

# City of Roseville Employees' Retirement System

## Summary Annual Report

June 30, 2012

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 Roseville Employees Retirement System**

### **Board Members**

John Chirkun,  
*Chairman*

Michael Bronson,  
*Vice Chairman*

Salvatore Aiuto,  
*Trustee*

Michael Busch,  
*Trustee*

Phillip Longueuil,  
*Trustee*

Sharon Maas,  
*Administrative Assistant*

### **Professional Advisors**

#### *Investment Fiduciaries*

Comerica Bank, *Custodian*

Edgewood Investment

First Eagle Gold

Hamlin Capital Management

Icon Advisers

ITS Capital

KBS Real Estate Investment Trust

Loomis, Sayles and Co.

McDonnell Investment

Morgan Stanley Smith Barney-Graystone

Consulting, *Investment Consultant*

MSCI EAFE Index Fund

Navellier & Associates

NorthPointe Capital

Seizert Capital Partners

Tradewinds

#### *Service Providers*

Rodwan Consulting Company, *Actuary*

VanOverbeke, Michaud & Timmony,

*Attorneys*

Plante Moran, *Auditors*

Consulting Physicians/MedSource,

*Medical Director*

NIMEN, *Medical Director*

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

1. 213 active members
2. 362 retirees/beneficiaries (including DROP participants)
3. Plan is open to new hires
4. \$33,397 average annual pension benefit
5. \$12,089,618 annual pension benefits paid
6. \$13,462,808 valuation payroll used
7. Employer's normal cost of benefits: 7.48% General employees and 16.37% for Police/Fire employees
8. Employer's total contribution rate: 31.66% General employees and 40.55% for Police/Fire employees
9. Weighted average member contribution rate: 9.67% General employees and 7% Police/Fire employees
10. The required employer contribution for the fiscal year was received
11. 7.5% assumed rate of investment return
12. 5% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 22 years amortization period used
15. Method used is level percent of payroll
16. Cost method is individual entry-age
17. Current valuation assets are 68.5% of accrued liability.

### **Investment Performance\***

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	11.45%	8.49%	3.79%	5.38%	7.58%

\*Calendar year ending December 31, 2012 (net of fees)

### **2012-2013 Projected Expenditures**

Pension Payments/DROP Withdrawals: \$13,000,000

Refund of Member Contributions: \$3,500,000

Investment Fees: \$650,000

Memberships/Training/Education/Travel: \$18,000

Administrative Expenses: \$185,000

# City of Roseville Employees' Retirement System Summary Annual Report (cont.)

## Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2012 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>General</u>	<u>Police/Fire</u>
Normal Cost of Benefits		
Total	17.15%	23.37%
Member portion	9.67	7.00
Employer portion	7.48	16.37
Amortization of unfunded liability (22 years)	24.18	24.18
Computed Employer Rate	31.66%	40.55%

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

## **Assets & Liabilities**

### **Funded Status**

Market Value of Assets	\$121,934,533
Valuation Assets	121,682,335
Actuarial Accrued Liability	177,577,714
Funded Ratio	68.5%

The valuation reflects Retirement System changes made prior to June 30, 2012. The assumptions and methods are consistent with those used in the June 30, 2011 valuation.

**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 June 30, 2012 actuarial valuation available online at <http://www.ci.roseville.mi.us/>.

### **Revenues & Expenditures**

Beginning Balance (Market Value) – July 1, 2011	\$129,981,595
Revenues	
Employees' contributions	1,952,233
Employer contribution	4,344,523
Investment income	712,473
Adjustments	<u>192</u>
Total	7,009,421
Expenditures	
Pension payments	12,605,926
Refund of member contributions	1,619,825
Investment Fees	642,130
Memberships/Training/Education/Travel	13,704
Administrative Expenses	<u>174,898</u>
Total	15,056,483
Ending Balance (Market Value) – June 30, 2012	\$121,934,533
Recognized Return on Smoothed Funding Value of Assets	3.1%