

MCERS

Monroe County Employees Retirement System

*Summary Annual Report
To Members*



For the Year Ended December 31, 2019

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.mcers.org.



Sincerely,
Michael Grodi, Chairman
Monroe County Employees Retirement System

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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.
.....

- Michael Grodi
Chairman

MONROE COUNTY EMPLOYEES RETIREMENT SYSTEM

Board of Trustees

CHAIRMAN

Michael Grodi, Library System Representative

VICE CHAIRMAN

George Jondro, Retiree Representative

Jeff Koras, Employee Representative

Henry Lievens, Board of Commissioners

James Morgan, Road Commission Representative

Bob Neely, Citizen Representative

Annamarie Osment, Employee Representative

Jeff Pauli, Employee Representative

Jason Turner, Board of Commissioners

Plan Administrators

Joey Becker, Retirement Specialist

Michael Bosanac, Retirement Secretary

Actuary

Nick Meggos, Nyhart

Danielle Winegardner, Nyhart

Attorney

Thomas C. Michaud, VanOverbeke, Michaud and Timmony, PC

Auditor

Bill Brickley, Plante Moran

Investment Consultant

Brian Green, AndCo Consulting

Investment Fiduciaries

ABS EM Strategic

Alidade Capital

Boyd Watterson Asset Management

Brandywine Global Asset Management

Clarkston Capital

Clearbridge

Comerica Bank – Custodial Bank

Corbin Capital

Intercontinental Real Estate

Seizert Capital Partners

TerraCap Partners IV

Titanium

Tortoise

Vanguard Developed Markets Index

Vanguard Extended Market Index

World Asset Management

Medical Director

Steven Dovitz, M.D.

Retirement Office

840 South Roessler Street

Monroe MI 48161

(734) 241-1174

COMPARATIVE SUMMARY RESULTS OF THE 2019 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 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, Buck Consultants, 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, 2019 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	
	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019
Normal Cost: Total	8.63%	9.07%	8.31%	8.55%	10.41%	10.88%	12.28%	16.16%	9.64%	10.43%	13.71%	14.53%	9.61%	8.81%
Amortization of UAL	21.81%	21.36%	29.89%	29.43%	22.78%	25.37%	6.34%	7.89%	8.25%	9.44%	17.24%	21.04%	12.92%	15.96%
Computed Employer Rate	30.44%	30.43%	38.20%	37.98%	33.19%	36.25%	18.62%	24.05%	17.89%	19.87%	30.95%	35.57%	22.53%	24.77%

Contributions to Provide Benefits Based on Active Member Payroll

	General County	County Agency	Sheriff's Office	County Library	Road Commission	Mental Health	Central Dispatch
2018	\$4,168,747	\$649,233	\$3,001,508	\$848,423	\$803,208	\$853,650	\$240,911
2019	\$4,175,192	\$645,511	\$3,235,309	\$1,044,096	\$935,297	\$919,845	\$270,977

Summary of Current Asset Information

Benefits Paid in 2019

Pension Benefits Paid in 2019

- \$17,069,336

2019 Average Retirement Benefit

- \$22,296

Professional Training/Education

- \$8,626.87

Pension Plan Actuary Assumptions and Methods

Actuarial Assumptions:

Investment Rate of Return: 7.0%

Long-Term Wage Inflation: 3.0%

Asset Valuation:

Market Value with 7-year smoothing

Amortization Method:

Level percent-of-payroll - 25 years, closed

Actuarial Cost Method:

Entry Age

Revenues & Expenditures

	2018	2019
Market Value - January 1*	\$206,965,535	\$188,244,213
Revenues		
Member Contributions	\$944,299	\$916,775
Employer Contributions	\$8,188,153	\$9,853,368
Interest and Dividends	\$4,080,113	\$5,103,660
Realized and Un-realized Gain (Loss)	\$(14,126,323)	\$28,813,452
Total Revenues	\$(913,758)	\$44,687,255
Expenditures		
Refunds of Member Contributions	\$554,538	\$851,265
Retirement Benefits Paid	\$16,179,759	\$17,069,336
Administrative Expense	\$210,357	\$214,400
Investment Expense	\$1,034,029	\$954,646
Total Expenditures	\$17,978,683	\$19,089,647
Market Value - December 31*	\$188,073,094	\$213,841,821

* Net Payables, if any

Investment Performance

YTD	Trailing	Trailing	Trailing	Trailing
2019	3 Years	5 Years	7 Years	10 Years
17.97%	8.41%	6.49%	7.07%	6.82%

Funded Status

	2018	2019
Actuarial Accrued Liability	\$293,602,703	\$301,296,084
Actuarial Value of Assets	\$209,672,672	\$215,267,546
Funded Ratio	71.4%	71.4%

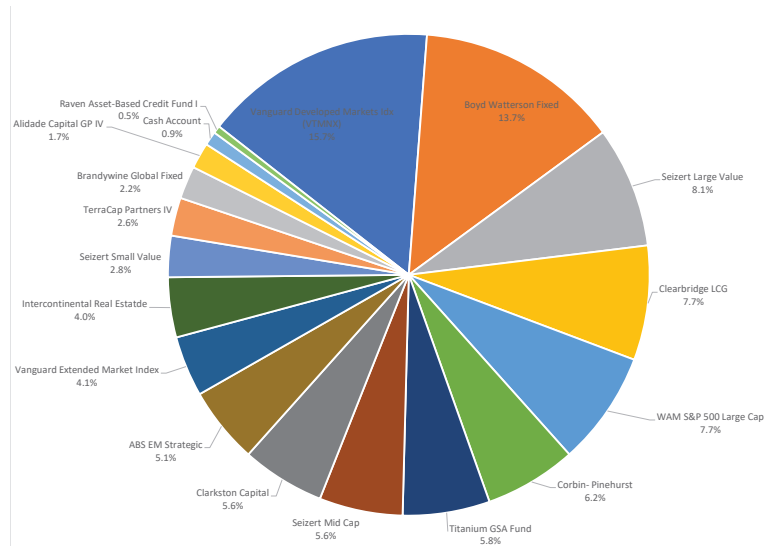
Membership Status

- Active Members - 715
- Retirees/Beneficiaries - 816
- Inactive Members - 195

Investments - December 2019

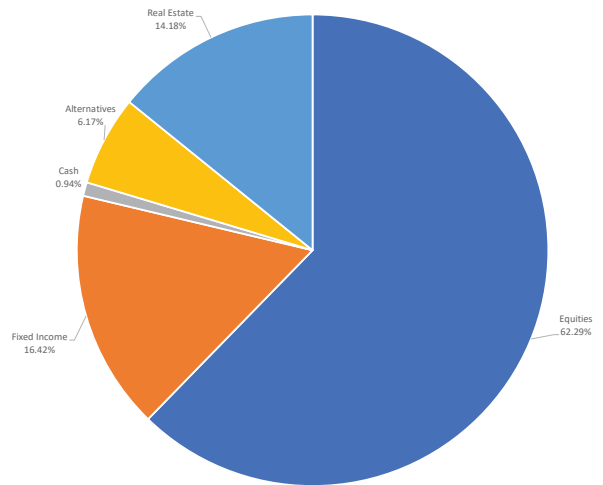
PORTFOLIO MANAGER ALLOCATION

Allocation	Market Value	Allocation
Vanguard Developed Markets Idx (VTMNX)	\$33,426,490	15.7%
Boyd Watterson Fixed	\$29,298,712	13.7%
Seizert Large Value	\$17,349,632	8.1%
Clearbridge LCG	\$16,414,194	7.7%
WAM S&P 500 Large Cap	\$16,351,489	7.7%
Corbin- Pinehurst	\$13,185,043	6.2%
Titanium GSA Fund	\$12,485,907	5.8%
Seizert Mid Cap	\$11,974,348	5.6%
Clarkston Capital	\$11,936,523	5.6%
ABS EM Strategic	\$10,982,236	5.1%
Vanguard Extended Market Index	\$8,680,475	4.1%
Intercontinental Real Estate	\$8,599,086	4.0%
Seizert Small Value	\$5,917,173	2.8%
TerraCap Partners IV	\$5,468,691	2.6%
Brandywine Global Fixed	\$4,702,396	2.2%
Alidade Capital GP IV	\$3,722,182	1.7%
Cash Account	\$2,002,185	0.9%
Raven Asset-Based Credit Fund I	\$1,074,758	0.5%
	\$213,571,520	

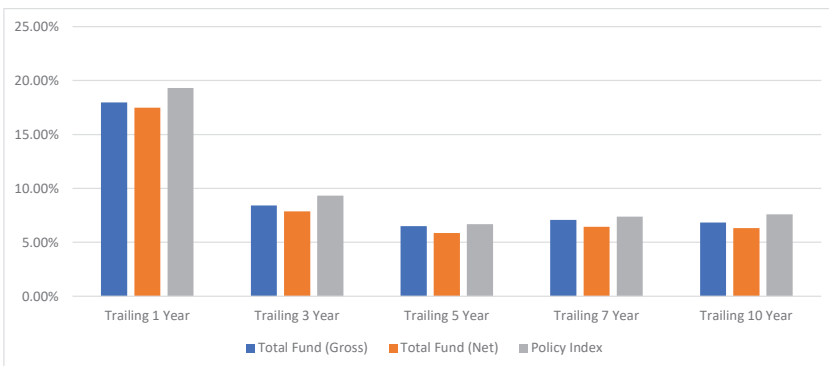


PORTFOLIO COMPOSITION BY ASSET CLASS

Asset Class	Market Value
Equities	\$ 133,032,561.00
Fixed Income	\$ 35,075,867.00
Cash	\$ 2,002,185.00
Alternatives	\$ 13,185,043.00
Real Estate	\$ 30,275,866.00
	\$ 213,571,522.00



TOTAL FUND PERFORMANCE



	Trailing 1 Year	Trailing 3 Year	Trailing 5 Year	Trailing 7 Year	Trailing 10 Year
Total Fund (Gross)	17.97%	8.41%	6.49%	7.07%	6.82%
Total Fund (Net)	17.47%	7.86%	5.86%	6.44%	6.33%
Policy Index	19.31%	9.32%	6.67%	7.39%	7.59%
Beginning Market Value	\$187,861,174	\$188,664,589	\$190,691,750	\$175,132,720	\$162,489,109
Net Contributions	(\$6,959,320)	(\$20,934,829)	(\$33,404,164)	(\$45,468,095)	(\$61,181,175)
Gain / Loss	\$32,669,668	\$45,841,762	\$56,283,936	\$83,906,898	\$112,263,588
Ending Market Value	\$213,571,522	\$213,571,522	\$213,571,522	\$213,571,523	\$213,571,522

Please Note

This information and data is being provided at your request and is from sources considered reliable, but their accuracy and completeness is not guaranteed. It has been prepared for illustrative purposes only and is not intended to be used as a substitute for the transaction statements you receive from your custodians. Please compare the data on this document carefully with your transaction statements to verify its accuracy. This information is based upon the market value of your account as of the close of business on 12/31/2019, and is subject to daily market fluctuation.

AndCo Consulting

Brief Summary of Benefit Provisions

REGULAR RETIREMENT

General County – TPOAM Nurses, UAW-FOC, POAM-District Court 1, POAM District Court II, POAM-Youth Center, TPOAM Family Court, TPOAM-Youth Center Supervisors, Non-Union Other, Non-Union Management

- Hired prior to 1/1/2011 service multiplied by 2.50% of final average earnings.
- Hired prior to 1/1/2011 age 55 with 30 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 1/1/2011 service multiplied by 1.5% of final average earnings.
- Hired on or after 1/1/2011 age 60 with 8 or more years of service

General County – TPOAM

- Hired prior to 10/26/2010 service multiplied by 2.5% of final average earnings.
- Hired prior to 10/26/2010 age 55 with 30 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 10/26/2010 service multiplied by 1.5% of final average earnings.
- Hired on or after 10/26/2010 age 60 with 8 or more years of service.

General County – POAM Prosecutors

- Hired prior to 4/3/2012 service multiplied by 2.5% of final average earnings.
- Hired prior to 4/3/2012 age 55 with 30 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 4/3/2012 service multiplied by 1.5% of final average earnings.
- Hired on or after 4/3/2012 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 – AFL-CIO Local #543, AFSCME Local #839

- Service multiplied by 2.25% of final average earnings.
- Hired prior to 1/1/2018 age 55 with 30 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 1/1/2018 age 60 with 15 or more years of service.

Road Commission – Management

- Hired prior to 1/1/2018 service multiplied by 2.25% of final average earnings.
- Hired on or after 1/1/2018 service multiplied by 2.0% of final average earnings.
- Hired prior to 1/1/2018 age 55 with 30 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 1/1/2018 age 55 with 30 or more years of service or age 60 with 15 or more years of service.

County Agency

- Hired prior to 12/1/2014 service multiplied by 2.50% of final average earnings.
- Hired prior to 12/1/2014 age 55 with 30 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 12/1/2014 service multiplied by 1.5% of final average earnings.
- Hired on or after 12/1/2014 age 60 with 8 or more years of service.

Sheriff – POAM Sheriff Deputies

- Hired prior to 7/1/2013 service multiplied by 2.50% of final average earnings.
- Hired on or after 7/1/2013 service multiplied by 1.5% of final average earnings.
- Age 50 with 25 or more years of service or age 60 with 8 or more years of service.

Sheriff – COAM Command

- Hired prior to 4/25/2013 service multiplied by 2.75% of final average earnings.
- Hired on or after 4/25/2013 retirement benefits provided in previous position.
- Age 50 with 25 or more years of service or age 60 with 8 or more years of service.

Sheriff – POAM Corrections Officers, COAM-Corrections Supervisors

- Hired prior to 1/1/2011 service multiplied by 2.50% of final average earnings.
- Hired on or after 1/1/2011 service multiplied by 1.5% of final average earnings.
- Age 50 with 25 or more years of service or age 60 with 8 or more years of service.

Dispatch – POAM Communications Specialist, COAM Communications Supervisors

- Hired prior to 1/1/2011 service multiplied by 2.50% of final average earnings.
- Hired prior to 1/1/2011 age 50 with 25 or more years of service or age 60 with 8 or more years of service.
- Hired on or after 1/1/2011 service multiplied by 1.5% of final average earnings.
- Hired on or after 1/1/2011 age 60 with 8 or more years of service.

Type of final average earnings: Highest 3 consecutive years out of the last 10.

Maximum benefit: 75% of final average earnings.

Brief Summary of Benefit Provisions - Continued

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:

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.

General, Sheriff, Dispatch & County Agency.....May from year-to-year pay a Supplemental Retirement Benefit. The Supplemental Retirement Benefit will be paid from the County's general fund.

Road Commission.....May from year-to-year pay a Supplemental Retirement Benefit. The Supplemental Retirement Benefit will be paid from the Road Commission's general fund.

MEMBER CONTRIBUTIONS

Dispatch - COAM-Communications Supervisors.....3.0% of the first \$7,800 and 5.0% of excess

Dispatch – POAM-Communications Specialist.....3.0%

Road Commission – Management.....3.25%

Road Commission – Local #543, Local #839.....3.25%

Sheriff – COAM Command Officers.....4.53%

General – POAM-District Court I..... 3.0%

Sheriff – POAM Sheriff Deputies, POAM Corrections Officers, COAM-Corrections Supervisors

.....3.0%

General County – TPOAM Nurses, TPOAM, UAW-FOC, POAM District Court II, POAM-Youth Center, TPOAM Family Court, TPOAM-Youth Center Supervisors, POAM-Prosecutors, Non-Union Other, Non-Union Management

.....3.0%

County Agency.....3.0%