

City of Dearborn Heights General Government Pension System

Summary Annual Report

December 31, 2014

INFORMATION

Name: City of Dearborn Heights General Government Pension System

Board of Trustees: Joseph Kosinski (Member-at-Large), John J. Riley II (Council Appointee), Thomas Berry (Council Appointee), William Deckert (Employee Elected), Colleen Garcia (Employee Elected),

Custodial Bank: Comerica Bank

Investment Consultant: Morgan Stanley/Graystone Consulting – Brian Green

Investment Managers: See Exhibit A

Attorney: VanOverbeke, Michaud & Timmony – Jack Timmony

Actuary: Rodwan Consulting Company

Auditors: Plante Moran

Administrator: John J. Riley II, City Treasurer

Medical Director: Consulting Physicians

SYSTEM'S ASSETS AND LIABILITIES

	<u>7/01/13</u>	<u>7/01/14</u>
Actuarial Value of Assets	\$39,307,178	\$43,154,452
Actuarial Accrued Liabilities	\$40,715,483	\$37,683,774
Unfunded Accrued Liability	\$ 1,408,305	\$ 5,470,678

SYSTEM'S FUNDED RATIO

Valuation assets to actuarial accrued liabilities: 87.3%

SYSTEM'S INVESTMENT PERFORMANCE

(Net of Fees)

	6.35%	1 year
	10.68%	3 years
	8.66%	5 years
	4.40%	7 years
	6.17%	10 years

SYSTEM'S ADMINISTRATIVE & INVESTMENT EXPENSES AND BUDGET

	Expenses	Amended Budget
	<u>6/30/14</u>	<u>6/30/15</u>
Professional & Consultant	\$171,119	\$190,000
Commission Fee	\$ 400	\$ 1,500
Fringe Benefits	\$ 0	\$ 115
Education	\$ 0	\$ 1,200
Dues/Membership	\$ 350	\$ 350
Office Supplies	\$ 118	\$ 250
	<u>\$171,987</u>	<u>\$193,415</u>
	<u>12/31/14</u>	
Soft-Dollar Fees	\$ 34,816	

ACTUARIAL INFORMATION

Membership

Active members: 117

Retirees and beneficiaries: 161

Inactive Vested Members: 52

Benefits

Average annual retirement allowance: \$19,907

Total annual retirement pensions being paid: \$3,205,096

Contributions

Valuation projected payroll: \$4,644,175

Employer's normal cost of benefits as a percentage of valuation payrolls: 10.16%

Weighted average employee contribution rate: 0%

Estimated employer's total contribution rate as a percentage of valuation payroll: 17.41%

Assumptions

Assumed rate of investment return: 7.00%

Assumed rate of long-term wage inflation: 4.25%

Smoothing method used to determine the funding values of assets: 5 years

Amortization method used for funding value of assets: Level percent of payroll

Amortization period: 20 years

Actuarial cost method: Individual entry age

System is still open to new qualified employees.

**City of Dearborn Heights
General Government Pension System**

Investment Managers

Inland Land Appreciation Fund II
Loomis, Sayles & Company – Large Cap Value
Silvant Large Growth
Bahl & Gaynor
Loomis, Sayles & Company – Small/Mid Cap Core
Reinhart Partners Fixed Income
EuroPacific Growth Fund
Hatteras Multi-Strategy TEI Inst Fund
Brandywine Global Fixed Income
iShares Barclays Capital Aggregate Bond Index Fund
Templeton Global Fixed Income