

City of Grosse Pointe Woods Employees' Retirement System

Summary Annual Report

June 30, 2021

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

Arthur W. Bryant
Chairman

Anthony Chalut,
Trustee

Matthew Crook,
Trustee

Victoria Granger,
Trustee

Gary Zarb,
Trustee

Shawn Murphy,
Pension Administrator

Tina Hoenicke
Board Secretary

Actuarial Information Used for this Report:

1. 78 active members
2. 102 retirees/beneficiaries (and 13 deferred retirees)
3. Plan is open to new hires
4. \$33,872 average annual pension benefit
5. \$3,570,576 annual pension benefits paid
6. \$5,372,630 valuation payroll used (Combined General and Public Safety)
7. Employer's normal cost of benefits effective July 1, 2022: 8.10% General employees and 12.01% for Public Safety employees
8. Employer's actual total contribution rate effective July 1, 2022: 33.64% General employees and 37.54% for Public Safety employees
9. Weighted average member contribution rate effective July 1, 2022: 5.43% General employees and 6.19% Public Safety employees
10. The required employer contribution for the fiscal year was received
11. 7.50% 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 65.2% of accrued liability.

Professional Advisors

Investment Fiduciaries
Fund Evaluation Group (FEG)

Service Providers

Rosati, Schultz, Joppich & Amtsbuechler, P.C.
City Attorney

Foster & Foster Actuaries and Consultants,
Actuary

Michael VanOverbeke,
Special Pension Attorney

Investment Performance*

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	34.9%	12.1%	10.8%	7.1%	7.9%

*Calendar year ending June 30, 2021 (net of fees)

2021 Actual Expenditures

Pension Payments/Withdrawals	\$3,456,662
Refund of Member Cont.	\$ 113,914
Investment Fees	\$ 62,639
Membership/Training/Education	\$ 190
Administrative Expenses	\$ 46,775
Total	<u>\$3,680,180</u>

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

Actuarial Valuation Summary

Foster & Foster Actuaries and Consultants were hired to prepare the June 30, 2021 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	13.53%	18.20%
Member portion	5.43%	6.19%
Employer portion	8.10%	12.01%
Amortization of unfunded liability (25 years)	25.54%	25.54%
Computed Employer Rate	33.64%	37.54%

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

Assets & Liabilities

Funded Status

Market Value of Assets	\$45,943,628
Valuation Assets	41,121,607
Actuarial Accrued Liability	63,085,667
Funded Ratio	65.20%

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, 2021 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2020	\$35,546,210
Revenues	
Employees' contributions	282,203
Employer contribution	1,623,075
Investment income	12,109,681
Total	14,014,959
Expenditures	
Pension payments	3,456,662
Refund of member contributions	113,914
Administrative Expenses	46,965
Total	3,617,541
Ending Balance (Market Value) – June 30, 2021	\$45,943,628
Recognized Return on Smoothed Funding Value of Assets	9.99%