



City of Roseville Police & Fire 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

BOARD MEMBERS

- Robert Taylor, *Chairman*
- Mitchell Berlin, *Vice Chairman*
- Brian Frederiksen, *Trustee*
- Bradley McKenzie, *Trustee*
- Michael Switalski, *Trustee*
- Sharon Maas, *Administrative Assistant*

PROFESSIONAL ADVISORS

Investment Fiduciaries

- ABS Emerging Markets
- Alidade Capital
- American Funds EuroPacific, ETF
- AndCo Consulting, *Investment Consultant*
- Baird Advisors
- Bloomfield Capital
- Clarkston Capital
- Comerica Bank, *Custodian*
- Edgewood Investment
- EnTrust Capital
- Hamlin Capital Management
- HGK Asset Management
- Loomis, Sayles and Co.
- McMorgan Infrastructure
- Seizert Capital Partners
- TerraCap Partners
- ValStone Partners
- Vanguard Inst Index Fund

Service Providers

- Nyhart Company, *Actuary*
- VanOverbeke, Michaud & Timmony, *Attorneys*
- Plante Moran, *Auditors*
- Consulting Physicians/MedSource, *Medical Director*

ACTUARIAL INFORMATION USED FOR THIS REPORT:

1. 106 members & 4 deferred
2. 187 retirees (includes DROP participants)
3. Plan is open to new hires
4. Average annual pension benefit: \$56,316
5. Annual pension benefits paid: \$9,807,141 (includes DROP refunds and annuity withdrawals)
6. Valuation payroll used: \$9.5 million
7. Employer's normal cost of benefits: 18.5%
8. Employer's total contribution rate: 43.4%
9. Member contribution rate: varies from 9% to 10%, depending upon group
10. Required employer contribution for the fiscal year was received
11. 7.0% assumed rate of investment return
12. Assumed rate of long-term wage inflation varies from 1-16% depending upon age and service
13. 4-year smoothing method
14. 23 years amortization period
15. Level percent of payroll method
16. Cost method is individual entry-age
17. Current valuation assets are 64.9% of accrued liability

INVESTMENT PERFORMANCE*

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	14.93%	9.60%	10.38%	8.00%	8.30%

*Calendar year ending December 31, 2020 (net of fees)

2021-2022 PROJECTED EXPENDITURES

- Pension Payments/DROP Withdrawals:** \$9,000,000
- Refund of Member Contributions:** \$2,000,000
- Investment Fees:** \$675,000
- Memberships/Training/Education/Travel:** \$17,500
- Administrative Expenses:** \$115,000

City of Roseville Police & Fire Retirement System

Summary Annual Report (cont.)

ACTUARIAL VALUATION SUMMARY

Nyhart Company was 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

Normal Cost of Benefits	
Total	\$ 2,085,776
Member portion	- 919,334
Administrative Expenses	135,000
Amortization of unfunded liability (23 years)	3,010,100
Interest	407,928
Employer portion	\$ 4,719,470

ASSETS & LIABILITIES

Funded Status

Market Value of Assets	\$102,672,614
Valuation Assets	90,252,086
Actuarial Accrued Liability	139,082,032
Funded Ratio	64.9%

The valuation reflects Retirement System changes made prior to June 30, 2021, which includes lowering the interest rate from 7.5% to 7%, withdrawal rates and retirement rates were lowered, and the salary scale was lowered. The remaining assumptions and methods are consistent with those used in the June 30, 2020 valuation.

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 available online at <https://www.roseville-mi.gov/departments/retirement/index.php>

Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2020		\$ 82,312,590
Revenues		
Employees' contributions	1,000,364	
Employer contributions	4,400,637	
Investment income	25,044,267	
Other Income	<u>307,783</u>	
Total		30,753,051
Expenditures		
Pension payments & Member refunds	9,100,877	
Refund of DROP contributions	706,265	
Memberships/Training/Education/Travel	400	
Investment Fees	456,376	
Administrative Expenses	<u>129,109</u>	
Total		10,393,027
Ending Balance (Market Value) – June 30, 2021		\$102,672,614
Recognized Return on Smoothed Funding Value of Assets		12.0%