



Executive Summary Annual Report For the Plan Year Ending September 30, 2019

Plan Information

Fiduciaries

Retirement Commission

Henry Wilson, Chair
Frank Simone
Tom Yee
Cassandra McDonald
Certified March, 2019
Hugh Macdonald
Elizabeth Misuraca
Richard Kaufman
Alisha Bell
Replaced Gary Woronchak January, 2019

Investment Consultants

AndCo Consulting
Titan Wealth Advisors of Sigma Planning Corporation

Service Providers

Financial Institutions

Bank of America
JP Morgan Chase
Northern Trust

Auditor

George Johnson & Company

Medical Director

Dr. Andrew Vosburgh, M.D.

Defined Contribution Record

Keeper

Prudential Financial

Custodian of Assets

Northern Trust

Actuary

Gabriel Roeder Smith & Company

Attorneys

Allen Brothers P.L.L.C.
Kilpatrick and Associates P.C.
Kirby McInerney L.L.P.
Labaton Sucharow L.L.P.
Levi & Korsinsky L.L.P.
Miller Law P.C.
Plunkett Cooney P.C.
Robbins Geller Rudman and Dowd L.L.P.
VanOverbeke, Michaud & Timmony P.C.
Wayne County Corporation Counsel
Zwerling, Schachter & Zwerling, L.L.P.

Investment Managers

ABS Investment Management, L.L.C.
AEW Capital Management, L.P.
Capital Dynamics, Inc
Crescent Capital Group, L.P.
Deroy & Devereaux
Dune Real Estate Manager, L.L.C.
Earnest Partners, L.L.C
Entrust Capital
Fisher Investments Institutional Group
HGK Asset Management Inc.
Landmark Realty Advisors, L.L.C.

Lazard Asset Management, L.L.C.
Lee Munder Capital Group
Lightstone REIT
Loomis, Sayles & Company
Mesirow Financial Services, Inc.
Morgan Stanley Real Estate Advisor, Inc.
Mt. Lucas Management Corp.
Northern Trust Investments
Northpointe Capital, L.L.C.
Providence/Benefit Street Partners, L.L.C.
Raven Capital Management, L.L.C.

Reinhart Partners
Rizvi Traverse Management, L.L.C.
Seizert Capital Partners, L.L.C.
Seminole Advisory Services, L.L.C.
SIT Investment Associates, Inc.
Stepstone Group, L.P.
Steward Capital Management
TerraCap Management, L.L.C.
Tortoise Capital Advisors, L.L.C.
UBS Financial Services, Inc.
Valstone Partners, L.L.C.

Asset and Investment Information

Assets: \$997,874,823

Liabilities: \$1,783,259

Changes in Plan Net Position – 2019

| | | |
|--|----------------------------|--------------------|
| Additions: | Contributions | |
| | Employer (County) | \$63,858,310 |
| | Members (County) | 10,721,262 |
| | Employer (WCAA) | 15,942,133 |
| | Participants (WCAA) | <u>401,266</u> |
| | Total Contributions | 90,922,971 |
| | Net Investment Income | <u>34,431,034</u> |
| | Total Additions | 125,354,005 |
| Deductions: | Benefits Paid | 135,314,829 |
| | Administrative expenses | <u>2,518,758</u> |
| | Total Deductions | 137,833,587 |
| Change in net position: | | (12,479,582) |
| Net position restricted for pensions: | | |
| | Beginning of year | 1,008,571,146 |
| | End of year | \$996,091,564 |

Average Annual Market Rate of Return - Net

| | <i>Ending 12/31/19</i> | <i>Ending 9/30/19 (fiscal)</i> |
|----------|------------------------|--------------------------------|
| 1 year | 15.74% | 3.04% |
| 3 Years | 7.71% | 6.96% |
| 5 Years | 6.69% | 6.22% |
| 7 Years | 7.94% | 7.58% |
| 10 Years | 7.23% | 7.11% |

Detailed Expenses:

| | |
|--------------------------------------|--------------------|
| Personnel Services | \$1,343,021 |
| Building / Equipment | 233,801 |
| Professional Services-Investments | 2,920,188 |
| Professional Services-Administration | 598,945 |
| Travel/Training (Trustees) | 39,181 |
| Travel/Training (Staff) | 25,986 |
| Miscellaneous | <u>277,824</u> |
| Total | \$5,438,946 |

Budget for 2020:

| | |
|-----------------------|--------------------|
| Personnel Services | \$2,524,319 |
| Building / Equipment | 314,000 |
| Professional Services | 4,149,660 |
| Travel/Training | 100,000 |
| Miscellaneous | <u>538,921</u> |
| Total | \$7,626,900 |



Executive Summary Annual Report For the Plan Year Ending September 30, 2019

Most Recent Annual Actuarial Valuation Information

Fiscal Year Ending September 30, 2019

| | |
|--|---------------|
| Valuation Projected Payroll | |
| County | \$113,016,789 |
| WCAA | \$25,762,010 |
| Employer Normal Cost | |
| County | 2.16% |
| WCAA | 6.82% |
| Weighted Average of Member Contributions | |
| County | 7.25% |
| WCAA | 2.01% |
| Total Employer Contribution | |
| County | 45.75% |
| WCAA | 24.41% |
| Annual Required Contributions | |
| County | \$51,703,879 |
| WCAA | \$6,426,192 |
| Unfunded Actuarial Accrued Liabilities | |
| County | \$488,521,770 |
| WCAA | \$39,664,919 |

Defined Benefit Plan Membership

| | | |
|-------------------------|--|---------------|
| Active Members | | |
| Count: County | | 2,048 |
| WCAA | | 305 |
| Payroll: County | | \$106,529,163 |
| WCAA | | \$28,178,029 |
| Retirees/Beneficiaries | | |
| Count: County | | 4,666 |
| WCAA* | | 243 |
| Average Annual Benefit: | | |
| County | | \$26,267 |
| WCAA* | | \$39,118 |
| Total Annual Benefit: | | |
| County | | \$122,563,971 |
| WCAA* | | \$9,505,588 |
| Deferred Vested Members | | |
| Count: County | | 186 |
| WCAA | | 12 |
| Total Annual Benefits: | | |
| County | | \$2,277,609 |
| WCAA | | \$200,754 |

*Includes only members that retired from WCAA after September 2002

Funded Ratio – Pension Benefits

| | County | WCAA | Combined |
|-------------------------------|-----------------|---------------|-----------------|
| Actuarial Accrued Liabilities | \$1,367,983,619 | \$175,020,637 | \$1,543,004,256 |
| Actuarial Value of Assets | \$879,461,849 | \$135,355,718 | \$1,014,817,567 |
| Percent Funded | 64% | 77% | 66% |

Actuarial Assumptions

| | | | |
|---|--------------------------------------|--------------------------------|--------------------------|
| Assumed Rate of Investment Return: | 7.25% | Amortization Method: | |
| | | County | Level Percent of Payroll |
| Assumed Rate of Long-Term Wage Inflation: | 3.00% | WCAA | Level Dollar |
| Asset Valuation Method: | 4-year smoothed market, 20% corridor | Base UAAL Amortization Period: | 15 years (closed) |
| | | Actuarial Cost Method: | Entry Age Normal |
| | | Status of System Membership | |
| | | Defined Benefit County | Open |
| | | Defined Benefit WCAA | Closed |
| | | Defined Contribution Both | Open |

This document contains all of the information required of a Public Employee Retirement System by MCL 38.1133, but is not an exhaustive report. For the Comprehensive Annual Financial Report, the Annual Actuarial Valuation, the Historical Plan Review, the External Independent Audit, the Annual Budget, and the 5 year Experience Study please visit our website at: <http://wcers.org/Reporting.html>