

**City of Dearborn
General Employees Retirement System
Proposed FY2018, 2019 and 2020 Budget**

This fund accounts for amounts reserved to pay current and future retirement benefits.

Revenue

- The estimated gain on investments is based around the System's Return Assumption of 7.00%. That assumed gain is then allocated based on estimates provided by the City's investment consultant, NEPC, founded on the asset allocation of the System. The Employer contributions are based on the cost to fully fund the Normal Cost and Accrued Liability for Fiscal Year 2018. The Employee contributions for FY 2018-20 are based on Covered Payroll multiplied by the 4% Employee Contribution rate, assuming staying flat as 2% pay increase offset with retirements as covered payroll continues to decline.

Expenditures

- FY 2018-20 Benefit Payments were estimated based on projecting the current year annuities at a full 12 month cycle and applying a nominal 1% increase on regular annuities based on historical trends for the last five years. In FY18, nine deferred retirees will begin collecting pensions explaining the additional uptick. Assuming no increase for disability and death annuities at this time. Refund of employee contributions will drop off as fewer pre-1990 retirees remain.
- Staff Training and Travel is estimated at \$2,000 per trustee for FY 2018 multiplied by the 5 members of the Board.
- Other professional fees include items such as fees for Independent Medical Exams, outside Counsel, etc.
- Administration/Management fees include custodian fees to Comerica, consultant fees to NEPC, the investment fees to managers in Chapter 22 and the City Administrative Service Fee.
- Operating Supplies, Fees and Permits include expenses such as MAPERS and NCPERS annual registration fees and IRS Letter of Determination filing fees.
- Insurance Costs pertain to the Fiduciary Liability Insurance Policy paid to Nickel and Saph

General Notes

- Per Compliance with Public Act 314, this Fund is now required to have a budget prepared which requires Pension Board and Council Approval
- Funding Status of the System as of June 30, 2016 is 79.4% using a 5-year investment performance smoothing
- Beginning January 1, 2013, General Employees began making a 4% nonrefundable contribution to the System.