

STERLING HEIGHTS POLICE & FIRE RETIREMENT SYSTEM
SUMMARY ANNUAL REPORT

JULY 1, 2022

I. RETIREMENT SYSTEM INFORMATION

- a. Name of the Retirement System
Sterling Heights Police & Fire Retirement System, Act 345
- b. Names of the Retirement System's investment fiduciaries
 - 1. Board of Trustees
John Lamerato, President
Jonathan Feil, Secretary
Randall Schwarb, Trustee
Robert Maleszyk, Trustee
Mary Chavez, City Treasurer
 - 2. Investment Consultant
The Brice Group – Morgan Stanley/Graystone Consulting
 - 3. Investment Manager's
Janus Capital Group, *U.S. Stocks – Large Cap Growth Equity*
Winslow Capital *U.S. Stocks – Large Cap Growth Equity*
Eagle Capital Management, *U.S. Stocks – Large Cap Value Equity*
Confluence, *U.S. Stocks – Large Cap Value Equity*
Rothschild, *U.S. Stocks – Large Cap Value Equity*
Vanguard, *U.S. Stocks – Large Cap Value Equity*
John Hancock, *Large Cap Core Equity*
WCM, *Non-U.S. /International Equity*
Aristotle, *Non-U.S. /International Equity*
Fidelity, *Non-U.S. /International Equity*
Victory, *Non-U.S. /International Equity*
Earnest Partners, *U.S. Stocks – Sm/Mid Cap Core Equity*
MetWest, *Domestic fixed income*
Western Asset Management, *Domestic fixed income*
Intercontinental, *Real Estate*
American Realty Advisors, *Real Estate*
Harding Loevner, *Emerging Markets*
Energy Income Partners, *Alternative Investment*
Cohen & Steers, *Infrastructure funds*
Lazard, *Infrastructure funds*
Millennium, *Hedge funds*
SEG, *Hedge funds*
 - 4. Custodial Bank - Comerica Bank
- c. Names of the Retirement System's service providers
 - 1. Actuary – Gabriel, Roeder, Smith & Company
 - 2. Attorney - VanOverbeke, Michaud & Timmony, P.C.
 - 3. Auditors/Accountant – Plante & Moran PC
 - 4. Medical Director - MES Solutions
 - 5. Gurin & Gurin - Employee Payroll
 - 6. Kerrie Dzwonkowski, Pension Administrator

II. ASSET/INVESTMENT INFORMATION - 6/30/22

- a. Assets and Liabilities
 - 1. including changes in net plan assets on a plan-year basis - \$235,112,583/\$379,159,655
- b. Investment Performance
 - 1. net of fees on a rolling calendar year basis for the prior 1, 3, 5 and 10 years

The system's investment performance is detailed below:

	6/21 to 6/22	6/19 to 6/22	6/17 to 6/22	6/12 to 6/22
<u>Total fund*</u>	-14.78/92	6.59/18	7.65/7	8.59/8

- c. Expenditures
The system's expenditures for the fiscal year ending June 30, 2022 are listed below:

Benefit payments	\$22,191,888
Refund of member contributions	1,039,060
Administrative & Investment Expense	1,791,101
Professional Training/Education	3,223

III. ACTUARIAL INFORMATION - 6/30/22

- a. Membership
 - 1. active members: 239
 - 2. retirees/beneficiaries (including DROP/EROP participants): 432
 - 3. open/closed Plan: Open
- b. Benefits
 - 1. average annual retirement allowance: \$55,178
 - 2. total annual retirement allowances being paid: \$23,836,860
- c. Contributions
 - 1. valuation payroll: \$24,585,988 (includes active EROP payroll of \$2,425,167)
 - 2. employer's normal cost of benefits as a percentage of valuation payroll: 18.64%
 - 3. employer's total contribution rate as a percentage of valuation payroll: 48.70%
 - 4. weighted average of member contribution rate: 8.08%
 - 5. confirmation that the Retirement System provides for the payment of the required employer contribution and that the Retirement System has received said required employer contribution: Yes
- d. Assumptions
 - 1. assumed rate of investment return: 7.25%
 - 2. assumed rate of long-term wage inflation: 3.00%
 - 3. smoothing method used to determine the funding value of assets: 5 years
 - 4. amortization method and period used for funding actuarial accrued liabilities: Level percent of payroll/19 years
 - 5. actuarial cost method - Individual Entry Age
- e. Funded Ratio
 - 1. valuation assets to actuarial accrued liabilities on a plan-year basis: 62.0%

IV. ITEMIZED BUDGET

2021/2022 FINAL BUDGET

ITEM	Amount
Postage	279
Operating Supplies	175
Audit & Actuarial Services	21,518
Administrative Services	51,784
Legal Services	7,894
Other Fees	19,261
Other Contracted Services	1,315,364
Printing	0
Telephone	0
Memberships	200
Education/Training	3,223
Computer Equipment	<u>0</u>
TOTAL	1,419,698