



# City of Warren Employees Retirement System

## Summary Annual Report

### December 31, 2020

Dear Member:

The following is a summary of your Retirement System. Each year, an actuarial valuation is prepared to compare assets to liabilities. Assets are held and invested in a trust separate from other City assets. The only disbursements from this trust are to members who are retired or disabled, beneficiaries of members, members who receive contribution refunds, and for Retirement System expenses.

As Retirement Board Members, our tasks include making sure trust assets are invested prudently, required City and member contributions are received and that benefits are paid in accordance with the Retirement System's provisions.

Various professionals are hired to help in the administration of the System. They are listed in the column to the right.

The City is funding Retirement System benefits as they accrue in accordance with a sound funding objective.

Respectfully submitted,

**Board of Trustees**  
**City of Warren Employees Retirement System**

**Board Members**

Christine C. Cassani,  
*Chairperson*

Rick A. Traub,  
*Vice Chairperson*

Angela Rogensues,  
*Trustee*

Richard Fox,  
*Trustee*

Gary Urbanczyk,  
*Trustee*

**Professional Advisors**

Investment Fiduciaries

Hamlin Capital Management

Lazard Asset Management

Morgan Stanley-Graystone,

Investment Consultant

Reinhart Partners, Inc.

Seizert Capital Partners

Vanguard Emerging Markets

World Asset Management

Aristotle Capital Management LLC

LS Investment Advisors LLC

Service Providers

Comerica Bank, Trust Custodian

Ramie E. Phillips, Jr, PC, CPA, Auditor

Foster & Foster, Inc., Actuary

VanOverbeke, Michaud & Timmony,  
*Attorneys*

**Actuarial Information Used for this Report:**

1. 50 active members
2. 506 retirees/beneficiaries
3. Plan is closed to new hires
4. \$33,106 average annual pension benefit
5. \$16,751,507 annual pension payroll
6. \$4,221,483 valuation payroll used
7. Employer's normal cost of benefits: 16.29% - entry age cost method, not applicable for aggregate cost method
8. Employer's total contribution rate: \$8,150,554
9. Weighted average member contribution rate: 0.00%
10. The required employer contribution for the fiscal year was received
11. 7.15% assumed rate of investment return
12. 4.0% assumed rate of long-term wage inflation
13. 4-year asset smoothing method used
14. Expected future working lifetime amortization period used
15. Aggregate cost method used
16. Funded ratio 100% under aggregate cost method, 71.6% under entry age normal cost method

**Investment Performance\***

	1	3	5	7	10
Combined	Year	Year	Year	Year	Year
Account	12.13%	7.84%	9.66%	7.33%	7.48%

\*Calendar year ending December 31, 2020 (net of fees)

**2021 Projected Expenditures**

Pension Payments: \$17 million

Refund of Member Contributions: \$0

Investment Fees: \$650,000

Memberships/Training/Education/Travel: \$7,000

Administrative Expenses: \$250,000

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

## Actuarial Valuation Summary

Foster & Foster, Inc. was hired to prepare the December 31, 2020 Actuarial Valuation. The funding objective of the System is to finance the unfunded present value of future benefits over the remaining working lifetimes of the active members. The actual level of contribution is dependent on actual and assumed experience and benefit provisions. Below is a summary of the results:

### Contribution Requirements

Actuarial Present Value of All Future Benefits	\$193,899,595
Smoothed Valuation Assets	135,886,594
Present Value of Future Member Contributions	0
Unfunded Present Value of Benefits	58,013,001
Present Value of Future Pay	30,047,149
Computed Employer Contribution	
Dollar Amount Based on Valuation Payroll	\$8,150,554

## Assets & Liabilities

### Funded Status

Market Value of Assets	\$142,332,200
Smoothed Valuation Assets	135,886,594
Actuarial Accrued Liability – Aggregate cost method	135,886,594
Funded Ratio – Aggregate cost method	100.0%
Actuarial Accrued Liability - Entry Age cost method	189,742,990
Funded Ratio - Entry Age cost method	71.6%

**Actuary's Statement** – The System is being funded based on sound actuarial assumptions and methods. For a complete analysis, please review the December 31, 2020 actuarial valuation.

### Revenues & Expenditures

Beginning Balance (Market Value) – January 1, 2020 \$136,526,145

#### Revenues

Employees' contributions	0
Employer contribution	8,758,414
Investment income	14,145,524
Other Income	14,132
Total	22,918,070

#### Expenditures

Pension payments	16,867,737
Refunds and annuity withdrawal	0
Transfer to 401 Defined Contribution Plan	0
Non-Investment Expenses	244,278
Total	17,112,015

Ending Balance (Market Value) – December 31, 2020 \$142,332,200

Recognized Return on Smoothed Funding Value of Assets 9.12%