

# 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