

# CHARTER TOWNSHIP OF REDFORD



## DEFINED BENEFIT PENSION PLAN SUMMARY ANNUAL REPORT

GENERAL EMPLOYEES

DECEMBER 31, 2016

# Charter Township of Redford General Employees Retirement System

*The Charter Township of Redford participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees Retirement System of Michigan (MERS of Michigan), which covers all employees of the Township other than police and fire employees. MERS of Michigan was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS of Michigan issues a publicly available financial report which includes the financial statements and required supplemental information of this defined benefit plan. This report can be obtained at [www.mersofmich.com](http://www.mersofmich.com) or in writing to MERS of Michigan at 1134 Municipal Way, Lansing, Michigan 48917.*

*An actuarial valuation is performed annually to determine the appropriate level of contributions to properly fund the pension system. The actuarial assumptions and methods are adopted by the MERS Retirement Board. Redford Township is responsible for the employer contributions needed to provide MERS benefits for its employees and former employees, covered by this plan, under the Michigan Constitution and the MERS Plan Document. Michigan law requires that pension plans be pre-funded; meaning money is set aside now to pay for future benefits. The pension plan is funded by employer and employee contributions, and investment income.*

*The following is a summary of the financial position and provisions of the Plan:*

**Investment Fiduciary:** MERS of Michigan

**Service Providers:** MERS of Michigan, CBIZ Retirement Plan Service (actuary)

**Changes in Net Pension Liability**

	<u>2016</u>	<u>2015</u>
<b>Total Pension Liability</b>		
Service Cost	519,162	536,952
Interest	3,941,351	3,824,685
Changes in benefit terms	2,407	10,493
Differences between expected and actual experience	(695,452)	145,971
Changes in assumptions		2,154,773
Benefit payments, including refunds	<u>(3,757,876)</u>	<u>(3,704,706)</u>
<b>Net Change in Total Pension Liability</b>	9,592	2,968,168
<b>Total Pension Liability - Beginning of year</b>	<u>50,886,259</u>	<u>47,918,091</u>
<b>Total Pension Liability - End of year</b>	\$ 50,895,851	\$ 50,886,259
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	1,609,912	1,551,380
Contributions - Member	77,347	80,905
Net investment income	3,022,812	(422,384)
Administrative expenses	(59,771)	(63,614)
Benefit payments, including refunds	(3,757,876)	(3,704,706)
Other	<u>784</u>	<u>-</u>
<b>Net Change in Plan Fiduciary Net Position</b>	893,208	(2,558,419)
<b>Plan Fiduciary Net Position - Beginning of year</b>	27,521,618	30,080,037
<b>Plan Fiduciary Net Position - End of year</b>	\$ 28,414,826	\$ 27,521,618
<b>Township's Net Pension Liability</b>	<u>\$ 22,481,025</u>	<u>\$ 23,364,641</u>

Schedule of Funding Progress					
Valuation Date December 31	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded Accrued Liabilities	
2002	\$ 30,659,246	\$25,510,996	83%	\$	5,148,250
2003	33,515,397	27,131,886	81%		6,383,511
2004	34,418,686	28,552,081	83%		5,866,605
2005	37,381,341	30,416,492	81%		6,964,849
2006	39,101,484	31,958,330	82%		7,143,154
2007	40,572,189	33,543,730	83%		7,028,459
2008	42,634,099	33,994,185	80%		8,639,914
2009	42,768,340	34,103,281	80%		8,665,059
2010	44,941,630	34,512,997	77%		10,428,633
2011	46,569,138	33,840,742	73%		12,728,396
2012	46,439,237	33,032,514	71%		13,406,723
2013	47,468,148	32,374,401	68%		15,093,747
2014	49,011,356	31,882,944	65%		17,128,412
2015	52,073,750	31,247,550	60%		20,826,200
2016	52,069,039	30,605,469	59%		21,463,570

**Investment Performance (net of fees):**

10.85% 1 year  
5.32% 3 years  
8.30% 5 years  
8.18% 7 years  
5.11% 10 years

**System Expenses:**

Administration	0.21%
Investment Management	<u>0.18%</u>
Total	0.39%

*The system's administrative and investment management expenses are paid to MERS, the system's administrator and investment fiduciary. There were no professional development or travel expenses incurred. There is not an itemized budget prepared for the system, however, the employer contributions are included in the applicable Township funds.*

**Actuarial Valuation Information:**

Number of active members		96
Vested former members		32
Number of retirees and beneficiaries		<u>175</u>
Total Participants		303
Average annual retirement allowance	\$	21,675
Total annual retirement allowances paid	\$	3,793,137
Valuation payroll for active employees	\$	4,204,172
Employers normal cost of benefits (expressed as a percentage of valuation payroll)		11.86%
Employers total contribution rate (expressed as a percentage of valuation payroll)		44.01%
Weighted average of member contributions		1.70%
Actuarial assumed rate of investment return		7.75%
Actuarial assumed rate of long-term wage inflation		3.75%
Smoothing method utilized to determine the funding value of assets		5 years
Amortization method and period utilized for funding the system's unfunded actuarial accrued liabilities	Level percentage of payroll, 22 years remaining	
Actuarial cost method	Entry Age Normal Method	
System membership status		Open