

**City of Taylor
Employees Retirement System**

SUMMARY ANNUAL REPORT TO MEMBERS

DECEMBER 31, 2022

Dear Taylor General Employees Retirement System Member:

The Retirement System is designed to help you meet your financial needs of you and your family by providing a pension in the event you should retire, become disabled, or die.

The benefits are being administered by the City of Taylor and funded by contributions and investment earnings. The System retains professional advisors to assist in fulfilling its responsibilities.

The summary report has been prepared to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, this summary is not intended to cover all the details of the Retirement System, which is governed by the provisions of the City's charter, the City's retirement ordinance, and any applicable collective bargaining agreements. Additional information about the Retirement System and its financial operation is available in the Department of Human Resources and the Treasurer's office.

Respectfully submitted,

**City of Taylor General Employee's Retirement Board
Board of Trustees**

Sheila Gorski-Schulte, Chairperson
Jason Mach | Jason Couture | Jamie McCarty |
Kevin Gadigian | Michelle Tocco

Investment Consultant

AndCo Consulting

Investment Managers

Fidelity | Granite | Garcia Hamilton | Marathon | PIMCO | Clarkston |
Bloomfield | WCM | American Realty | HGK/Trinity

Custodial Bank

Fifth Third

Actuary

Nyhart

Legal Counsel

VanOverbeke, Michaud & Timmony, P.C.

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established using a method that is designed to keep those rates approximately level as a percentage of payroll from year to year. 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, Nyhart, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity.

Funded Status

| | |
|-------------------------------|--------------|
| Actuarial Accrued Liabilities | \$80,547,969 |
| Actuarial Value of Assets | \$46,543,001 |
| Percent Funded | 57.8% |

Computed City Contributions

| | <u>01/01/2022</u> | <u>01/01/2023</u> |
|--|--------------------------|--------------------------|
| Actuarial Present Value of Future Benefits | \$81,210,013 | \$80,888,013 |
| Funding Value of Assets | 46,177,917 | 46,543,001 |
| Present Value of Future Employee Contributions | 312,431 | 303,278 |
| Unfunded Present Value of Future Benefits | \$34,719,665 | \$34,041,734 |
| Total Required Contribution | \$3,488,723 | \$3,612,356 |
| Contribution as a Percent of Pay | 151.5% | 149.3% |
| Employer Normal Cost | \$109,676 | \$100,822 |
| Employer Normal Cost as a Percent of Pay | 4.76% | 4.17% |

Required Contribution for 2022

| | |
|------------------------------|-------------|
| Total Required Contribution | \$4,173,222 |
| Actual Employer Contribution | \$4,173,222 |
| Percent Contributed | 100% |

Market Value Rate of Return

| Period Ending December 31, 2022 | Average Annual Rate of Return |
|---------------------------------|-------------------------------|
| 1 Year | (13.5)% |
| 3 Years | 5.2% |
| 5 Years | 6.2% |
| 7 Years | 7.9% |
| 10 Years | 7.8% |

SUMMARY RESULTS OF ACTUARIAL VALUATION

Changes in Plan Assets for 2022

| | |
|------------------------------|--------------|
| Balance on January 1, 2022 | \$51,729,229 |
| Receipts | |
| Employers' contributions | \$4,173,222 |
| Employee's contributions | 119,807 |
| Investment | (6,402,654) |
| Disbursements | |
| Benefit payments | 6,472,681 |
| Investment expenses | 139,366 |
| Administrative expenses | 38,519 |
| Balance on December 31, 2022 | \$42,969,038 |

Projected Expenditures

Year Ending 12/31/2023

| | |
|---------------------------------|-----------|
| Administrative | \$35,000 |
| Investment | \$125,000 |
| Professional Training/Education | \$10,000 |

Plan Membership

| | |
|-------------------------|-------------|
| Active Member: | 34 |
| Payroll | \$2,420,292 |
| Retirees | 243 |
| Total Annual Benefits | \$6,435,612 |
| Average Annual | \$26,484 |
| Benefit | |
| Deferred Vested Members | 20 |
| Total Annual Benefits | \$433,920 |

Actuarial Assumptions

| | |
|-------------------------------|-------------------------------------|
| Actuarial cost method | Aggregate |
| Amortization method | Closed level dollar amortization of |
| Remaining amortization | UAAL 15 years |
| period Asset valuation method | 5 Year Smoothed Market |
| Investment rate of return | 7.25% |
| Projected salary increases | 1.00% |

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended are sufficient to meet the Retirement System's financial objective.

BRIEF SUMMARY OF PLAN PROVISIONS

| Group | Eligibility | Straight Life Amount* |
|---|---|--|
| Normal Retirement | | |
| Local 1128 AFSME Hired on/after 8/4/88 <u>Not Eligible:</u> Hired after 12/22/04 | Age 55 with 10 or more years of service or Age 50 with 25 years of service. | 2.2% of average final compensation (AFC) per year of service up to a maximum of 25 years of service |
| Local 1917 Hired on/after 8/4/88 <u>Not Eligible:</u> Hired after 12/22/04 | Age 55 with 10 or more years of service or Age 50 with 25 years of service. | 2.2% of average final compensation (AFC) per year of service up to a maximum of 25 years of service |
| Governmental Mgmt. & Administrative Employees hired on/after 5/18/88 <u>Not Eligible:</u> Hired after 3/6/2001, EEs transferred from another bargaining unit on or after November 1, 2008. | Age 55 with 5 or more years of service | For years of service prior to 1/1/2011, benefit is percentage below times AFC For years of service after 1/1/2011, 2.25% of AFC Benefit is not to exceed 65% of AFC |
| | | 5 30.0% |
| | | 6 32.5% |
| | | 7 35.0% |
| | | 8 37.5% |
| | | 9 40.0% |
| | | 10 42.5% |
| | | 11 45.0% |
| | | 12 47.5% |
| | | 13 52.5% |
| | | 14 60.0% |
| | | 15+ 65.0% |
| Elected Officials hired on/after 11/27/89 <u>Excludes:</u> City Council elected on/after 11/25/1997 Judges elected on/after 10/01/08 Mayor, Clerk, Treasurer elected on/after 11/08/05 | Age 55 with 5 or more years of service | Benefit is percentage below times AFC |
| | | 5 30.0% |
| | | 6 32.5% |
| | | 7 35.0% |
| | | 8 37.5% |
| | | 9 40.0% |
| | | 10 42.5% |
| | | 11 45.0% |
| | | 12 47.5% |
| | | 13 50.0% |
| | | 14 52.5% |
| | | 15+ 55.0% |
| Deferred Retirement | | |
| Local 1128 AFSME | Age 55 with 10 years of service | Same as NRB with service and AFC at termination |
| Local 1917 | Age 55 with 10 years of service | Same as NRB with service and AFC at termination |
| Governmental Mgmt. & Administrative Employees | Age 55 with 5 years of service | Same as NRB with service and AFC at termination |
| Elected Officials | Age 55 with 5 years of service | Same as NRB with service and AFC at termination |

The System also provides early retirement, late retirement, disability and death-in-service survivor benefits which you or your spouse may be eligible to receive.

*Reduced optional forms of payment are also available to provide a benefit for an eligible survivor.