



# City of Warren Employees Retirement System

## Summary Annual Report

### December 31, 2014

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 funding objective.

Respectfully submitted,

**Board of Trustees**  
**City of Warren Employees Retirement System**

**Board Members**

Christine C. Cassani,  
*Chairperson*

Rick A. Traub,  
*Vice Chairperson*

Patrick Green,  
*Trustee*

Richard Sabaugh,  
*Trustee*

Dolores Thomas,  
*Trustee*

**Professional Advisors**

Investment Fiduciaries  
 Franklin Templeton Global  
 Hamlin Capital Management  
 Lazard Asset Management  
 Morgan Stanley-Graystone,  
*Investment Consultant*  
 Reinhart Partners, Inc.  
 Seizert Capital Partners  
 Vanguard Emerging Markets  
 Wentworth, Hauser & Violich  
 World Asset Management

**Service Providers**

Comerica Bank, Trust Custodian  
 Ramie E. Phillips, Jr, PC, CPA, Auditor  
 Rodwan Consulting Company, *Actuary*  
 VanOverbeke, Michaud & Timmony,  
*Attorneys*

**Actuarial Information Used for this Report:**

1. 105 active members
2. 527 retirees/beneficiaries
3. Plan is closed to new hires
4. \$30,007 average annual pension benefit
5. \$15,813,840 annual pension payroll
6. \$7,190,955 valuation payroll used
7. Employer's normal cost of benefits: 15.62% - entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution rate: \$9,075,977
9. Weighted average member contribution rate: 0.00%
10. The required employer contribution for the fiscal year was received
11. 7.40% assumed rate of investment return
12. 4% assumed rate of long-term wage inflation
13. 4 year asset smoothing method used
14. Expected future working lifetime amortization period used
15. Aggregate cost method used
16. Funded ratio 100% under aggregate cost method, 64.1% under entry age normal cost method

**Investment Performance\***

	1	3	5	7	10
Combined Account	Year	Year	Year	Year	Year
	5.93%	9.79%	8.48%	4.93%	5.43%

\*Calendar year ending December 31, 2014 (net of fees)

**2015 Projected Expenditures**

Pension Payments: \$15.9 Million  
 Refund of Member Contributions: \$0  
 Investment Fees: \$566,000  
 Memberships/Training/Education/Travel: \$7,000  
 Administrative Expenses: \$300,000

# City of Warren Employees Retirement System

## Summary Annual Report (cont.)

### Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the December 31, 2014 Actuarial Valuation. The funding objective of the System is to finance the unfunded present value of future benefits over the remaining working lifetimes of the active members. The actual level of contribution is dependent on actual and assumed experience and benefit provisions. Below is a summary of the results:

#### **Contribution Requirements**

Actuarial Present Value of All Future Benefits	\$195,738,727
Smoothed Valuation Assets	119,520,607
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	76,218,120
Present Value of Future Pay	60,388,108
Computed Employer Contribution	
Dollar Amount Based on Valuation Payroll	\$9,075,977

### **Assets & Liabilities**

#### **Funded Status**

Market Value of Assets	\$122,805,948
Smoothed Valuation Assets	119,520,607
Actuarial Accrued Liability – Aggregate cost method	119,520,607
Funded Ratio – Aggregate cost method	100.0%
Actuarial Accrued Liability - Entry Age cost method	186,527,375
Funded Ratio - Entry Age cost method	64.1%

The valuation reflects Retirement System changes through December 31, 2014. The assumptions and methods are consistent with those used in the December 31, 2013 valuation.

**Actuary's Statement** – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2014 actuarial valuation.

#### **Revenues & Expenditures**

Beginning Balance (Market Value) – January 1, 2014	\$122,098,290
<b>Revenues</b>	
Employees' contributions	0
Employer contribution	9,587,638
Investment income	7,267,153
Other Income	39,966
Total	16,894,757
<b>Expenditures</b>	
Pension payments	15,856,117
Refunds and annuity withdrawal	23,101
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	307,881
Total	16,187,099
Ending Balance (Market Value) – December 31, 2014	\$122,805,948
Recognized Return on Smoothed Funding Value of Assets	7.40%