

## **WATERFORD TOWNSHIP EMPLOYEES RETIREMENT SYSTEM**

### **December 31, 2022 Summary Annual Report**

*The Public Employee Retirement System Investment Act requires the Waterford Township Employees Retirement System to prepare and issue a summary annual report and to publish and make available a list of all expenses paid by soft dollars annually. The following information is provided for the year 2022.*

The name of the retirement system is the Waterford Township Employees Retirement System. The Retirement System's investment fiduciaries are:

Pension Committee of the Waterford Township Employees Retirement System  
Wells Fargo Advisors  
Luther King Capital Management  
Victory Capital Management  
C.S. McKee, LP  
State Street Global Advisors  
Ridgeworth/Seix Investment Advisors  
Seizert Capital Partners  
StepStone Group, LP  
Alidade Capital  
Courtland Partners Ltd.  
Mesirow Financial Private Equity VI  
Landmark Equity Partners XV  
Barings Capital

The names of the System's service providers are:

Asher Kelly, legal advisor  
Nyhart, actuary  
Comerica Bank, custodian  
Plante Moran, auditors

The System's changes in net plan assets on a plan-year basis:

|         | <u>12/31/2021</u> | <u>12/31/2022</u> |                              |
|---------|-------------------|-------------------|------------------------------|
| Assets: | \$82,303,490      | \$64,773,689      | Net decrease of \$17,529,801 |

As reported in the actuarial valuation for the annual period ending December 31, 2022, the Retirement System's valuation assets were \$73,899,586 and its actuarial accrued liabilities were \$70,415,875, which produced a funded ratio of 104.9%. The Retirement System received the required employer contribution for the calendar year beginning January 1, 2022.

The System's investment performance net of fees on a rolling calendar year basis for the previous one, three, five, seven and ten year periods are:

1 year: -17.51%      3 year: 4.23%      5 year: 5.26%      7 year: 6.70%      10 year: 7.56%

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The System's administrative and investment expenditures pursuant to the Standards of the Governmental Accounting Board, including, but not limited to, a list of all expenditures made with soft dollars and all expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System are:

2022 list of expenditures:

|                                 |                    |
|---------------------------------|--------------------|
| Benefit Payments                | \$4,558,305        |
| Actuarial Fees                  | \$20,125           |
| Consultant Services Fees        | \$30,000           |
| Conference/Association Fees     | \$8,592            |
| Custody Fees                    | \$20,491           |
| Insurance Fees                  | \$4,540            |
| Investment Management Fees      | \$317,786          |
| Legal Fees                      | \$19,495           |
| Postage, Printing, and Supplies | \$8,211            |
| Berwyn Death Audit              | \$357              |
| Administrative Fee              | \$10               |
| <b>TOTAL EXPENSES</b>           | <b>\$4,987,912</b> |

There were no soft dollars expenses. The System's itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of System board members that are paid by the System for 2023 are:

2023 proposed budget:

|                                   |                    |
|-----------------------------------|--------------------|
| Benefit Payments                  | \$4,558,305        |
| Actuarial Fees                    | \$20,000           |
| Consultant Services Fees          | \$40,000           |
| Custody Fees                      | \$21,516 (+5%)     |
| Insurance Fees                    | \$4,935 (actual)   |
| Investment Mgmt & Consulting Fees | \$304,000          |
| Conference/Association Fees       | \$20,000           |
| Postage, Printing, and Supplies   | \$1,500            |
| Legal Fees                        | \$20,470 (+5%)     |
| <b>TOTAL EXPENSES</b>             | <b>\$4,990,726</b> |

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The following information as provided in the System's most recent annual actuarial valuation report:

1. The number of active members – 46
2. The number of retirees and beneficiaries – 192
3. The average annual retirement allowance - \$23,937
4. The total annual retirement allowances being paid - \$4,595,911
5. The valuation payroll - \$3,040,215
6. The employer's computed normal cost of benefits expressed as a percentage of valuation payroll is: 16.3%
7. The employer's total contribution rate expressed as a percentage of valuation payroll is: 20.8%
8. The weighted average of member contributions is: 0.12%
9. The actuarial assumed rate of investment return is: 6.50%
10. The actuarial assumed rate of long-term wage inflation is 4.00%
11. The smoothing method utilized to determine the funding value of assets is: a 4 year smoothing
12. The amortization method and period utilized for funding the System's unfunded actuarial accrued liability, if any: The amortization method is a level dollar amortization. The amortization period is 10 years, closed.
13. The System's actuarial cost method is commonly referred to as the individual entry-age actuarial cost method.
14. Whether System membership is open or closed to specific groups of employees:  
The System is closed to new hires as a whole.