

City of Grosse Pointe Woods Employees' Retirement System

Summary Annual Report

June 30, 2018

Dear Member:

The following is a summary of your Retirement System. Each year, an actuarial valuation is prepared to compare assets to liabilities. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are to members who are retired or disabled, beneficiaries of members, members who receive contribution refunds, and for Retirement System expenses.

As Retirement Board Members, our tasks include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement System's provisions.

Various professionals are hired to help in the administration of the System. They are listed in the column to the right.

The City is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.

Respectfully submitted,

Board of Trustees
City of Grosse Pointe Woods Employees Retirement System

Board Members

Mayor Robert E. Novitke,
Chairman

Anthony Chalut,
Trustee

Matthew Crook,
Trustee

Vicki Granger,
Trustee

Gary Zarb,
Trustee

Cathrene Behrens,
Pension Administrator

Tina Hoenicke
Board Secretary

Actuarial Information Used for this Report:

1. 73 active members
2. 100 retirees/beneficiaries (and 14 deferred retirees)
3. Plan is open to new hires
4. \$32,087 average annual pension benefit
5. \$3,208,721 annual pension benefits paid
6. \$4,544,155 valuation payroll used
7. Employer's normal cost of benefits July 1, 2018: 7.51% General employees and 10.87% for Public Safety employees
8. Employer's actual total contribution rate July 1, 2017: 25.39% General employees and 28.75% for Public Safety employees
9. Weighted average member contribution rate: 5.05% General employees and 5.84% Public Safety employees
10. The required employer contribution for the fiscal year was received
11. 7.75% assumed rate of investment return
12. 3.5% assumed rate of long-term wage inflation
13. 5 year smoothing method used
14. 25 year amortization period used
15. Method used is level percent of payroll
16. Cost method is individual entry-age
17. Current funding value of assets is 75.1% of accrued liability.

Professional Advisors

Investment Fiduciaries
Fund Evaluation Group (FEG)

Service Providers

Don Berschback, *City Attorney*
Rodwan Consulting Company, *Actuary*
Michael VanOverbeke,
Special Pension Attorney

Investment Performance*

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	6.0%	4.9%	6.4%	6.1%	5.5%

*Calendar year ending June 30, 2018 (net of fees)

2018-2019 Projected Expenditures

Pension Payments/ Withdrawals: \$3,576,448
Refund of Member Contributions: \$25,000
Investment Fees: \$60,000
Memberships/Training/Education/Travel: \$6,650
Administrative Expenses: \$65,600

City of Grosse Pointe Woods Employees' Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2018 Actuarial Valuation. The funding objective of the System is to contribute a contribution that remains level from year to year as a percent of payroll. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions. Below is a summary of the results:

Contribution Requirements	<u>General</u>	<u>Public Safety</u>
Normal Cost of Benefits		
Total	12.56%	16.71%
Member portion	5.05%	5.84%
Employer portion	7.51%	10.87%
Amortization of unfunded liability (25 years)	17.88%	17.88%
Computed Employer Rate	25.39%	28.75%

*Contribution rates are expressed as percents of eligible member payroll. *Weighted average.*

Assets & Liabilities

Funded Status

Market Value of Assets	\$37,828,401
Valuation Assets	40,346,840
Actuarial Accrued Liability	53,727,415
Funded Ratio	75.1%

Actuary's Statement – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective. For a complete analysis, please review the June 30, 2018 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2017	\$37,614,853
Revenues	
Employees' contributions	249,835
Employer contribution	1,230,650
Investment income	2,128,175
Capital Gains	0
Gain/Loss on Market Value	0
Other Income	<u>22,728</u>
Total	3,631,388
Expenditures	
Pension payments	3,354,997
Refund of member contributions	0
Investment Fees	0
Memberships/Training/Education/Travel	0
Administrative Expenses	62,843
Adjustments	<u>0</u>
Total	3,417,840
Ending Balance (Market Value) – June 30, 2018	\$37,828,401
Recognized Return on Smoothed Funding Value of Assets	5.75%