

# Clinton Township Fire and Police Retirement System

## Summary Annual Report

March 31, 2016

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*

William J. Sowerby,  
*Treasurer*

Charles Champagne,  
*Secretary*

Kim Meltzer  
*Citizen Member*

Beth Glowe,  
*Executive Director*

### **Professional Advisors**

#### Investment Fiduciaries

Alidade

Alianz

Brandywine Asset Management

Clarkston Capital

Delaware Investments

EnTrust Capital Diversified

EnTrust Spec Opp Fund

Goldman Sacs

Hamlin

Loomis, Sayles and Co.

McMorgan Infrastructure

Mesirow Financial

Morgan Stanley Alternative Investors

Penn Square Capitol Group

Pimco All Asset

Reinhart

RREEF American REIT II

Tradewinds Global Investors

Vanguard Emerging Markets

#### Service Providers

Plante Moran, Auditors

Rodwan Consulting Company, Actuary

VanOverbeke, Michaud & Timmony,

Attorneys

Comerica Bank

### **Actuarial Information Used for this Report:**

1. 164 active members
2. 184 retirees/beneficiaries (including DROP participants)
3. Plan is open to new hires
4. \$44,425 average annual pension benefit
5. \$8,174,207 annual pension benefits paid
6. \$14,176,791 valuation payroll used
7. Employer's normal cost of benefits: 17.81% Fire employees and 15.88% for Police employees
8. Employer's total contribution rate: 35.46% Fire employees and 24.24% for Police employees
9. Weighted average member contribution rate: 6.65% Fire employees and 7.39% 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 82.0% of accrued liability.

### **Investment Performance\***

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	-2.32%	3.52%	3.53%	3.58%	4.03%

\*Calendar year ending March 31, 2016 (net of fees)

### **2016-2017 Projected Expenditures**

Pension Payments/DROP Withdrawals: \$8,698,000  
 Refund of Member Contributions: \$1,000,800  
 Investment Fees: \$711,000  
 Memberships/Training/Education/Travel: \$10,000  
 Administrative Expenses: \$115,0000

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

## Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the March 31, 2016 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:

<b>Contribution Requirements</b>	<b><u>Fire</u></b>	<b><u>Police</u></b>
Normal Cost of Benefits		
Total	24.46%	23.27%
Member portion	6.65	7.39
Employer portion	17.81	15.88
Amortization of unfunded liability (20 years)	17.65	8.36
Computed Employer Rate	35.46%	24.24%

*Contribution rates are expressed as percents of eligible member payroll.*

## **Assets & Liabilities**

### **Funded Status**

Market Value of Assets	\$113,143,839
Valuation Assets	120,266,279
Actuarial Accrued Liability	146,607,793
Funded Ratio	82.0%

The valuation reflects Retirement System changes made prior to March 31, 2016. The mortality table was updated to the RP 2000 Mortality Table, projected to 2014 and the salary scale was decreased to 4.0%.

**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, 2015	\$119,657,021
Revenues	
Employees' contributions	980,971
Employer contribution	3,595,004
Investment income	(1,719,478)
Total	\$2,856,497
Expenditures	
Pension payments	\$8,533,658
Refund of member contributions	0
Investment Fees	630,698
Administrative Expenses	<u>205,323</u>
Total	\$9,369,679
Ending Balance (Market Value) – March 31, 2016	\$113,143,839
Recognized Return on Smoothed Funding Value of Assets	4.36%