

City of Livonia Employees Retirement System

Summary Annual Report

November 30, 2017

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
City of Livonia Employees Retirement System

Board Members and Investment Fiduciaries

Brian Meakin,
Chairman

Mark LaBerge,
Trustee

Gerald G. Sabo,
Treasurer

Harry C. Tatigian,
Trustee

William Tyree,
Trustee

Professional Advisors

Investment Fiduciaries

Joseph Beauparlant, Loomis Sayles
Investment Consultant

John Krakowiak, Morgan Stanley/Graystone
Investment Consultant

Service Providers

Rodwan Consulting Company, *Actuary*
 VanOverbeke, Michaud & Timmony, P.C.,
Attorney

Board Secretary

Denise C. Maier, SPHR
Human Resources Director and Secretary to LERS

Actuarial Information Used for this Report:

1. 79 active members
2. 560 retirees/beneficiaries
3. Plan is closed to new hires
4. \$31,178 average annual pension benefit
5. \$17,459,914 annual pension benefits
6. \$6,682,629 valuation payroll used
7. Employer's normal cost of benefits: 15.79% for General, 20.70% for Police and 19.97% for Fire – entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution: \$497,856
9. Member contribution rate: 3.25% for General, 5.03% for Police and 4.50% for Fire
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. Closed 5 year smoothing method used
14. Expected future working lifetime amortization period used
15. Aggregate cost method used
16. Funded ratio 100% under aggregate cost method, 101.7% under entry age normal cost method

Investment Performance*

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	17.5%	8.4%	10.7%	11.25%	7.9%

*Calendar year ending November 30, 2017 (net of fees)

2017-2018 Projected Expenditures

Pension Payments/ Withdrawals: \$17,500,000
 Refund of Member Contributions: \$800,000
 Investment Fees: \$555,000
 Memberships/Training/Education/Travel: \$14,000
 Administrative Expenses: \$155,000

City of Livonia Employees Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the November 30, 2017 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

Actuarial Present Value of All Future Benefits	\$226,308,090
Smoothed Valuation Assets	223,049,616
Computed Employer Contribution	7.45%
Dollar Amount Based on Valuation Payroll	\$497,856

Assets & Liabilities

Funded Status

Market Value of Assets	\$231,055,993
Smoothed Valuation Assets	223,049,616
Actuarial Accrued Liability – Aggregate Cost Method	223,049,616
Funded Ratio – Aggregate cost method	100%
Actuarial Accrued Liability – Entry Age cost method	219,435,489
Funded Ratio – Entry Age cost method	101.7%

The valuation reflects Retirement System changes made prior to November 30, 2017. The assumed rate of investment return was changed to 7.5% from 8.0%.

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 November 30, 2017 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – November 30, 2016	\$213,725,349
Revenues	
Employees' contributions	345,164
Employer contribution	336,320
Investment income	<u>34,904,240</u>
Total	35,589,724
Expenditures	
Pension payments	17,320,097
Refunds and annuity withdrawal	728,288
Non-Investment Expenses	<u>210,695</u>
Total	18,259,080
Ending Balance (Market Value) – November 30, 2017	\$231,055,993
Recognized Return on Smoothed Funding Value of Assets	11.1%