



City of Roseville Police & Fire 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*
- Mitchell Berlin, *Vice Chairman*
- Brian Frederiksen, *Trustee*
- Bradley McKenzie, *Trustee*
- John Chirkun, *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:

1. 99 members & 8 deferred
2. 193 retirees (includes DROP participants)
3. Plan is open to new hires
4. Average annual pension benefit: \$50,376
5. Annual pension benefits paid: \$11,324,446 (includes DROP refunds and annuity withdrawals)
6. Valuation payroll used: \$9.2 million
7. Employer's normal cost of benefits: 18.2%
8. Employer's total contribution rate: 46.1%
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 1-21% depending upon age and service (wage increases rapidly in first 5 years)
13. 4-year smoothing method
14. 22 years amortization period
15. Level percent of payroll method
16. Cost method is individual entry-age
17. Current valuation assets are 64.5% of accrued liability

INVESTMENT PERFORMANCE*

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	15.00%	17.78%	12.72%	10.18%	10.5%

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

2022-2023 PROJECTED EXPENDITURES

- Pension Payments/DROP Withdrawals:** \$9,700,000
- Refund of Member Contributions:** \$2,200,000
- Investment Fees:** \$625,000
- Memberships/Training/Education/Travel:** \$19,000
- Administrative Expenses:** \$95,000

City of Roseville Police & Fire 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		\$ 1,667,694
Member portion	-	894,497
Administrative Expenses		120,000
Amortization of unfunded liability (22 years)		2,984,169
Interest		342,188
Employer portion		\$ 4,219,554

ASSETS & LIABILITIES

Funded Status

Market Value of Assets	\$ 84,723,847
Valuation Assets	89,739,093
Actuarial Accrued Liability	139,103,300
Funded Ratio	64.5%

The valuation reflects Retirement System changes made prior to June 30, 2022, which includes updating the PubS-2010 Mortality with Scale MP-2020 to the PubS-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		\$102,672,614
Revenues		
Employees' contributions	1,056,751	
Employer contributions	4,719,470	
Investment income	-11,923,959	
Other Income	<u>364,566</u>	
Total		-5,783,172
Expenditures		
Pension payments & Member refunds	11,037,446	
Refund of DROP contributions	287,000	
Memberships/Training/Education/Travel	12,239	
Investment Fees	721,934	
Administrative Expenses	<u>106,976</u>	
Total		12,165,595
Ending Balance (Market Value) – June 30, 2022		\$ 84,723,847
Recognized Return on Smoothed Funding Value of Assets		5.9%