

# CITY OF HARPER WOODS RETIREMENT SYSTEM

**SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 1996**

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary, the very first, is our attempt to provide you with this information, and we hope that you find it useful, and as always, if you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the Clerk's Office.

**Retirement Board of Trustees,**

Lawrence Scott, Citizen, Chair  
Clifford Weidel, Fire Rep. Vice-Chair  
James Burke, Police Rep.  
Richard Eisengruber, Councilman

Michael Monaghan, Councilman  
Frank Palazzolo, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Julie Moll,  
of Smith Barney

**Investment Manager's**

Michael Malone, Becker Capital Mgt  
John Gordon, Orleans Capital Mgt  
Anmar Sarafa, Zaske, Sarafa & Assoc

**Actuaries & Consultants**

Gabriel, Roeder, Smith & Company

**SUMMARY OF CURRENT ASSET INFORMATION**

Revenues & Expenditures

1995

Market Value Jan 1                   \$22,489,909

Revenues

Member Contributions	\$	260,985
City Contributions	\$	650,764
Gross Investment Income	\$	<u>2,816,882</u>
Total	\$	3,728,631

Expenditures

Benefit payments	\$	795,006
Refund of contributions	\$	75,880
Admin & investment exp.	\$	<u>130,180</u>
Total	\$	1,001,066

Market Value - Dec 31               \$27,520,242

**INVESTMENTS**  
**December 31, 1995**

Cash & Equivs	5.8%
Equities	45.9%
Fixed Income	48.3%

The market rate of return on assets for year ended December 31, 1995 was **15.1%**, net after expenses. The interest rate credited to employee contributions was **10.8%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the city's active member payroll.

To determine an appropriated 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 and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1995 valuation, based on the established funding objective, are summarized below:

**FISCAL YEAR 1995 EMPLOYEE  
CONTRIBUTION RATES AS A  
PERCENTAGE OF ACTIVE MEMBER PAYROLL**

<u>CONTRIBUTIONS FOR</u>	<u>GEN MEMBERS</u>
Normal Cost Of Benefits	
Total	15.64%
Member portion	4.43%
Employer portion	11.21%

Amortization of unfunded liability	0%
City's Net Contribution Rate	6.23%

<u>CONTRIBUTIONS FOR</u>	<u>POLICE &amp; FIRE</u>
Normal Cost Of Benefits	
Total	21.32%
Member portion	6.42%
Employer portion	15.08%

Amortization of unfunded liability	0%
City's Net Contribution Rate	10.10%

Funded Status	<u>\$ Millions</u>
Actuarial accrued lib.	\$22.1
Actuarial value of assets	\$24.6
% funded	101.4%

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

*Eligibility* - General: Age 60 with 20 or more years of service.  
DPW and General Administrators: Age 60 with 10 or more years of service or age 55 with 25 or more years of service.  
Police: Age 50 with 25 or more years of service or age 55 regardless of years of service.  
Fire: Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

*Annual Amount* - General: 2% of final average salary per year of service.  
DPW: 2.25% of final average salary per year of service.  
Fire-Police: 2.5% of final average salary per year of service.

*Type of Final Average Salary:* Fire-General: Highest 5 consecutive years out of last 10.  
Police Command: Highest 3 consecutive years out of last 10.  
Police Patrol: Highest 3 consecutive years out of last 5.  
Salary is defined in labor

contracts.

**Deferred Retirement (vested):**

*Eligibility* - 10 or more years of service.

General: Benefits begin at age 60.  
Police-Fire: Benefits begin at age 55.

*Annual Amount* - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

*Eligibility* - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

*Annual Amount* - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

*Eligibility* - Total and permanent disability after 10 or more years of service.

*Annual Amount* - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

*Eligibility* - No age or service requirement. Worker's Compensation must become payable on account of death.

*Annual Amount* - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

*Eligibility* - 10 years of service.  
*Annual Amount* - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

General: Clerical - 3% of gross pay.  
Administrative - 5% of gross pay.  
DPW - 5.25% of gross pay.  
Fire - 6% of gross pay.  
Police Patrol - 6.35% of gross pay.  
Police Command - 6.35% of gross pay.

**Gross Pay is defined in labor contracts.**

**ACTIVE MEMBERS DECEMBER 31, 1995**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	50	\$1,762,267
Police Members	36	\$1,986,918
Fire Members	19	\$ 896,400
<b>Totals</b>	<b>105</b>	<b>\$4,645,585</b>

**GENERAL MEMBERS DECEMBER 31, 1995**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 17,763
25-29	4	\$102,694
30-34	4	\$114,659
35-39	8	\$278,345
40-44	12	\$497,178
45-49	8	\$258,397
50-54	7	\$280,833
55-59	5	\$185,185
65	1	\$ 27,213
<b>Total</b>	<b>50</b>	<b>\$1,762,267</b>

**POL/FIRE MEMBERS DECEMBER 31, 1995**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	2	\$ 56,942
25-29	2	\$ 84,838
30-34	9	\$437,492
35-39	5	\$262,300
40-44	15	\$847,154
45-49	14	\$730,044

50-54	7	\$408,499
55-59	<u>1</u>	\$ <u>56,049</u>
<b>Total</b>	<b>55</b>	<b>\$2,883,318</b>

**RETIRANTS AND BENEFICIARIES**  
**DECEMBER 31, 1995**  
**BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Regular Pension	18	\$226,082
Option A	9	\$124,429
Option B	20	\$354,585
Survivor Pension	<u>7</u>	\$ <u>23,826</u>
 Total Age/Service	54	\$728,922
 Casualty Pensions		
Non-duty disability		
Option A	1	\$ 8,175
Option B	2	\$ 11,850
Duty disability		
Regular pension	2	\$ 30,054
Option A	2	\$ 8,588
Option B	1	\$ 5,236
Survivor disability		
Retirant	3	\$ 6,758
Survivor beneficiary		
Non-Duty Death	4	\$ 27,155
Duty Death	<u>1</u>	\$ <u>16,708</u>
Total Casualty	<u>16</u>	\$ <u>114,524</u>
<b>Total Pension</b>	<b>70</b>	<b>\$843,446</b>

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 1997

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the Clerk's Office.

**Retirement Board of Trustees,**

Lawrence Scott, Citizen, Chair  
 Clifford Weidel, Fire Rep. Vice-Chair  
 James Burke, Police Rep.  
 Richard Eisengruber, Councilman

Michael Monaghan, Councilman  
 Frank Palazzolo, Mayor  
 William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Julie Moll,  
 of Smith Barney

**Investment Manager's**

Michael Malone, Becker Capital Mgt  
 John Gordon, Orleans Capital Mgt  
 Anmar Sarafa, Zaske, Sarafa & Assoc

**Actuaries & Consultants**

Gabriel, Roeder, Smith & Company

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
Revenues & Expenditures	
<u>1996</u>	
Market Value Jan 1	\$27,520,242
Revenues	
Member Contributions	\$ 270,293
City Contributions	\$ 547,982
Gross Investment Income	\$ <u>2,400,158</u>
Total	\$ 3,218,433
Expenditures	
Benefit payments	\$ 877,013
Refund of contributions	\$ 109,782
Admin & investment exp.	\$ <u>146,031</u>
Total	\$ 1,132,826
Market Value - Dec 31	\$31,151,142

**INVESTMENTS**  
**December 31, 1996**

Cash & Equivs	6.8%
Equities	50.3%
Fixed Income	42.9%

The market rate of return on assets for year ended December 31, 1996 was **8.84%**, net after expenses. The interest rate credited to employee contributions was **12.1%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the city's active member payroll.

To determine an appropriated 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 and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1996 valuation, based on the established funding objective, are summarized below:

**FISCAL YEAR 1996 EMPLOYEE  
CONTRIBUTION RATES AS A  
PERCENTAGE OF ACTIVE MEMBER PAYROLL**

<u>CONTRIBUTIONS FOR GEN MEMBERS</u>	
Normal Cost Of Benefits	
Total	15.66%
Member portion	<u>4.43%</u>
Employer portion	11.23%
Amortization of	

unfunded liability	0%
City's Net Contribution Rate	3.52%

<u>CONTRIBUTIONS FOR POLICE &amp; FIRE</u>	
Normal Cost Of Benefits	
Total	21.36%
Member portion	<u>6.24%</u>
Employer portion	15.12%
Amortization of	
unfunded liability	0%
City's Net Contribution Rate	7.41%

Funded Status	<u>\$ Millions</u>
Actuarial accrued lib.	\$23.8
Actuarial value of assets	\$27.4
% funded	106.3%

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

*Eligibility* - General: Age 60 with 10 or more years of service.  
DPW and General Administrators: Age 60 with 10 or more years of service or age 55 with 25 or more years of service.  
Police: Age 50 with 25 or more years of service or age 55 regardless of years of service.  
Fire: Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

*Annual Amount* - General: 2% of final average salary per year of service.  
DPW: 2.25% of final average salary per year of service.  
Fire-Police: 2.5% of final average salary per year of service.

*Type of Final Average Salary:* Fire-General: Highest 5 consecutive years out of last 10.  
Police Command: Highest 3 consecutive years out of last 10.  
Police Patrol: Highest 3 consecutive years out of last 5.  
Salary is defined in labor contracts.

**Deferred Retirement (vested):**

*Eligibility* - 10 or more years of service.

General: Benefits begin at age 60.  
Police-Fire: Benefits begin at age 55.

*Annual Amount* - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

*Eligibility* - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

*Annual Amount* - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

*Eligibility* - Total and permanent disability after 10 or more years of service.

*Annual Amount* - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

*Eligibility* - No age or service requirement. Worker's Compensation must become payable on account of death.

*Annual Amount* - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

*Eligibility* - 10 years of service.

*Annual Amount* - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

**Member Contributions:**

General: Clerical - 3% of gross pay.  
Administrative - 5% of gross pay.  
DPW - 5.25% of gross pay.  
Fire - 6% of gross pay.  
Police Patrol - 6.35% of gross pay.  
Police Command - 6.35% of gross pay.

**Gross Pay is defined in labor contracts.**

**ACTIVE MEMBERS DECEMBER 31, 1996**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	48	\$1,792,731
Police Members	33	\$1,951,980
Fire Members	<u>20</u>	<u>\$ 973,016</u>
<b>Totals</b>	<b>101</b>	<b>\$4,717,727</b>

**GENERAL MEMBERS DECEMBER 31, 1996**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 19,712
25-29	2	\$ 57,271
30-34	5	\$139,962
35-39	9	\$331,624
40-44	9	\$384,525
45-49	8	\$324,935
50-54	9	\$334,421
55-59	4	\$172,243
66	<u>1</u>	<u>\$ 28,038</u>
<b>Total</b>	<b>48</b>	<b>\$1,792,731</b>

**POL/FIRE MEMBERS DECEMBER 31, 1996**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	5	\$185,682
30-34	8	\$413,829
35-39	4	\$206,666
40-44	12	\$688,559
45-49	16	\$907,921
50-54	6	\$409,087
55-59	<u>2</u>	<u>\$113,252</u>
<b>Total</b>	<b>53</b>	<b>\$2,924,996</b>

**RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 1996  
BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Regular Pension	17	\$223,825
Option A	9	\$143,868
Option B	21	\$393,879
Survivor Pension	<u>8</u>	<u>\$ 32,309</u>
Total Age/Service	55	\$793,881
Casualty Pensions		
Non-duty disability		
Option A	1	\$ 8,175
Option B	2	\$ 11,850
Duty disability		
Regular pension	3	\$ 58,360
Option A	2	\$ 8,588
Option B	1	\$ 5,236
Survivor disability		
Retirant	2	\$ 6,006
Survivor beneficiary		
Non-Duty Death	4	\$ 27,155
Duty Death	<u>1</u>	<u>\$ 16,708</u>
Total Casualty	<u>16</u>	<u>\$142,078</u>
<b>Total Pension</b>	<b>71</b>	<b>\$935,959</b>

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 1997

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the Clerk's Office.

**Retirement Board of Trustees,**

- Lawrence Scott, Citizen, Chair
- Clifford Weidel, Fire Rep. Vice-Chair
- James Burke, Police Rep.
- Richard Eisengruber, Councilman
- Michael Monaghan, Councilman
- Frank Palazzolo, Mayor
- William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Julie Moll,  
of Smith Barney

**Investment Manager's**

Michael Malone, Becker Capital Mgt  
John Gordon, Orleans Capital Mgt  
Anmar Sarafa, Zaske, Sarafa & Assoc

**Actuaries & Consultants**

Gabriel, Roeder, Smith & Company

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
Revenues & Expenditures	
<u>1996</u>	
Market Value Jan 1	\$27,520,242
Revenues	
Member Contributions	\$ 270,293
City Contributions	\$ 547,982
Gross Investment Income	\$ <u>2,400,158</u>
Total	\$ 3,218,433
Expenditures	
Benefit payments	\$ 877,013
Refund of contributions	\$ 109,782
Admin & investment exp.	\$ <u>146,031</u>
Total	\$ 1,132,826
Market Value - Dec 31	\$31,151,142
<b>INVESTMENTS</b>	
<b>December 31, 1996</b>	
Cash & Equivs	6.8%
Equities	50.3%
Fixed Income	42.9%
The market rate of return on assets for year ended December 31, 1996 was <b>8.84%</b> , net after expenses. The interest rate credited to employee contributions was <b>12.1%</b> .	

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the city's active member payroll.

To determine an appropriated 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 and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1996 valuation, based on the established funding objective, are summarized below:

**FISCAL YEAR 1996 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL**

<u>CONTRIBUTIONS FOR GEN MEMBERS</u>	
Normal Cost Of Benefits	
Total	15.66%
Member portion	<u>4.43%</u>
Employer portion	11.23%
Amortization of unfunded liability	0%
City's Net Contribution Rate	3.52%
 <u>CONTRIBUTIONS FOR POLICE &amp; FIRE</u>	
Normal Cost Of Benefits	
Total	21.36%
Member portion	<u>6.24%</u>
Employer portion	15.12%
Amortization of unfunded liability	0%
City's Net Contribution Rate	7.41%
 Funded Status	 <u>\$ Millions</u>
Actuarial accrued lib.	\$23.8

Actuarial value of assets	\$27.4
% funded	106.3%

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

*Eligibility* - General: Age 60 with 10 or more years of service.  
 DPW and General Administrators: Age 60 with 10 or more years of service or age 55 with 25 or more years of service.  
 Police: Age 50 with 25 or more years of service or age 55 regardless of years of service.  
 Fire: Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

*Annual Amount* - General: 2% of final average salary per year of service.  
 DPW: 2.25% of final average salary per year of service.  
 Fire-Police: 2.5% of final average salary per year of service.

*Type of Final Average Salary:* Fire-General: Highest 5 consecutive years out of last 10.  
 Police Command: Highest 3 consecutive years out of last 10.  
 Police Patrol: Highest 3 consecutive years out of last 5.  
 Salary is defined in labor contracts.

**Deferred Retirement (vested):**

*Eligibility* - 10 or more years of service.  
 General: Benefits begin at age 60.  
 Police-Fire: Benefits begin at age 55.  
*Annual Amount* - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

*Eligibility* - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

*Annual Amount* - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

*Eligibility* - Total and permanent disability after 10 or more years of service.

*Annual Amount* - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

*Eligibility* - No age or service requirement. Worker's Compensation must become payable on account of death.

*Annual Amount* - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

*Eligibility* - 10 years of service.

*Annual Amount* - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

**Member Contributions:**

General: Clerical - 3% of gross pay.  
Administrative - 5% of gross pay.  
DPW - 5.25% of gross pay.  
Fire - 6% of gross pay.  
Police Patrol - 6.35% of gross pay.  
Police Command - 6.35% of gross pay.

**Gross Pay is defined in labor contracts.**

**ACTIVE MEMBERS DECEMBER 31, 1996**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	48	\$1,792,731
Police Members	33	\$1,951,980
Fire Members	20	\$ 973,016
<b>Totals</b>	<b>101</b>	<b>\$4,717,727</b>

**GENERAL MEMBERS DECEMBER 31, 1996**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 19,712
25-29	2	\$ 57,271
30-34	5	\$139,962
35-39	9	\$331,624
40-44	9	\$384,525
45-49	8	\$324,935
50-54	9	\$334,421
55-59	4	\$172,243
66	1	\$ 28,038
<b>Total</b>	<b>48</b>	<b>\$1,792,731</b>

**POL/FIRE MEMBERS DECEMBER 31, 1996**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	5	\$185,682
30-34	8	\$413,829
35-39	4	\$206,666
40-44	12	\$688,559
45-49	16	\$907,921
50-54	6	\$409,087
55-59	2	\$113,252
<b>Total</b>	<b>53</b>	<b>\$2,924,996</b>

**RETIRANTS AND BENEFICIARIES**  
**DECEMBER 31, 1996**  
**BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Regular Pension	17	\$223,825
Option A	9	\$143,868
Option B	21	\$393,879
Survivor Pension	<u>8</u>	<u>\$ 32,309</u>
Total Age/Service	55	\$793,881
Casualty Pensions		
Non-duty disability		
Option A	1	\$ 8,175
Option B	2	\$ 11,850
Duty disability		
Regular pension	3	\$ 58,360
Option A	2	\$ 8,588
Option B	1	\$ 5,236
Survivor disability		
Retirant	2	\$ 6,006
Survivor beneficiary		
Non-Duty Death	4	\$ 27,155
Duty Death	<u>1</u>	<u>\$ 16,708</u>
Total Casualty	<u>16</u>	<u>\$142,078</u>
<b>Total Pension</b>	<b>71</b>	<b>\$935,959</b>

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 1998

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
 Clifford Weidel, Fire Rep. Vice-Chair  
 James Burke, Police Rep.  
 Richard Eisengruber, Councilman, Chair

Michael Monaghan, Councilman  
 Kenneth A. Poynter, Mayor  
 William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Michael Holycross,  
 of Smith Barney

**Investment Manager's**

Michael Malone, Becker Capital Mgt  
 John Gordon, Orleans Capital Mgt  
 Anmar Sarafa, Zaske, Sarafa & Assoc

**Actuaries & Consultants**

Gabriel, Roeder, Smith & Company

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
<b>Revenues &amp; Expenditures</b>	
<b><u>1997</u></b>	
<b>Market Value Jan 1</b>	<b>\$31,151,142</b>
<b>Revenues</b>	
Member Contributions	\$ 266,398
City Contributions	\$ 423,060
Gross Investment Income	\$ <u>3,962,089</u>
<b>Total</b>	<b>\$ 6,034,326</b>
<b>Expenditures</b>	
Benefit payments	\$ 974,636
Refund of contributions	\$ 221,644
Admin & investment exp.	\$ <u>209,381</u>
<b>Total</b>	<b>\$ 1,405,661</b>
<b>Market Value - Dec 31</b>	<b>\$35,779,807</b>

**INVESTMENTS**

December 31, 1997

Cash & Equivs	2.29%
Equities	43.78%
Fixed Income	39.47%
Other	14.75%

The market rate of return on assets for year ended December 31, 1997 was **10.69%**, net after expenses. The interest rate credited to employee contributions was **13.9%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percents of the city's active member payroll.

To determine an appropriated 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 and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1997 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 1997 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	12.79%
Member portion	4.37%
<b>Total</b>	<b>17.16%</b>
Amortization of unfunded liability	0%

**City's Net Contribution Rate 2.35%**

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	14.88%
Member portion	7.25%
<b>Total</b>	<b>22.13%</b>

Amortization of unfunded liability 0%  
**City's Net Contribution Rate 4.44%**

**Funded Status \$ Millions**

Actuarial accrued lib.	\$26.1
Actuarial value of assets	\$30.7
<b>% funded</b>	<b>117.4%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Amount - General:** 2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW:** 2.25% of final average salary per year of service.

**Fire-Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary: Fire-**

**General:** Highest 5 consecutive years out of last 10.

**Police Command and General Admin:** Highest 3 consecutive years out of last 10.

**Police Patrol:** Highest 3 consecutive

years out of last 5.  
Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Amount** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Amount** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Amount** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Amount** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.  
**Annual Amount** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

**Member Contributions:**

**General: Clerical** - 3% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 1997**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	49	\$1,851,923
Police Members	36	\$2,087,511
Fire Members	17	\$ 853,245
<b>Totals</b>	<b>102</b>	<b>\$4,792,679</b>

**GENERAL MEMBERS DECEMBER 31, 1997**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 22,234
30-34	6	\$179,331
35-39	6	\$198,844
40-44	10	\$423,956
45-49	10	\$399,271
50-54	11	\$423,687
55-59	4	\$175,736
67	1	\$ 28,864
<b>Total</b>	<b>49</b>	<b>\$1,851,923</b>

**POL/FIRE MEMBERS DECEMBER 31, 1997**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 29,109
25-29	6	\$249,006

30-34	3	\$146,322
35-39	7	\$376,030
40-44	13	\$736,879
45-49	16	\$915,797
50-54	4	\$299,867
55-59	2	\$128,740
60	<u>1</u>	<u>\$ 59,006</u>
<b>Total</b>	<b>53</b>	<b>\$2,940,756</b>

**INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS**

<u>YEAR</u>	<u>RATE</u>
1994	7.9%
1995	10.8%
1996	12.1%
1997	13.9%

**RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 1997  
BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Regular Pension	17	\$223,825
Option A	9	\$143,868
Option B	22	\$455,255
Survivor Pension	<u>8</u>	<u>\$ 31,592</u>
<b>Total Age/Service</b>	<b>56</b>	<b>\$854,540</b>
<b>Casualty Pensions</b>		
Non-duty disability		
Option A	1	\$ 8,175
Option B	2	\$ 11,850
Duty disability		
Regular pension	4	\$ 85,315
Option A	2	\$ 8,588
Option B	1	\$ 5,236
Survivor disability		
Retirant	2	\$ 6,006
Survivor beneficiary		
Non-Duty Death	4	\$ 27,155
Duty Death	<u>1</u>	<u>\$ 16,708</u>
<b>Total Casualty</b>	<b><u>17</u></b>	<b><u>\$169,033</u></b>
<b>Total Pension</b>	<b>73</b>	<b>\$1,023,573</b>

THE PURPOSE OF THIS SUMMARY ANNUAL REPORT IS TO PROVIDE A GENERAL OVERVIEW OF THE RETIREMENT SYSTEM. THE OPERATION OF THE RETIREMENT SYSTEM IS GOVERNED BY THE APPLICABLE PROVISIONS OF THE RETIREMENT ORDINANCE, COLLECTIVE BARGAINING AGREEMENTS, AND FEDERAL AND STATE LAW WHICH ARE CONTROLLING IN THE EVENT OF A CONFLICT WITH INFORMATION CONTAINED IN THIS REPORT. THE RETIREMENT BOARD HAS RELIED ON THE ACCURACY OF THE INFORMATION CONTAINED WITHIN ITS ACTUARIAL AND FINANCIAL REPORTS IN PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 1999

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep. Vice-Chair  
James Burke, Police Rep.  
Richard Eisengruber, Councilman,

Chair  
Michael Monaghan, Councilman  
Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Michael Holycross,  
of Smith Barney

**Investment Manager's**

Michael Malone, Becker Capital Mgt  
John Gordon, Orleans Capital Mgt  
Anmar Sarafa, Steward Capital Mgt

**Actuaries & Consultants**

Gabriel, Roeder, Smith & Company

**SUMMARY OF CURRENT ASSET INFORMATION  
Revenues & Expenditures  
1998**

**Market Value Jan 1**                      \$35,779,807

**Revenues**

Member Contributions	\$	276,066
City Contributions	\$	295,238
Gross Investment Income	\$	<u>3,843,846</u>
<b>Total</b>	<b>\$</b>	<b>4,415,150</b>

**Expenditures**

Benefit payments	\$	1,035,985
Refund of contributions	\$	181,834
Admin & investment exp.	\$	<u>170,637</u>
<b>Total</b>	<b>\$</b>	<b>1,388,456</b>

**Market Value - Dec 31**                      \$ 38,806,501

**INVESTMENTS**

December 31, 1998

Cash & Equivalents	2.44%
Equities	30.00%
Fixed Income	59.48%
Other	8.44%

The timed weighted market rate of return on assets for year ended December 31, 1998 was **10.95%**. The interest rate credited to employee contributions was **15.9%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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 and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1998 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 1998 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	10.01%
Member portion	4.33%
<b>Total</b>	<b>14.34%</b>
Amortization of unfunded liability	0%

City's Net Contribution Rate 0.00%

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	11.57%
Member portion	7.25%
<b>Total</b>	<b>18.82%</b>

Amortization of unfunded liability 0%

**City's Net Contribution Rate 0.00%**

**Funded Status \$ Millions**

Actuarial accrued lib.	\$28.6
Actuarial value of assets	\$34.9
<b>% funded</b>	<b>122.1%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Amount - General:** 2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW:** 2.25% of final average salary per year of service.

**Fire-Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary: Fire-General:** Highest 5 consecutive years out of last 10.

**Police Command and General Admin:** Highest 3 consecutive years out of last 10.

**Police Patrol:** Highest 3 consecutive

years out of last 5.  
Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Amount** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Amount** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Amount** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Amount** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Amount** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

**Member Contributions:**

**General: Clerical** - 3% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

ACTIVE MEMBERS DECEMBER 31, 1998		
<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	47	\$1,819,824
Police Members	35	\$2,072,313
Fire Members	19	\$ 981,198
<b>Totals</b>	<b>101</b>	<b>\$4,873,335</b>

GENERAL MEMBERS DECEMBER 31, 1998		
<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 24,235
25-29	1	\$ 25,000
30-34	4	\$124,722
35-39	5	\$170,031
40-44	9	\$400,420
45-49	12	\$490,008
50-54	6	\$218,531
55-59	8	\$336,865
68	1	\$ 30,012
<b>Total</b>	<b>47</b>	<b>\$1,819,824</b>

POL/FIRE MEMBERS DECEMBER 31, 1998		
<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	5	\$220,835

30-34	6	\$251,219
35-39	6	\$332,183
40-44	13	\$749,815
45-49	15	\$909,585
50-54	6	\$409,830
55-59	2	\$125,403
61	<u>1</u>	<u>\$ 54,641</u>
<b>Total</b>	<b>54</b>	<b>\$3,053,511</b>

**INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS**

<u>YEAR</u>	<u>RATE</u>
1994	7.9%
1995	10.8%
1996	12.1%
1997	13.9%
1998	15.9%

**RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 1998  
BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Regular Pension	18	\$267,535
Option A	9	\$143,868
Option B	22	\$455,255
Survivor Pension	<u>8</u>	<u>\$ 31,592</u>
<b>Total Age/Service</b>	<b>57</b>	<b>\$898,250</b>
<b>Casualty Pensions</b>		
Non-duty disability		
Option A	1	\$ 8,175
Option B	2	\$ 11,850
<b>Duty Disability</b>		
Regular pension	4	\$ 85,315
Option A	2	\$ 8,588
Option B	1	\$ 5,236
<b>Survivor Disability</b>		
Retirant	2	\$ 6,006
<b>Survivor Beneficiary</b>		
Non-Duty Death	4	\$ 27,155
Duty Death	<u>1</u>	<u>\$ 16,708</u>
<b>Total Casualty</b>	<b><u>17</u></b>	<b><u>\$169,033</u></b>
<b>Total Pension</b>	<b>74</b>	<b>\$1,067,283</b>

**THE PURPOSE OF THIS  
SUMMARY ANNUAL REPORT IS  
TO PROVIDE A GENERAL  
OVERVIEW OF THE  
RETIREMENT SYSTEM. THE  
OPERATION OF THE  
RETIREMENT SYSTEM IS  
GOVERNED BY THE  
APPLICABLE PROVISIONS OF  
THE RETIREMENT ORDINANCE,  
COLLECTIVE BARGAINING  
AGREEMENTS, AND FEDERAL  
AND STATE LAW WHICH ARE  
CONTROLLING IN THE EVENT  
OF A CONFLICT WITH  
INFORMATION CONTAINED IN  
THIS REPORT. THE  
RETIREMENT BOARD HAS  
RELIED ON THE ACCURACY OF  
THE INFORMATION CONTAINED  
WITHIN ITS ACTUARIAL AND  
FINANCIAL REPORTS IN  
PREPARING THIS SUMMARY.**

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2000

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep.  
James Burke, Police Rep.  
Richard Eisengruber, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Michael Holycross,  
of Smith Barney

**Investment Manager's**

Duff & Phelps Investment Mgt Co  
Orleans Capital Management  
Steward Capital Management

**Actuaries & Consultants**

Gabriel, Roeder, Smith & Company

**SUMMARY OF CURRENT ASSET INFORMATION  
Revenues & Expenditures  
1999**

**Market Value Jan 1**                      \$38,806,501

**Revenues**

Member Contributions	\$ 342,773
City Contributions	\$ 268,564
Gross Investment Income	\$ <u>6,432,874</u>
<b>Total</b>	<b>\$ 7,044,211</b>

**Expenditures**

Benefit payments	\$ 1,168,532
Refund of contributions	\$ 316,039
Admin & investment exp.	\$ <u>15,160</u>
<b>Total</b>	<b>\$ 1,499,731</b>

**Market Value - Dec 31**                      \$ 44,350,980

**INVESTMENTS**

December 31, 1999

Cash & Equivalents	5.5%
Equities	43.92%
Fixed Income	35.97%
Other	14.69%

The market rate of return on assets for year ended December 31, 1999 was **19.34%**. The interest rate credited to employee contributions was **15.4%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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 and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 1998 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 1999 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	9.65%
Member portion	<u>4.45%</u>
<b>Total</b>	<b>14.10%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	11.49%
Member portion	<u>7.25%</u>
<b>Total</b>	<b>18.74%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$30.6
Actuarial value of assets	\$39.3
<b>% funded</b>	<b>128.3%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Amount - Administrators:**

2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire-Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary:** DPW-

**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 10.

**Police Patrol/Fire:** Highest 3

consecutive years out of last 5.  
Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Amount** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Amount** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Amount** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Amount** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.  
**Annual Amount** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 1999**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	47	\$1,889,618
Police Members	35	\$2,247,193
Fire Members	20	\$1,041,490
<b>Totals</b>	<b>102</b>	<b>\$5,178,301</b>

**GENERAL MEMBERS DECEMBER 31, 1999**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 22,750
25-29	3	\$ 86,323
30-34	6	\$197,051
35-39	5	\$177,346
40-44	9	\$388,874
45-49	11	\$545,030
50-54	6	\$232,180
55-59	5	\$211,091
68	1	\$ 28,973
<b>Total</b>	<b>47</b>	<b>\$1,889,618</b>

**POL/FIRE MEMBERS DECEMBER 31, 1999**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	6	\$256,146

30-34	7	\$314,987
35-39	6	\$370,988
40-44	11	\$652,826
45-49	13	\$849,169
50-54	9	\$625,406
55-59	<u>3</u>	<u>\$219,161</u>
<b>Total</b>	<b>55</b>	<b>\$3,288,683</b>

**INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS**

<u>YEAR</u>	<u>RATE</u>
1995	10.8%
1996	12.1%
1997	13.9%
1998	15.9%
1999	15.4%

**RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 1999  
BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Regular Pension	19	\$278,045
Option A	9	\$143,868
Option B	24	\$506,557
Survivor Pension	<u>9</u>	<u>\$ 63,035</u>
<b>Total Age/Service</b>	<b>61</b>	<b>\$991,505</b>
<b>Casualty Pensions</b>		
Non-duty disability		
Option A	1	\$ 8,175
Option B	2	\$ 11,850
<b>Duty Disability</b>		
Regular pension	4	\$ 85,315
Option A	2	\$ 8,588
Option B	1	\$ 5,236
<b>Survivor Disability</b>		
Retirant	3	\$ 28,859
<b>Survivor Beneficiary</b>		
Non-Duty Death	4	\$ 27,155
Duty Death	<u>1</u>	<u>\$ 16,708</u>
<b>Total Casualty</b>	<b><u>18</u></b>	<b><u>\$191,886</u></b>
<b>Total Pension</b>	<b>79</b>	<b>\$1,183,391</b>

**THE PURPOSE OF THIS  
SUMMARY ANNUAL REPORT IS  
TO PROVIDE A GENERAL  
OVERVIEW OF THE  
RETIREMENT SYSTEM. THE  
OPERATION OF THE  
RETIREMENT SYSTEM IS  
GOVERNED BY THE  
APPLICABLE PROVISIONS OF  
THE RETIREMENT ORDINANCE,  
COLLECTIVE BARGAINING  
AGREEMENTS, AND FEDERAL  
AND STATE LAW WHICH ARE  
CONTROLLING IN THE EVENT  
OF A CONFLICT WITH  
INFORMATION CONTAINED IN  
THIS REPORT. THE  
RETIREMENT BOARD HAS  
RELIED ON THE ACCURACY OF  
THE INFORMATION CONTAINED  
WITHIN ITS ACTUARIAL AND  
FINANCIAL REPORTS IN  
PREPARING THIS SUMMARY.**

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2001

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep.  
James Burke, Police Rep.  
Richard Eisengruber, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Michael Holycross,  
of Smith Barney/Morgan Stanley  
Dean Witter.

**Investment Manager's**

Duff & Phelps Investment Mgt Co  
Orleans Capital Management  
Steward Capital Management  
Loomis Sayles  
Franklin Templeton

**Actuaries & Consultants**

Rodwin and Nichols, Actuaries

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
<b>Revenues &amp; Expenditures</b>	
<b><u>2000</u></b>	
<b>Market Value Jan 1</b>	<b>\$44,350,980</b>
<b>Revenues</b>	
Member Contributions	\$ 340,246
City Contributions	\$ 0
Gross Investment Income	\$ <u>(1,606,324)</u>
<b>Total</b>	<b>\$ (1,266,078)</b>
<b>Expenditures</b>	
Benefit payments	\$ 1,264,929
Refund of contributions	\$ 406,062
Admin & investment exp.	\$ <u>14,966</u>
<b>Total</b>	<b>\$ 1,695,957</b>
<b>Market Value - Dec 31</b>	<b>\$ 41,398,945</b>

**INVESTMENTS**

December 31, 2000

Cash & Equivalents	0%
Equities	60.00%
Fixed Income	40.00%
Other	0%

The market rate of return on assets for year ended December 31, 2000 was **-3.29%**. The interest rate credited to employee contributions was **10.5%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin and Nichols 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. The results of the December 31, 2000 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2000 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	9.77%
Member portion	4.47%
<b>Total</b>	<b>14.24%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	10.48%
Member portion	7.25%
<b>Total</b>	<b>17.73%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$31.0
Actuarial value of assets	\$42.0
<b>% funded</b>	<b>135.3%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire-Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary: DPW-**

**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 5.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2000**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	50	\$2,090,270
Police/Fire Members	<u>56</u>	<u>\$3,310,687</u>
<b>Totals</b>	<b>106</b>	<b>\$5,400,957</b>

**GENERAL MEMBERS DECEMBER 31, 2000**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 10,400
25-29	3	\$ 99,662
30-34	4	\$151,977
35-39	8	\$292,690
40-44	9	\$402,430
45-49	11	\$552,450
50-54	6	\$245,897
55-59	6	\$267,787
60-64	<u>1</u>	<u>\$ 66,977</u>
<b>Total</b>	<b>50</b>	<b>\$2,090,270</b>

**POL/FIRE MEMBERS DECEMBER 31, 2000**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 33,000
25-29	6	\$263,152
30-34	10	\$494,468
35-39	6	\$372,131
40-44	9	\$545,675
45-49	13	\$852,342
50-54	9	\$620,390
55-59	<u>2</u>	<u>\$129,529</u>
<b>Total</b>	<b>56</b>	<b>\$3,310,687</b>

**RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 2000  
BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	57	\$1,053,284
Casualty Pension	25	244,647
<b>Total Pensions</b>	<b>82</b>	<b>\$1,297,931</b>

**INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS**

<u>YEAR</u>	<u>RATE</u>
1996	12.1%
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%

THE PURPOSE OF THIS SUMMARY ANNUAL REPORT IS TO PROVIDE A GENERAL OVERVIEW OF THE RETIREMENT SYSTEM. THE OPERATION OF THE RETIREMENT SYSTEM IS GOVERNED BY THE APPLICABLE PROVISIONS OF THE RETIREMENT ORDINANCE, COLLECTIVE BARGAINING AGREEMENTS, AND FEDERAL AND STATE LAW WHICH ARE CONTROLLING IN THE EVENT OF A CONFLICT WITH INFORMATION CONTAINED IN THIS REPORT. THE RETIREMENT BOARD HAS RELIED ON THE ACCURACY OF THE INFORMATION CONTAINED WITHIN ITS ACTUARIAL AND FINANCIAL REPORTS IN PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2002

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep.  
James Burke, Police Rep.  
Richard Eisengruber, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Michael Holycross,  
of Morgan Stanley Dean Witter.

**Investment Manager's**

FMA  
Orleans Capital Management  
Steward Capital Management  
Loomis Sayles  
Franklin Templeton

**Actuaries & Consultants**

Rodwin and Nichols, Actuaries

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
<b>Revenues &amp; Expenditures</b>	
<b><u>2001</u></b>	
<b>Market Value Jan 1</b>	<b>\$41,398,945</b>
<b>Revenues</b>	
Member Contributions	\$ 358,054
City Contributions	\$ 0
Gross Investment Income	\$(1,553,882)
<b>Total</b>	<b>\$(1,195,828)</b>
<b>Expenditures</b>	
Benefit payments	\$ 1,247,551
Refund of contributions	\$ 427,244
Admin & investment exp.	\$ 11,556
<b>Total</b>	<b>\$ 1,686,351</b>
<b>Market Value - Dec 31</b>	<b>\$ 38,516,766</b>

**INVESTMENTS**

December 31, 2001

Cash & Equivalents	0%
Equities	55.00%
Fixed Income	45.00%
Other	0%

The market rate of return on assets for year ended December 31, 2001 was **-3.32%**. The interest rate credited to employee contributions was **7%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin and Nichols 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. The results of the December 31, 2001 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2001 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	9.99%
Member portion	4.48%
<b>Total</b>	<b>14.47%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	12.82%
Member portion	7.25%
<b>Total</b>	<b>20.07%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$34.8
Actuarial value of assets	\$43.6
<b>% funded</b>	<b>125.2%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary: DPW-**

**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 5.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2001**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	48	\$2,137,591
Police/Fire Members	54	\$3,296,404
<b>Totals</b>	<b>102</b>	<b>\$5,433,959</b>

**GENERAL MEMBERS DECEMBER 31, 2001**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	2	\$ 67,790
30-34	2	\$ 73,188
35-39	11	\$437,969
40-44	8	\$381,032
45-49	11	\$571,703
50-54	7	\$329,592
55-59	4	\$155,113
60-64	3	\$121,204
<b>Total</b>	<b>48</b>	<b>\$2,137,591</b>

**POL/FIRE MEMBERS DECEMBER 31, 2001**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 52,436
25-29	8	\$382,943
30-34	6	\$321,832
35-39	9	\$564,409
40-44	4	\$219,447
45-49	14	\$941,661
50-54	9	\$585,225
55-59	3	\$228,451
<b>Total</b>	<b>54</b>	<b>\$3,296,404</b>

RETIRANTS AND BENEFICIARIES  
 DECEMBER 31, 2001  
 BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	69	\$1,302,379
Casualty Pension	17	184,621
<b>Total Pensions</b>	<b>86</b>	<b>\$1,487,000</b>

INTEREST RATE CREDITED TO  
 EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%

THE PURPOSE OF THIS  
 SUMMARY ANNUAL REPORT IS  
 TO PROVIDE A GENERAL  
 OVERVIEW OF THE  
 RETIREMENT SYSTEM. THE  
 OPERATION OF THE  
 RETIREMENT SYSTEM IS  
 GOVERNED BY THE  
 APPLICABLE PROVISIONS OF  
 THE RETIREMENT ORDINANCE,  
 COLLECTIVE BARGAINING  
 AGREEMENTS, AND FEDERAL  
 AND STATE LAW WHICH ARE  
 CONTROLLING IN THE EVENT  
 OF A CONFLICT WITH  
 INFORMATION CONTAINED IN  
 THIS REPORT. THE  
 RETIREMENT BOARD HAS  
 RELIED ON THE ACCURACY OF  
 THE INFORMATION CONTAINED  
 WITHIN ITS ACTUARIAL AND  
 FINANCIAL REPORTS IN  
 PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2003

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep.  
James Burke, Police Rep.  
John Szymanski, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Glenn Murray & Michael Holycross,  
of Morgan Stanley Dean Witter.

**Investment Manager's**

Fiduciary Management Associates  
Orleans Capital Management  
MFS Investment Management  
Loomis Sayles  
Franklin Templeton

**Actuaries & Consultants**

Rodwin and Nichols, Actuaries

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
<b>Revenues &amp; Expenditures</b>	
<b><u>2002</u></b>	
<b>Market Value Jan 1</b>	<b>\$38,516,766</b>
<b>Revenues</b>	
Member Contributions	\$ 372,074
City Contributions	\$ 0
Gross Investment Income	\$ (3,258,670)
<b>Total</b>	<b>\$(2,886,596)</b>
<b>Expenditures</b>	
Benefit payments	\$ 1,715,820
Refund of contributions	\$ 1,060,038
Admin & investment exp.	\$ 15,125
<b>Total</b>	<b>\$ 2,790,983</b>
<b>Total Rev minus Exp</b>	<b>\$(5,677,579)</b>
<b>Market Value - Dec 31</b>	<b>\$ 32,839,187</b>

**INVESTMENTS**

**December 31, 2002**

Cash & Equivalents	0%
Equities	50.00%
Fixed Income	50.00%
Other	0%

The market rate of return on assets for year ended December 31, 2002 was **-8%**. The interest rate credited to employee contributions was **2.6%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin and Nichols 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. The results of the December 31, 2002 valuation, based on the established funding objective, are summarized below:

**FISCAL YEAR 2002 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL**

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	10.02%
Member portion	4.46%
<b>Total</b>	<b>14.48%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	12.06%
Member portion	7.25%
<b>Total</b>	<b>19.31%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>0.00%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$36.0
Actuarial value of assets	\$42.3
<b>% funded</b>	<b>117.4%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

- Eligibility - General:** Age 60 with 10 or more years of service.
- DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.
- Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.
- Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

- 2.25% of final average salary per year of service. Max benefit is 80% FAS.
- DPW/General:** 2.25% of final average salary per year of service.
- Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary:** DPW-

- General:** Highest 5 consecutive years out of last 10.
  - Police Command and Administrators:** Highest 3 consecutive years out of last 10.
  - Police Patrol/Fire:** Highest 3 consecutive years out of last 5.
- Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2002**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	47	\$2,144,150
Police/Fire Members	<u>55</u>	<u>\$3,474,948</u>
<b>Totals</b>	<b>102</b>	<b>\$5,619,098</b>

**GENERAL MEMBERS DECEMBER 31, 2002**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	2	\$ 73,510
30-34	1	\$ 37,962
35-39	10	\$438,095
40-44	7	\$299,552
45-49	9	\$434,922
50-54	11	\$570,326
55-59	5	\$196,519
60-64	<u>2</u>	<u>\$ 93,264</u>
<b>Total</b>	<b>48</b>	<b>\$2,144,150</b>

**POL/FIRE MEMBERS DECEMBER 31, 2002**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	2	\$ 88,205
25-29	8	\$376,172
30-34	10	\$565,046
35-39	6	\$380,829
40-44	6	\$425,323
45-49	12	\$831,496
50-54	8	\$535,658
55-59	<u>3</u>	<u>\$272,219</u>
<b>Total</b>	<b>55</b>	<b>\$3,474,948</b>

RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 2002  
BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	68	\$1,470,833
Casualty Pension	15	176,586
<b>Total Pensions</b>	<b>83</b>	<b>\$1,647,419</b>

INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%

THE PURPOSE OF THIS SUMMARY ANNUAL REPORT IS TO PROVIDE A GENERAL OVERVIEW OF THE RETIREMENT SYSTEM. THE OPERATION OF THE RETIREMENT SYSTEM IS GOVERNED BY THE APPLICABLE PROVISIONS OF THE RETIREMENT ORDINANCE, COLLECTIVE BARGAINING AGREEMENTS, AND FEDERAL AND STATE LAW WHICH ARE CONTROLLING IN THE EVENT OF A CONFLICT WITH INFORMATION CONTAINED IN THIS REPORT. THE RETIREMENT BOARD HAS RELIED ON THE ACCURACY OF THE INFORMATION CONTAINED WITHIN ITS ACTUARIAL AND FINANCIAL REPORTS IN PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2004

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep.  
James Burke, Police Rep.  
John Szymanski, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Michael Holycross, of Morgan Stanley  
Dean Witter.

**Investment Manager's**

Fiduciary Management Associates  
Orleans Capital Management  
MFS Investment Management  
Loomis Sayles  
Franklin Templeton

**Actuaries & Consultants**

Rodwin and Nichols, Actuaries

<b>SUMMARY OF CURRENT ASSET INFORMATION</b>	
<b>Revenues &amp; Expenditures</b>	
<b><u>2003</u></b>	
<b>Market Value Jan 1</b>	<b>\$32,839,036</b>
<b>Revenues</b>	
Member Contributions	\$ 384,788
City Contributions	\$ 0
Gross Investment Income	\$ 5,992,301
<b>Total</b>	<b>\$ 6,377,089</b>
<b>Expenditures</b>	
Benefit payments	\$ 1,654,881
Refund of contributions	\$ 2,216
Admin & investment exp.	\$ 7,426
<b>Total</b>	<b>\$ 1,664,523</b>
<b>Total Rev minus Exp</b>	<b>\$ 4,712,566</b>
<b>Market Value - Dec 31</b>	<b>\$37,551,602</b>

**INVESTMENTS**

**December 31, 2003**

Cash & Equivalents	4%
Equities	62.00%
Fixed Income	34.00%
Other	0%

The market rate of return on assets for year ended December 31, 2003 was **19%**. The interest rate credited to employee contributions was **3.2%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin and Nichols 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. The results of the December 31, 2003 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2003 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	9.80%
Member portion	5.08%
<b>Total</b>	<b>14.88%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>2.16%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	12.21%
Member portion	7.25%
<b>Total</b>	<b>19.46%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>4.57%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$38.1
Actuarial value of assets	\$42.3
<b>% funded</b>	<b>111.0%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

- Eligibility - General:** Age 60 with 10 or more years of service.
- DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.
- Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.
- Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

- 2.25% of final average salary per year of service. Max benefit is 80% FAS.
- DPW/General:** 2.25% of final average salary per year of service.
- Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary:** DPW-

- General:** Highest 5 consecutive years out of last 10.
- Police Command and Administrators:** Highest 3 consecutive years out of last 10.
- Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2003**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	50	\$2,446,948
Police/Fire Members	<u>54</u>	<u>\$3,592,064</u>
<b>Totals</b>	<b>104</b>	<b>\$6,039,012</b>

**GENERAL MEMBERS DECEMBER 31, 2003**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	2	\$ 76,522
30-34	1	\$ 44,546
35-39	8	\$376,437
40-44	8	\$363,766
45-49	11	\$515,926
50-54	11	\$653,017
55-59	7	\$312,884
60-64	<u>2</u>	<u>\$103,850</u>
<b>Total</b>	<b>50</b>	<b>\$2,446,948</b>

**POL/FIRE MEMBERS DECEMBER 31, 2003**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 40,968
25-29	5	\$244,497
30-34	15	\$891,277
35-39	4	\$243,873
40-44	6	\$426,922
45-49	11	\$802,548
50-54	9	\$675,254
55-59	2	\$184,843
60-65	<u>1</u>	<u>\$ 81,882</u>
<b>Total</b>	<b>54</b>	<b>\$3,592,064</b>

RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 2003  
BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	68	\$1,468,458
Casualty Pension	15	176,586
<b>Total Pensions</b>	<b>83</b>	<b>\$1,645,044</b>

INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%
2003	3.2%

THE PURPOSE OF THIS SUMMARY ANNUAL REPORT IS TO PROVIDE A GENERAL OVERVIEW OF THE RETIREMENT SYSTEM. THE OPERATION OF THE RETIREMENT SYSTEM IS GOVERNED BY THE APPLICABLE PROVISIONS OF THE RETIREMENT ORDINANCE, COLLECTIVE BARGAINING AGREEMENTS, AND FEDERAL AND STATE LAW WHICH ARE CONTROLLING IN THE EVENT OF A CONFLICT WITH INFORMATION CONTAINED IN THIS REPORT. THE RETIREMENT BOARD HAS RELIED ON THE ACCURACY OF THE INFORMATION CONTAINED WITHIN ITS ACTUARIAL AND FINANCIAL REPORTS IN PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2005

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Tim Collins, Citizen Trustee  
Clifford Weidel, Fire Rep.  
James Burke, Police Rep.  
John Szymanski, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
William Snyder, Gen. Emp. Rep.

**Investment Consultants**

Michael Holycross, of Morgan Stanley  
Dean Witter.

**Investment Manager's**

Fiduciary Management Associates  
Orleans Capital Management  
MFS Investment Management  
Loomis Sayles  
Franklin Templeton

**Actuaries & Consultants**

Rodwin Consulting Company, Actuaries

**SUMMARY OF CURRENT ASSET INFORMATION  
Revenues & Expenditures  
2004**

**Market Value Jan 1**                      \$37,551,602

**Revenues**

Member Contributions	\$ 442,046
City Contributions	\$ 0
Gross Investment Income	\$ 3,369,387
<b>Total</b>	<b>\$ 3,811,433</b>

**Expenditures**

Benefit payments	\$ 1,865,361
Refund of contributions	\$ 949,444
Admin & investment exp.	\$ 9,562
<b>Total</b>	<b>\$ 2,824,367</b>

**Total Rev minus Exp**                      \$ 987,066

**Market Value - Dec 31**                      \$38,538,668

**INVESTMENTS**

**December 31, 2004**

Cash & Equivalents	0%
Equities	66.00%
Fixed Income	34.00%
Other	0%

The market rate of return on assets for year ended December 31, 2004 was **10%**. The interest rate credited to employee contributions was **1.4%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin Consulting Company 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. The results of the December 31, 2004 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2004 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	8.32%
Member portion	5.08%
<b>Total</b>	<b>13.40%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>7.21%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	11.27%
Member portion	7.25%
<b>Total</b>	<b>18.52%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>10.16%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$39.9
Actuarial value of assets	\$40.5
<b>% funded</b>	<b>101.5%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

- Eligibility - General:** Age 60 with 10 or more years of service.
- DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.
- Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.
- Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:** 2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary:** DPW-**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 10.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be recomputed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.25% of gross pay.

**Police Command** - 7.25% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2004**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	50	\$2,592,709
Police/Fire Members	<u>52</u>	<u>\$3,641,782</u>
<b>Totals</b>	<b>102</b>	<b>\$6,234,491</b>

**GENERAL MEMBERS DECEMBER 31, 2004**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	2	\$ 44,247
25-29	2	\$ 83,736
30-34	2	\$ 72,249
35-39	6	\$310,410
40-44	8	\$392,040
45-49	8	\$466,052
50-54	13	\$757,884
55-59	5	\$247,737
60-64	<u>4</u>	<u>\$218,354</u>
<b>Total</b>	<b>50</b>	<b>\$2,592,709</b>

**POL/FIRE MEMBERS DECEMBER 31, 2004**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	2	\$ 74,293
25-29	4	\$ 223,389
30-34	17	\$1,041,614
35-39	6	\$ 412,808
40-44	6	\$ 466,366
45-49	10	\$ 790,232
50-54	6	\$ 530,659
55-59	<u>1</u>	<u>\$ 102,421</u>
<b>Total</b>	<b>52</b>	<b>\$3,641,782</b>

RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 2004  
BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	74	\$1,779,281
Casualty Pension	14	168,411
<b>Total Pensions</b>	<b>88</b>	<b>\$1,947,692</b>

INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%
2003	3.2%
2004	1.4%

THE PURPOSE OF THIS SUMMARY ANNUAL REPORT IS TO PROVIDE A GENERAL OVERVIEW OF THE RETIREMENT SYSTEM. THE OPERATION OF THE RETIREMENT SYSTEM IS GOVERNED BY THE APPLICABLE PROVISIONS OF THE RETIREMENT ORDINANCE, COLLECTIVE BARGAINING AGREEMENTS, AND FEDERAL AND STATE LAW WHICH ARE CONTROLLING IN THE EVENT OF A CONFLICT WITH INFORMATION CONTAINED IN THIS REPORT. THE RETIREMENT BOARD HAS RELIED ON THE ACCURACY OF THE INFORMATION CONTAINED WITHIN ITS ACTUARIAL AND FINANCIAL REPORTS IN PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2006

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Steve Matthews, Citizen Trustee  
 Nathan Butler, Fire Rep.  
 James Burke, Police Rep.  
 John Szymanski, Councilman  
 Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
 Maria Nawrocki, Gen. Emp. Rep.

**Investment Consultants**

Michael Holycross, of Morgan Stanley  
 Dean Witter.

**Investment Manager's**

SPRD - ETF  
 Orleans Capital Management  
 Loomis Sayles  
 Franklin Templeton

**Actuaries & Consultants**

Rodwin Consulting Company, Actuaries

**SUMMARY OF CURRENT ASSET INFORMATION  
 Revenues & Expenditures  
 2005**

**Market Value Jan 1**                      \$38,008,222

**Revenues**

Member Contributions	\$ 403,357
City Contributions	\$ 149,082
Gross Investment Income	\$ <u>1,758,097</u>
<b>Total</b>	<b>\$ 2,310,536</b>

**Expenditures**

Benefit payments	\$ 2,015,365
Refund of contributions	\$ 810,904
Admin & investment exp.	\$ <u>14,713</u>
<b>Total</b>	<b>\$ 2,840,982</b>

**Total Rev minus Exp**                      \$ (530,446)

**Market Value - Dec 31**                      \$38,008,222

**INVESTMENTS****December 31, 2005**

Cash & Equivalents	2.41%
Equities	65.35%
Fixed Income	32.24%
Other	0%

The market rate of return on assets for year ended December 31, 2005 was **5.28%**. The interest rate credited to employee contributions was **2.9%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin Consulting Company 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. The results of the December 31, 2005 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2005 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	10.71%
Member portion	5.08%
<b>Total</b>	<b>15.79%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>10.71%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	13.79%
Member portion	7.06%
<b>Total</b>	<b>20.85%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>13.79%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$41.9
Actuarial value of assets	\$39.4
<b>% funded</b>	<b>94.1%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary:** DPW-

**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 10.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be re-computed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.00% of gross pay.

**Police Command** - 7.00% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2005**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	48	\$2,467,830
Police/Fire Members	47	\$3,420,991
<b>Totals</b>	<b>95</b>	<b>\$5,888,821</b>

**GENERAL MEMBERS DECEMBER 31, 2005**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 24,641
25-29	2	\$ 80,000
30-34	1	\$ 36,698
35-39	6	\$293,441
40-44	10	\$489,721
45-49	8	\$463,395
50-54	10	\$590,278
55-59	6	\$286,367
60-64	4	\$203,289
<b>Total</b>	<b>48</b>	<b>\$2,467,830</b>

**POL/FIRE MEMBERS DECEMBER 31, 2005**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	2	\$ 104,172
25-29	4	\$ 254,217
30-34	14	\$ 839,747
35-39	8	\$ 621,498
40-44	6	\$ 477,965
45-49	7	\$ 545,152
50-54	5	\$ 477,524
55-59	1	\$ 100,716
<b>Total</b>	<b>47</b>	<b>\$3,420,991</b>

RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 2005  
BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	78	\$2,012,361
Casualty Pension	11	147,454
<b>Total Pensions</b>	<b>89</b>	<b>\$2,159,815</b>

INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%
2003	3.2%
2004	1.4%
2005	2.9%

THE PURPOSE OF THIS  
SUMMARY ANNUAL REPORT IS  
TO PROVIDE A GENERAL  
OVERVIEW OF THE  
RETIREMENT SYSTEM. THE  
OPERATION OF THE  
RETIREMENT SYSTEM IS  
GOVERNED BY THE  
APPLICABLE PROVISIONS OF  
THE RETIREMENT ORDINANCE,  
COLLECTIVE BARGAINING  
AGREEMENTS, AND FEDERAL  
AND STATE LAW WHICH ARE  
CONTROLLING IN THE EVENT  
OF A CONFLICT WITH  
INFORMATION CONTAINED IN  
THIS REPORT. THE  
RETIREMENT BOARD HAS  
RELIED ON THE ACCURACY OF  
THE INFORMATION CONTAINED  
WITHIN ITS ACTUARIAL AND  
FINANCIAL REPORTS IN  
PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2007

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Steve Matthews, Citizen Trustee  
Nathan Butler, Fire Rep.  
James Burke, Police Rep.  
John Szymanski, Councilman  
Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
Maria Nawrocki, Gen. Emp. Rep.

**Investment Consultants**

Michael Holycross, of Morgan Stanley

**Investment Manager's**

SPRD - ETF  
S&P Midcap 400 -ETF  
MSCI EM - ETF  
Orleans Capital Management  
Loomis Sayles  
Franklin Templeton

**Actuaries & Consultants**

Rodwin Consulting Company, Actuaries

**SUMMARY OF CURRENT ASSET INFORMATION  
Revenues & Expenditures  
2006**

**Market Value Jan 1                    \$39,178,834**

**Revenues**

Member Contributions	\$ 372,315
City Contributions	\$ 360,000
Gross Investment Income	\$ 3,831,927
<b>Total</b>	<b>\$ 4,654,242</b>

**Expenditures**

Benefit payments	\$ 2,340,412
Refund of contributions	\$ 1,083,010
Admin & investment exp.	\$ 29,792
<b>Total</b>	<b>\$ 3,393,630</b>

**Total Rev minus Exp                    \$ 1,170,612**

**Market Value - Dec 31                \$39,178,834**

**INVESTMENTS**

December 31, 2006

Cash & Equivalents	2.88%
Equities	66.11%
Fixed Income	31.01%
Other	0%

The market rate of return on assets for year ended December 31, 2006 was **11.43%**. The interest rate credited to employee contributions was **6%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin Consulting Company 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. The results of the December 31, 2006 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2006 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	9.85%
Member portion	5.08%
<b>Total</b>	<b>14.93%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>9.85%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	12.07%
Member portion	7.12%
<b>Total</b>	<b>19.19%</b>
Amortization of unfunded liability	0%
<b>City's Net Contribution Rate</b>	<b>12.07%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$42.0
Actuarial value of assets	\$39.0
<b>% funded</b>	<b>92.7%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary: DPW-**

**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 10.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be re-computed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.00% of gross pay.

**Police Command** - 7.00% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2006**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	48	\$2,536,917
Police/Fire Members	<u>44</u>	<u>\$3,335,579</u>
<b>Totals</b>	<b>95</b>	<b>\$5,872,496</b>

**GENERAL MEMBERS DECEMBER 31, 2006**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	2	\$ 63,997
30-34	2	\$ 83,984
35-39	3	\$132,303
40-44	10	\$
45-49	9	\$533,270
50-54	11	\$609,414
55-59	4	\$416,490
60-64	5	\$286,367
65-69	<u>2</u>	<u>\$ 72,203</u>
<b>Total</b>	<b>48</b>	<b>\$2,536,917</b>

**POL/FIRE MEMBERS DECEMBER 31, 2006**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 61,510
25-29	7	\$ 429,932
30-34	14	\$ 957,215
35-39	7	\$ 588,623
40-44	8	\$ 705,621
45-49	3	\$ 222,126
50-54	4	\$ 370,552
<b>Total</b>	<b>44</b>	<b>\$3,335,579</b>

RETIRANTS AND BENEFICIARIES  
DECEMBER 31, 2006  
BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	84	\$2,455,592
Casualty Pension	11	147,454
<b>Total Pensions</b>	<b>95</b>	<b>\$2,603,046</b>

INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%
2003	3.2%
2004	1.4%
2005	2.9%
2006	6.0%

THE PURPOSE OF THIS SUMMARY ANNUAL REPORT IS TO PROVIDE A GENERAL OVERVIEW OF THE RETIREMENT SYSTEM. THE OPERATION OF THE RETIREMENT SYSTEM IS GOVERNED BY THE APPLICABLE PROVISIONS OF THE RETIREMENT ORDINANCE, COLLECTIVE BARGAINING AGREEMENTS, AND FEDERAL AND STATE LAW WHICH ARE CONTROLLING IN THE EVENT OF A CONFLICT WITH INFORMATION CONTAINED IN THIS REPORT. THE RETIREMENT BOARD HAS RELIED ON THE ACCURACY OF THE INFORMATION CONTAINED WITHIN ITS ACTUARIAL AND FINANCIAL REPORTS IN PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2008

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Steve Matthews, Citizen Trustee  
 Nathan Butler, Fire Rep.  
 James Burke, Police Rep.  
 John Szymanski, Councilman  
 Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
 Maria Nawrocki, Gen. Emp. Rep.

**Investment Consultants**

Michael Holycross, of Morgan Stanley

**Investment Manager's**

S&P 100; 400; & 500 SPRD -ETF  
 MSCI EM - ETF  
 Orleans Capital Management  
 Loomis Sayles  
 Franklin Templeton

**Actuaries & Consultants**

Rodwin Consulting Company, Actuaries

**SUMMARY OF CURRENT ASSET INFORMATION  
 Revenues & Expenditures  
 2007**

**Market Value Jan 1**                      \$38,178,834

**Revenues**

Member Contributions	\$ 394,803
City Contributions	\$ 500,000
Gross Investment Income	\$ <u>3,945,860</u>
<b>Total</b>	<b>\$ 4,840,663</b>

**Expenditures**

Benefit payments	\$ 2,686,540
Refund of contributions	\$ 953,220
Admin & investment exp.	\$ <u>11,000</u>
<b>Total</b>	<b>\$ 3,650,760</b>

**Total Rev minus Exp**                      \$ 1,189,904

**Market Value - Dec 31**                      \$40,368,737

**INVESTMENTS**

December 31, 2007

Cash & Equivalents	4.10%
Equities	62.50%
Fixed Income	33.40%
Other	0%

The market rate of return on assets for year ended December 31, 2007 was **10.5%**. The interest rate credited to employee contributions was **9.8%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin Consulting Company 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. The results of the December 31, 2006 valuation, based on the established funding objective, are summarized below:

<b>FISCAL YEAR 2007 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL</b>
--

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	9.98%
Member portion	5.08%
<b>Total</b>	<b>15.06%</b>
Amortization of unfunded liability	2.68%
<b>City's Net Contribution Rate</b>	<b>9.98%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	11.91%
Member portion	7.12%
<b>Total</b>	<b>19.03%</b>
Amortization of unfunded liability	2.68%
<b>City's Net Contribution Rate</b>	<b>11.91%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$43.1
Actuarial value of assets	\$39.9
<b>% funded</b>	<b>92.7%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in excellent financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS****Regular Retirement:**

**Eligibility - General:** Age 60 with 10 or more years of service.

**DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.

**Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.

**Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:**

2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary: DPW-**

**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 10.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be re-computed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.00% of gross pay.

**Police Command** - 7.00% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2007**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	45	\$2,439,975
Police/Fire Members	<u>49</u>	<u>\$3,830,348</u>
<b>Totals</b>	<b>94</b>	<b>\$6,270,321</b>

**GENERAL MEMBERS DECEMBER 31, 2007**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	1	\$ 30,244
30-34	2	\$ 85,517
35-39	2	\$ 83,915
40-44	9	\$441,659
45-49	8	\$443,385
50-54	9	\$501,613
55-59	10	\$633,497
60-64	3	\$147,869
65-69	<u>1</u>	<u>\$ 72,276</u>
<b>Total</b>	<b>45</b>	<b>\$2,439,975</b>

**POL/FIRE MEMBERS DECEMBER 31, 2007**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 37,001
25-29	11	\$ 691,730
30-34	12	\$ 765,103
35-39	9	\$ 895,939
40-44	5	\$ 458,430
45-49	6	\$ 533,919
50-54	4	\$ 338,745
55-59	1	\$ 109,481
<b>Total</b>	<b>49</b>	<b>\$3,830,348</b>

RETIRANTS AND BENEFICIARIES  
 DECEMBER 31, 2007  
 BY TYPE AND PENSION BEING PAID

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	83	\$2,497,032
Casualty Pension	11	147,454
<b>Total Pensions</b>	<b>94</b>	<b>\$2,644,486</b>

INTEREST RATE CREDITED TO  
 EMPLOYEE CONTRIBUTIONS

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%
2003	3.2%
2004	1.4%
2005	2.9%
2006	6.0%
2007	9.8%

THE PURPOSE OF THIS  
 SUMMARY ANNUAL REPORT IS  
 TO PROVIDE A GENERAL  
 OVERVIEW OF THE  
 RETIREMENT SYSTEM. THE  
 OPERATION OF THE  
 RETIREMENT SYSTEM IS  
 GOVERNED BY THE  
 APPLICABLE PROVISIONS OF  
 THE RETIREMENT ORDINANCE,  
 COLLECTIVE BARGAINING  
 AGREEMENTS, AND FEDERAL  
 AND STATE LAW WHICH ARE  
 CONTROLLING IN THE EVENT  
 OF A CONFLICT WITH  
 INFORMATION CONTAINED IN  
 THIS REPORT. THE  
 RETIREMENT BOARD HAS  
 RELIED ON THE ACCURACY OF  
 THE INFORMATION CONTAINED  
 WITHIN ITS ACTUARIAL AND  
 FINANCIAL REPORTS IN  
 PREPARING THIS SUMMARY.

# CITY OF HARPER WOODS RETIREMENT SYSTEM

## SUMMARY ANNUAL REPORT TO MEMBERS JANUARY 1, 2009

**Dear Retirement System Member:**

With the passage of Public Act 485 of 1996, amending Public Act 314 of 1965, the Retirement Board is now required to provide an annual report to its members hi-lighting the previous year's activities. This summary is our attempt to provide you with this information, and we hope that you find it useful. If you have any suggestions on improving this summary, please contact your representative.

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire or die. The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional consultants and money manager's to assist us in fulfilling these duties.

We hope you find this summary helpful, however, it obviously cannot cover all the details of the System, which is governed by the provisions of the City's Charter, the City's retirement ordinance, and the Board's policies. Additional information about the System and its financial operation is available in the City Clerk's Office.

**Retirement Board of Trustees,**

Darren L. Harville, Citizen Trustee  
 Robert Koss, Fire Rep.  
 James Burke, Police Rep.  
 John Szymanski, Councilman  
 Michael Monaghan, Councilman

Kenneth A. Poynter, Mayor  
 Maria Nawrocki, Gen. Emp. Rep.

**Investment Consultants**

Michael Holycross, of Morgan Stanley

**Investment Manager's**

S&P 100; 400; & 500 SPRD -ETF  
 MSCI EM - ETF; Russell 2000 ETF;  
 Orleans Capital Management  
 Loomis Sayles  
 Franklin Templeton

**Actuaries & Consultants**

Rodwin Consulting Company, Actuaries

**SUMMARY OF CURRENT ASSET INFORMATION  
 Revenues & Expenditures  
 2008**

**Market Value Jan 1**                      \$40,368,737

**Revenues**

Member Contributions	\$	447,836
City Contributions	\$	500,000
Gross Investment Income	\$	(9,934,088)
<b>Total</b>		<b>\$(8,986,252)</b>

**Expenditures**

Benefit payments	\$	2,749,822
Refund of contributions	\$	388,873
Admin & investment exp.	\$	11,000
<b>Total</b>		<b>\$ 3,149,695</b>

**Total Rev minus Exp**                      **\$(12,135,947)**

**Market Value - Dec 31**                      **\$28,232,691**

**INVESTMENTS**

**December 31, 2008**

Cash & Equivalents	1.03%
Equities	50.87%
Fixed Income	43.90%
Other	4.20%

The market rate of return on assets for year ended December 31, 2008 was **-25.35%**. The interest rate credited to employee contributions was **1.6%**.

**ACTUARIAL VALUATION SUMMARY RESULTS**

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent's of the City's active member payroll.

To determine an appropriated 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, Rodwin Consulting Company 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. The results of the December 31, 2006 valuation, based on the established funding objective, are summarized below:

**FISCAL YEAR 2008 EMPLOYEE CONTRIBUTION RATES AS A PERCENTAGE OF ACTIVE MEMBER PAYROLL**

**CONTRIBUTIONS FOR GENERAL MEMBERS**

Normal Cost Of Benefits	
City portion	12.67%
Member portion	5.08%
<b>Total</b>	<b>17.75%</b>
Amortization of unfunded liability	5.16%
<b>City's Net Contribution Rate</b>	<b>12.67%</b>

**CONTRIBUTIONS FOR POLICE & FIRE**

Normal Cost Of Benefits	
City portion	14.59%
Member portion	7.06%
<b>Total</b>	<b>21.65%</b>
Amortization of unfunded liability	5.16%
<b>City's Net Contribution Rate</b>	<b>14.59%</b>

**Funded Status \$ Millions**

Actuarial accrued lib.	\$44.5
Actuarial value of assets	\$38.3
<b>% funded</b>	<b>86.1%</b>

**Actuary's Opinion**

It is the actuary's opinion that the Retirement System is in good financial condition in accordance with the actuarial objective of keeping the percent of active member payroll financing level.

**BRIEF SUMMARY OF PLAN PROVISIONS**

**Regular Retirement:**

- Eligibility - General:** Age 60 with 10 or more years of service.
- DPW and General Administrators:** Age 60 with 10 or more years of service or age 55 with 25 or more years of service.
- Police:** Age 50 with 25 or more years of service or age 55 regardless of years of service.
- Fire:** Age 50 with 25 or more years of service or age 55 with 10 or more years of service.

**Annual Benefit - Administrators:** 2.25% of final average salary per year of service. Max benefit is 80% FAS.

**DPW/General:** 2.25% of final average salary per year of service.

**Fire/Police:** 2.75% of final average salary per year of service. Max benefit 80% of FAS.

**Type of Final Average Salary:** DPW-**General:** Highest 5 consecutive years out of last 10.

**Police Command and Administrators:** Highest 3 consecutive years out of last 10.

**Police Patrol/Fire:** Highest 3 consecutive years out of last 5. Salary is defined in labor contracts.

**Deferred Retirement (vested):**

**Eligibility** - 10 or more years of service.

**General:** Benefits begin at age 60.

**Police-Fire:** Benefits begin at age 55.

**Annual Benefit** - Computed as regular retirement but based upon service and final average salary at time of termination. Fifty percent reduction for Police if service is less than 15 years.

**Duty Disability Retirement:**

**Eligibility** - Total and permanent disability, no age or service requirement. Workers' Compensation must become payable on account of disability.

**Annual Benefit** - Computed as regular retirement with a minimum benefit of 15% of final average salary. At termination of Worker's Compensation period, service credit will be given for the years in receipt of Worker's Compensation and pension will be re-computed.

**Non-Duty Disability Retirement:**

**Eligibility** - Total and permanent disability after 10 or more years of service.

**Annual Benefit** - Computed as regular retirement based upon service and final average salary at time of termination.

**Duty Death Before Retirement:**

**Eligibility** - No age or service requirement. Worker's Compensation must become payable on account of death.

**Annual Benefit** - Refund of accumulated contributions plus a benefit equal to the Worker's Compensation payment to the surviving spouse, unmarried children under 18 and dependent parents. Benefits are payable upon termination of Worker's Compensation and continue for life or until remarriage.

**Non-Duty Death Before Retirement:**

**Eligibility** - 10 years of service.

**Annual Benefit** - Computed as regular retirement but actuarially reduced in accordance with a 100% joint and

survivor election.

**Member Contributions:**

**General: Clerical** - 5% of gross pay.

**Administrative** - 5% of gross pay.

**DPW** - 5.25% of gross pay.

**Fire** - 7.25% of gross pay.

**Police Patrol** - 7.00% of gross pay.

**Police Command** - 7.00% of gross pay.

Gross Pay is defined in labor contracts.

**ACTIVE MEMBERS DECEMBER 31, 2008**

<u>Valuation Divisions</u>	<u>No</u>	<u>Payroll</u>
General Members	46	\$2,556,797
Police/Fire Members	49	\$3,964,321
<b>Totals</b>	<b>95</b>	<b>\$6,521,118</b>

**GENERAL MEMBERS DECEMBER 31, 2008**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
25-29	1	\$ 32,361
30-34	2	\$ 85,997
35-39	2	\$ 86,473
40-44	7	\$379,290
45-49	9	\$481,453
50-54	10	\$564,750
55-59	9	\$586,644
60-64	5	\$265,085
65-69	1	\$ 74,744
<b>Total</b>	<b>46</b>	<b>\$2,556,797</b>

**POL/FIRE MEMBERS DECEMBER 31, 2008**

<u>Attained Age</u>	<u>Number</u>	<u>Payroll</u>
20-24	1	\$ 50,917
25-29	6	\$ 426,686
30-34	10	\$ 636,514
35-39	18	\$1,523,151
40-44	3	\$ 295,808
45-49	6	\$ 591,572
50-54	4	\$ 322,784
55-59	1	\$ 116,889
<b>Total</b>	<b>49</b>	<b>\$3,964,321</b>

**RETIREES AND BENEFICIARIES  
DECEMBER 31, 2008  
BY TYPE AND PENSION BEING PAID**

<u>Type of Pension</u>	<u>No.</u>	<u>Amount</u>
Service Pension	83	\$2,592,074
Casualty Pension	10	142,953
<b>Total Pensions</b>	<b>93</b>	<b>\$2,735,027</b>

**INTEREST RATE CREDITED TO  
EMPLOYEE CONTRIBUTIONS**

<u>YEAR</u>	<u>RATE</u>
1997	13.9%
1998	15.9%
1999	15.4%
2000	10.5%
2001	7.0%
2002	2.6%
2003	3.2%
2004	1.4%
2005	2.9%
2006	6.0%
2007	9.8%
2008	1.6%

**THE PURPOSE OF THIS  
SUMMARY ANNUAL REPORT IS  
TO PROVIDE A GENERAL  
OVERVIEW OF THE  
RETIREMENT SYSTEM. THE  
OPERATION OF THE  
RETIREMENT SYSTEM IS  
GOVERNED BY THE  
APPLICABLE PROVISIONS OF  
THE RETIREMENT ORDINANCE,  
COLLECTIVE BARGAINING  
AGREEMENTS, AND FEDERAL  
AND STATE LAW WHICH ARE  
CONTROLLING IN THE EVENT  
OF A CONFLICT WITH  
INFORMATION CONTAINED IN  
THIS REPORT. THE  
RETIREMENT BOARD HAS  
RELIED ON THE ACCURACY OF  
THE INFORMATION CONTAINED  
WITHIN ITS ACTUARIAL AND  
FINANCIAL REPORTS IN  
PREPARING THIS SUMMARY.**