



Summary Annual Report to Members of the Retirement Plan for the Employees of the Charter Township of West Bloomfield December 31, 2018

Dear Retirement Plan Member and Retirants:

The Retirement Plan, which is managed by the Pension Board of Trustees, is designed to help you meet your financial needs should you retire, become disabled, or die. ***The Township also supports a retiree health insurance program, which is separate from the Retirement Plan.***

The Pension Board of Trustees' fiduciary responsibility to you is to supervise the general administration of the Plan and invest its assets. Our Pension Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement Plan and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the Plan, which is governed by the provisions of the Plan Document. Additional information about the Plan, including the Plan Document and the actuarial valuation, is available from the Budget and Pension Office.

Respectfully submitted,

***Pension Board of Trustees
Charter Township of West Bloomfield***

Katherine Ghannam

Joe Ketchum

Chris Martindale

Edmond Prifti

Teri Weingarden

Service Providers

Plan Administrator

- AETNA, Comerica

Auditors/Accountants

- Plante & Moran

Legal Counsel

- VanOverbeke, Michaud & Timmony, P.C.

Actuaries and Consultants

- Gabriel, Roeder, Smith & Company

Medical Director

- None

Custodial Bank

- Comerica

Investment Consultant

- AndCo

Investment Managers

- AETNA
- Baird
- Cornerstone
- First Eagle
- Nantucket
- Phoenix
- PRISA III
- Rothschild
- WCM Investment Manager
- Vanguard
- World Asset Management

Summary Results of Actuarial Valuation

Your Retirement Plan's financial objective is to accumulate assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a percentage of payroll from year-to-year. The Pension Board of Trustees confirms that the Plan provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728 of 2002.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the Plan's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your Plan's past experience, information about current participation and financial markets, and assumptions concerning the Plan's future demographic and economic activity. The results of the December 31, 2018 actuarial valuation, based on the established funding objective, are summarized below:

Fiscal Year Beginning January 1, 2020			
Employer Contribution / Rate			
Contributions for	Parks and Recreation ⁽¹⁾	General ⁽¹⁾	Police/Fire
Total Normal Cost of Benefits	8.41 %	10.87 %	20.05 %
Member Contributions (weighted average)	0.00	1.12	5.00
Employer Normal Cost	8.41 %	9.75 %	15.05 %
Projected Normal Cost Dollars (closed groups)	\$ 28,516	\$ 238,490	
Amortization of Unfunded Accrued Liability	\$ (39,648)	\$ 273,687	14.09 %
Preliminary Employer Contribution / Rate	\$ 0	\$ 512,177	29.14 %
Funded Ratio (Valuation Asset Basis)	104.85 %	96.49 %	84.05 %
Funding Policy Minimum Contribution ⁽²⁾ (Employer Normal Cost Rate)	\$ 28,516	\$ 238,490	15.05 %
Computed Employer Contribution / Rate	\$ 28,516	\$ 512,177	29.14 %

⁽¹⁾ Closed to new hires.

⁽²⁾ In cases where the Retirement Plan is less than 120% funded, the funding policy requires a minimum employer contribution of the employer normal cost.

Funded Status (in total)	\$ Millions
· Actuarial accrued liabilities	\$ 162.2
· Applied assets (smoothed market value)	\$ 142.3
· % funded	88 %

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the Plan's financial objective.

Summary of Primary Actuarial Assumptions and Methods

Valuation Date	December 31, 2018
Actuarial Cost Method	Individual entry age normal cost
Amortization Method	
Police/Fire Group	Level percent-of-payroll, closed periods
General/Parks and Recreation Groups	Level dollar, closed periods
Remaining Amortization Period	
Police/Fire Group	11 years
General/Parks and Recreation Groups	7 years
Asset Valuation Method	Market value with 5-year smoothing
Actuarial Assumptions	
Investment Rate of Return	7.00%
Projected Salary Increases	3.5% pay inflation plus merit and longevity

Summary of Plan Membership

	<u>Parks and Recreation</u>	<u>General</u>	<u>Police/Fire</u>	<u>Total</u>
Retirees and beneficiaries receiving benefits	10	111	123	244
Terminated plan members entitled to but not yet receiving benefits	4	29	13	46
Active plan members	5	36	174	215
Total	19	176	310	505
Valuation payroll	\$ 343,700	\$ 2,580,706	\$ 14,141,229	\$ 17,065,635
Annual pensions paid	\$ 185,756	\$ 2,214,036	\$ 4,814,031	\$ 7,213,823
Average annual pensions paid	\$ 18,576	\$ 19,946	\$ 39,138	\$ 29,565

Summary of Reported Asset Information

Revenues & Expenditures (Market Value)	
	<u>2018</u>
A. Market Value - January 1	\$ 138,248,328
Revenues	
Member contributions	742,199
Employer contributions	4,316,591
Bonding proceeds	0
Investment income	<u>(2,452,229)</u>
B. Total	2,606,561
Expenditures	
Benefit payments & refunds	7,123,940
Investment & administrative expenses	<u>770,060</u>
C. Total	7,894,000
D. Market Value - December 31 (A + B - C)	\$ 132,960,889

Summary of Reported Asset Information (Concluded)

Average Annual Market Rates of Return*

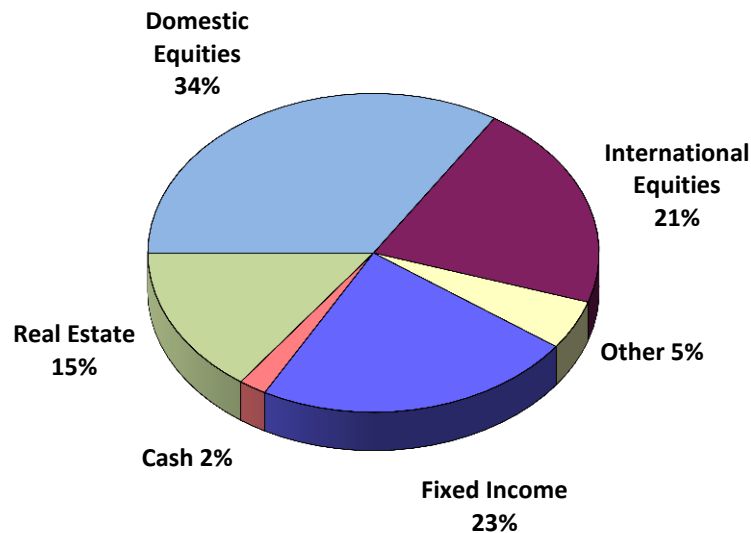
Period ending December 31, 2018

1-Year	(2.71)%
3-Year	4.97%
5-Year	4.44%
7-Year	N/A
10-Year	N/A

Expenditures

	As of Fiscal Year Ending <u>December 31, 2018</u>	Projected Fiscal Year Ending <u>December 31, 2019</u>
Administrative	\$ 104,751	\$ 120,000
Investment (including soft dollars)	\$ 659,052	\$ 700,000
Professional Training/ Education	\$ 6,257	\$ 12,000

Investments (Market Value)*



* Average annual market rates of return (net of fees) and investment allocation as reported by the Investment Manager, AndCo.

Brief Summary of Plan Provisions

Eligibility	Amount
Normal Retirement	
General employees: age 60.	2.0% (1.5% for Police and Fire hired before 1/1/2011 and 2.25% for Police and Fire hired after 1/1/2011) of Final Average Earnings (FAE) times years and completed months of service (maximum service is 30 years).
Dispatchers: age 57 or age 55 with 25 or more years of service.	
Police and Fire Hired Before 1/1/2011 - age 52.	
Police Hired After 1/1/2011: age 53 with 25 or more years of service.	
Fire Hired After 1/1/2011: age 53 with 25 or more years of service or age 55 with 10 or more years of service.	Type of Final Average Earnings. Highest 4 (5 for Dispatchers) consecutive years out of the last 10 years. Final year is annualized.
<p>General employees hired on or after October 10, 2003 are no longer eligible to participate in the Defined Benefit Plan. Dispatch employees hired after February 16, 2010 are no longer eligible to participate in the Defined Benefit Plan.</p>	
Minimum Pension	
Police and Fire employees hired before 1/1/2011 and retiring directly from Township service.	The difference between (i) and (ii), where (i) is 2-3/4% of FAE times service for payments until Social Security age, and 2-1/4% of FAE times service for payments after Social Security age; and (ii) is the amount of the level life annuity that could be purchased at retirement by the member's balance in the defined contribution plan. Service includes years and completed months. The maximum pension is 80% of FAC.
Reduced Early Retirement	
Within 5 years of normal retirement age.	Normal or minimum pension reduced for early commencement.
Deferred Retirement	
Benefit begins at normal retirement age.	Computed as regular retirement based on service and final average compensation at time of termination multiplied by the vesting percent.
General Office Non-Union and Parks and Recreation members.	Required service: 6 years, with vesting percent 100% at 6 years.
General Office Union, Water/Sewer, and Dispatch members.	8 years, with vesting percent 100% at 8 years.
All Others.	6 years, with vesting percent equal to 20% per year of service over 5, not to exceed 100%.

Brief Summary of Plan Provisions (Concluded)

Eligibility	Amount
Duty Death-In-Service	
Police and Fire – no minimum age or service.	Survivor pension to spouse equal to the greater of 66-2/3% of base wage or full pension benefit.
Non-Duty Death-In-Service	
General – age 50 with 10 or more years of service.	Survivor pension to the spouse equal to 50% (66-2/3% for Police and Fire) of the accrued pension, reduced if the spouse is more than 5 years younger than the member. Also paid for death after vested termination.
Police and Fire – 10 or more years of service.	
Disability (Police and Fire Only)	
Duty related disablement with Worker’s Compensation award.	Until normal retirement age, 66-2/3% of FAE less Worker’s Compensation and disability insurance. At normal retirement age, normal pension including service for disablement period. One year wait period.
Annual Adjustment After Retirement	
	Yearly change in the cost-of-living, maximum (+/-) 3% per year. For Police and Fire employees - the percentage is applied to the regular pension, not the minimum amount.
Member Contributions⁽¹⁾	
Police and Fire.	5%.
Dispatchers (Hired before February 16, 2010).	2%.
General and Water/Sewer employees hired before October 10, 2003.	1%.
Parks and Recreation.	None.

⁽¹⁾ Employees are not entitled to an interest credit on their member contributions.

Unless otherwise noted, “General” description includes Parks and Recreation.