases based on the following schedule:

- Retired before January 1, 1987: greater of supplemental payment or automatic 3% increase
- Retired on or after January 1, 1987 under MIP: automatic 3% increase only
- Retired on or after January 1, 1987 not under MIP: supplemental payment only
- Retired under Pension Plus: no increases

POSTRETIREMENT HEALTHCARE BENEFITS

Members hired before July 1, 2008 are eligible for 80% System paid Master Health Plan and Dental and Vision coverage for themselves and their dependents. However, those retirees Medicare eligible at January 1, 2013 receive 90% System-paid coverage.

Members hired before July 1, 2008 who retired from deferred vested status with less than 30 years of service, who terminate employment after October 31, 1980 with vested deferred benefits, are eligible for partially System-paid health benefit coverage (no payment if less than 21 years of service, 10% of maximum employer payment for each year of service over 20 up to 80% for 28 or more years of service).

Members hired after June 30, 2008, but before September 4, 2012, are eligible for 80% System paid Master Health Plan and Dental and Vision coverage for themselves and their dependents, but the premium subsidy is graded based on career length as described below:

a. Member is age 60 or older at retirement

- If member has 10 or more years of total service, MPSERS pays 30% of the monthly premium for the first 10 years of total service, plus 4% × next 13 years of total service, to a maximum of 80% of the monthly premium if 22.5 years of total service or more
- If a member has fewer than 10 years of total service, there is no System paid coverage

b. Member is under age 60 at retirement

- If member has 25 years of actual service, MPSERS pays 80% of the monthly premium
- If the member has under 25 years of actual service, upon attainment of age 60 the member may apply for System paid coverage (as described by the schedule above in a.)

Dependents are eligible for 80% System paid employer health benefits (partial payments for dependents of deferred vested members who had 21 or more years of service and dependents of members hired on or after July 1, 2008, as per the above schedule).

Members hired on or after September 4, 2012 will become participants of the Personal Healthcare Fund (PHF) and will not be eligible for insurance premium subsidy in retirement. For members hired on or after September 4, 2012, the maximum insurance subsidy is payable to the surviving spouse and health dependents of members who die as a result of injury or illness resulting from job activities. For all other members hired on or after September 4, 2012, the defined benefit portion of their post-retirement health benefits coverage is limited to a credit to a Health Reimbursement Account at termination if they have at least 10 years of service. The credit will be $2,000 for participants who are at least age 60 at termination or $1,000 for participants who are less than age 60 at termination.

Public Act 300 of 2012 granted all members of the Michigan Public School Employees Retirement System, who earned service credit in the 12 months ending September 4, 2012 or were on an approved professional services or military leave of absence on September 4, 2012, a voluntary election regarding their retirement healthcare. Any changes to a member's healthcare benefit are effective as of the member's transition date, which is defined as the first day of the pay period that begins on or after February 1, 2013.

Under Public Act 300 of 2012, members were given the choice between i. and ii. below:

i. Maintaining eligibility for the premium subsidy described above, and contributing 3% of their compensation while still working, or

ii. Entering the PHF

Members not making an election will default into the premium subsidy arrangement.

If a member who elected the subsidy terminates prior to becoming eligible for the subsidy, dies before the total value of the subsidy received equals the total value of contributions made, or retires and declines coverage, the member or beneficiary may request a refund of unused funds. Refunds of member contributions to the healthcare funding account are issued as a supplemental pension benefit (payable at age 60 and payable from the pension plan) paid out over a 60-month period.

A delayed subsidy applies to retirees who became a member of the retirement system before July 1, 2008 and who purchased service credit on or after July 1, 2008. Such individuals are eligible for premium subsidy benefits at age 60 or when they would have been eligible to retire without having made a service purchase, whichever comes first. They may enroll in the insurances earlier but are responsible for the full premium until the premium subsidy begins.

MEMBER CONTRIBUTIONS BEFORE TRANSITION DATE
(February 1, 2013)

- **Basic Participants** – None
- **MIP Participants hired before January 1, 1990** – 3.9% of pay
- **MIP Participants hired on or after January 1, 1990 and before July 1, 2008** – 3.0% of first $5,000 of pay, plus 3.6% of next $10,000 of pay, plus 4.3% pay in excess of $15,000
- **MIP and PENSION PLUS Participants hired on or after July 1,** 2008 – 3.0% of first $5,000 of pay, plus 3.6% of next $10,000 of pay, plus 6.4% pay in excess of $15,000

MEMBER CONTRIBUTIONS ATTRIBUTABLE TO THE RETIREE HEALTH PLANS

Under Public Act 300 of 2012, members were given the choice between i. and ii. below:

i. Maintaining eligibility for premium subsidy retiree medical coverage, and contributing 3% of their compensation while still working, or

ii. Entering the Personal Healthcare Fund (PHF)

Members not making an election defaulted into the premium subsidy arrangement.

If a member who elected the subsidy terminates prior to becoming eligible for the subsidy, dies before the total value of the subsidy received equals the total value of contributions made, or retires and declines coverage, the member or beneficiary may request a refund of unused funds. Refunds of member contributions to the healthcare funding account are issued as a supplemental pension benefit (payable at age 60 and payable from the pension plan) paid out over a 60-month period.

MEMBER CONTRIBUTIONS ON OR AFTER TRANSITION DATE

(February 1, 2013)

BASIC AND MIP MEMBERS

Contributions depend on member election of Option 1, 2, or 3. Members electing Option 4 will not contribute to the Plan.

Option 1 – Basic plan members – 4%
All MIP members – 7%

Option 2 – Contributions as in Option 1 until member reaches 30 years of service. At 30 years of service, contribution reverts to pre-transition date level

Option 3 – Post-transition date contribution is the same as the pre-transition date contribution

- **Pension Plus Members** – 3% of first $5,000 of pay, plus 3.6% of next $10,000 of pay, plus 6.4% of pay in excess of $15,000

SCHEDULE OF FUNDING PROGRESS – PENSION PLAN

Last Ten Years
($ in millions)

Valuation Date Sept. 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Active Payroll (c)	UAAL as a % of Active Payroll ((b-a)/c)
2011	$ 41,038	$ 63,427	$ 22,389	64.7 %	$ 9,156	244.5 %
2012	38,450	62,716	24,266	61.3	8,649	280.6
2013	38,044	63,840	25,796	59.6	8,273	311.8
2014	39,626	65,050	25,424	60.9	8,167	311.3
2014 [1]	39,626	66,105	26,479	59.9	8,167	324.2
2015	41,006	67,728	26,721	60.5	8,264	323.3
2016	43,204	68,858	25,654	62.7	8,206	312.6
2016 [1]	43,204	72,310	29,107	59.7	8,206	354.7
2017	45,397	73,327	27,930	61.9	8,221	339.7
2017 [2]	47,255	76,693	29,438	61.6	8,221	358.1
2018	49,313	77,865	28,552	63.3	8,300	344
2018 [2]	50,630	83,375	32,745	60.7	8,300	394.5
2019	51,422	85,202	33,780	60.4	8,691	388.7
2020	52,587	86,338	33,750	60.9	8,716	387.2

[1] Revised actuarial assumptions and/or methods
[2] Revised benefit provisions
Source: Gabriel Roeder Smith & Co.

SCHEDULE OF FUNDING PROGRESS – OPEB PLAN

Last Ten Years
($ in millions)

Valuation Date Sept. 30	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded (Overfunded) Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Active Payroll (c)	UAAL as a % of Active Payroll ((b-a)/c)
2011	$ 1,156	$ 27,046	$ 25,890	4.3 %	$ 9,156	282.8 %
2012 [1]	1,348	14,788	13,440	9.1	8,649	155.4
2013	2,041	14,534	12,493	14	8,273	151
2014 [2]	2,982	14,161	11,180	21.1	8,167	136.9
2015	3,531	12,832	9,302	27.5	8,264	112.6
2016 [2]	4,279	13,776	9,497	31.1	8,206	115.7
2017	5,178	13,116	7,938	39.5	8,221	96.6
2017 [2]	5,178	15,588	8,410	38.1	8,221	102.3
2018	5,944	12,873	6,928	46.2	8,300	83.4
2018 [2]	6,089	13,749	7,659	44.3	8,300	92.3
2019	6,958	13,010	6,052	53.5	8,691	69.6
2020	8,179	11,885	3,706	68.8	8,716	42.5

[1] Revised investment rate of return from 4% to 8% due to prefunding
[2] Revised actuarial assumptions and/or methods

STATISTICAL SECTION

Contents

STATISTICAL SECTION

CONTENTS

This part of the System's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the System's overall financial health.

FINANCIAL TRENDS

These schedules contain trend information to help the reader understand how the System's financial performance and fiscal health has changed over time. The schedules are presented for the last ten fiscal years. Schedules included are:

- Schedule of Pension Plan Additions by Source
- Schedule of OPEB Plan Additions by Source
- Schedule of Pension Plan Deductions by Type
- Schedule of OPEB Plan Deductions by Type
- Schedule of Changes in Fiduciary Net Position – Pension Plan
- Schedule of Changes in Fiduciary Net Position – OPEB Plan
- Schedule of Pension Benefit and Refunds by Type
- Schedule of OPEB Benefits and Refunds by Type

OPERATING INFORMATION

These schedules contain contextual information to assist the reader's understanding of how the System's financial information relates to the combination of participating members and the benefits it provides. Schedules are presented for the last ten fiscal years, except where noted. Schedules included are:

- Schedule of Retired Members by Type of Pension Benefit
- Schedule of Retired Members by Type of Other Postemployment Benefits
- Schedule of Other Postemployment Benefits
- Schedule of Average Benefit Payments – Pension
- Schedule of Average Benefit Payments – Health
- Schedule of Average Benefit Payments – Dental/Vision
- Schedule of Principal Participating Employers
- Ten Year History of Membership
- Schedule of Participating Employers

SCHEDULE OF PENSION PLAN ADDITIONS BY SOURCE

Last Ten Years

Fiscal Year Ended Sept. 30	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Reported Payroll	Net Investment & Other Income	Total
2012	$ 335,470,879	$ 1,454,438,907	16.82 %	$ 5,387,076,055	$ 7,176,985,841
2013	385,007,587	1,364,136,462	16.58	4,859,919,060	6,609,063,109
2014	405,443,771	1,600,375,132	19.60	6,192,710,861	8,198,529,764
2015	395,722,292	1,967,610,696	23.81	938,143,040	3,301,476,028
2016	398,893,138	2,308,657,030	28.13	3,095,177,500	5,802,727,668
2017	427,988,238	2,398,950,106	28.38	5,583,470,138	8,410,408,482
2018	393,059,173	2,791,508,863	32.52	5,136,369,857	8,320,937,893
2019	403,146,565	2,706,712,537	30.21	2,519,522,310	5,629,381,412
2020	401,626,288	2,808,839,412	30.91	2,545,305,150	5,755,770,850
2021	413,530,505	3,081,013,949	33.24	13,740,863,392	17,235,407,846

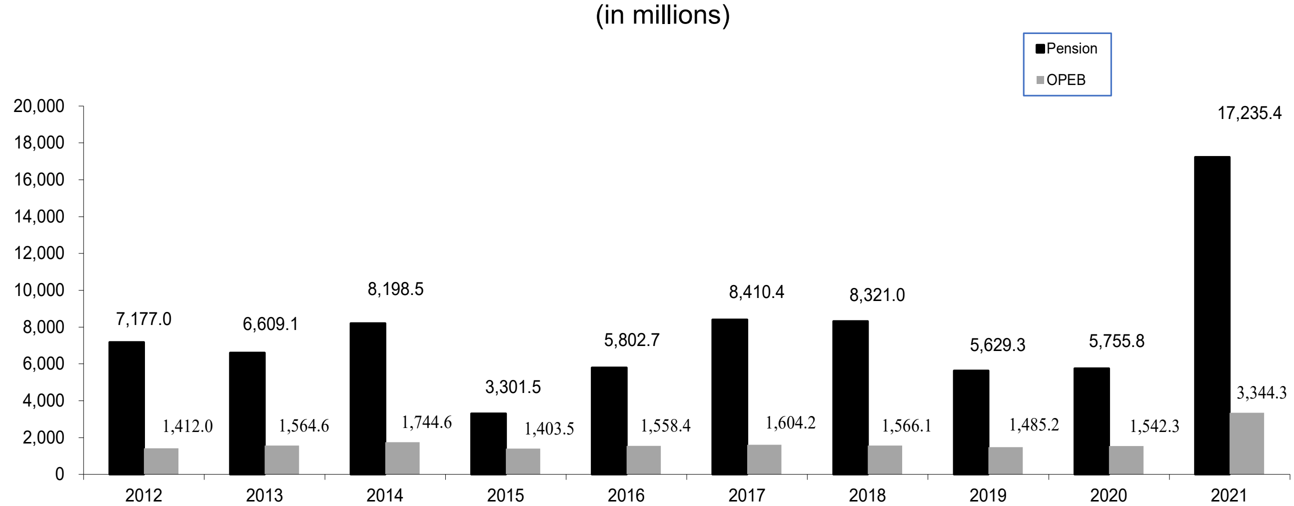
SCHEDULE OF OPEB PLAN ADDITIONS BY SOURCE

Last Ten Years

Fiscal Year Ended Sept. 30	Member Contributions	Employer Contributions Dollars	Employer Contributions % of Annual Reported Payroll	Net Investment & Other Income	Total
2012	$ 387,566,872	$ 795,595,368	9.20 %	$ 228,838,969	$ 1,412,001,209
2013	394,839,047	973,002,719	11.76	196,731,989	1,564,573,755
2014	390,844,206	1,000,031,808	12.24	353,732,646	1,744,608,660
2015	381,630,848	969,418,632	11.73	52,443,410	1,403,492,890
2016	382,257,166	883,943,202	10.77	292,214,037	1,558,414,405
2017	214,248,867	794,661,944	9.40	595,269,533	1,604,180,344
2018	210,679,842	663,708,218	7.73	691,696,835	1,566,084,896
2019	208,197,137	707,714,340	7.90	569,334,003	1,485,245,480
2020	204,752,249	708,508,889	7.80	629,036,142	1,542,297,280
2021	203,769,106	749,590,728	8.09	2,390,906,011	3,344,265,844

TOTAL ADDITIONS

Year Ended September 30
(in millions)



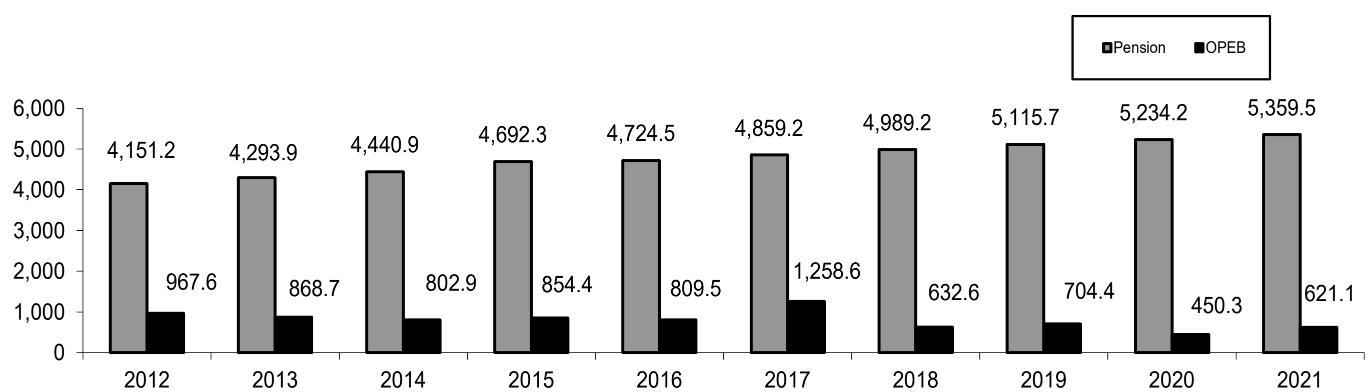
SCHEDULE OF PENSION PLAN DEDUCTIONS BY TYPE
Last Ten Years

Fiscal Year Ended Sept. 30	Benefit Payments	Refunds and Transfers	Administrative and Other Expenses	Total
2012	$ 4,082,242,506	$ 31,865,139	$ 37,119,630	$ 4,151,227,275
2013	4,238,482,066	30,451,235	25,002,153	4,293,935,454
2014	4,388,328,517	28,840,650	23,711,249	4,440,880,415
2015	4,530,914,738	136,902,057	24,487,325	4,692,304,120
2016	4,671,299,698	26,996,969	26,213,125	4,724,509,792
2017	4,806,958,754	26,112,046	26,133,359	4,859,204,159
2018	4,934,638,368	28,632,230	25,951,960	4,989,222,559
2019	5,058,624,097	29,344,631	27,740,993	5,115,709,721
2020	5,183,129,306	27,916,861	23,118,595	5,234,164,762
2021	5,309,513,888	26,727,739	23,239,301	5,359,480,928

SCHEDULE OF OPEB PLAN DEDUCTIONS BY TYPE
Last Ten Years

Fiscal Year Ended Sept. 30	Benefit Payments	Refunds and Transfers	Administrative and Other Expenses	Total
2012	$ 785,896,356	$ 2,461,527	$ 179,589,224	$ 967,617,107
2013	711,578,683	9,177,658	147,972,842	868,729,183
2014	669,240,164	68,930	133,623,320	802,932,413
2015	700,904,663	95,860	153,410,971	854,411,494
2016	653,086,198	93,387	156,358,057	809,537,642
2017	548,269,421	553,960,659	156,354,596	1,258,584,675
2018	477,124,380	344,297	155,149,286	632,617,963
2019	542,033,925	33,591	162,320,970	704,388,486
2020	286,464,930	112,571	163,713,058	450,290,559
2021	449,557,569	107,541	171,430,145	621,095,255

TOTAL DEDUCTIONS
Year Ended September 30
(in millions)



SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – PENSION PLAN

Last Ten Years
(in thousands)

	Fiscal Year			
	2012	2013	2014	2015
Member contributions	$ 335,471	$ 385,008	$ 405,444	$ 395,722
Employer contributions	1,454,439	1,364,136	1,600,375	1,967,611
Net investment income	5,386,497	4,858,463	6,190,449	937,663
Miscellaneous income	579	1,356	2,262	480
Total Additions	7,176,986	6,609,063	8,198,530	3,301,476
Pension benefits	4,082,243	4,238,482	4,388,329	4,530,915
Refunds of contributions	31,865	30,450	28,841	136,901
Transfer to other systems	-	1	-	1
Administrative and Other Expenses	37,120	25,002	23,711	24,487
Total Deductions	4,151,228	4,293,935	4,440,880	4,692,304
Changes in net position	$ 3,025,758	$ 2,315,128	$ 3,757,650	$ (1,390,828)

SCHEDULE OF CHANGES IN FIDUCIARY NET POSITION – OPEB PLAN

Last Ten Years
(in thousands)

	Fiscal Year			
	2012	2013	2014	2015
Member contributions				
Employer contributions	$ 387,567	$ 394,839	$ 390,844	$ 381,631
Other governmental contributions	795,595	973,303	1,000,032	969,419
Net investment income	17,406	9	138	213
Miscellaneous income	210,642	196,646	353,064	52,064
Total Additions	790	77	531	166
	1,412,001	1,564,574	1,744,609	1,403,493
Health care benefits	785,896	711,579	699,240	700,904
Refunds of contributions	2,462	1,095	68	96
Transfers to other systems	-	8,083	1	-
Uncollectible receivables	37,551	-	-	-
Administrative and Other Expenses	141,708	147,973	133,623	153,411
Total Deductions	967,617	868,729	832,932	854,411
Changes in net position	$ 444,384	$ 695,845	$ 941,676	$ 549,081

Fiscal Year (continued)					
2016	2017	2018	2019	2020	2021
$ 398,893	$ 427,988	$ 393,059	$ 403,147	$ 401,626	$ 413,531
2,308,657	2,398,950	2,791,509	2,706,713	2,808,839	3,081,014
3,094,694	5,582,660	5,135,866	2,519,320	2,545,231	13,740,731
484	811	504	202	74	132
5,802,728	8,410,408	8,320,938	5,629,381	5,755,771	17,235,408
4,671,300	4,806,959	4,934,638	5,058,624	5,183,129	5,309,514
26,994	26,092	28,632	29,345	27,917	26,728
3	20	-	-	-	-
26,213	26,133	25,952	27,741	23,119	23,239
4,724,510	4,859,204	4,989,223	5,115,710	5,234,165	5,359,481
$ 1,078,218	$ 3,551,204	$ 3,331,715	$ 513,672	$ 521,606	$ 11,875,927

Fiscal Year (continued)					
2016	2017	2018	2019	2020	2021
$ 382,257	$ 214,249	$ 210,680	$ 208,197	$ 204,752	$ 203,769
883,943	794,662	663,708	707,714	708,509	749,591
2,411	5	96,708	233,196	254,348	236,168
289,644	595,089	594,893	336,063	374,570	2,154,623
159	176	96	74	118	116
1,558,414	1,604,180	1,566,085	1,485,245	1,542,297	3,344,266
653,086	548,269	477,124	542,034	286,465	449,558
93	553,961	344	34	113	108
-	-	-	-	-	-
-	-	-	-	-	-
156,358	156,355	155,149	162,321	163,713	171,430
809,538	1,258,585	632,618	704,388	450,291	621,095
$ 748,877	$ 345,596	$ 933,467	$ 780,857	$ 1,092,007	$ 2,723,171

SCHEDULE OF PENSION BENEFITS AND REFUNDS BY TYPE
Last Ten Years

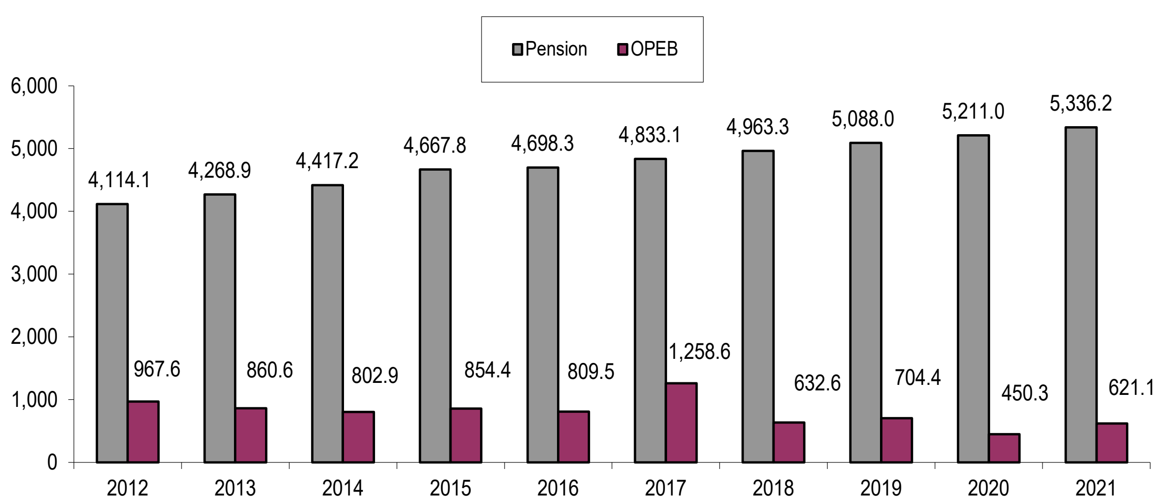
Fiscal Year Ended Sept. 30	Regular Benefits*	Disability Benefits	Survivor Benefits	Refunds Employer	Refunds Employee	Refunds Retired Benefits	Total
2012	3,779,064,349	62,414,881	240,763,276	98,202	31,720,355	46,582	4,114,107,645
2013	3,919,541,949	65,421,037	253,519,080	96,131	30,340,582	13,507	4,268,932,286
2014	4,052,801,025	68,329,595	267,197,897	459,114	28,380,803	732	4,417,169,166
2015	4,179,445,527	70,240,170	281,229,041	112,468,242	24,416,139	17,016	4,667,816,135
2016	4,303,690,804	71,924,352	295,684,541	2,478,596	24,507,177	7,771	4,698,293,241
2017	4,422,445,301	73,317,357	311,196,097	126,312	25,971,639	14,096	4,833,070,801
2018	4,532,304,321	74,811,652	327,522,395	217,568	28,375,762	38,900	4,963,270,599
2019	4,642,670,631	74,985,320	340,968,146	109,747	29,218,328	16,556	5,087,968,728
2020	4,750,068,120	75,601,669	357,459,517	434,172	27,480,393	2,297	5,211,046,168
2021	4,859,635,421	75,358,933	374,519,534	117,240	26,610,436	63	5,336,241,627

* Includes prior post retirement adjustments

SCHEDULE OF OPEB BENEFITS AND REFUNDS BY TYPE
Last Ten Years

Ended Sept. 30	Health Benefits	Dental/Vision Benefits	Administrative Expenses	OPEB Refunds	Total
2012	$ 690,269,502	$ 95,627,854	$ 179,259,224	$ 2,461,527	$ 967,617,107
2013	612,955,516	98,623,167	147,972,842	1,095,145	860,646,670
2014	582,398,966	86,841,198	133,623,320	68,141	802,931,624
2015	617,493,539	83,411,124	153,410,971	95,860	854,411,494
2016	567,230,086	85,856,112	156,358,057	93,387	809,537,642
2017	474,032,868	74,236,553	156,354,596	553,960,659	1,258,584,675
2018	402,747,129	74,377,251	155,149,286	344,297	632,617,963
2019	469,017,033	73,016,892	162,320,970	33,591	704,388,486
2020	226,140,881	60,324,050	163,713,058	112,571	450,290,559
2021	377,043,402	72,514,167	171,430,145	107,541	621,095,255

TOTAL BENEFIT DEDUCTIONS
Year Ended September 30
(in millions)



SCHEDULES OF RETIRED MEMBERS BY TYPE OF BENEFIT

SCHEDULE OF RETIRED MEMBERS BY TYPE OF PENSION BENEFIT

September 30, 2020

Monthly Pension Benefit Amt	Number of Retirees	Type of Retirement *						Selected Option**				
		1	2	3	4	5	6	Opt. 1	Opt. 2	Opt. 3	Opt. 4	Opt.1E 2E,3E,4E
$ 1 - 400	34,096	29,777	2,588	140	1,224	5	362	17,985	8,208	5,356	861	1,686
401 - 800	32,912	28,015	2,104	151	2,018	3	621	16,786	7,094	6,163	1,251	1,618
801 - 1,200	22,281	18,731	1,625	74	1,294	2	555	10,378	4,749	4,604	1,098	1,452
1,201 - 1,600	17,498	14,440	1,744	26	858	3	427	7,315	3,881	3,563	1,091	1,648
1,601 - 2,000	15,774	13,315	1,536	15	552	-	356	6,093	3,442	3,225	1,092	1,922
2,001 - 2,400	16,634	14,690	1,210	1	454	3	276	6,106	3,730	3,274	1,285	2,239
2,401 - 2,800	17,544	16,082	969	6	246	-	241	6,522	3,967	3,518	1,482	2,055
2,801 - 3,200	17,165	16,021	879	2	138	-	125	6,949	3,652	3,500	1,472	1,592
3,201 - 3,600	14,893	14,108	623	1	57	1	103	6,521	2,970	3,164	1,273	965
3,601 - 4,000	11,234	10,731	428	-	16	-	59	5,363	2,066	2,254	967	584
over 4,000	21,447	20,694	652	-	6	-	95	11,658	3,256	4,006	1,839	688
Totals	221,478	196,604	14,358	416	6,863	17	3,220	101,676	47,015	42,627	13,711	16,449

* Type of Retirement
1 – Normal retirement for age and service
2 – Survivor payment – normal retirement
3 – Duty disability retirement (including survivors)
4 – Nonduty disability retirement (including survivors)
5 – Survivor payment – duty death in service
6 – Survivor payment – nonduty death in service

** Selected Option
Opt. 1 – Straight life allowance
Opt. 2 – 100% survivor option
Opt. 3 – 50% survivor option
Opt. 4 – 75% survivor option
Opt. 1E, 2E, 3E, 4E – equated retirement plans

Source: Gabriel Roeder Smith & Co.

SCHEDULE OF RETIRED MEMBERS BY TYPE OF HEALTH BENEFIT

September 30, 2020

Monthly Pension Benefit Amt	Number of Retirees	Type of Other Postemployment Benefits	
		Medical/Rx	Dental/Vision
$ 1 - 400	34,096	14,397	17,470
401 - 800	32,912	18,423	21,446
801 - 1,200	22,281	14,670	16,480
1,201 - 1,600	17,498	12,604	13,910
1,601 - 2,000	15,774	12,131	13,112
2,001 - 2,400	16,634	13,276	14,182
2,401 - 2,800	17,544	14,116	15,070
2,801 - 3,200	17,165	13,887	14,805
3,201 - 3,600	14,893	12,296	12,961
3,601 - 4000	11,234	9,427	9,900
Over 4,000	21,447	18,402	19,024
Totals	221,478	153,629	168,360

Source: Gabriel Roeder Smith & Co.

SCHEDULE OF OTHER POSTEMPLOYMENT BENEFITS

For Year Ended September 30, 2021

Claims	
Health Insurance	$ 201,407,372
Vision Insurance	4,621,052
Dental Insurance	66,128,779
Total Claims	272,157,202
Estimated Claims Liability	
Health Insurance	175,636,031
Vision Insurance	391,653
Dental Insurance	1,372,683
Total Estimated Claims Liability	177,400,367
Administrative Fees	
Staff Salaries	1,607,499
Retirement and Social Security	901,276
Other Fringe Benefits	320,034
Accounting	275,660
Actuarial	59,554
Attorney General	38,297
Audit	68,097
Consulting	1,740,323
Medical	34,150
Building Rentals	128,553
Equipment Purchase, Maintenance, and Rentals	7,224
Travel and Board Meetings	170
Office Supplies	2,024
Printing	26,723
Postage, Telephone, and Other	1,716,391
Technological Support	1,516,726
Health Insurance	157,594,748
Vision Insurance	5,181,402
Dental Insurance	211,292
Total Administrative Fees	171,430,145
Subtotal	620,987,714
Refunds	107,541
Grand Total	$ 621,095,255

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – PENSION

Last Ten Years

Payment Periods	Credited Service (Years) as of September 30							
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+	Total
Period 10/1/10 to 9/30/11:								
Average Monthly Benefit	$ 1,296	$ 219	$ 363	$ 647	$ 1,068	$ 1,602	$ 2,720	$ 1,727
Average Final Average Salary	38,093	20,161	21,020	27,580	34,720	41,391	58,505	43,471
Number of Active Retirants	2,389	6,632	21,460	26,403	25,886	20,654	89,011	192,435
Period 10/1/11 to 9/30/12:								
Average Monthly Benefit	$ 1,385	$ 226	$ 375	$ 667	$ 1,096	$ 1,639	$ 2,766	$ 1,752
Average Final Average Salary	39,388	20,586	21,774	28,601	35,728	42,408	59,109	44,113
Number of Active Retirants	2,941	6,824	22,030	27,276	26,604	21,049	89,937	196,661
Period 10/1/12 to 9/30/13:								
Average Monthly Benefit	$ 1,266	$ 234	$ 390	$ 687	$ 1,122	$ 1,671	$ 2,808	$ 1,779
Average Final Average Salary	35,857	21,024	22,588	29,490	36,703	43,385	59,676	44,771
Number of Active Retirants	832	7,145	22,991	28,363	27,684	21,754	92,183	200,952
Period 10/1/13 to 9/30/14:								
Average Monthly Benefit	$ 141	$ 219	$ 396	$ 699	$ 1,139	$ 1,689	$ 2,846	$ 1,806
Average Final Average Salary	10,750	20,617	23,263	30,235	37,612	44,258	60,156	45,423
Number of Active Retirants	200	6,971	23,668	29,017	28,219	22,022	94,415	204,512
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	$ 140	$ 223	$ 405	$ 715	$ 1,162	$ 1,718	$ 2,891	$ 1,834
Average Final Average Salary	10,985	20,900	23,773	30,934	38,452	45,125	60,759	46,045
Number of Active Retirants	187	7,021	24,081	29,535	28,853	22,465	95,509	207,651
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	$ 126	$ 228	$ 414	$ 729	$ 1,183	$ 1,741	$ 2,933	$ 1,860
Average Final Average Salary	11,346	21,161	24,205	31,512	39,139	45,895	61,328	46,613
Number of Active Retirants	178	7,100	24,401	30,106	29,407	22,989	96,826	211,007
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	$ 129	$ 233	$ 423	$ 743	$ 1,203	$ 1,762	$ 2,974	$ 1,885
Average Final Average Salary	11,825	21,365	24,663	32,032	39,890	46,663	61,894	47,166
Number of Active Retirants	176	7,163	24,784	30,551	29,998	23,461	97,856	213,989
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	$ 127	$ 237	$ 432	$ 756	$ 1,222	$ 1,785	$ 3,013	$ 1,911
Average Final Average Salary	12,020	21,612	25,128	32,528	40,512	47,435	62,500	47,754
Number of Active Retirants	170	7,172	25,043	30,860	30,559	23,873	98,941	216,618
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	$ 136	$ 243	$ 440	$ 769	$ 1,241	$ 1,808	$ 3,051	$ 1,936
Average Final Average Salary	11,966	21,911	25,515	32,959	41,069	48,209	63,064	48,292
Number of Active Retirants	165	7,111	25,398	31,109	31,044	24,233	99,877	218,937
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	$ 126	$ 248	$ 448	$ 783	$ 1,259	$ 1,830	$ 3,088	$ 1,961
Average Final Average Salary	12,166	22,151	25,939	33,410	41,614	48,903	63,687	48,853
Number of Active Retirants	154	7,029	25,905	31,371	31,441	24,613	100,965	221,478

Source: Gabriel Roeder Smith & Co.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – MEDICAL/RX*
Last Ten Years

Payment Periods	Credited Service (Years) as of September 30							
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+	Total
Period 10/1/10 to 9/30/11:								
Average Monthly Benefit	$ 1,407	$ 238	$ 412	$ 693	$ 1,119	$ 1,860	$ 2,825	$ 1,890
Average Final Average Salary	40,812	20,557	22,546	28,618	35,375	45,063	59,127	45,605
Number of Active Retirants	1,810	4,551	10,939	17,498	19,279	23,591	65,246	142,914
Period 10/1/11 to 9/30/12:								
Average Monthly Benefit	$ 1,476	$ 247	$ 430	$ 716	$ 1,149	$ 1,898	$ 2,875	$ 1,925
Average Final Average Salary	41,556	21,162	23,562	29,744	36,497	45,793	59,805	46,394
Number of Active Retirants	2,248	4,625	11,007	17,996	19,835	23,855	66,308	145,874
Period 10/1/12 to 9/30/13:								
Average Monthly Benefit	$ 1,430	$ 257	$ 452	$ 738	$ 1,178	$ 1,931	$ 2,921	$ 1,968
Average Final Average Salary	41,834	21,668	24,615	30,728	37,590	46,550	60,458	47,289
Number of Active Retirants	534	4,677	11,071	18,375	20,387	24,342	67,874	147,260
Period 10/1/13 to 9/30/14:								
Average Monthly Benefit	$ 137	$ 242	$ 459	$ 750	$ 1,201	$ 1,964	$ 2,965	$ 2,009
Average Final Average Salary	19,937	21,414	25,426	31,541	38,682	47,376	61,032	48,129
Number of Active Retirants	180	4,477	10,953	18,562	20,546	24,482	69,273	148,473
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	$ 143	$ 247	$ 472	$ 769	$ 1,229	$ 1,997	$ 3,013	$ 2,049
Average Final Average Salary	20,324	21,674	26,017	32,333	39,632	48,032	61,695	48,900
Number of Active Retirants	173	4,379	10,840	18,687	20,835	24,764	70,063	149,741
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	$ 138	$ 253	$ 485	$ 787	$ 1,256	$ 2,026	$ 3,057	$ 2,088
Average Final Average Salary	19,783	22,021	26,590	33,032	40,491	48,659	62,296	49,636
Number of Active Retirants	168	4,304	10,690	18,791	21,025	24,987	71,001	150,966
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	$ 142	$ 259	$ 499	$ 805	$ 1,278	$ 2,056	$ 3,100	$ 2,124
Average Final Average Salary	20,030	22,248	27,216	33,716	41,304	49,312	62,902	50,339
Number of Active Retirants	162	4,255	10,581	18,890	21,292	25,221	71,753	152,154
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	$ 146	$ 265	$ 513	$ 819	$ 1,300	$ 2,088	$ 3,143	$ 2,161
Average Final Average Salary	20,088	22,594	27,854	34,257	41,980	49,988	63,534	51,048
Number of Active Retirants	161	4,166	10,442	18,843	21,521	25,389	72,412	152,934
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	$ 151	$ 272	$ 525	$ 837	$ 1,323	$ 2,120	$ 3,184	$ 2,199
Average Final Average Salary	20,389	22,967	28,368	34,809	42,641	50,682	64,136	51,756
Number of Active Retirants	155	4,032	10,279	18,747	21,652	25,516	73,006	153,387
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	$ 161	$ 278	$ 537	$ 853	$ 1,347	$ 2,149	$ 3,221	$ 2,238
Average Final Average Salary	21,166	23,192	28,901	35,326	43,309	51,314	64,779	52,490
Number of Active Retirants	150	3,915	10,091	18,595	21,667	25,522	73,689	153,629

* Average monthly benefits shown are pension benefits
Source: Gabriel Roeder Smith & Co.

SCHEDULE OF AVERAGE BENEFIT PAYMENTS – DENTAL/VISION*

Last Ten Years

Payment Periods	Credited Service (Years) as of September 30							
	0 - 5	5 - 10	10 - 15	15 - 20	20 - 25	25 - 30	30+	Total
Period 10/1/10 to 9/30/11:								
Average Monthly Benefit	$ 1,373	$ 236	$ 405	$ 681	$ 1,103	$ 1,850	$ 2,809	$ 1,846
Average Final Average Salary	40,098	20,552	22,297	28,253	35,020	44,819	58,936	44,916
Number of Active Retirants	1,943	5,143	12,672	19,538	21,050	25,226	68,305	153,877
Period 10/1/11 to 9/30/12:								
Average Monthly Benefit	$ 1,449	$ 244	$ 421	$ 703	$ 1,131	$ 1,887	$ 2,858	$ 1,879
Average Final Average Salary	40,959	21,086	23,246	29,330	36,063	45,532	59,582	45,648
Number of Active Retirants	2,407	5,217	12,781	20,098	21,642	25,426	69,194	156,765
Period 10/1/12 to 9/30/13:								
Average Monthly Benefit	$ 1,350	$ 253	$ 441	$ 724	$ 1,159	$ 1,918	$ 2,904	$ 1,917
Average Final Average Salary	40,355	21,515	24,190	30,282	37,083	46,244	60,205	46,448
Number of Active Retirants	597	5,363	13,021	20,696	22,399	26,065	71,011	159,152
Period 10/1/13 to 9/30/14:								
Average Monthly Benefit	$ 136	$ 238	$ 449	$ 737	$ 1,181	$ 1,948	$ 2,948	$ 1,955
Average Final Average Salary	20,147	21,195	24,997	31,104	38,155	47,009	60,778	47,262
Number of Active Retirants	220	5,161	12,983	20,960	22,660	26,333	72,599	160,916
Period 10/1/14 to 9/30/15:								
Average Monthly Benefit	$ 141	$ 244	$ 461	$ 755	$ 1,208	$ 1,981	$ 2,995	$ 1,994
Average Final Average Salary	20,322	21,538	25,579	31,868	39,101	47,659	61,425	48,020
Number of Active Retirants	208	5,090	12,883	21,114	23,037	26,641	73,532	162,505
Period 10/1/15 to 9/30/16:								
Average Monthly Benefit	$ 144	$ 250	$ 473	$ 773	$ 1,233	$ 2,009	$ 3,038	$ 2,030
Average Final Average Salary	20,388	21,837	26,085	32,530	39,877	48,255	62,021	48,717
Number of Active Retirants	206	5,025	12,743	21,322	23,304	26,977	74,629	164,206
Period 10/1/16 to 9/30/17:								
Average Monthly Benefit	$ 149	$ 256	$ 486	$ 790	$ 1,256	$ 2,037	$ 3,081	$ 2,065
Average Final Average Salary	20,719	22,078	26,677	33,178	40,686	48,880	62,629	49,409
Number of Active Retirants	201	4,958	12,655	21,460	23,578	27,235	75,445	165,532
Period 10/1/17 to 9/30/18:								
Average Monthly Benefit	$ 154	$ 262	$ 499	$ 805	$ 1,276	$ 2,067	$ 3,121	$ 2,101
Average Final Average Salary	21,083	22,461	27,269	33,734	41,325	49,520	63,233	50,095
Number of Active Retirants	199	4,880	12,520	21,459	23,884	27,482	76,327	166,751
Period 10/1/18 to 9/30/19:								
Average Monthly Benefit	$ 157	$ 269	$ 510	$ 822	$ 1,297	$ 2,097	$ 3,161	$ 2,137
Average Final Average Salary	21,251	22,782	27,766	34,278	41,940	50,189	63,814	50,763
Number of Active Retirants	194	4,749	12,414	21,389	24,108	27,656	77,022	167,532
Period 10/1/19 to 9/30/20:								
Average Monthly Benefit	$ 161	$ 274	$ 521	$ 839	$ 1,319	$ 2,125	$ 3,197	$ 2,173
Average Final Average Salary	21,383	23,018	28,272	34,778	42,547	50,775	64,446	51,462
Number of Active Retirants	186	4,631	12,283	21,298	24,213	27,766	77,983	168,360

*Average monthly benefits shown are pension benefits
Source: Gabriel Roeder Smith & Co.

SCHEDULE OF PRINCIPAL PARTICIPATING EMPLOYERS

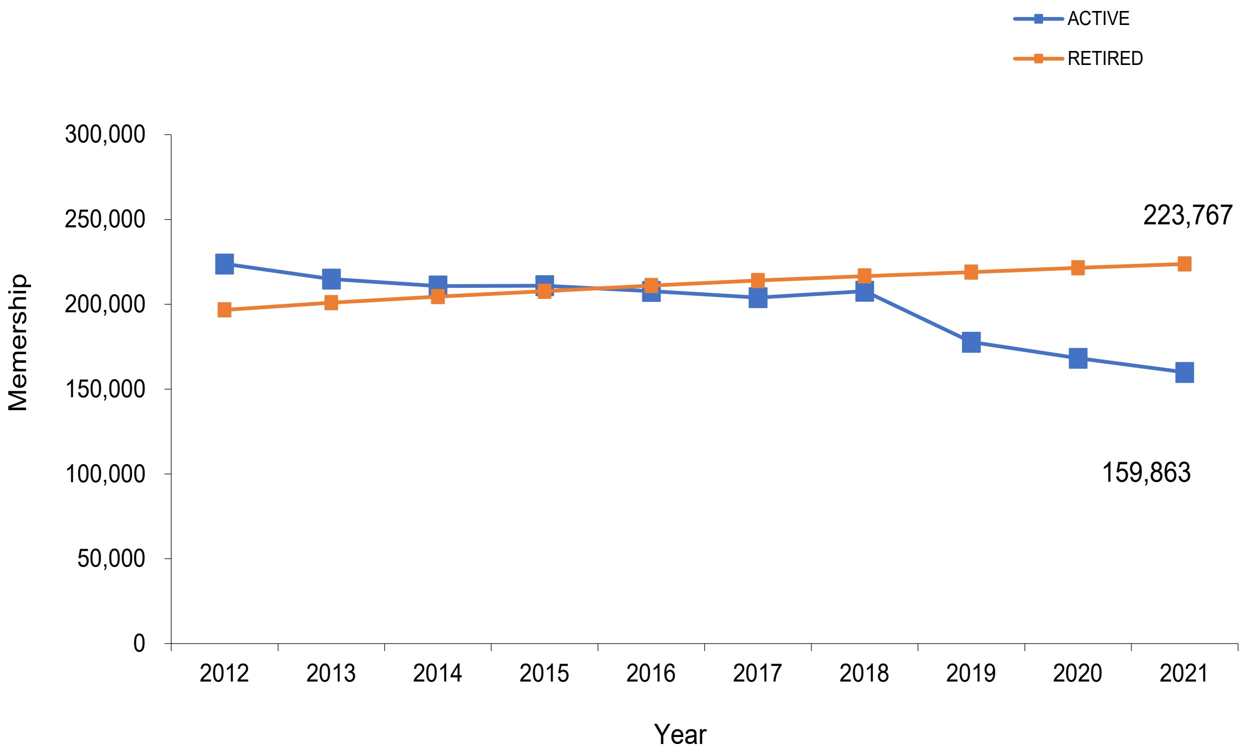
For Fiscal Years Ending September 30, 2020 and 2011

	2020		2011	
Participating Employer	Employees	Percentage of Total System	Employees *	Percentage of Total System
Detroit Public Schools Community District	7,641	3.61 %	10,462	4.42 %
Dearborn Public Schools	2,800	1.32	3,037	1.28
Utica Community Schools	2,678	1.26	4,526	1.91
Ann Arbor Public Schools	2,640	1.25	3,646	1.54
Grand Rapids Public Schools	2,050	0.97	3,867	1.63
Plymouth-Canton Community SD	2,042	0.96	2,706	1.14
Chippewa Valley Schools	1,902	0.90	1,984	0.84
Livonia Public Schools	1,892	0.89	2,231	0.94
Rochester Community Schools	1,808	0.85	1,999	0.84
Warren Consolidated Schools	1,749	0.83	2,236	0.94
All other	184,743	87.17	199,966	84.50
Total	**211,945**	**100.00 %**	**236,660**	**100.00 %**

* Employee counts for 2011 adjusted to current available data.

TEN YEAR HISTORY OF MEMBERSHIP

Fiscal Year Ended September 30



Source: Gabriel Roeder Smith & Co.

At 9/30/2021

Universities:

Central Michigan University
Eastern Michigan University
Ferris State University
Lake Superior State University
Michigan Technological University
Northern Michigan University
Western Michigan University

Community Colleges:

Alpena Community College
Bay De Noc Community College
Charles S Mott Community College
Delta College
Glen Oaks Community College
Gogebic Community College
Grand Rapids Community College
Henry Ford College
Jackson College
Kalamazoo Valley Community College
Kellogg Community College
Kirtland Community College
Lake Michigan College
Lansing Community College
Macomb Community College
Mid-Michigan Community College
Monroe County Community College
Montcalm Community College
Muskegon Community College
North Central Michigan College
Northwestern Michigan College
Oakland Community College
Schoolcraft Community College
Southwestern Michigan College
St Clair County Community College
Washtenaw Community College
Wayne County Community College
West Shore Community College

Intermediate School Districts:

Allegan Area Educational Service Agency
Alpena-Montmorency-Alcona ESD
Barry Intermediate School District
Bay-Arenac Intermediate School District
Berrien RESA
Branch Intermediate School District
Calhoun Intermediate School District
Charlevoix-Emmet Intermediate School District
Cheboygan-Otsego-Presque Isle ESD
Clare-Gladwin Intermediate School District
Clinton County RESA
COOR Intermediate School District
Copper Country Intermediate School District
Delta-Schoolcraft Intermediate School District
Dickinson-Iron Intermediate School District
Eastern U P Intermediate School District
Eaton Intermediate School District
Genesee Intermediate School District
Gogebic-Ontonagon Intermediate School District
Gratiot-Isabella RESD
Hillsdale Intermediate School District
Huron Intermediate School District
Ingham Intermediate School District
Ionia Intermediate School District
Iosco RESA
Jackson Intermediate School District
Kalamazoo RESA
Kent Intermediate School District
Lapeer Intermediate School District
Lenawee Intermediate School District
Lewis Cass Intermediate School District
Livingston ESA
Macomb Intermediate School District
Manistee Intermediate School District
Marquette-Alger Intermediate School District
Mecosta-Osceola Intermediate School District
Menominee Intermediate School District
Midland County Educational Service Agency
Monroe Intermediate School District
Montcalm Area Intermediate School District
Muskegon Area Intermediate School District
Newaygo County RESA
Oakland Intermediate School District
Ottawa Area Intermediate School District
Saginaw Intermediate School District
Sanilac Intermediate School District
Shiawassee Regional Educational Service District
St Clair County RESA
St Joseph Intermediate School District
Tuscola Intermediate School District
Van Buren Intermediate School District
Washtenaw Intermediate School District
Wayne RESA
West Shore Educational Service District
Wexford-Missaukee Intermediate School District

K-12 School Districts:

Adams Township School District
Adams-Sigel #3 School
Addison Community Schools
Adrian Public Schools
Airport Community Schools
Akron-Fairgrove Schools
Alanson Public Schools
Alba Public Schools
Alcona Community Schools
Algonac Community Schools
Allegan Public Schools
Allen Park Public Schools
Allendale Public Schools
Alma Public Schools
Almont Community Schools
Alpena Public Schools
Anchor Bay School District
Ann Arbor Public Schools
Arenac-Eastern High School
Armada Area Schools
Arvon Township Schools
Ashley Community Schools
Athens Area Schools
Atherton Community Schools
Atlanta Community Schools
Au Gres-Sims School District
Autrain-Onota Public Schools
Avondale School District
Bad Axe Public Schools
Baldwin Community Schools
Bangor Public Schools
Bangor Township Schools
Baraga Township Schools
Bark River-Harris Schools
Bath Community Schools
Battle Creek Public Schools
Bay City Public Schools
Beal City Schools
Bear Lake School District
Beaver Island Community Schools
Beaverton Rural School District
Bedford Public Schools
Beecher Community School District
Belding Area Schools
Bellaire Public Schools
Bellevue Community Schools
Bendle Public Schools
Bentley Community Schools
Benton Harbor Area Schools
Benzie County Central Schools
Berkley School District
Berrien Springs Public Schools
Bessemer Area School District
Big Bay De Noc School District
Big Burning-Colfax School District #1F
Big Jackson School District
Big Rapids Public Schools
Birch Run Area Schools
Birmingham Public Schools
Blissfield Community School District
Bloomfield Hills School District
Bloomingdale Public Schools
Bois Blanc Pines School District
Boyne City Public Schools
Boyne Falls Public Schools
Brandon School District
Brandywine Public Schools
Breckenridge Community Schools
Breitung Township Schools
Bridgeport-Spaulding Community School District
Bridgman Public Schools
Brighton Area Schools
Brimley Public Schools
Britton-Deerfield Schools
Bronson Community Schools
Brown City Community Schools
Buchanan Community Schools
Buckley Community Schools
Bullock Creek School District
Burr Oak Community Schools
Burt Township School District
Byron Area Schools
Byron Center Public Schools
Cadillac Area Public Schools
Caledonia Community Schools
Calumet Public Schools
Camden-Frontier School
Capac Community Schools
Carman-Ainsworth Community School District
Carney-Nadeau Public Schools
Caro Community Schools
Carrollton School District
Carson City-Crystal Area Schools
Carsonville-Port Sanilac School
Caseville Public Schools
Cass City Public Schools
Cassopolis Public Schools
Cedar Springs Public Schools
Center Line Public Schools
Central Lake-Antrim County Public Schools
Central Montcalm Public Schools
Centreville Public Schools
Charlevoix Public Schools
Charlotte Public Schools
Chassell Township Schools
Cheboygan Area School District
Chelsea School District
Chesaning-Union Schools

K-12 School Districts (continued):

Chippewa Hills School District
Chippewa Valley Schools
Church School
Clare Public Schools
Clarenceville School District
Clarkston Community Schools
Clawson City School District
Climax-Scotts Community Schools
Clinton Community Schools
Clintondale Community Schools
Clio Area School District
Coldwater Community Schools
Coleman Community Schools
Coloma Community Schools
Colon Community School
Columbia School District
Comstock Park Public Schools
Comstock Public Schools
Concord Community Schools
Constantine Public Schools
Coon-Berlin Township School District #3
Coopersville Public Schools
Corunna Public Schools
Covert Public Schools
Crawford-AuSable School District
Crawford-Excelsior School District #1
Crestwood School District
Croswell-Lexington Schools
Dansville Schools
Davison Community Schools
Dearborn Heights School District #7
Dearborn Public Schools
Decatur Public Schools
Deckerville Community School District
Delton-Kellogg Schools
DeTour Area Schools
Detroit Public Schools Community District
Dewitt Public Schools
Dexter Community Schools
Dollar Bay-Tamarack School District
Dowagiac-Union School District
Dryden Community Schools
Dundee Community Schools
Durand Area Schools
East China School District
East Grand Rapids Public Schools
East Jackson Public Schools
East Jordan Public Schools
East Lansing Public Schools
Eastpointe Community Schools
Eaton Rapids Public Schools
Eau Claire Public Schools
Eccles-Sigel #4 School
Ecorse Public Schools
Edwardsburg Public Schools
Elk Rapids Schools
Ellsworth Community Schools
Elm River Township Schools
Engadine Consolidated School District #4
Escanaba Area Public Schools
Essexville-Hampton Public Schools
Evart Public Schools
Ewen-Trout Creek Consolidated School District
Fairview Area Schools
Farmington Public Schools
Farwell Area Schools
Fennville Public Schools
Fenton Area Public Schools
Ferndale City School District
Fitzgerald Public Schools
Flat Rock Community Schools
Flint Community Schools
Flushing Community Schools
Forest Area Schools
Forest Hills Public Schools
Forest Park School District
Fowler Public Schools
Fowlerville Community Schools
Frankenmuth School District
Frankfort-Elberta Area Schools
Fraser Public Schools
Freeland Community Schools
Fremont Public Schools
Fruitport Community Schools
Fulton Schools
Galesburg-Augusta Community School District
Garden City Public Schools
Gaylord Community Schools
Genesee School District
Gibraltar School District
Gladstone Area Schools
Gladwin Community Schools
Glen Lake Community Schools
Glenn-Ganges School District #4
Gobles Public Schools
Godfrey-Lee Public Schools
Godwin Heights Public Schools
Goodrich Area Schools
Grand Blanc Community Schools
Grand Haven Public Schools
Grand Ledge Public Schools
Grand Rapids Public Schools
Grandville Public Schools
Grant Public Schools
Grant Township School
Grass Lake Community Schools
Greenville Public Schools

K-12 School Districts (continued):

Grosse Ile Township Schools
Grosse Pointe Public Schools
Gull Lake Community Schools
Gwinn Area Community Schools
Hale Area Schools
Hamilton Community Schools
Hamtramck Public Schools
Hancock Public Schools
Hanover Horton School District
Harbor Beach Community School District
Harbor Springs Public Schools
Harper Creek Community Schools
Harper Woods Public Schools
Harrison Community Schools
Hart Public Schools
Hartford Public Schools
Hartland Consolidated Schools
Haslett Public Schools
Hastings Area School District
Haynor Easton Township School District #6
Hazel Park Public Schools
Hemlock Public Schools
Hesperia Community Schools
Hillman Community Schools
Hillsdale Community Schools
Holland Public Schools
Holly Area Schools
Holt Public Schools
Holton Public Schools
Homer Community Schools
Hopkins Public Schools
Houghton Lake Community Schools
Houghton-Portage Township School District
Howell Public Schools
Hudson Area Schools
Hudsonville Public Schools
Huron School District
Huron Valley School District
Ida Public Schools
Imlay City Community Schools
Inland Lakes Schools
Ionia Public Schools
Iron Mountain Public Schools
Ironwood-Gogebic City Area Schools
Ishpeming Public Schools
Ithaca Public Schools
Jackson Public Schools
Jefferson Schools
Jenison Public Schools
Johannesburg-Lewiston Area Schools
Jonesville Community Schools
Kalamazoo Public Schools
Kaleva Norman Dickson School District
Kalkaska Public Schools
Kearsley Community Schools
Kelloggsville Public Schools
Kenowa Hills Public Schools
Kent City Community Schools
Kentwood Public Schools
Kingsley Area Schools
Kingston Community Schools
Laingsburg Community Schools
Lake City Area Schools
Lake Fenton Community School District
Lake Linden-Hubbell Public Schools
Lake Orion Community School #3
Lake Shore Public Schools
Laker Schools
Lakeshore Public Schools
Lakeview Community Schools
Lakeview Public Schools
Lakeview School District
Lakeville Community Schools
Lakewood School District
Lamphere Public Schools
L’Anse Creuse Public Schools
L’Anse Public Schools
Lansing Public Schools
Lapeer Public Schools
Lawrence Public Schools
Lawton Community Schools
Leland Public Schools
Les Cheneaux Community Schools
Leslie Public Schools
Lincoln Consolidated Schools
Lincoln Park Public Schools
Linden Community Schools
Litchfield Community Schools
Livonia Public Schools
Lowell Area Schools
Ludington Area Schools
Mackinaw City Public Schools
Mackinac Island Public Schools
Madison District Public Schools
Madison School District #2
Mancelona Public Schools
Manchester Community Schools
Manistee Public Schools
Manistique Area Schools
Manton Consolidated School District
Maple Valley Schools
Mar Lee School District
Marcellus Community Schools
Marion Public Schools
Marlette Community Schools
Marquette Area Public Schools
Marshall Public Schools
Martin Public Schools

K-12 School Districts (continued):

Marysville Public Schools
Mason Co.-Eastern-Custer #5 School District
Mason Consolidated Schools
Mason County Central School District
Mason Public Schools
Mattawan Consolidated Schools
Mayville Community Schools
McBain Rural Agricultural School
Melvindale-Northern Allen Park School District
Memphis Community Schools
Mendon Community School
Menominee Area Public Schools
Meridian Public Schools
Merrill Community Schools
Mesick Consolidated Schools
Michigan Center School District
Mid Peninsula Schools
Midland City Schools
Milan Area Schools
Millington Community School District
Mio-AuSable Schools
Mona Shores School District #29
Monroe Public Schools
Montabella Community Schools
Montague Area Public Schools
Montrose Community Schools
Moran Township School District
Morenci Area Schools
Morley-Stanwood Community Schools
Morrice Area Schools
Mt Clemens Community Schools
Mt Morris Consolidated Schools
Mt Pleasant Public Schools
Munising Public Schools
Muskegon City Public Schools
Muskegon Heights City Public Schools
Napoleon Community School District
Negaunee Public Schools
New Buffalo Area Schools
New Haven Community Schools
New Lothrop Area Public Schools
Newaygo Public Schools
Nice Community Schools
Niles Public Schools
North Adams-Jerome Public Schools
North Branch Area Schools
North Central Area Schools
North Dickinson School
North Huron Schools
North LeValley School #2
North Muskegon Public Schools
Northport Public Schools
Northview Public Schools
Northville Public Schools
Northwest School District
Norway-Vulcan Area Schools
Nottawa Community Schools
Novi Community School District
Oak Park School District
Oakridge Public Schools
Okemos Public Schools
Olivet Community Schools
Onaway Area Community Schools
Onekama Consolidated Schools
Onsted Community Schools
Ontonagon Area School District
Orchard View Schools
Oscoda Area Schools
Otsego Public Schools
Ovid-Elsie Area Schools
Owendale-Gagetown Area Schools
Owosso Public Schools
Oxford Area Community Schools
Parchment School District
Paw Paw Public Schools
Peck Community Schools
Pellston Public Schools
Pennfield Public Schools
Pentwater Public Schools
Perry Public Schools
Petoskey Public Schools
Pewamo-Westphalia Community School District
Pickford Public Schools
Pinckney Community Schools
Pinconning Area Schools
Pine River Area Schools
Pittsford Area Schools
Plainwell Community Schools
Plymouth-Canton Community School District
Pontiac City School District
Port Huron Area Schools
Portage Public Schools
Portland Public Schools
Posen Consolidated Schools
Potterville Public Schools
Powell Township School District
Quincy Community Schools
Rapid River Public Schools
Ravenna Public Schools #24
Reading Community Schools
Redford-Union School District #1
Reed City Public School District
Reese Public Schools
Reeths-Puffer Schools
Republic-Michigamme Schools
Richmond Community Schools
River Rouge Public Schools
River School

K-12 School Districts (continued):

River Valley School District
Riverside-Hagar School District #6
Riverview Public Schools
Rochester Community Schools
Rockford Public Schools
Rogers City Area Schools
Romeo Community Schools
Romulus Community Schools
Roscommon Area Public Schools
Roseville Community Schools
Royal Oak City School District
Rudyard Public Schools
Saginaw City Schools
Saginaw Township Community Schools
Saline Area Schools
Sand Creek Community Schools
Sandusky Community Schools
Saranac Community Schools
Saugatuck Public Schools
Sault Ste Marie Public Schools
Schoolcraft Community Schools
Shelby Public Schools
Shepherd Public Schools
South Haven Public Schools
South Lake Public Schools
South Lyon Community Schools
South Redford School District
Southfield Public Schools
Southgate Community School District
Sparta Area Schools
Spring Lake Public Schools
Springport Public Schools
St Charles Community Schools
St Ignace Public Schools
St Johns Public Schools
St Joseph Public Schools
St Louis Public Schools
Standish-Sterling Community School District
Stanton Township Public Schools
Stephenson Area Public Schools
Stockbridge Community Schools
Strange-Oneida School #3
Sturgis Public Schools
Summerfield Schools
Superior Central School District
Suttons Bay Public Schools
Swan Valley School District
Swartz Creek Community Schools
Tahquamenon Area School District
Tawas Area Schools
Taylor School District
Tecumseh Public Schools
Tekonsha Community Schools
Thornapple-Kellogg School
Three Rivers Community Schools
Traverse City Public Schools
Trenton Public Schools
Tri-County Area Schools
Troy City School District
Ubly Community Schools
Union City Community Schools
Unionville-Sebewaing Area Schools
Utica Community Schools
Van Buren Public Schools
Vanderbilt Area Schools
Vandercook Lake Public Schools
Van Dyke Public Schools
Vassar Public Schools
Verona Mills School
Vestaburg Community Schools
Vicksburg Community Schools
Wakefield-Marenisco School District
Waldron Area Schools
Walkerville Public Schools
Walled Lake Consolidated Schools
Warren Consolidated Schools
Warren Woods Public Schools
Waterford School District
Watersmeet Township School District
Watervliet Public Schools
Waverly Community Schools
Wayland Union Schools
Wayne-Westland Community Schools
Webberville Community Schools
Wells Township School #18
West Bloomfield Schools
West Branch-Rose City Area Schools
West Iron County Public Schools
West Ottawa Public Schools
Western School District
Westwood Community Schools
Westwood Heights Schools
White Cloud Public Schools
White Pigeon Community Schools
Whitefish Township School
Whiteford Agricultural School
Whitehall District Schools
Whitmore Lake Public Schools
Whittemore-Prescott Area Schools
Williamston Community Schools
Wolverine Community Schools
Wood School District #8, Bangor Township
Woodhaven-Brownstown School District
Wyandotte Public Schools
Wyoming Public Schools
Yale Public School District
Ypsilanti Community
Zeeland Public Schools

Libraries:

Ann Arbor District Library
Bacon Memorial District Library
Flint Public Library
Grosse Pointe Public Library
Hackley Public Library
Kalamazoo Public Library
Mt Clemens Public Library
Public Libraries of Saginaw
Willard District Library

Public School Academies:

AGBU Alex & Marie Manoogian School
Academy for Business & Technology
Arts Academy in the Woods
Battle Creek Area Learning Center
Bay-Arenac Community High School
Blue Water Middle College Academy
Central Academy
Charlevoix Montessori Academy for the Arts
Cornerstone Jefferson-Douglass Academy
Countryside Charter School
Creative Technologies Academy
Da Vinci Institute
Dearborn Academy
Detroit Community High School
Detroit Edison Public School Academy
Detroit Leadership Academy
Distinctive College Prep
Flat River Academy
Flint Cultural Center Academy
Francis Reh Public School Academy
George Washington Carver Academy
Grand Rapids Child Discovery Center
Greater Heights Academy
Henry Ford Academy
Holly Academy
Honey Creek Community School
Hope of Detroit Academy
Joseph K. Lumsden Public School Academy
Macomb Academy
Madison-Carver Academy
Martin Luther King, Jr. Public School Academy
Michigan International Prep School
Michigan Online School
Muskegon Heights Public School Academy
Nah Tah Wahsh Public School Academy
New High School
North Star Academy
Outlook Academy
Presque Isle Academy II
Relevant Academy of Eaton County
Richfield Public School Academy
Rising Stars Academy
Summit Academy North
Three Lakes Academy
Virtual Learning Academy of St Clair
Walden Green Day School
Washington Parks Academy
Washtenaw Technical Middle College
Waterford Montessori Academy
West Michigan Aviation Academy
West Village Academy
Woodland Park Academy

ACKNOWLEDGMENTS

Acknowledgments

The *Michigan Public School Employees' Retirement System Annual Comprehensive Financial Report* is prepared by Financial Services, Fiscal Management Division. Staff of the division for the fiscal year 2021 report included:

Management:

Jacqueline Huhn, Director
Aver Hamilton, Accounting Manager
Paula Webb, Accounting Manager

Accountants:

Dan Harry
Rick Legal
Cindy Molzan
Hope Richardson
Carol Wheaton

Technical and Support Staff:

Jamin Schroeder

Special thanks are also extended to the Office of Retirement Services personnel, accounting and support personnel throughout Financial Services, Investments Division of Treasury, Department of Health and Human Services cashiering personnel, Office of the Auditor General, Gabriel Roeder Smith & Co., and the staff at the Office of Financial Management. Preparation of this report would not have been possible without the efforts of these individuals.

This report may be viewed online at: www.michigan.gov/ors