

# City of Warren Employees Retirement System

## Summary Annual Report

December 31, 2021

<p>Dear Member:</p> <p>The following is a summary of your Retirement System. Each year, an actuarial valuation is prepared to compare assets to liabilities. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are to members who are retired or disabled, beneficiaries of members, members who receive contribution refunds, and for Retirement System expenses.</p> <p>As Retirement Board Members, our tasks include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement System's provisions.</p> <p>Various professionals are hired to help in the administration of the System. They are listed in the column to the right.</p> <p>The City is funding Retirement System benefits as they accrue in accordance with a sound funding objective.</p> <p>Respectfully submitted,</p> <p><b>Board of Trustees</b>  <b>City of Warren Employees Retirement System</b></p>	<p><b>Board Members</b>  Christine C. Cassani,  <i>Chairperson</i></p> <p>Rick A. Traub,  <i>Vice Chairperson</i></p> <p>Angela Rogensues  <i>Trustee</i></p> <p>Richard Fox,  <i>Trustee</i></p> <p>Gary Urbanczyk,  <i>Trustee</i></p> <p><b>Professional Advisors</b></p> <p><u>Investment Fiduciaries</u></p> <p>Hamlin Capital Management  Lazard Asset Management  AndCo Consulting, Investment Consultant  Reinhart Partners, Inc.  Seizert Capital Partners  Fidelity Emerging Markets  World Asset Management  Aristotle Capital Management LLC  Yousif Capital Management  Madison Investments</p> <p><u>Service Providers</u></p> <p>Comerica Bank, Trust Custodian  Ramie E. Phillips, Jr, PC, CPA, Auditor  Foster &amp; Foster, Inc., Actuary  VanOverbeke, Michaud &amp; Timmony,  Attorneys</p>																		
<p><b>Actuarial Information Used for this Report:</b></p> <ol style="list-style-type: none"> <li>42 active members</li> <li>498 retirees/beneficiaries</li> <li>System is closed to new hires</li> <li>\$33,984 average annual pension benefit</li> <li>\$16,924,029 annual pension benefits paid</li> <li>\$3,719,041 valuation payroll used</li> <li>Employer's normal cost of benefits: 15.49% - entry age normal cost method, not applicable for aggregate cost method</li> <li>Employer's total contribution rate: \$7,503,469</li> <li>Weighted average member contribution rate: 0.00%</li> <li>The required employer contribution for the fiscal year was received</li> <li>7.10% assumed rate of investment return</li> <li>4.0% assumed rate of long-term wage inflation</li> <li>4-year asset smoothing method used</li> <li>Expected future working lifetime amortization period used</li> <li>Aggregate cost method used</li> <li>Funded ratio 100% under aggregate cost method, 74.8% under the entry age normal cost method</li> </ol>																			
<p><b>Investment Performance*</b></p> <table border="1"> <thead> <tr> <th></th> <th>1</th> <th>3</th> <th>5</th> <th>7</th> <th>10</th> </tr> <tr> <th>Combined</th> <th>Year</th> <th>Year</th> <th>Year</th> <th>Year</th> <th>Year</th> </tr> </thead> <tbody> <tr> <td>Account</td> <td>16.04%</td> <td>15.81%</td> <td>10.70%</td> <td>8.72%</td> <td>9.05%</td> </tr> </tbody> </table> <p>*Calendar year ending December 31, 2021 (net of fees)</p>		1	3	5	7	10	Combined	Year	Year	Year	Year	Year	Account	16.04%	15.81%	10.70%	8.72%	9.05%	<p><b>2022 Projected Expenditures</b></p> <p>Pension Payments: \$17 million  Refund of Member Contributions: \$0  Investment Fees: \$740,000  Memberships/Training/Education/Travel: \$7,000  Administrative Expenses: \$275,000</p>
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Combined	Year	Year	Year	Year	Year														
Account	16.04%	15.81%	10.70%	8.72%	9.05%														

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# City of Warren Employees Retirement System Summary Annual Report (cont.)

## Actuarial Valuation Summary

Foster & Foster, Inc. was hired to prepare the December 31, 2021 Actuarial Valuation. The funding objective of the System is to finance the unfunded present value of future benefits over the remaining working lifetimes of the active members. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions. Below is a summary of the results:

### Contribution Requirements

Actuarial Present Value of All Future Benefits	\$192,625,680
Smoothed Valuation Assets	141,467,791
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	51,157,889
Present Value of Future Pay	25,356,042
Computed Employer Contribution	
Dollar Amount Based on the Valuation Payroll	\$7,503,469

### Assets & Liabilities

#### Funded Status

Market Value of Assets	\$156,706,227
Smoothed Valuation Assets	141,467,791
Actuarial Accrued Liability – Aggregate cost method	141,467,791
Funded Ratio – Aggregate Cost Method	100.0%
Actuarial Accrued Liability – Entry Age Normal cost method	189,064,306
Funded Ratio – Entry Age Normal cost method	74.8%

**Actuary's Statement** – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2021 actuarial valuation.

### Revenues & Expenditures

Beginning Balance (Market Value) – December 31, 2020	\$142,332,200
Revenues	
Employees' contributions	0
Employer contribution	9,491,940
Investment income	21,917,934
Other income	35,944
Total	31,445,818
Expenditures	
Pension payments	16,798,495
Refunds and annuity withdrawal	0
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	273,296
Total	17,071,791
Ending Balance (Market Value) – December 31, 2021	\$156,706,227
Recognized Return on Funding Value of Assets	9.96%