



City of Warren Police and Fire Retirement System Summary Annual Report December 31, 2013



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 Commission 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,

City of Warren Policemen and Firemen Retirement Commission

Commission Members

Scott Salyers, *Chairman*
Lawrence Garner, *Vice-Chairperson*
Carolyn Kurkowski Mocerri,
City Treasurer/Secretary
Gregory Paliczuk, *Commissioner*
Frank Badalamente, *Commissioner*

Professional Advisors

Investment Fiduciaries

Alidade Capital
Avista II Offshore
Columbia Management
Goldman Sachs Vintage
Horizon Asset Management
ING Investment
Johnston Asset Management
Loomis Sayles
MacKay Shields
Munder Capital
NorthPointe Capital
NWQ
Orleans Capital
Franklin Templeton
Tradewinds
WAM Russell 1000

Investment Consultant

Morgan Stanley Smith Barney

Actuary

Rodwan Consulting Company

Independent Auditors

Plante & Moran, LLC

Actuarial Information Used for this Report:

1. 324 active members
2. 553 retirees/beneficiaries
3. Plan is open to new hires
4. \$50,555 average annual pension benefit
5. \$27,957,013 annual pension benefits being paid
6. \$24,674,730 valuation payroll used
7. Employer's normal cost of benefits: 16.10%
8. Employer's total contribution rate: 42.91%
9. Member contribution rate: 3.60%. 1.40% of payroll from the Employer contribution is allocated to member contributions
10. The required employer contribution for the fiscal year was received
11. 7.5% assumed rate of investment return
12. 5% assumed rate of long-term wage inflation
13. 4 year smoothing method used
14. 4 years closed UAAL as of 12/31/2004. 25 years for remaining amortization period used
15. Method used is level percent of payroll
16. Cost method is individual entry-age
17. Current valuation assets are 71.1% of accrued liability.

Investment Performance*

| | 1 | 3 | 5 | 7 | 10 |
|------------------|-------------|-------------|-------------|-------------|-------------|
| Combined Account | <u>Year</u> | <u>Year</u> | <u>Year</u> | <u>Year</u> | <u>Year</u> |
| | 22.68 % | 11.52% | 14.29% | 6.13% | 7.54% |

*Calendar year ending December 31, 2013

2013 Expenditures

Pension Payments: \$ 27,975,783
Refund of Member Contributions: \$ 2,278,442
Investment Fees: \$ 1,501,870
Memberships/Training/Education/Travel: \$ 13,947
Administrative Expenses: \$ 318,562

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the December 31, 2013 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

| | |
|------------------------------------|--------|
| Normal Cost of Benefits | |
| Total | 19.70% |
| Member portion | 3.60 |
| Employer portion | 16.10 |
| Amortization of unfunded liability | |
| (4 years) | 4.11 |
| (20 years) | 22.70 |
| Computed Employer Rate | 42.91% |

Contribution rates are expressed as percents of eligible member payroll.

Assets & Liabilities

Funded Status

| | |
|-----------------------------|---------------|
| Market Value of Assets | \$296,018,699 |
| Valuation Assets | 268,708,219 |
| Actuarial Accrued Liability | 377,720,017 |
| Funded Ratio | 71.1% |

The valuation reflects Retirement System changes made prior to December 31, 2013. 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, methods and level percent of payroll funding objective. For a complete analysis, please review the December 31, 2013 actuarial valuation.

Revenues & Expenditures

| | |
|---|-------------------|
| Beginning Balance (Market Value) – January 1, 2013 | \$260,767,864 |
| Revenues | |
| Employees' contributions | 1,014,441 |
| Employer contribution | 10,312,756 |
| Investment income | <u>54,496,425</u> |
| Total | 65,823,622 |
| Expenditures | |
| Pension payments | 27,975,783 |
| Refund of member contributions | 2,278,442 |
| Incentive bonuses | 0 |
| Administrative expenses | <u>318,562</u> |
| Total | 30,572,787 |
| Ending Balance (Market Value) – December 31, 2013 | \$296,018,699 |
| Recognized Return on Smoothed Funding Value of Assets | 11.4% |

