



## Summary Annual Report to Members of the City of Rockford Employees Retirement System December 31, 2017

Dear Retirement System Member,

The Retirement System, which is managed by Municipal Employees Retirement System of Michigan (MERS), is designed to help you meet your financial needs for retirement, disability or death.

MERS fiduciary responsibility to you is to supervise the general administration of the System and invest its assets.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you find it useful and informative. However, a summary cannot provide all the details of the System, which is governed by the provisions of the MERS plan, union agreements and personnel policies. Additional information is available on MERS website at [www.mersofmich.com](http://www.mersofmich.com).

Linda Lehman  
City of Rockford  
Finance Director/Treasurer

City of Rockford  
 Summary Results of Actuarial Valuation  
 December 31, 2017

Investment Fiduciaries                    MERS of Michigan  
 Systems service providers                MERS of Michigan, CBIZ Retirement Plan Services (actuary)

Net Pension Liability	Balance		Interest	Differences		Contributions	Net Investment Income	Administrative Expenses	Balance
	12/31/2015	Service Cost		Expected/Actual					
	\$ 2,979,662	\$ 132,340	\$ 631,680	\$ 389,701	\$ (299,937)	\$ (575,688)	\$ 11,355	\$ 3,269,113	

System's funded ratio                      65.4%

Investment performance - Net of fees	1 Year	13.20%
	3 Years	7.45%
	5 Years	8.67%
	7 Years	8.03%
	10 Years	5.56%

System Expenses:	
System administrative expenses	0.19%
System investment expenses	0.13%
Total	0.32%

System's budget                              N/A

Retirees and beneficiaries	28
Vested former employees	14
Active plan members	29
Total	71

Average annual retirement allowance    \$ 17,377

Total annual retirement allowance      \$ 486,549

Valuation payroll                            \$ 1,723,329

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Fiscal Year Beginning July 1, 2019 Employer Contributions by Division Expressed as % of Payroll and \$ Amounts				
	<u>Hybrid Non-Union</u>	<u>Hybrid Public Safety</u>	<u>Estimated Contribution \$</u>	
Contributions for:				
Total Normal Cost of Benefits	8.48%	5.48%	45,900	
UAL Amortization Payment	<u>0.22%</u>	<u>0.23%</u>	<u>1,368</u>	
Computed Employer Contribution	8.70%	5.71%	\$ 47,268	
	<u>Division 01 Union</u>	<u>Division 10 Non-Union</u>	<u>Division 20 Police</u>	<u>Total Flat \$ Contributions</u>
Contributions for:				
Total Normal Cost of Benefits	\$ 24,744	\$ 50,172	\$ 44,124	\$ 119,040
UAL Amortization Payment	<u>\$ 29,724</u>	<u>\$ 127,824</u>	<u>\$ 80,412</u>	<u>\$ 237,960</u>
Computed Employer Contribution	\$ 54,468	\$ 177,996	\$ 124,536	\$ 357,000
Member Contribution Average			2.40%	
Total Employer Contributions				\$ 404,268

Actuarial Assumptions:

Investment rate of return	7.75%
Long term inflation rate	3.75%
Smoothing method	5 Years

Amortization method	<u>Division 01 Union</u>	<u>Division 10 Non-Union</u>	<u>Division 20 Police</u>	<u>Hybrid Non-Union</u>	<u>Hybrid Public Safety</u>
December 31, 2015 Initial	23	23	23	23	
December 31, 2016 Gain/Loss	22	22	22	22	15
December 31, 2017 Gain/Loss	21	21	21	21	15

Actuarial cost method                      Entry Age Normal Method

Open/Closed membership	<u>Division 01 Union</u>	<u>Division 10 Non-Union</u>	<u>Division 20 Police</u>	<u>Hybrid Non-Union</u>	<u>Hybrid Public Safety</u>
	Closed to new hires	Closed to new hires	Closed to new hires	Open	Open

Health care inflation	N/A
Travel report	N/A