



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

GRETCHEN WHITMER
GOVERNOR

RACHAEL EUBANKS
STATE TREASURER

Department of Treasury Fee Charges and Retirement Fees Methodology

Treasury Fees:

Pursuant to Section 931 (1) Department of Treasury shall provide a report detailing the proposed Treasury Fee assessed to each fund that receives common cash earnings or other investment income. The report shall include the methodology for determining the fee.

Treasury Fees are calculated by multiplying the basis points, determined by activity level by the Bureau of Investments and the total value of state managed investments for each fund.

- There are four levels of activity “tiers” defined by the Bureau of Investments, based on the level of management effort required by each agency/ fund.
 - Tier 1= 2 basis points
 - Tier 2= 3 basis points
 - Tier 3= 5 basis points
 - Tier 4= 8 basis points
- The state managed investment value is the fund’s average daily balance plus the value of non-cash investments

Retirement Fees

Pursuant to Section 904(3) Department of Treasury shall prepare a report with the fees charged against retirement accounts managed by the Treasury’s Bureau of Investments. The report shall include the methodology for determining the fee.

Investment fees are calculated using by collecting the average daily balance of each managed fund for each month within the prior fiscal year. For example, for FY22, balances from FY21 are used. These monthly balances are then used to determine an average balance for each fund for the prior fiscal year.

After determining the average balance, the Retirement Funds (fund 1408) appropriation is used to determine the total fee charged across all managed funds. The fee is then spread proportionally across managed funds according to the percent of the overall portfolio each represents¹.

¹ The fee for the Legislative Retirement system is adjusted using costs associated with BOI’s Administration, Fixed Income, and Accounting areas to reflect services performed that are different than the other managed funds.

The estimated proposed fees attached reflect this calculation. Because, Section 904(1) requires Treasury to return fee revenue that exceeds actual expenses, the fee may be reduced if Treasury expends less than the appropriated amount.

FY2023 Investment Fee Charged to Retirement Funds

Fund #	Retirement Fund Name	Agy	Agy #	FY22 Avg Value of Investments		2nd Level % to Total	Treasury (49900) Retirement Fees
2761	Legislative Retirement	DTMB	171	146,251,059		Adjusted	12,450.88
2762	State Police Retirement	DTMB	171	1,822,852,105	1,822,852,105	1.89%	351,704.92
2771	State Employees Retirement**	DTMB	171	14,290,144,361	14,290,144,361	14.85%	2,757,170.49
2776	Public School Empl. Retirement***	DTMB	171	63,434,704,150	63,434,704,150	65.91%	12,239,225.16
2784	Judges Retirement	DTMB	171	293,023,258	293,023,258	0.30%	56,536.52
2763	State Police Retirement - OPEB	DTMB	171	373,917,867	373,917,867	0.39%	72,144.50
2772	State Employees Retirement - OPEB	DTMB	171	5,092,011,622	5,092,011,622	5.29%	982,463.43
2778	Public School Empl. Retirement - OPEB	DTMB	171	10,932,766,149	10,932,766,149	11.36%	2,109,390.88
2785	Judges Retirement - OPEB	DTMB	171	11,989,180	11,989,180	0.01%	2,313.22
	Total			96,397,659,750	96,251,408,691	100.00%	\$18,583,400.00

Fund #	Retirement Fund Name	Agy	Agy #	FY22 Avg Value of Investments		2nd Level % to Total	IT IDG (16090) Retirement Fees
2761	Legislative Retirement	DTMB	171			Adjusted	541.49
2762	State Police Retirement	DTMB	171			1.89%	15,295.80
2771	State Employees Retirement	DTMB	171			14.85%	119,910.52
2776	Public School Empl. Retirement	DTMB	171			65.91%	532,289.13
2784	Judges Retirement	DTMB	171			0.30%	2,458.80
2763	State Police Retirement - OPEB	DTMB	171			0.39%	3,137.60
2772	State Employees Retirement - OPEB	DTMB	171			5.29%	42,727.75
2778	Public School Empl. Retirement - OPEB	DTMB	171			11.36%	91,738.31
2785	Judges Retirement - OPEB	DTMB	171			0.01%	100.60
	Total					100.00%	\$808,200.00

Notes: Absolute values used in all calculations

Calculations use full numbers, but for display are rounded to two decimal points

** Also includes Avg balance of Military Pension fund, which is included for administrative purposes

*** Also includes Avg balance of School Employee Hybrid Fund, which is included for administrative purposes