

CHARTER TOWNSHIP OF REDFORD



DEFINED BENEFIT PENSION PLAN
2016 SUMMARY ANNUAL REPORT
REDFORD TOWNSHIP POLICE AND FIRE
PENSION SYSTEM

Charter Township of Redford Police and Fire Pension System

The Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended by Public Act 485 of 1996, requires the Redford Township Police and Fire Retirement System to prepare and issue a Summary Annual Report.

The most recent actuary report is as of March 31, 2016, therefore, the financial information below relates to 3/31/16.

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

Board of Trustees/

Investment Fiduciaries:

John Buck, President & Trustee
Lily Cavanagh, Trustee & Treasurer/Ex-Officio
Frank Arbour, Secretary & Trustee
Scott Byrnes, Trustee

Service Providers:

Actuary:	Rodwan Consulting Company
Attorney:	VanOverbeke, Michaud & Timmony, P.C.
Auditor:	Plante Moran
Accountants:	Susan Kopinski, Finance Director Katie Farver, Chief Accountant
Plan Administrator:	Sheryl Klotz
Investment Consultants/ Fiduciaries:	Morgan Stanley - The Brice Group (term. 11-17-15) AndCo Consulting

Service Providers (continued):

Investment Managers/
Fiduciaries:

Clarkston Capital Partners (Hired 11-18-15)
Eaton Vance Investment Managers (Term. 9-21-15)
Inland Real Estate Investment Corp (Term. 11-24-15)
Loomis Sayles
Neuberger Berman (Term. 04-07-15)
NFJ – Small Cap Value (Term. 11-17-15)
NFJ – International (Term. 11-17-15)
Orleans Capital Management
Seizert Capital Partners
Southern Sun Asset Management (Hired 11-18-15)
WCM Investment Management (Hired 12-16-15)

Custodial Bank:

PNC Institutional Investments (Term. 01-08-16)
Comerica Bank (Hired 12-16-15)

Changes in Net Pension Liability

	<u>2016</u>	<u>2015</u>
Total Pension Liability		
Service Cost	1,245,350	1,069,633
Interest	8,059,966	7,463,736
Changes in benefit terms	-	5,036,434
Differences between expected and actual experience	(260,869)	3,930,269
Changes in assumptions	1,037,913	-
Benefit payments, including refunds	<u>(9,237,821)</u>	<u>(10,038,589)</u>
 Net Change in Total Pension Liability	 844,539	 7,461,483
 Total Pension Liability - Beginning of year	 <u>111,462,446</u>	 <u>104,000,963</u>
 Total Pension Liability - End of year	 \$ 112,306,985	 \$ 111,462,446
 Plan Fiduciary Net Position		
Contributions - Employer	3,963,149	4,560,754
Contributions - Member	63,710	34,652
Net investment income	113,222	4,376,535
Administrative expenses	(53,304)	(53,162)
Benefit payments, including refunds	(9,237,821)	(10,038,589)
Other	<u>-</u>	<u>-</u>
 Net Change in Plan Fiduciary Net Position	 (5,151,044)	 (1,119,810)
 Plan Fiduciary Net Position - Beginning of year	 66,613,746	 67,733,556
 Plan Fiduciary Net Position - End of year	 \$ 61,462,702	 \$ 66,613,746
 Township's Net Pension Liability	 <u>\$ 50,844,283</u>	 <u>\$ 44,848,700</u>

Scheduling of Funding Progress

Valuation Date	Actuarial Accrued Liability	Valuation Assets	Percent Funded	Unfunded Accrued Liabilities
3/31/2000	\$ 59,438,682	\$ 64,031,949	107.7%	(4,593,267)
3/31/2001	63,958,142	65,322,504	102.1%	(1,364,362)
3/31/2002	65,964,980	64,475,763	97.7%	1,489,217
3/31/2003	69,563,622	62,955,370	90.5%	6,608,252
3/31/2004	73,746,763	62,094,043	84.2%	11,652,720
3/31/2005	77,249,373	62,665,620	81.1%	14,583,753
3/31/2006	80,878,263	64,358,035	79.6%	16,520,228
3/31/2007	83,810,895	68,631,856	81.9%	15,179,039
3/31/2008	87,432,949	71,243,732	81.5%	16,189,217
3/31/2009	91,850,858	61,147,561	66.6%	30,703,297
3/31/2010	99,566,588	61,367,673	61.6%	38,198,915
3/31/2011	102,772,135	62,124,900	60.4%	40,647,235
3/31/2012	104,493,338	62,841,470	60.1%	41,651,868
3/31/2013	109,705,890	65,759,951	59.9%	43,945,939
3/31/2014	108,128,849	67,143,889	62.1%	40,984,960
3/31/2015	114,918,208	65,883,424	57.3%	49,034,784
3/31/2016	114,258,227	64,096,913	56.1%	50,161,314

Investment Performance (net of fees):	0.79% 1 year
	6.99% 3 years
	5.67% 5 years
	9.34% 7 years
	4.97% 10 years

System Expenses:		
	Administration	0.55%
	Investment Management	<u>4.07%</u>
	Total	4.62%

There were \$2,116.53 of Professional and Training expenditures incurred during the year ended 3/31/16. There is not an itemized budget prepared for the system, however, the employer contributions are included in the applicable Township funds.

The actuarially determined required contribution for the Fiscal Year Beginning April 1, 2015 was \$3,963,149. The Retirement System received the required employer contribution on March 21, 2016.

Actuarial Valuation Information:

Number of active members		84
Vested former members		1
Number of retirees and beneficiaries		<u>172</u>
Total Participants		257
Average annual retirement allowance	\$	44,444
Total annual retirement allowances paid	\$	7,644,391
Valuation payroll for active employees	\$	5,584,762
Employers normal cost of benefits (expressed as a percentage of valuation payroll)		22.57%
Employers total contribution rate (expressed as a percentage of valuation payroll)		79.30%
Weighted average of member contributions		0.60%
Actuarial assumed rate of investment return		7.50%
Actuarial assumed rate of long-term wage inflation		4.50%
Smoothing method utilized to determine the funding value of assets		4 years smoothed market
Amortization method and period utilized for funding the system's unfunded actuarial accrued liabilities	Level percentage of payroll, 21 years remaining	
Actuarial cost method		Entry Age
System membership status		Open

10.10.17