



Summary Annual Report To Members

December 31, 2011

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 for eligible participants, which is separate from the Monroe County Employees 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 or by visiting the Monroe County Employees Retirement System Website at: www.co.monroe.mi.us

Monroe County Employees Retirement System

Board of Trustees

George Jondro, Retiree Representative, Chairman
James Morgan, Road Commission Representative, Vice Chairman

Nancy Bellaire, Library System Representative
James Davies, Citizen Representative
Michael Grodi, Employee Representative
Joseph Hudson, Employee Representative
Henry Lievens, Board of Commissioners
Anne McCarthy, Employee Representative
William Sisk, Board of Commissioners

STAFF

Royce Maniko, Retirement Secretary
Sandy Calkins, Retirement Specialist

Sincerely,
George Jondro, 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
Franklin Templeton Portfolio Advisors, Inc.
Lazard Asset Management
NWQ Investment Management Company
Pacific Income Advisors
Renaissance Investment Company
Tradewinds Global Investors
Winslow Capital Management

Actuary & Investment Consultant

Gabriel Roeder Smith & Company, Actuary
Morgan Stanley Smith Barney, Investment Consultant

Attorney

Thomas C. Michaud
VanOverbeke, Michaud and Timmony, PC

Retirement Office

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

Comparative Summary Results

of the

2010 and 2011 Actuarial Valuation Reports

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, 2011 valuation, based on the established funding objective, are summarized below:

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	
	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011
NORMAL COST: TOTAL	12.88%	12.68%	11.55%	11.46%	15.70%	15.61%	10.74%	11.00%	13.36%	13.24%	12.43%	12.27%	15.57%	15.33%
MEMBER CONTRIBUTION: TOTAL*	0.00%	0.04%	0.00%	0.00%	0.17%	0.20%	0.00%	0.00%	3.10%	3.10%	0.00%	0.00%	1.52%	1.48%
EMPLOYER NORMAL COST	12.88%	12.65%	11.55%	11.46%	15.54%	15.43%	10.74%	11.00%	10.63%	10.51%	12.43%	12.27%	14.15%	13.95%
AMORTIZATION OF UAL	9.35%	11.10%	20.78%	22.66%	8.57%	10.83%	0.49%	0.2.11%	7.72%	8.64%	(-2.01%)	(-2.35%)	6.33%	5.47%
COMPUTED EMPLOYER RATE	22.23%	23.75%	32.33%	34.12%	24.11%	26.26%	11.23%	13.11%	18.35%	19.15%	10.42%	9.92%	20.48%	19.42%

* WEIGHTED AVERAGE OF DIFFERENT RATE

Funded Status

	2010	2011
Actuarial Accrued Liabilities	\$231,680,911	\$240,885,825
Actuarial Value of Assets.....	\$192,859,386	\$192,013,890
Funded Ratio.....	83.2%	79.7%

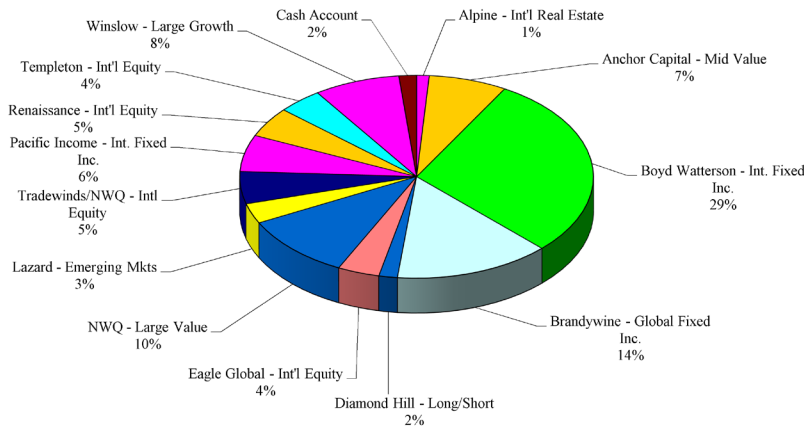
Summary of Current Asset Information

Revenues & Expenditures

	<u>2010</u>	<u>2011</u>
Market Value - January 1*	\$165,646,245	176,702,630
Revenues		
Member Contributions	\$1,836,533	\$662,938
Employer Contributions	\$5,938,425	\$5,994,825
Interest and Dividends.....	\$5,500,818	\$5,241,544
Realized and Un-realized Gain (Loss)	<u>\$11,584,757</u>	<u>-\$7,916,133</u>
Total Revenues	\$24,860,533	\$3,983,174
Expenditures		
Refunds of Member Contributions.....	\$1,477,250	\$736,163
Retirement Benefits Paid	\$10,717,540	\$12,431,710
Administrative Expense	\$285,872	\$288,432
Investment Expense.....	<u>\$1,323,486</u>	<u>\$914,322</u>
Total Expenditures	\$13,804,148	14,370,627
Market Value - December 31*	\$176,702,630	\$166,315,177

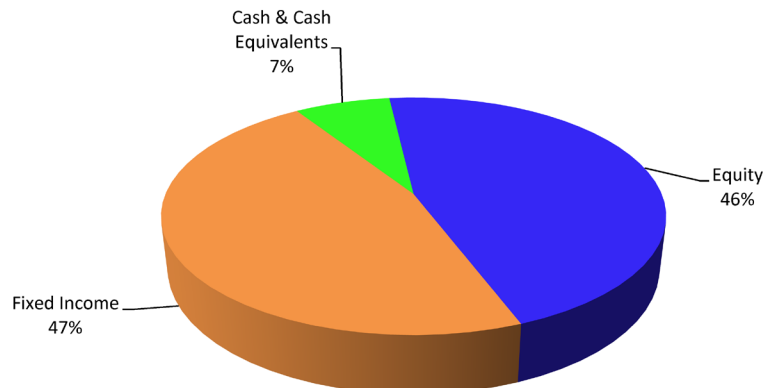
*Net Payables, if any

INVESTMENTS



PORTFOLIO MANAGER ALLOCATION
December 2011

PORTFOLIO COMPOSITION BY ASSET CLASS
December 2011



Brief Summary of Benefit Provisions

ELIGIBILITY

AMOUNT

REGULAR RETIREMENT

General County	Service multiplied by 2.50% of final average earnings.
Age 55 with 30 or more years of service or 60 with 8 or more years of service.	
*Certain union groups and the General non-union group adopted a 1.5% multiplier for members hired on or after 1/1/2011.	
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 or more 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 3 consecutive years out of the last 10.
 Maximum benefit: 75% of final average earnings.

DEFERRED RETIREMENT

60 with 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 service Computed 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 a 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

Central Dispatch Supervisors	3.0% of the first \$7,800 ⁰⁰ and 5.0% of excess.
Road Commission - Management & AFSCME, Local #839	3.1%
Road Commission - Local #543	3.1%
POLC Command Officers	1.53%
TPOAM - Hired on or after October 26, 2011	3.0%

*CERTAIN UNION GROUPS AND THE NON-UNION GENERAL GROUP ADOPTED A 3% MEMBER CONTRIBUTION FOR MEMBERS HIRED AFTER 1/1/2011.