

# Summary Annual Report

Charter Township of Independence

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Annual Actuarial Report – Pension

December 31, 2016

Actuarial Valuation – Other Post Employment Benefits

December 31, 2015

# Summary Annual Report - Pension

## Plan Description

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- The Township participates in an agent, multiple-employer defined benefit plan administered by MERS that covers only **full-time firefighters** of the Township
- The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries
- Benefit terms are generally established and amended by the authority of the Township board, generally after negotiations of these terms with affected union

# Summary Annual Report - Pension

Sec 13(i)	Item Required	Item Information
(i)	Name of System	Charter Township of Independence
(ii)	Name of Investment Fiduciaries	MERS of Michigan
(iii)	System's service provider	MERS of Michigan, CBIZ Retirement Plan Services
(iv)	System's assets and liabilities	Assets: \$8,881,081 Liabilities: \$12,651,078
(v)	System's funding ratio	70.2%
(vi)	Investment performance on a rolling calendar-year basis for the previous 1-, 3-, 5-, 7-, and 10-year periods	Investment performance net of fees: 1 year: 10.85% 3 years: 5.32% 5 years: 8.30% 7 years: 8.18% 10 years: 5.11%

# Summary Annual Report - Pension

Sec 13(i)	Item Required	Item Information
(vii)	System's administration and investment expenses, pursuant to GASB standards	At December 31, 2016, the cost of the Defined Benefit Plan was 0.39% (0.21% for administration and 0.18% for investments)
(viii)	System's budget	n/a to local government
(ix)(A)	Number of actives	32
(ix)(B)	Number of retirees / beneficiaries	13
(ix)(C)	Average annual retirement allowance	\$39,551
(ix)(D)	Total annual retirement allowance	\$514,168
(ix)(E)	Valuation payroll for active employees	\$2,223,895
(ix)(F)	Normal cost and/or percentage	\$28,248 (1.18%)

# Summary Annual Report - Pension

Sec 13(i)	Item Required	Item Information
(ix)(G)	Total computed employer contribution	\$287,244 (with Phase-In)
(ix)(H)	Weighted average member contributions	11.30% (Phase-In) / 12.44% (no Phase-In)
(ix)(I)	Actuarial investment return	7.75%
(ix)(J)	Actuarial long-term inflation rate	3.75%
(ix)(K)	Smoothing method	5-years
(ix)(L)	Amortization method	Layered amortization schedule; 22 years
(ix)(M)	Actuarial cost method	Entry age normal method
(ix)(N)	Open or closed membership	Open
(ix)(O)	Health care inflation	Not applicable to pension systems
(ix)(P)	Travel report	Not applicable to local governments within MERS

# Summary Annual Report - OPEB

## Plan Description

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- The Township participates in an agent, multiple-employer defined benefit plan administered by MERS which provides for retiree healthcare benefits to eligible employees and their spouses
- Eligible employees include: Non-Union and AFSCME full-time employees hired prior to June 5, 2007 and IAFF members hired prior to January 1, 2016
- Benefits are provided under collective bargaining agreements
- The Township has made contributions to advance-fund these benefits through annual budget resolutions

# Summary Annual Report - OPEB

Sec 13(i)	Item Required	Item Information
(i)	Name of System	Charter Township of Independence
(ii)	Name of Investment Fiduciaries	MERS of Michigan, Retiree Health Funding Vehicle (RHFV)
(iii)	System's service provider	MERS of Michigan, Boomershine Consulting Group, LLC (actuary)
(iv)	System's assets and liabilities	Assets: \$5,146,315 Liabilities: \$8,179,924
(v)	System's funding ratio	62.9%
(vi)	Investment performance on a rolling calendar-year basis for the previous 1-, 3-, 5-, and 10-year periods	Investment performance net of fees: 1 year: 13.35% 3 years: 5.73% 5 years: 7.35% 10 years: 4.86%

# Summary Annual Report - OPEB

Sec 13(i)	Item Required	Item Information
(vii)	System's administration and investment expenses, pursuant to GASB standards	At March 31, 2017, the cost of the RHFV Total Market Plan was 0.57% (0.25% for administration and 0.32% for investments)
(viii)	System's budget	n/a to local government
(ix)(A)	Number of actives	54
(ix)(B)	Number of retirees / beneficiaries	38
(ix)(C)	Average annual retirement allowance	\$9,384
(ix)(D)	Total annual retirement allowance	\$356,599 (December 31, 2016 premiums paid)
(ix)(E)	Valuation payroll for active employees	\$3,271,959
(ix)(F)	Normal cost and/or percentage	\$79,357



# Summary Annual Report - OPEB

Sec 13(i)	Item Required	Item Information
(ix)(G)	Total computed employer contribution	\$400,440 (2016 & 2017 ARC, unadjusted)
(ix)(H)	Weighted average member contributions	\$18,000 (IAFF only)
(ix)(I)	Actuarial investment return	7.75%
(ix)(J)	Actuarial long-term inflation rate	3.75%
(ix)(K)	Smoothing method	5-years
(ix)(L)	Amortization method	Level dollar, 22 years
(ix)(M)	Actuarial cost method	Entry age normal method
(ix)(N)	Open or closed membership	Closed
(ix)(O)	Health care inflation	6.50% - 4.50% 2016 thru 2022
(ix)(P)	Travel report	n/a