



# City of Roseville Employees' Retirement System Summary Annual Report

June 30, 2022

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*  
Catherine Haugh, *Vice Chairwoman*  
Michael Busch, *Trustee*  
John Haase, *Trustee*  
James Osterhout, *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  
Fidelity 500 Index Fund  
Hamlin Capital Management  
HGK Asset Management  
Loomis, Sayles and Co.  
McMorgan Infrastructure  
Seizert Capital Partners  
TerraCap Partners  
ValStone Partners

### Service Providers

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

## ACTUARIAL INFORMATION USED FOR THIS REPORT:

- 121 members & 9 deferred
- 198 retirees/beneficiaries (includes DROP participants)
- Plan is open to new hires
- Average annual pension benefit: \$30,276
- Annual pension benefits paid: \$6,811,922 (includes DROP refunds and annuity withdrawals)
- Valuation payroll used: \$7.2 million
- Employer's normal cost of benefits: 9.9%
- Employer's total contribution rate: 26.4%
- Member contribution rate: varies from 6.5% to 9.5%, depending upon group
- Required employer contribution for the fiscal year was received
- 7% assumed rate of investment return
- Assumed rate of long-term wage inflation varies from 1-5.5% depending upon age and service
- 4-year smoothing method
- 22 years amortization period
- Level percent of payroll method
- Cost method is individual entry-age
- Current valuation assets are 70.3% of accrued liability

## INVESTMENT PERFORMANCE\*

	1 Year	3 Year	5 Year	7 Year	10 Year
Combined Account	15.49%	17.78%	12.72%	10.18%	10.50%

\*Calendar year ending December 31, 2021 (net of fees)

## 2022-2023 PROJECTED EXPENDITURES

**Pension Payments/DROP Withdrawals:** \$6,000,000  
**Refund of Member Contributions:** \$77,000  
**Investment Fees:** \$400,000  
**Memberships/Training/Education/Travel:** \$19,000  
**Administrative Expenses:** \$90,000

# City of Roseville Employees' Retirement System Summary Annual Report (cont.)

## ACTUARIAL VALUATION SUMMARY

Nyhart Company was hired to prepare the June 30, 2022 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	\$ 717,143
Member portion	- 547,341
Administrative Expenses	120,000
Amortization of unfunded liability (23 years)	1,460,200
Interest	154,442
Employer portion	\$ 1,904,444

## ASSETS & LIABILITIES

### Funded Status

Market Value of Assets	\$ 54,758,167
Valuation Assets	56,603,160
Actuarial Accrued Liability	80,521,813
Funded Ratio	70.3%

The valuation reflects Retirement System changes made prior to June 30, 2022, which includes updating the PubG-2010 Mortality with Scale MP-2020 to the PubG-2010 Mortality Table with Scale MP-2021. The remaining assumptions and methods are consistent with those used in the June 30, 2021 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, 2022 actuarial valuation available online at <https://www.roseville-mi.gov/281/Retirement>

### Revenues & Expenditures

Beginning Balance (Market Value) – July 1, 2021		\$ 67,093,519
Revenues		
Employees' contributions	550,603	
Employer contributions	2,222,235	
Investment income	-7,713,926	
Other Income	0	
Total		-4,941,088
Expenditures		
Pension payments & Member refunds	6,136,833	
Refund of DROP contributions	675,088	
Memberships/Training/Education/Travel	11,799	
Investment Fees	471,493	
Administrative Expenses	99,051	
Total		7,394,264
Ending Balance (Market Value) – June 30, 2022		\$ 54,758,167
Recognized Return on Smoothed Funding Value of Assets		7.2%