

WATERFORD TOWNSHIP EMPLOYEES RETIREMENT SYSTEM

December 31, 2018 Summary Annual Report

The Public Employee Retirement System Investment Act requires the Waterford Township Employees Retirement System to prepare and issue a summary annual report and to publish and make available a list of all expenses paid by soft dollars annually. The following information is provided for the year 2018.

The name of the retirement system is the Waterford Township Employees Retirement System. The Retirement System's investment fiduciaries are:

Pension Committee of the Waterford Township Employees Retirement System
Wells Fargo Advisors
Luther King Capital Management
Victory Capital Management
C.S. McKee, LP
State Street Global Advisors
Ridgeworth/Seix Investment Advisors
StepStone Group, LP
Alidade Capital
Courtland Partners Ltd.
Mesirow Financial Private Equity VI
Landmark Equity Partners XV

The names of the System's service providers are:

Sullivan Ward Asher & Patton, legal advisor
Gabriel Roeder Smith & Company, actuary
Comerica Bank, custodian
Plante Moran, auditors

The System's changes in net plan assets on a plan-year basis:

	<u>12/31/2017</u>	<u>12/31/2018</u>	
Assets:	\$65,536,884	\$59,245,887	Net decrease of \$6,290,997

As reported in the actuarial valuation for the annual period ending December 31, 2018, the Retirement System's valuation assets were \$62,972,000 and its actuarial accrued liabilities were \$66,069,000, which produced a funded ratio of 95.3%. The Retirement System received the required employer contribution for the calendar year beginning January 1, 2018.

The System's investment performance net of fees on a rolling calendar year basis for the previous one, three, five, seven and ten year periods are:

1 year: (-3.98%) 3 year: 5.25% 5 year: 4.60% 7 year: 7.85% 10 year: 9.22%

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The System’s administrative and investment expenditures pursuant to the Standards of the Governmental Accounting Board, including, but not limited to, a list of all expenditures made with soft dollars and all expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System are:

2018 list of expenditures:

Benefit Payments	\$3,751,023
Actuarial Fees	\$27,625
Consultant Services Fees	\$40,000
Conference/Association Fees	\$5,002
Custody Fees	\$23,874
Insurance Fees	\$4,343
Investment Management Fees	\$296,168
Legal Fees	\$17,931
Postage and Printing	\$1,027
TOTAL EXPENSES	\$4,166,993

There were no soft dollars expenses. The System’s itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System for 2018 are:

2019 proposed budget:

Benefit Payments	\$3,900,000
Actuarial Fees	\$34,510
Consultant Services Fees	\$40,000
Conference/Association Fees	\$5,557
Custody Fees	\$25,490
Insurance Fees	\$5,466
Investment Management Fees	\$269,904
Legal Fees	\$22,062
Postage and Printing	\$1,100
TOTAL EXPENSES	\$4,304,089

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The following information as provided in the System's most recent annual actuarial valuation report:

1. The number of active members – 69
2. The number of retirees and beneficiaries – 169
3. The average annual retirement allowance - \$22,832
4. The total annual retirement allowances being paid - \$3,858,650
5. The valuation payroll - \$3,902,068
6. The employer's computed normal cost of benefits expressed as a percentage of valuation payroll is: 15.15%
7. The employer's total contribution rate expressed as a percentage of valuation payroll is: 24.85%
8. The weighted average of member contributions is: 0.19%
9. The actuarial assumed rate of investment return is: 6.75%
10. The actuarial assumed rate of long-term wage inflation is: 3.50%
11. The smoothing method utilized to determine the funding value of assets is: a 4 year smoothing
12. The amortization method and period utilized for funding the System's unfunded actuarial accrued liability, if any: The amortization method is a level dollar amortization. The amortization period is 14 years, closed.
13. The System's actuarial cost method is commonly referred to as the individual entry-age actuarial cost method.
14. Whether System membership is open or closed to specific groups of employees:
The System is closed to new hires as a whole.
15. The actuarial assumed rate of health care inflation: 6.5%