

City of Westland Policemen and Firemen Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS JUNE 30, 2024

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire or die. The City also supports a Retiree Health Insurance Program, which is separate from the Retirement System.

The Retirement Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us 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 Retirement Charter and the Retirement Board's official rules and regulations. Additional information about the System and its financial operation is available in the Treasurer's Office.

Respectfully submitted,

Retirement Board

City of Westland Policemen and Firemen Retirement System

- Steven J. Smith, Board President
- Andrew McNeil, Fire Member
- Neil Egan, Police Member
- Michael Reddy, Trustee

Legal Counsel

- Van Overbeke, Michaud & Timmony, P.C.

Medical Director

- Managed Medical Review Organization, Inc. (MMRO)

Investment Consultant

- Mariner

Plan Administrator

- Lisa Eggers

Custodial Bank

- Comerica Bank

Actuaries and Consultants

- Nyhart

Auditors/Accountants

- Plante & Moran

Investment Managers

- American Realty
- Blackstone Strategic Partners
- Edgewood Management
- Entrust Capital
- Garcia Hamilton and Associates
- HGK Asset Management
- Intercontinental Real Estate Corporation
- Lazard Asset Management
- Loomis Sayles & Company
- McMorgan Infrastructure
- Robinson Capital
- Seizert Capital Partners
- TA Realty
- Wellington Management
- Vanguard

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 using a method that is designed to keep those rates approximately level as a percentage of payroll from year to year. The Board of Trustees of the Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 314 of 1965 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. The actuarial firm Nyhart completed the results as of June 30, 2024 shown below.

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the June 30, 2024 valuation, based on the established funding objective, are summarized below.

Valuation Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Cost Method
Amortization Method	Level Percent of Payroll
Remaining Amortization Period	14 years, reduced by 1 each year
Asset Valuation Method	5-year adjusted market value, 80%/120% corridor
Valuation Payroll	\$14,380,574
Annual Pensions Paid	\$18,756,393
Average Annual Pensions Paid	\$61,902
Retirees and Beneficiaries Receiving Benefits	303
Terminated Plan Members	4
Active Plan Members	<u>161</u>
Total	468
Principal Actuarial Assumptions:	
- Net Investment Return	7.00%
- Projected Salary Increases	3.25% - 8.00%
- Assumed Rate of Payroll Growth	3.00%
- Cost-of-Living Adjustments	One-time adjustment of 5% after 6 years of retirement for Police Patrol Officers and Police Command hired before June 30, 2014, and Fire before November 1, 2014

Fiscal Year 2025-2026 Employer Contribution Rates as a Percentage of Active Member Payroll

Recommended Contribution		Funded Status	\$ Millions
Normal Cost of Benefits		Actuarial Accrued Liabilities	\$264.7
Total	22.83%	Actuarial Value of Assets	\$190.8
Member Portion	(4.60)%	% funded	72.0%
Employer Portion	18.23%		
Administrative Expenses	3.18%		
Unfunded Actuarial Accrued Liability	50.59%		
Estimated Contribution Rate	72.00%		
Estimated Dollar Contribution	\$10,353,982		

Actuary's Opinion

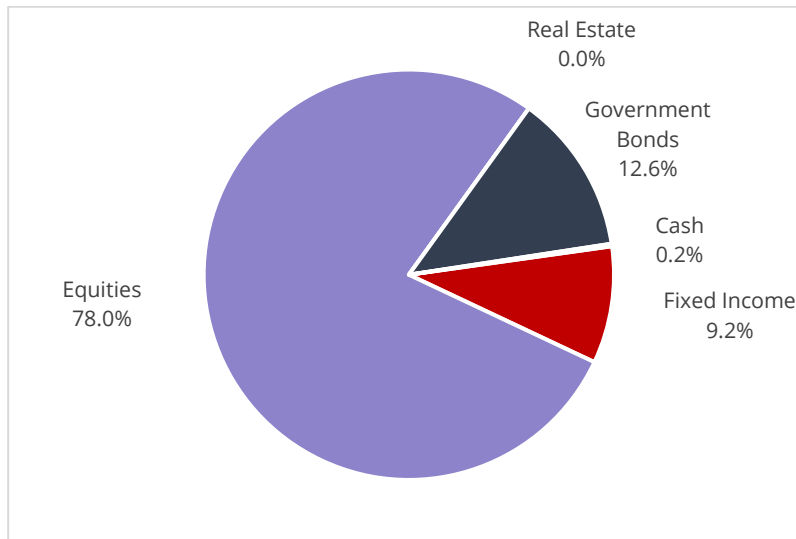
It is the actuary's opinion that the contribution rates recommended are sufficient to meet the Retirement System's financial objective.

SUMMARY OF CURRENT ASSET INFORMATION

Revenues and Expenditures		Investment Performance as of June 30 (Net of Investment Expenses)	
	2023-2024		
Market Value on July 1, 2023	\$179,142,581	1-Year	9.08%
		3-Year	0.98%
Receipts		5-Year	7.34%
Member contributions	721,127	7-Year	7.38%
Employer's contributions	9,438,946	10-Year	6.65%
Net Investment income	17,145,687		
Total	\$27,305,760		
Expenditures		Projected Expenses for 2024-2025	
Benefit payments	18,756,393		
Administrative expenses	447,766	Administrative	\$450,000
Investment expenses	819,125	Investment	\$820,000
Total	\$20,023,284	Education	\$500
		Travel	\$1,000
Market Value June 30, 2024	\$186,425,057		

The Board of Trustees have confirmed that the employer contributions shown above represent the required employer contribution for the year covered

Investments



BRIEF SUMMARY OF PRIMARY BENEFIT PROVISIONS

Group	Eligibility		Benefit Formula				AFC Average Final Compensation	Covered Compensation in AFC	Member Contribution Rate	
	Age	Service	Multiplier X Service							
Police										
Tier 1: hired prior to 1/1/2010	-	25	2.80%	first 30	+	1.00%	over 30	3 out of last 10	*	6.00%
Tier 2: hired 1/1/2010 to 6/30/2014	-	25	2.80%	first 30	+	1.00%	over 30	3 out of last 10	Base, Overtime	6.00%
Tier 3: hired on or after 7/1/2014	50	10	1.75% until 7/1/2019 + 2.25% remaining years				Best 5 years	Base, Overtime	5.00%	
Police Command										
Tier 1: hired prior to 1/1/2010	-	25	2.80%	first 30	+	1.00%	over 30	3 out of last 10	*	5.00%
Tier 2: hired 1/1/2010 to 6/30/2014	-	25	2.80%	first 30	+	1.00%	over 30	3 out of last 10	Base, Overtime	5.00%
Tier 3: hired on or after 7/1/2014	50	10	1.75% for all years of service				Best 5 years	Base, Overtime	3.00%	
Fire										
Tier 1: hired prior to 1/1/2010	-	25	2.80% until 11/1/2014 + 2.50% remaining years + 1.00% over 30				3 out of last 10	*	5.00%	
Tier 2: hired 1/1/2010 to 11/1/2014	-	25	2.80% until 11/1/2014 + 2.50% remaining years + 1.00% over 30				3 out of last 10	**	5.00%	
Tier 3: hired after 11/1/2014	50	25	2.25% for all years of service + 1.00% over 30				5 out of last 10	Base	5.00%	

*Base, pay in lieu of holiday, sick and/or vacation time, and other allowances may be included. See union contracts for specific allowances and limits.

**Base, overtime, and 240 hours of unused sick and/or vacation time.

Deferred Retirement

Eligibility 10 or more years of service

Benefit Computed as service retirement but based upon service, AFC and benefit in effect at termination.
Benefit begins at date retirement would have occurred had member remained in employment.

Non-Duty Death-In-Service

Eligibility Payable to a surviving spouse, if any, upon the death of a member with 10 or more years of service.

Benefit Accrued straight life pension actuarially reduced in accordance with an Option I election.

Duty Death-In-Service

Eligibility Payable to a surviving spouse, of a member who died in the line of duty. Payable for life of spouse.

Benefit Accrued straight life pension, assuming the member had accrued (at least) 25 years of service prior to death. Pension computed using base pay of a 25-year employee for WLSA, WPOAM, and WWFF.

Non-Duty Disability

Eligibility Payable upon the total and permanent disability of a member with 5 or more years of service.

Benefit To Age 55: 1.5% of AFC times years of service. At Age 55: Same as Service Retirement pension.

Duty Disability

Eligibility Payable upon the total and permanent disability of a member in the line of duty.

Benefit Before Conversion: 85% of base pay for all Police & 85% of the current gross wage for all Fire.
After Conversion: Same as Service Retirement pension. Conversion occurs at date regular retirement would have occurred had member remained active. Service credit granted for period on disability retirement.

Post-Retirement Increase

Eligibility Police Patrol Officers retiring after July 1, 1990, and hired before June 30, 2014. Police Command hired prior to July 1, 2014, and Firefighters prior to November 1, 2014.

Benefit One-time adjustment of 5% of monthly pension after completion of 6 full years of retirement.

Annuity Withdrawal Factor

The reduction in the benefit resulting from a participant electing to receive a return of their contributions including interest and contributions made by the City.