



City of Riverview Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS JUNE 30, 2016

Dear Retirement System Member:

The Retirement System, which is managed by the Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire or die. *The City also supports a retiree health insurance program, which is separate from the Retirement System.*

The Board of Trustees' fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope that you will find it useful and informative. However, a summary cannot cover all of the details of the System, which is governed by the provisions of the City's charter, Collective Bargaining Agreements and the Board of Trustees' official rules and regulations. Additional information about the System and its financial operation is available in the City Manager's office.

Respectfully submitted,

Board of Trustees

City of Riverview Retirement System

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Investment Fiduciaries

PNC Bank

Custodial Bank

PNC Bank

Actuaries and Consultants

Gabriel Roeder Smith & Company

Legal Counsel

Pentiuk, Couvreur, Kobilijak

Auditors/Accountants

Plante & Moran

SUMMARY OF ACTUARIAL VALUATION RESULTS

Your Retirement System's financial objective is to accumulate assets necessary to pay the benefits promised to members in an orderly manner. The Board of Trustees of the Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728 of 2002.

To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation, financial markets and assumptions concerning the System's future demographic and economic activity. The results of the June 30, 2016 valuation, based on the established funding objective, are summarized below:

Valuation Date	June 30, 2016
Actuarial Cost Method	Individual Entry Age Normal Cost
Amortization Period	16 years, closed, level dollar (for Police) 11 years, closed, level dollar (for General)
Asset Valuation Method	Market Value with 4-year smoothing of gains and losses
Valuation Payroll	\$2,871,227
Annual Pensions	\$2,245,874
Average Annual Pensions	\$22,917
Retirees and beneficiaries receiving benefits	98
Terminated plan members entitled to but not yet receiving benefits	9
Active Plan Members	<u>39</u>
Total	146
 <i>Principal Actuarial Assumptions:</i>	
– Net Investment Return	7.50%
– Projected Salary Increases*	4.00% to 8.00%
– Cost of Living Adjustments	None

* Includes pay inflation at 4.00%

Fiscal Year 2017-2018 Contributions Expressed as %'s of Payroll and \$ Amounts

Contributions for	General	Police	Funded Status as of June 30, 2016	\$ Millions
Normal Cost of Benefits				
Total	12.50%	19.96%	Actuarial accrued liabilities	\$ 35.41
Member Portion	<u>5.00</u>	<u>5.32</u>	Applied assets (smoothed market value)	29.99
Employer Portion	7.50	14.64	% funded	84.7%
Employer Normal Cost \$	\$ 89,283	\$225,287		
Payment on UAL	<u>553,349</u>	<u>150,472</u>		
Employer Portion \$	\$642,632	\$375,759		

Actuary's Opinion

It is the actuary's opinion that the contributions recommended in the most recent actuarial report are sufficient to meet the System's financial objective.

Other

The Board of Trustees of the Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728 of 2002.

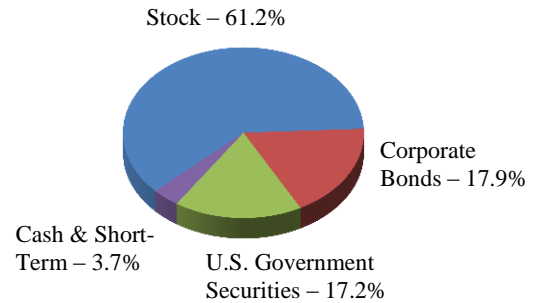
SUMMARY OF REPORTED ASSET INFORMATION

Revenues & Expenditures

	2015-2016
Market Value - July 1	\$29,440,823
Revenues	
Member contributions	155,264
Employer contributions	1,227,038
Gross Investment income	<u>2,543</u>
Total	1,384,845
Expenditures	
Benefit payments	2,200,570
Refund of member contributions	0
Administrative & investment expenses	<u>133,592</u>
Total	2,334,162
Market Value – June 30	<u>\$28,491,506</u>

The Board of Trustees has confirmed that the employer contributions shown above represent the required employer contribution for the year covered.

Investments *(Market Value)*



The market rate of return on System assets net of expenses for the year ended June 30, 2016 was (0.45)%.

Investment Performance

Period Ending June 30, 2016

1-Year	0.03%
3-Year	7.09%
5-Year	6.84%
7-Year	9.57%
10-Year	5.29%

Projected Expenses for 2016-2017

Administrative	\$ 39,500
Investment	106,765
Professional	8,407

BRIEF SUMMARY OF PLAN PROVISIONS

Eligibility	Amount
REGULAR RETIREMENT	
General and Police Chiefs: Age 55 with 25 years of service or age 60.	General and Police Chiefs: AFC times the sum of a) 2.0% times the first 25 years of service, plus b) 1.0% times years of service in excess of 25 years.
Police (Command Officers and Patrolmen): Age 50 with 25 years of service.	Command Officers and Patrolmen: 2.5% times AFC times all years of service to a maximum of 75% of AFC. Clerical: 2.25% times AFC times all years of service to a maximum of 70% of AFC. DPW: 2.25% times AFC times all years of service to a maximum of 75% of AFC. Where AFC is Average Final Compensation.
DEFERRED RETIREMENT	
All employees: 5 years of service.	Computed as a normal retirement but based on service and AFC at time of termination. Benefit begins at age 60 for employees with less than 25 years of service, age 55 for employees with 25 or more years of service. People with less than 10 years of service (at termination) will have their benefits reduced according to the vesting schedule.
NON-DUTY DEATH BEFORE RETIREMENT	
20 years of service or age 60 with 10 years of service.	Computed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election. Benefit terminates upon the remarriage of beneficiary.
DUTY DEATH BEFORE RETIREMENT	
No age or service requirements.	To the widow, a refund of accumulated contributions plus a benefit equal to 25% of AFC until remarriage or death. Unmarried children under 18 receive equal shares of 20% of AFC.
NON-DUTY DISABILITY	
10 or more years of service.	To age 55 benefit equals 2% of AFC times years of service. At age 55 benefit is recomputed as a regular retirement with no additional service.
DUTY DISABILITY	
No age or service requirements.	To age 55 or 25 th anniversary date, if later: 50% of AFC. At age 55 or 25 th anniversary: Pension is recomputed with additional service credit granted from date of disability to date of conversion, based upon regular retirement formula.
MEMBER CONTRIBUTIONS	
Police Command	6% of annual compensation.
All Other Employees	5% of annual compensation.

OTHER

Effective July 1, 2003, all new DPW employees will be excluded from membership in the Retirement System

Effective January 1, 2004, all new Clerical employees will be excluded from membership in the Retirement System.

The June 30, 2005 valuation reflects the closure of the Retirement System to new City employees of the Administrator's division.

Effective July 1, 2013, all new Police Patrol employees will be excluded from membership in the Retirement System.

Please refer to the plan document and collective bargaining agreements for a complete description of System benefit provisions.