

**STERLING HEIGHTS POLICE & FIRE RETIREMENT SYSTEM**  
**SUMMARY ANNUAL REPORT**

**JULY 1, 2021**

**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*
  - 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 – 6/30/21**

- a. Assets and Liabilities
  - 1. including changes in net plan assets on a plan-year basis -  
\$227,975,514/\$372,059,121

- 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:

	6/20 to 6/21	6/18 to 6/21	6/16 to 6/21	6/11 to 6/21
<u>Total fund*</u>	35.46/2	15.41/1	13.84/1	10.28/2

- c. Expenditures
  - The system's expenditures for the fiscal year ending June 30, 2021 are listed below:

Benefit payments	\$21,816,250
Refund of member contributions	1,800,665
Administrative & Investment Expense	1,789,081
Professional Training/Education	0

### III. ACTUARIAL INFORMATION - 6/30/21

- a. Membership
  - 1. active members: 227
  - 2. retirees/beneficiaries (including DROP/EROP participants): 423
  - 3. open/closed Plan: Open
- b. Benefits
  - 1. average annual retirement allowance: \$54,612
  - 2. total annual retirement allowances being paid: \$23,100,796
- c. Contributions
  - 1. valuation payroll: \$23,710,330 (includes active EROP payroll of \$2,087,258)
  - 2. employer's normal cost of benefits as a percentage of valuation payroll: 18.53%
  - 3. employer's total contribution rate as a percentage of valuation payroll: 52.04%
  - 4. weighted average of member contribution rate: 7.37%
  - 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/20 years
  - 5. actuarial cost method - Individual Entry Age
- e. Funded Ratio
  - 1. valuation assets to actuarial accrued liabilities on a plan-year basis: 61.3%

**IV. ITEMIZED BUDGET**

**2020/2021 FINAL BUDGET**

ITEM	Amount
Postage	442
Operating Supplies	348
Audit & Actuarial Services	21,120
Administrative Services	48,467
Legal Services	8,851
Other Fees	20,066
Other Contracted Services	1,206,974
Printing	0
Telephone	0
Memberships	200
Education/Training	0
Computer Equipment	<u>0</u>
TOTAL	1,306,468