

**CITY OF PONTIAC GENERAL EMPLOYEES' RETIREMENT SYSTEM  
SUMMARY ANNUAL REPORT TO MEMBERS  
DECEMBER 31, 2021**

Dear Retirement System Member:

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 Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and to invest its assets. Our Board retains professional advisors to assist in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We hope you will find it useful and informative. However, a summary cannot cover all the details of the System, which is governed by the provisions of the City's charter, the City's Retirement Ordinance, State of Michigan Statutes, the IRC and the Retirement Board's official rules and regulations. Additional information and more detailed reports about the System's operations are available in the Retirement Office or you may visit [www.pontiacgers.org](http://www.pontiacgers.org).

Respectfully Submitted,

**The Board of Trustees**  
*City of Pontiac General Employees' Retirement System*

**Investment Fiduciaries of the System**

**Board of Trustees**

Sheldon Albritton, Chairman  
Darin Carrington, Secretary  
Robert Giddings, Vice-Chairman  
James Miriani  
Lisa King  
Walter Moore

Billie Swazer  
James Walker  
Deirdre Waterman, Mayor  
Patrice Waterman  
John White

**Investment Managers**

Robinson Capital Management	Loomis, Sayles & Company	Attucks Asset Management
Mesirow Financial	Victory/Incore Capital	Intercontinental
GrayCo Alternatives	Northern Trust Asset Mgmt	First Eagle Asset Management
Sawgrass Asset Mgmt.	Invesco	UBS Trumbull
Kennedy Capital Management	WCM Investment Mgmt.	Principal
Wellington Trust	American Realty	TerraCap Mngmt
Xponance		

**Legal Counsel**  
AsherKelly

**Auditor**  
George Johnson Co.

**Actuary**  
Gabriel, Roeder, Smith & Co

**Investment Consultant**  
Dahab Associates

**Custodian of Assets**  
Northern Trust

**Payroll Services Provider**  
ADP

**Other Service Providers**  
**IT Administrator**  
ARK Technologies

**Medical Director**  
CoreVisory

**Portfolio Composition by Asset Class at December 31, 2021**

Domestic Equity	53.9%
International Equity	6.4%
Domestic Fixed Income	22.8%
Private Equity	1.8%
Real Estate	9.9%
Cash & Equivalents	.67%

**Total**                      **100.0%**

**2021 Investment Performance**

	<u>1-Year</u>	<u>3-Year</u>	<u>5-Year</u>	<u>7-Year</u>	<u>10-Year*</u>
Net of Fees	15.7%	16.4%	11.6%	9.2%	10.5%

\*10-Year Returns are estimated by Dahab Associates

**Contact us at:**

[memberservices@pontiacgers.org](mailto:memberservices@pontiacgers.org)

**Visit us at**

[www.pontiacgers.org](http://www.pontiacgers.org)

## SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate the assets necessary to pay the promised benefits in an orderly manner. To accomplish this, contribution rates are established in a manner that is designed to keep those rates approximately level as a certain dollar amount from year to year. The Board of Trustees of the City of Pontiac General Employees' Retirement System confirms that the System provides for the payment of the required employer contribution as described in Section 38.1140m of Michigan Public Act No. 314 as amended. To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants conducts annual actuarial valuations. These valuations are based on your System's past experience, information about current participation, financial markets and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2021 valuation, based on the established funding objective, are summarized below:

### FISCAL YEAR BEGINNING JULY 1, 2023 EMPLOYER CONTRIBUTION RATES AS A % OF ACTIVE MEMBER PAYROLL

#### Contributions For

Computed Employer Amount	0.00%
Member Contributions	0.00%
Valuation Payroll	\$1,294,948

#### Funded Status

Valuation Assets	\$525,498,150
Actuarial Accrued Liabilities	\$270,948,948
% Funded	193.90%

#### Participant Data

Active Members	26
Retirees and Beneficiaries	1,035
Vested Inactive Members	97
Total Annual Benefits Paid	\$21,446,122
Average Annual Retirement Benefit	\$20,721
Weighted Average of Member Contrib.	\$0

#### Accounting Disclosures

Actuarial Cost Method	Individual Entry Age
Amortization Method	Level Dollar, Open
Remaining Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Market Value

#### Actuarial Assumptions

Investment Rate of Return	6.0%
Projected Salary Increases	3.6% - 7.4%
- Includes Inflation at	2.5%
Employer's Normal Cost	\$1,026,823

## ACTUARY'S OPINION

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective. The Board of Trustees confirms that the System has received the required employer contributions for the years shown above. The System is closed to all non-MAPE employees hired after April 1, 2013. The Employer's Contribution Rate as a % of valuation payroll is 0.00%. The Employer's Normal Cost as a % of valuation payroll is 79.29%. \*The actuarial assumed rate of health care inflation is 7.5% initial trend decreasing to a 4.5% ultimate trend rate. The trend assumption is reduced by 1% for post-Medicare coverage.

## ASSETS & LIABILITIES 2021

**Net Plan Assets at December 31, 2020** **\$549,899,376**

#### **Assets**

Interest and Other Receivables	\$ 1,152,441
Short-term Investments	\$ 31,738,441
Long-term Investments	\$566,882,191
Total Assets	\$599,773,073

#### **Liabilities**

Accounts Payable and other Payables	\$ 785,225
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**Net Plan Assets at December 31, 2021** **\$598,987,848**

**Plan Year Change in Net Plan Assets** **\$ 49,088,472**

#### Itemized Expenditures

	<u>2021</u> <u>Expenditures</u>	<u>2022</u> <u>Adopted Budget</u>
Wages	\$248,553	\$266,000
Fringe Benefits	\$58,877	\$74,771
Pension Payments	\$21,880,291	\$23,000,000
\$400 Supplemental Payment	\$5,010,006	\$0
Bank Fees	\$173,015	\$156,091
Interest	\$10,867	\$12,000
Investment Mgmt.	\$3,121,659	\$2,021,800
Professional Train/Edu	\$20,297	\$90,000
Insurance	\$34,780	\$35,507
Other Professional Serv.	\$264,666	\$177,445
Rent	\$32,885	\$33,000
Equipment	\$72,507	\$13,500
Supplies/Postage	\$20,689	\$16,500
Other Admin. Exp.	\$46,692	\$51,710
Transfer to City	\$8,000,000	

#### **Soft Dollar Expenditures**

2021 Soft Dollar Expenditures \$50,158.32

\*This information is provided by the City of Pontiac.