

# CHARTER TOWNSHIP OF REDFORD



OTHER POST EMPLOYMENT BENEFITS

SUMMARY ANNUAL REPORT

POLICE AND FIRE EMPLOYEES

MARCH 31, 2017

## Charter Township of Redford Police and Fire Other Post-Employment Benefits

*The Township provides retiree healthcare benefits to eligible employees and their spouses. Benefits are provided to public safety and general employees and are accounted for separately. This is a single-employer retiree healthcare plan administered by the Township. The benefits are provided under collective bargaining agreements. This plan does not issue a separate stand-alone financial statement. Administrative costs are paid by the employer.*

*The collective bargaining agreements require a premium sharing payment for their health care of up to \$1,040 a year. The Township has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis).*

*An actuarial valuation is performed biennially to determine the cost of providing retiree healthcare. For the fiscal year ended March 31, 2017, the Township has estimated the cost of providing retiree healthcare benefits through an actuarial valuation as of March 31, 2016. The valuation computes an annual required contribution which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 28 years.*

The following is a summary of the financial position and provisions of the Plan:

<b>Investment Fiduciary:</b>	Charter Township of Redford Police and Fire Pension Board
<b>Service Providers:</b>	Gabriel Roeder Smith & Company (actuary)

### Changes in Fiduciary Net Position

	<u>2017</u>	<u>2016</u>
<b>Additions</b>		
Interest and dividends	13,138	4,113
Contributions	<u>2,945,195</u>	<u>3,192,322</u>
<b>Total Additions:</b>	2,958,333	3,196,435
<b>Deductions</b>		
Benefit payments	3,080,615	2,976,829
Administrative expenses	<u>1,251</u>	<u>11,000</u>
<b>Total Deductions</b>	3,081,866	2,987,829
<b>Net Increase (Decrease) in Net Position Held in Trust</b>	(123,533)	208,606
<b>Net Position Held in Trust for Other</b>		
Employee Benefits - Beginning of year	4,134,869	3,926,263
<b>Net Position Held in Trust for Other</b>		
Employee Benefits - End of year	<u>\$ 4,011,336</u>	<u>\$ 4,134,869</u>

### Schedule of Funding Progress

<u>Actuarial</u> <u>Valuation Date</u>	<u>Actuarial</u> <u>Value of Assets</u>	<u>Actuarial</u> <u>Accrued Liability</u>	<u>Percent</u> <u>Funded</u>	<u>Unfunded</u> <u>Accrued Liabilities</u>
3/31/2006	\$ -	\$ 59,892,022	0.00%	\$ (59,892,022)
3/31/2008	1,229,359	61,070,000	2.01%	(59,840,641)
3/31/2010	2,458,718	62,256,519	3.95%	(59,797,801)
3/31/2012	2,707,436	99,006,507	2.73%	(96,299,071)
3/31/2014	4,224,443	83,755,784	5.04%	(79,531,341)
3/31/2016	4,134,869	88,060,417	4.70%	(83,925,548)

**Investment Performance (net of fees):** The Police and Fire Employees' OPEB Trust Fund Assets have been invested in J Funds and earned less than 1% interest per year since inception.

**System Expenses:**

*The system's administrative expenses are related to the annual audit fees.*

*There were no professional development or travel expenses incurred.*

*There is not an itemized budget prepared for the system,*

*however, the employer contributions are included in the applicable Township funds.*

**Actuarial Valuation Information:**

Number of active members		84
Vested former members		0
Number of retirees and beneficiaries		<u>159</u>
Total Participants		243
Average annual retirement allowance	\$	19,374.94
Total annual retirement allowances paid	\$	3,080,615
Valuation payroll for active employees	\$	7,424,465
Employers normal cost of benefits (expressed as a percentage of valuation payroll)		16.87%
Employers total contribution rate (expressed as a percentage of valuation payroll)		60.35%
Weighted average of member contributions		0
Actuarial assumed rate of investment return		3.00%
Actuarial assumed rate of long-term wage inflation		3-7.4%
Smoothing method utilized to determine the funding value of assets		Reported market value
Amortization method and period utilized for funding the system's unfunded actuarial accrued liabilities	Level percentage of payroll, 26 years remaining	
Actuarial cost method	Entry Age Actuarial Cost Method	
System membership status		Open