

CITY OF MONROE EMPLOYEES RETIREMENT SYSTEM

2018 Summary Annual Report

The Public Employee Retirement System Investment Act requires the City of Monroe Employees Retirement System to prepare and issue a summary annual report and to publish and make available a list of all expenses paid by soft dollars annually. The following information is provided for the year 2018.

The name of the retirement system is the City of Monroe Employees Retirement System. The Retirement System's investment fiduciaries are:

Board of Trustees of the City of Monroe Employees Retirement System
Integrated Investment Consultants
Munder Capital Management
Eagle LCV
World Asset Management
Prudential Investment Management (PRISA)
Earnest Partners
JP Morgan Asset Management
Johnston Asset Management
Breckinridge Capital
Victory Capital Management
Bloomfield Capital

The names of the System's service providers are:

Sullivan Ward Asher & Patton, legal advisor
Gabriel Roeder Smith & Company, actuary
Comerica Bank, custodian
Medicolegal Services Inc., medical authority

The System's changes in net plan assets on a plan-year basis:

	<u>12/31/2017</u>	<u>12/31/2018</u>	
Assets:	\$143,065,771	\$129,131,976	Net decrease of \$13,933,795

As reported in the actuarial valuation for the annual period ending December 31, 2018, the Retirement System's valuation assets were \$139,164,142 and its actuarial accrued liabilities were \$154,820,840, which produced a funded ratio of 89.9%. The Retirement System received the required employer contribution for the calendar year beginning January 1, 2018.

The System's investment performance net of fees on a rolling calendar year basis for the previous one, three, five, seven and ten year periods are:

1 year – (-2.8%)	3 year – 6.5%	5 year – 5.3%	7 year – 7.9%
10 year – 8.9%			

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The System's administrative and investment expenditures pursuant to the Standards of the Governmental Accounting Board, including, but not limited to, a list of all expenditures made with soft dollars and all expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System are:

2018 list of expenditures:

Benefit Payments	\$10,065,631
Member Refunds	\$76,735
Actuarial Fees	\$19,400
Consultant Services Fees	\$170,027
Conference/Association Fees	\$814
Custody Fees	\$60,165**
Insurance Fees	\$11,435
Investment Management Fees	\$525,853
Legal Fees	\$17,064
Postage and Printing	\$559
Medical Examinations	\$0
ADR Reclaim Fees	\$723.73
TOTAL EXPENSES	\$10,948,406

** This amount represents 5 billing quarters for the year.

There were no soft dollars expenses. The System's itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System for 2018 are:

2019 proposed budget:

Benefit Payments	\$10,568,913
Member Refunds	\$50,000
Actuarial Fees	\$20,370
Consultant Services Fees	\$178,528
Conference/Association Fees	\$10,000
Custody Fees	\$50,539
Insurance Fees	\$12,007
Investment Management Fees	\$552,146
Legal Fees	\$17,917
Postage and Printing	\$587
Medical Examinations	\$0
ADR Reclaim Fees	\$758
TOTAL EXPENSES	\$11,461,765

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The following information as provided in the System's most recent annual actuarial valuation report:

1. The number of active members – 170
2. The number of retirees and beneficiaries – 299
3. The average annual retirement allowance - \$34,476
4. The total annual retirement allowances being paid - \$10,308,388
5. The valuation payroll - \$10,045,660
6. The employer's computed normal cost of benefits expressed as a percentage of valuation payroll is: 14.30%
7. The employer's total contribution rate expressed as a percentage of valuation payroll is: 20.32%
8. The weighted average of member contributions is: 4.42%
9. The actuarial assumed rate of investment return is: 7.35%
10. The actuarial assumed rate of long-term wage inflation is: 3.25%
11. The smoothing method utilized to determine the funding value of assets is: a 7 year smoothing
12. The amortization method and period utilized for funding the System's unfunded actuarial accrued liability, if any: The amortization method is a level percent of payroll. The amortization period is 21 years, closed.
13. The System's actuarial cost method is commonly referred to as the entry-age actuarial cost method.
14. Whether System membership is open or closed to specific groups of employees:
The System is open to new hires as a whole.
15. The actuarial assumed rate of health care inflation: 8.2%

Retirees and Beneficiaries for 2018:

<u>As of 1-1-2018</u>	<u>Number</u>	<u>Benefit Amount (does not include member refunds)</u>
Beginning of Year	288	\$ 9,819,336
Added	14	\$ 590,472
Removed	3	\$ 101,420
End of Year 12/31/18	299	\$10,308,388