

STERLING HEIGHTS POLICE & FIRE RETIREMENT SYSTEM SUMMARY ANNUAL REPORT

JUNE 30, 2020

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
Kelly Burgan, Secretary
Randall Schwarb, Trustee
Robert Maleszyk, Trustee
Mary Chavez, City Treasurer
 2. Investment Consultant
The Brice Group – MS 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*
John Hancock, *Large Cap Core Equity*
Victory, *International Equity*
Fidelity, *International Equity*
Aristotle, *International Equity*
WCM, *International Equity*
Harding Loevner, *Emerging Markets*
Earnest Partners, *U.S. Stocks – Sm/Mid Cap Core Equity*
MetWest, *Domestic fixed income*
Western Asset Management, *Domestic fixed income*
Intercontinental, *Real Estate*
Energy Income Partners, *Alternative Investment*
 4. Custodial Bank - Comerica Bank
- c. Names of the Retirement System's service providers
 1. Plan Administrator – Kelly Burgan, Secretary
 2. Actuary – Gabriel. Roeder, Smith & Company
 3. Attorney(s) - VanOverbeke, Michaud & Timmony, P.C.
 4. Auditors/Accountant – Plante & Moran PC/Ryan Clark
 5. Medical Director - MES Solutions
 6. Gurin & Gurin, employee payroll
 7. Kerrie Dzwonkowski, Pension Technician, administrative support

II. ASSET/INVESTMENT INFORMATION – 6/30/20

- a. Assets and Liabilities
 1. including changes in net plan assets on a plan-year basis -
\$212,171,859/\$361,901,108
- 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:

	6/19	6/17	6/15	6/10
	<u>to 6/20</u>	<u>to 6/20</u>	<u>to 6/20</u>	<u>to 6/20</u>
<u>Total fund</u>	4.85%	7.77%	7.06%	8.94%

c. Expenditures

The system's expenditures for the fiscal year ending June 30, 2020 are listed below:

Benefit payments	\$21,730,884
Refund of member contributions	\$ 1,015,870
Administrative & Investment Expense	\$ 1,907,236
Professional Training/Education	\$ 1,345

III. ACTUARIAL INFORMATION – 6/30/20

a. Membership

1. active members: 235
2. retirees/beneficiaries (including DROP/EROP participants): 410
3. open/closed Plan: Open

b. Benefits

1. average annual retirement allowance: \$53,520
2. total annual retirement allowances being paid: \$21,913,138

c. Contributions

1. valuation payroll: \$22,931,533 (includes active DROP payroll of \$1,497,014)
2. employer's normal cost of benefits as a percentage of valuation payroll: 8.55%
3. employer's total contribution rate as a percentage of valuation payroll: 42.68%
4. weighted average of member contribution rate: 7.72%
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: 7.50%
2. assumed rate of long-term wage inflation: 3%
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/22 years
5. actuarial cost method – Individual Entry Age

e. Funded Ratio

1. valuation assets to actuarial accrued liabilities on a plan-year basis: 58.60%

IV. ITEMIZED BUDGET

2019/2020 FINAL BUDGET

Item	Amount
Postage	332
Publications	0
Operating Supplies	101
Audit/accounting	21,924
Legal Services	8,865
Medical Services	0
Other Contracted Services	2,131,380
Printing	48
Telephone	0
Memberships	200
Education/Training	1,345
Computer Equipment	<u>0</u>
TOTAL	\$2,164,195