

Clinton Township Fire and Police Retirement System

Summary Annual Report

March 31, 2018

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 Township 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 Township 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 Township is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.

Respectfully submitted,

**Clinton Township
Fire and Police Retirement Board**

Board Members

James Stachowski,
Chairman

Ken DeBeaussaert,
Citizen Member

Paul Gielegem
Treasurer

Charles Champagne,
Secretary

Kim Meltzer
Citizen Member

Beth Glowe,
Executive Director

Professional Advisors

Investment Fiduciaries

Abbey Capital

Alidade III & IV

Blackstone Total Alt Solutions IV

Brandywine Asset Management

Clarkston Capital

EnTrust Capital Diversified

EnTrust Spec Opp Fund

First Eagle Overseas

Golden Tree

Goldman Sacs

Hamlin

iShares MSCI ACWI

Kopernik Global

Loomis, Sayles and Co.

McMorgan Infrastructure

Mesirow Financial

Morgan Stanley Alternative Investors

Penn Square Capitol Group

Pimco All Asset

Reinhart

RREEF American REIT II

Vanguard Emerging Markets

Service Providers

Plante Moran, Auditors

Rodwan Consulting Company, Actuary

VanOverbeke, Michaud & Timmony,

Attorneys

Comerica Bank

Graystone Consulting

Actuarial Information Used for this Report:

1. 164 active members
2. 200 retirees/beneficiaries (including DROP participants)
3. Plan is open to new hires
4. \$45,517 average annual pension benefit
5. \$9,103,322 annual pension benefits.
6. \$14,502,100 valuation payroll used
7. Employer's normal cost of benefits: 16.52% Fire employees and 15.84% for Police employees
8. Employer's total contribution rate: 40.69% Fire employees and 27.01% for Police employees
9. Weighted average member contribution rate: 8.00% Fire employees and 9.09% Police employees
10. The required employer contribution for the fiscal year was received
11. 7.5% assumed rate of investment return
12. 4% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 20 years amortization period used
15. Method used is level percent of payroll
16. Cost method is individual entry-age
17. Current valuation assets are 77.1% of accrued liability.

Investment Performance*

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	10.24%	4.73%	5.89%	5.02%	4.01%

*Calendar year ending December 31, 2017

2018-2019 Projected Expenditures

Pension Payments/DROP Withdrawals: \$9,478,800
 Refund of Member Contributions: \$1,411,300
 Investment Fees: \$750,000
 Memberships/Training/Education/Travel: \$8,000
 Administrative Expenses: \$150,000

Clinton Township Fire and Police Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the March 31, 2018 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	<u>Fire</u>	<u>Police</u>
Normal Cost of Benefits		
Total	24.52%	24.93%
Member portion	8.00	9.09
Employer portion	16.52	15.84
Amortization of unfunded liability (20 years)	24.17	11.17
Computed Employer Rate	40.69%	27.01%

Contribution rates are expressed as percents of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$120,869,171
Valuation Assets	121,329,577
Actuarial Accrued Liability	157,278,387
Funded Ratio	77.1%

The multiplier for Fire and Police Patrol members after 05/31/11 was increased for post 06/30/17 service credit. Employee contribution rates were increased for Fire and Police Patrol members effective 07/01/17. There were no changes actuarial methods or assumptions.

Actuary's Statement – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective.

Revenues & Expenditures

Adjusted Beginning Balance (Market Value) – April 1, 2017	\$117,203,153
Revenues	
Employees' contributions	1,198,076
Employer contribution	4,493,653
Investment income	<u>9,088,088</u>
Total	\$14,779,817
Expenditures	
Pension payments	\$10,142,949
Refund of member contributions	0
Investment Fees	809,003
Administrative Expenses	<u>161,847</u>
Total	\$11,113,799
Ending Balance (Market Value) – March 31, 2018	\$120,869,171
Recognized Return on Smoothed Funding Value of Assets	4.29%