

City of Livonia Employees Retirement System

Summary Annual Report

November 30, 2021

<p>Dear Member:</p> <p>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.</p> <p>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.</p> <p>Various professionals are hired to help in the administration of the System. They are listed in the column to the right.</p> <p>The City is funding Retirement System benefits as they accrue in accordance with a sound level percent of payroll funding objective.</p> <p>Respectfully submitted,</p> <p>Board of Trustees City of Livonia Employees Retirement System</p>	<p><u>Board Members and Investment Fiduciaries</u></p> <p>William Tyree, <i>Chair</i></p> <p>Mark LaBerge, <i>Treasurer</i></p> <p>Kathleen McIntyre, <i>Trustee</i></p> <p>Gerald Sabo, <i>Trustee</i></p> <p>James Wenson, <i>Trustee</i></p> <p>Professional Advisors</p> <p><u>Investment Fiduciaries</u> Joseph Beauparlant, Loomis Sayles <i>Investment Manager</i></p> <p>David Sowerby, Ancora <i>Investment Manager</i></p> <p>John Krakowiak, Morgan Stanley/Graystone <i>Investment Consultant</i></p> <p><u>Service Providers</u> Foster & Foster, Inc., <i>Actuary</i> VanOverbeke, Michaud & Timmony, P.C., <i>Attorney</i></p> <p><u>Board Secretary</u> Denise C. Maier, SPHR <i>Human Resources Director and Secretary to LERS</i></p>																		
<p>Actuarial Information Used for this Report:</p> <ol style="list-style-type: none"> 1. 34 active members 2. 551 retirees/beneficiaries 3. Plan is closed to new hires 4. \$34,610 average annual pension benefit 5. \$19,070,223 annual pension benefits 6. \$3,307,566 valuation payroll used 7. Employer's cost of benefits: 11.03% for General, 15.16% for Police and 15.33% for Fire – entry age cost method, not applicable for aggregate cost method 8. Employer's total contribution: \$1,786,887 9. Member contribution rate: 3.23% for General, 5.84% for Police and 4.50% for Fire 10. The required employer contribution for the fiscal year was received 11. 7.2% assumed rate of investment return 12. 4% assumed rate of long-term wage inflation 13. Closed 5 year smoothing method used 14. 13 year level dollar amortization period used 15. Aggregate cost method used 16. Funded ratio 100% under aggregate cost method, 94.0% under entry age normal cost method 	<p>2021-2022 Projected Expenditures</p> <p>Pension Payments/ Withdrawals: \$19,200,000 Refund of Member Contributions: \$1,000,000 Investment Fees: \$495,000 Memberships/Training/Education/Travel: \$14,000 Administrative Expenses: \$100,000</p>																		
<p>Investment Performance*</p> <table style="width: 100%; border-collapse: collapse; margin-top: 10px;"> <thead> <tr> <th style="width: 15%;"></th> <th style="width: 15%; text-align: center;">1</th> <th style="width: 15%; text-align: center;">3</th> <th style="width: 15%; text-align: center;">5</th> <th style="width: 15%; text-align: center;">7</th> <th style="width: 15%; text-align: center;">10</th> </tr> <tr> <th style="text-align: left;">Combined Account</th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Year</u></th> <th style="text-align: center;"><u>Year</u></th> </tr> </thead> <tbody> <tr> <td></td> <td style="text-align: center;">17.4</td> <td style="text-align: center;">13.9</td> <td style="text-align: center;">11.5</td> <td style="text-align: center;">9.3</td> <td style="text-align: center;">11.4</td> </tr> </tbody> </table> <p><i>*Calendar year ending November 30, 2021 (net of fees)</i></p>		1	3	5	7	10	Combined Account	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>		17.4	13.9	11.5	9.3	11.4	
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City of Livonia Employees Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Foster & Foster, Inc. was hired to prepare the November 30, 2021 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	\$234,997,778
Smoothed Valuation Assets	219,469,685
Unfunded present value of future benefits	15,528,093
Computed Employer Contribution	1,786,887

Assets & Liabilities

Funded Status

Market Value of Assets	\$241,839,981
Smoothed Valuation Assets	219,469,685
Actuarial Accrued Liability – Entry Age cost method	233,452,681
Funded Ratio – Entry Age cost method	94.0%

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, 2021 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – November 30, 2020	\$222,607,699
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Revenues

Employees' contributions	175,358
Employer contribution	1,948,485
Investment income	37,112,850
Other Income	<u>0</u>
Total	39,236,693

Expenditures

Pension payments	19,070,223
Refunds and annuity withdrawal	678,516
Non-Investment Expenses	<u>255,672</u>
Total	20,004,411

Ending Balance (Market Value) – November 30, 2021	\$241,839,981
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Recognized Return on Smoothed Funding Value of Assets	11.17%
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