



Summary Annual Report To Members

December 31, 2008

Dear Retirement System Member:

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

The Retirement Board's fiduciary responsibility is to supervise the general administration of the System and invest its assets. The Board retains professional financial consultants and money managers to assist in fulfilling these duties.

This summary report has been prepared to give a brief overview of the Retirement System and how it operates. I 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 County's retirement ordinance and the Retirement Board's official policies. Additional information about the System and its financial operations is available in the office of the Retirement Specialist.

Monroe County Employees Retirement System

Board of Trustees

- David C. Thompson, Employee Representative, Chairman
- James E. Morgan, Road Commission Representative, Vice Chairman
- Nancy J. Colpaert, Library System Representative
- James H. Davies, Citizen Representative
- George L. Jondro, Employee Representative
- Anne McCarthy, Employee Representative
- William Myers, Retiree Representative
- William Sisk, Board of Commissioners
- John Fowler, Board of Commissioners

Staff

- Royce Maniko, Retirement Board Secretary
- Sandy Calkins, Retirement Specialist

Sincerely,

David C. Thompson, Chairman
Monroe County Employees Retirement System

Investment Fiduciaries

- Comerica Bank – Custodial Bank
- Alpine Mutual Funds
- Anchor Capital Advisors
- Boyd Watterson Asset Management
- Brandywine Global Asset Management
- Diamond Hill
- Eagle Global Advisors
- NWQ Investment Management Company
- Pacific Income Advisers
- Renaissance Investment Company
- Smith Group Asset Management
- Franklin Templeton Portfolio Advisors, Inc.
- Tradewinds Global Investors

Actuaries & Consultants

- Gabriel, Roeder, Smith & Company, Actuaries
- Morgan Stanley, Investment Consultants

Attorney

- Michael J. VanOverbeke
- VanOverbeke, Michaud and Timmony, PC

Retirement Office

- 125 East Second Street
- Monroe, Michigan 48161
- (734) 240-7264

Visit the Monroe County Employees Retirement System Website at:
www.co.monroe.mi.us

Comparative Summary Results of

2007 and 2008 Actuarial Valuation

The retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent of the County's active member payroll.

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, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation, financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2008 valuation, based on the established funding objective, are summarized below:

Fiscal Year 2008 Employer Contribution Rates As a Percentage of Active Member Payroll

CONTRIBUTIONS TO PROVIDE BENEFITS	GENERAL COUNTY	COUNTY AGENCY	SHERIFF'S OFFICE	COUNTY LIBRARY	ROAD COMMISSION	MENTAL HEALTH	CENTRAL DISPATCH
	2007-2008	2007-2008	2007-2008	2007-2008	2007-2008	2007-2008	2007-2008
Normal Cost: Total	12.39% - 12.94%	10.51% - 11.30%	15.56% - 15.79%	10.37% - 10.63%	13.30% - 13.21%	11.93% - 12.62%	16.04% - 15.73%
Member Contribution: Total*	0.00% - 0.00%	0.00% - 0.00%	0.00% - 0.20%	0.00% - 0.00%	2.83% - 2.73%	0.00% - 0.00%	1.00% - 1.41%
Employer Normal Cost	12.39% - 12.94%	10.51% - 11.30%	15.56% - 15.59%	10.37% - 10.63%	10.47% - 10.48%	11.93% - 12.62%	15.04% - 14.32%
Amortization of UAL	.87% - 1.98%	4.28% - 6.33%	2.02% - 3.84%	(-4.93%) - (-1.03%)	4.33% - 6.69%	(-7.04%) - (-5.50%)	3.75% - 5.13%
Computed Employer Rate	13.26% - 14.92%	14.79% - 17.63%	17.58% - 19.43%	5.44% - 9.60%	14.80% - 17.17%	4.89% - 7.12%	18.79% - 19.45%

* Weighted average of different rates.

Funded Status

	2007	2008
Actuarial Accrued Liabilities.....	\$186,841,313	\$199,860,437
Applied Assets	\$181,320,182	\$184,967,843
Percent Funded	97.0%	92.5%

Summary of Current Asset Information

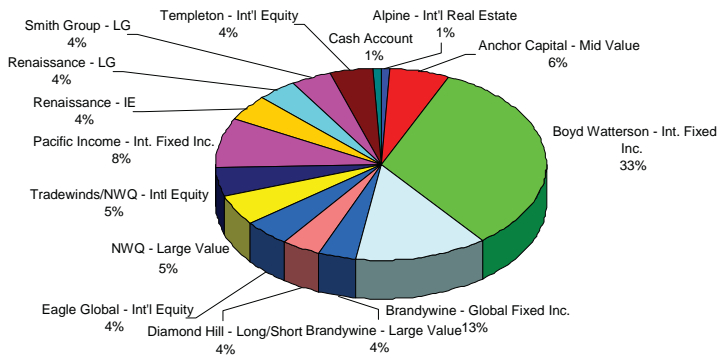
Revenues & Expenditures

	<u>2007</u>	<u>2008</u>
Market Value - January 1*	\$177,532,251	\$187,790,674
Revenues		
Member Contributions	\$358,382	\$218,037
Employer Contributions	\$4,910,785	\$5,391,369
Interest and Dividends.....	\$6,388,050	\$6,621,222
Realized and Un-realized Gain (Loss)	<u>\$8,242,677</u>	<u>\$(41,414,636)</u>
Total Revenues	\$ 19,899,894	\$(29,184,008)
Expenditures		
Refunds of Member Contributions.....	\$630,321	\$346,783
Retirement Benefits Paid	\$7,599,023	\$8,116,817
Administrative Expense	\$489,164	\$228,286
Investment Expense.....	<u>\$922,963</u>	<u>\$1,151,662</u>
Total Expenditures	\$9,641,471	\$9,843,548
Market Value - December 31*	187,790,674	\$148,763,118

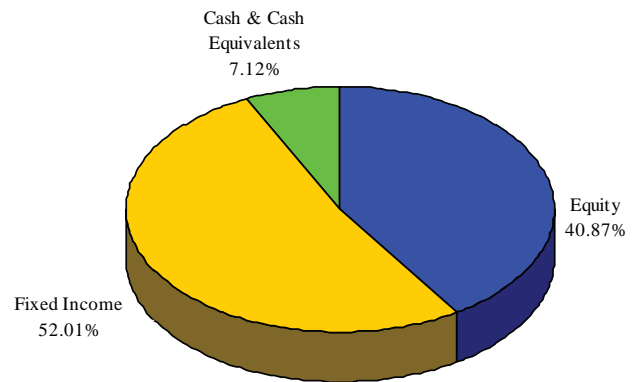
*Net Payables, if any

Investments

PORTFOLIO MANAGER ALLOCATION
December 2008



PORTFOLIO COMPOSITION BY ASSET CLASS
December 2008



Brief Summary of Benefit Provisions

ELIGIBILITY

AMOUNT

REGULAR RETIREMENT

General	Service multiplied by 2.50% of the final average earning for all County Employees.
Age 55 with 30 or more years of service or age 60 with 8 or more years of service	
Library	Service Multiplied by 2.0 of final average earnings.
Age 55 with 30 or more years of service or age 60 with 8 or more years of service.	
Mental Health	Service multiplied by 2.25 % of final average earnings .
Age 55 with 30 or more years of service or age 60 with 8 or more years of service.	
Road Commission	Service multiplied by 2.25% of final average earnings .
Age 55 with 30 or more years of service or age 60 with 8 or more years of service.	
Deputy Sheriffs, POLC Communication Supervisors, Corrections Officers, POLC Communication	Service multiplied by 2.50% of final average earnings.
Age 50 with 25 years of service or age 60 with 8 or more years of service.	
POLC Command Officers	Service multiplied by 2.75% of final average earnings.
Age 50 with 25 or more years of service or age 60 with 8 or more years of service.	

Type of final average earnings: Highest 3 consecutive years out of last 10
 Road Commission Management : Highest 5 consecutive years out of the last 10.
 Maximum benefit: 75% of final average earnings.

DEFERRED RETIREMENT

8 or more years of service-----Computed as regular retirement but based upon service and final average earnings at termination date.

NON-DUTY DEATH IN SERVICE

15 years of service or age 60 with 10 years of serviceComputed as a regular retirement but actuarially reduced in accordance with a 100% joint and survivor election.

DUTY DEATH IN SERVICE

No age or service requirements-----Computed as regular retirement but computed as if the member had at least 15 years of service. Must be in receipt of Worker's Compensation.

NON-DUTY DISABILITY

10 or more years of service -----Computed as a regular retirement.

DUTY DISABILITY

No age or service requirements-----Computed as a regular retirement benefit but computed as if the member had at least 10 years of service.

POST-RETIREMENT INCREASES

Road Commission-----Beginning January 1, 1994 for the Road Commission Local 543 members, a program of discretionary annual increases was begun.

Other Payments:

General & Library System -----Both General and the Library System may from year-to-year pay a Supplemental Retirement Benefit. The Supplemental Retirement Benefit will be based upon investment earnings that are in excess of the assumed level of assets to cover retiree liabilities.

MEMBER CONTRIBUTIONS

Corrections Unit I&II/Central Dispatch Supervisors	3.0% of the first \$7,800 ⁰⁰ and 5.0% of excess.
Road Commission - Management & Association	3.1%
Road Commission - Local 543	3.1%
POLC Command Officers	1.53%
Others	None