

# City of Livonia Employees Retirement System

## Summary Annual Report

### November 30, 2019

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,  
*Chair*

Mark LaBerge,  
*Trustee*

Gerald G. Sabo,  
*Treasurer*

Harry C. Tatigian,  
*Trustee*

William Tyree,  
*Trustee*

**Professional Advisors**

Investment Fiduciaries  
 Joseph Beauparlant, Loomis Sayles  
*Investment Manager*

David Sowerby, Ancora  
*Investment Manager*

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. 51 active members
2. 564 retirees/beneficiaries
3. Plan is closed to new hires
4. \$33,083 average annual pension benefit
5. \$18,658,974 annual pension benefits
6. \$4,579,558 valuation payroll used
7. Employer's normal cost of benefits: 14.66% for General, 20.34% for Police and 19.15% for Fire – entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution: \$1,948,481
9. Member contribution rate: 3.20% for General, 4.68% for Police and 4.19% for Fire
10. The required employer contribution for the fiscal year was received
11. 7.4% assumed rate of investment return
12. 4% assumed rate of long-term wage inflation
13. Closed 5 year smoothing method used
14. 15 year level dollar amortization period used
15. Aggregate cost method used
16. Funded ratio 100% under aggregate cost method, 93.6% under entry age normal cost method

**Investment Performance\***

|          | 1    | 3    | 5    | 7    | 10   |
|----------|------|------|------|------|------|
| Combined | Year | Year | Year | Year | Year |
| Account  | 13.0 | 9.6  | 7.4  | 9.3  | 10.1 |

\*Calendar year ending November 30, 2019 (net of fees)

**2019-2020 Projected Expenditures**

Pension Payments/ Withdrawals: \$17,903,500  
 Refund of Member Contributions: \$789,500  
 Investment Fees: \$515,000  
 Memberships/Training/Education/Travel: \$14,000  
 Administrative Expenses: \$196,99\66

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

### Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the November 30, 2019 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 | \$234,517,017 |
| Smoothed Valuation Assets                      | 215,976,582   |
| Unfunded present value of future benefits      | 17,939,535    |
| Computed Employer Contribution                 | \$1,948,481   |

### **Assets & Liabilities**

#### **Funded Status**

|   |               |
|---|---------------|
| Market Value of Assets                              | \$218,901,336 |
| Smoothed Valuation Assets                           | 215,976,582   |
| Actuarial Accrued Liability – Aggregate Cost Method | 234,517,017   |
| Funded Ratio – Aggregate cost method                | 100.0%        |
| Actuarial Accrued Liability – Entry Age cost method | 230,707,146   |
| Funded Ratio – Entry Age cost method                | 93.6%         |

The valuation reflects Retirement System changes made prior to November 30, 2019. The mortality table was changed to the Pub 2010 Mortality Table using MP 2018. The assumed rate of investment return was changed to 7.4%.

**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, 2019 actuarial valuation.

#### **Revenues & Expenditures**

|   |                |
|---|----------------|
| Beginning Balance (Market Value) – November 30, 2018  | \$212,169,524  |
| <b>Revenues</b>                                       |                |
| Employees' contributions                              | 273,900        |
| Employer contribution                                 | 432,885        |
| Investment income                                     | 25,823,133     |
| Other Income  | <u>20,517</u>  |
| Total   | 26,550,435     |
| <b>Expenditures</b>                                   |                |
| Pension payments                                      | 18,262,078     |
| Refunds and annuity withdrawal                        | 1,308,880      |
| Non-Investment Expenses                               | <u>247,666</u> |
| Total   | 19,818,624     |
| Ending Balance (Market Value) – November 30, 2019     | \$218,901,336  |
| Recognized Return on Smoothed Funding Value of Assets | 7.1%           |