

City of Taylor Police and Fire Retirement System

Summary Annual Report

June 30, 2013

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 level percent of payroll funding objective.

Respectfully submitted,

Board of Trustees
City of Taylor Police and Fire Retirement System

Board Members and Investment Fiduciaries

Nick Hill,
Chairman

Edward Bourassa,
Trustee

Tim Faremouth,
Trustee

Steve Portis,
Trustee

Gerry Taylor,
Trustee

Professional Advisors

Investment Fiduciaries

Fred Alger Management
 Brown Advisory
 Herndon Capital Management
 PNC Capital Advisors
 NewSouth Capital Management
 Thornburg Investment Management
 First Eagle Investment Management
 Scout Investments
 Intercontinental Real Estate Corp.
 Optima Fund Management
 Gray & Company,
Investment Consultant

Service Providers

Rodwan Consulting Company, *Actuary*
 Maurico Gomes, Website Manager
 Mike Vela, IT Specialist
 VanOverbeke, Michaud & Timmony, P.C.,
Attorney

Plan Administrator

Linda Mills Kemp

Actuarial Information Used for this Report:

1. 114 active members
2. 231 retirees/beneficiaries
3. Plan is open to new hires
4. \$48,875 average annual pension benefit
5. \$11,290,211 annual pension benefits paid
6. \$9,328,103 valuation payroll used
7. Employer's normal cost of benefits: 14.45%
8. Employer's total contribution rate: \$5,409,465
9. Member contribution rate: 8.00%
10. The required employer contribution for the fiscal year was received
11. 7.6% assumed rate of investment return
12. Assumed rate of wage inflation 0% to 2017, 3.5% after
13. Closed 5 year smoothing method used
14. Level percent of payroll amortization period used
15. Individual Entry Age cost method used
16. Funded ratio 61.6%

Investment Performance*

	1	3**	5**	7**	10**
Combined	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>	<u>Year</u>
Account	16.7%	12.9%	5.33%	4.78%	5.70%

*Calendar year ending June 30, 2013 (net of fees)

**Net performance has been estimated based on historical fees.

2013-2014 Projected Expenditures

Pension Payments/ Withdrawals: \$11,519,280
 Refund of Member Contributions: \$0
 Investment Fees: \$418,845
 Memberships/Training/Education/Travel: \$1,400
 Administrative Expenses: \$75,000

City of Taylor Police and Fire Retirement System Summary Annual Report (cont.)

Actuarial Valuation Summary

Rodwan Consulting Company was hired to prepare the June 30, 2013 Actuarial Valuation. The funding objective of the System is to contribute a contribution that remains level from year to year as a percent of payroll. The actual level of contribution is dependent on past and assumed future experience, including investment performance, and benefit provisions.

Below is a summary of the results:

Contribution Requirements	
Normal Cost of Benefits	
Total	22.45%
Member portion	8.00
Employer portion	14.45
Amortization of unfunded liability (25 years)	41.41
Computed Employer Rate	56.03%

Contribution rates are expressed as a percent of eligible member payroll.

Assets & Liabilities

Funded Status

Market Value of Assets	\$104,412,884
Smoothed Valuation Assets	99,259,779
Actuarial Accrued Liability	161,043,175
Funded Ratio – Entry Age cost method	61.6%

The valuation reflects Retirement System changes made prior to June 30, 2013. The assumptions and methods are consistent with those used in the June 30, 2012 valuation.

Actuary's Statement – The System is being funded based on sound actuarial assumptions, methods and level percent of payroll funding objective. For a complete analysis, please review the June 30, 2013 actuarial valuation.

Revenues & Expenditures

Beginning Balance (Market Value) – June 30, 2012	\$94,642,448
Revenues	
Employees' contributions	742,010
Employer contribution	6,070,834
Investment income	12,312,048
Other income	<u>1,990,842</u>
Total	21,115,734
Expenditures	
Pension payments	11,276,698
Refunds and annuity withdrawal	0
Non-Investment Expenses	<u>68,600</u>
Total	11,345,298
Ending Balance (Market Value) – June 30, 2013	\$104,412,884
Recognized Return on Smoothed Funding Value of Assets	4.2%