

City of Grand Rapids General Retirement System

***SUMMARY ANNUAL REPORT TO MEMBERS
DECEMBER 31, 2025***

Dear Retirement System Members and Retirants:

The Retirement System, which is managed by the Board of Trustees, is designed to help you meet your financial needs should you become disabled, retire, or die.

The Board's fiduciary responsibility to you is to supervise the general administration of the System and invest its assets. Our Board retains professional advisors to assist us in fulfilling these duties.

We have prepared this summary report to give you a brief overview of the Retirement System and how it operates. We 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 Michigan Public Act 314 of 1965, as amended, the City of Grand Rapids Retirement Ordinance, and the Board's official rules and regulations. Additional information about the System, including the Retirement Ordinance and the actuarial valuation, is available online at www.grpensions.org and in our office at 233 Fulton Street East, Suite 216, Grand Rapids, MI.

Respectfully submitted,

***Board of Trustees
City of Grand Rapids General Retirement System***

Board of Trustees

- Michael Hawkins – Chairman
- David J. Tryc – Vice Chairman
- Martin P. Timkovich – Member Trustee
- William D. Butts – Member Trustee
- Donijo DeJonge – Citizen Trustee
- Drew Robbins – Employer Trustee
- Holly Jackson – Citizen Trustee

Retirement System Service Providers

- Gabriel Roeder Smith and Company – Actuary
- Thomas Michaud, of VanOverbeke, Michaud & Timmony, P.C. – Legal Advisor
- Rehmann Robson – Auditor
- The Northern Trust Company – Custodial Bank
- Mariner – Investment Consultant

Investment Managers

- 50 South Capital Advisors – Private Credit
- Adams Street Partners – Private Equity
- Baird Advisors – Core Fixed Income
- CenterSquare Investment Management – Real Estate
- Great Lakes Advisors – Intermediate Fixed Income
- Grosvenor Capital Management – Private Credit
- Harding Loevner – American Depository Receipts
- Harvest Fund Advisors – Master Limited Partnerships
- HighVista – Private Equity
- Neuberger Berman – International Equity
- Northern Trust Asset Management – Passive Core Equity
- PIMCO – Enhanced Index Equity
- Wellington Management Company – Core/Growth Equity

Statement of Fiduciary Net Position as of June 30, 2023, June 30, 2024, and June 30, 2025

	2023	2024	2025	Change From Prior Year	
				In Dollars	As %
Assets					
Cash and money market funds	\$ 4,737,812	\$ 51,309,754	\$ 7,970,128	\$ (43,339,626)	-84.5%
Stocks, equity mutual funds and partnerships	211,069,064	210,736,107	269,801,491	\$ 59,065,384	28.0%
Fixed Income	123,328,695	126,611,161	140,394,962	\$ 13,783,801	10.9%
Real estate	20,737,480	22,550,281	23,452,748	\$ 902,467	4.0%
Private equity partnerships	33,759,563	29,993,426	27,698,957	\$ (2,294,469)	-7.6%
Private credit partnerships	20,588,043	21,821,038	17,529,052	\$ (4,291,986)	-19.7%
Commodities	20,434,562	22,173,494	0	\$ (22,173,494)	-100.0%
Securities lending collateral	31,368,843	34,852,254	39,258,839	\$ 4,406,585	12.6%
Total cash and investments	466,024,062	520,047,515	526,106,177	\$ 6,058,662	1.2%
Receivables	3,620,291	49,390,962	1,943,647	\$ (47,447,315)	-96.1%
Total Assets	469,644,353	569,438,477	528,049,824	\$ (41,388,653)	-7.3%
Liabilities					
Administrative expenses and investment management fees payable	326,736	312,142	316,359	4,217	1.4%
Pending trades - purchases	932,846	75,288,650	774,137	\$ (74,514,513)	-99.0%
Amounts due broker under securities lending agreement	31,368,843	34,852,254	39,258,839	\$ 4,406,585	12.6%
Total Liabilities	32,628,425	110,453,046	40,349,335	(70,103,711)	-63.5%
Net Position Restricted for Pension Benefits	\$ 437,015,928	\$ 458,985,431	\$ 487,700,489	\$ 28,715,058	6.3%

Statement of Changes in Fiduciary Net Position as of June 30, 2023, June 30, 2024, and June 30, 2025

	2023	2024	2025	Change From Prior Year	
				In Dollars	As %
Additions					
Contributions	\$ 14,328,760	\$ 17,963,979	\$ 15,337,211	\$ (2,626,768)	-14.6%
Net investment income (loss)	23,817,899	42,587,594	53,204,800	10,617,206	24.9%
Securities lending	119,960	159,974	183,914	23,940	15.0%
Total Additions (net of investment loss)	38,266,619	60,711,547	68,725,925	8,014,378	13.2%
Deductions					
Benefits	37,483,996	38,103,889	39,380,004	\$ 1,276,115	3.3%
Administrative expense	648,308	638,155	630,863	(7,292)	-1.1%
Total Deductions	38,132,304	38,742,044	40,010,867	1,268,823	3.3%
Net Increase (Decrease)	134,315	21,969,503	28,715,058	6,745,555	30.7%
Net Position Restricted for Pension Benefits,					
beginning of year	436,881,613	437,015,928	458,985,431	\$ 21,969,503	5.0%
Net Position Restricted for Pension Benefits,					
end of year	\$ 437,015,928	\$ 458,985,431	\$ 487,700,489	\$ 28,715,058	6.3%

Funded Status as of June 30, 2024 and June 30, 2025

	<u>2024</u>	<u>2025</u>
• Actuarial accrued liabilities	\$594,474,512	\$596,650,996
• Applied Assets	\$460,552,945	\$476,460,615
• % Funded	77.5%	80.0%

System Investment Performance as of 12/31/25 (Net of Fees)

	<u>1-Year</u>	<u>3-Years</u>	<u>5-Years</u>	<u>7-Years</u>	<u>10-Years</u>
Total Fund Return	14.07%	11.49%	7.70%	9.54%	8.11%

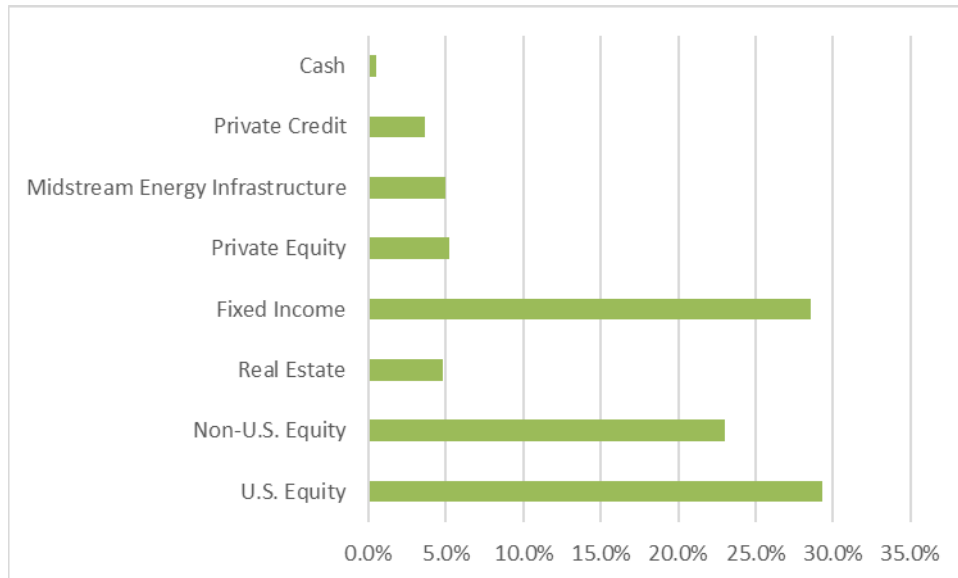
System Revenues and Expenditures as of June 30, 2025

June 30, 2025

1.	Balance – Beginning of Year	\$458,985,431
2.	Revenues:	
	a. Employee Contributions	\$1,968,718
	b. Employer Contributions	\$13,368,493
	c. Investment Income	<u>\$54,512,099</u>
	d. Total Revenues	\$69,849,310
3.	Expenditures:	
	a. Benefit Payments	\$39,380,004
	b. Supplemental Pension Distribution	\$0
	c. Refund of Member Contributions	\$0
	d. Expenses	<u>\$1,754,248</u>
	e. Total Expenditures	\$41,134,252
4.	Balance – End of Year	\$487,700,489

The Board of Trustees has confirmed that the General Retirement System provides for the payment of the required employer contribution and the employer contributions shown above represent the required employer contribution for the year covered. The System had \$0.00 of “soft dollar” expenses.

Investments as of December 31, 2025



System Itemized Budget as of June 30, 2025

BUDGET - GENERAL RETIREMENT SYSTEM
July 1, 2024 - June 30, 2025

<u>Expense</u>	<u>Actual YTD</u> <u>through</u> <u>06/30/25</u>	<u>FYE 06/30/25</u> <u>Budgeted</u> <u>Expense</u>	<u>Variance</u> <u>to Budgeted</u> <u>Expense</u>	<u>Expended by</u> <u>06/30/24</u>	<u>Variance</u> <u>to 06/30/24</u>
Professional Services					
- Actuarial	\$ 47,950.00	39,600	8,350.00	\$ 47,475.00	\$475.00
- Audit*	17,100.00	17,600	(500.00)	17,400.00	(300.00)
- Consultant	73,368.75	97,500	(24,131.25)	120,072.35	(46,703.60)
- Custodial**	64,757.67	72,000	(7,242.33)	46,137.61	18,620.06
- Investment Management	1,054,836.14	1,283,750	(228,913.86)	953,146.26	101,689.88
- Legal Services	6,634.40	10,784	(4,149.60)	8,503.80	(1,869.40)
- PBI Ret. Verif Services	2,993.19	3,300	(306.81)	2,992.80	0.39
Insurance					
- Business Owners	1,520.00	700	820.00	0.00	1,520.00
- Fiduciary Liability	17,338.00	17,338	16,638.00	17,338.00	0.00
- Life & Disability	659.01	1,112	(16,678.99)	925.53	(266.52)
- Workers Compensation	835.00	1,100	(277.00)	828.00	7.00
Due Diligence & Education					
- Due Diligence	0.00	8,240	(8,240.00)	2,639.66	(2,639.66)
- Conference	6,845.83	24,720	(1,394.17)	1,775.83	5,070.00
- Other Education	964.80	4,120	(23,755.20)	858.20	106.60
Administration					
- Accufund Consultant	948.75	1,250	(301.25)	948.75	0.00
- Medical Evaluations	1,386.84	15,000	136.84	8,425.00	(7,038.16)
- Meetings	979.62	800	(14,020.38)	648.89	330.73
- Occupancy Rental	16,751.35	17,300	15,951.35	14,820.85	1,930.50
- Office Supplies	8,987.31	19,475	(8,312.69)	7,776.27	1,211.04
- Memberships	762.37	650	(18,712.63)	602.50	159.87
- Salaries & Wages	300,544.30	360,603	299,894.30	266,863.42	33,680.88
Total Expenses	\$1,626,163.33	1,996,942.00	(\$15,145.67)	\$1,520,178.72	\$105,984.61

*Additional fees possible due to GASB 67 advising.

**Custody fees shown above are before offset from Securities Lending Income. Total income for FYE 06/30/25 was \$183,914.18.

Disclaimer: The data above is a summary of expenses compared to arbitrarily selected "targets." These "targets" are not intended to be goals or budget objectives, just simple comparisons. Many of the figures are contractual or uncontrollable, such as asset manager fees (based on market values), occupancy (based on rental agreement) and Medical Evaluations (the number of which is purely based on the number of disability retirement applications). The use of this document is intended to monitor expenses, not judge the System's performance.

The System's total aggregate cost for professional training and education, including travel costs, authorized by Michigan Public Act 314 for a fiscal year shall not exceed \$150,000 or an amount equal to the total number of system board members multiplied by \$12,000, whichever is less. Beginning January 1, 2013, the Department of Treasury shall adjust the dollar amounts for these costs by an amount determined by the State Treasurer at the end of the immediately preceding calendar year to reflect the cumulative annual percentage change in the Consumer Price Index.

Actuarial Valuation Information as of June 30, 2025

• Active Members:	245
• Number of Retirees/Beneficiaries:	1,225
• Average Annual Retirement Allowance:	\$32,712
• Total Annual Retirement Allowance:	\$40,071,755
• Valuation Payroll:	\$21,038,994
• Employer's Normal Cost as % of Valuation Payroll:	7.59%
• Employer's Contribution Rate beginning 7/1/26:	63.28%
• Weighted Average of Member Contributions:	7.74%
• Actuarial Assumed Rate of Investment Return:	6.75%
• Actuarial Assumed Rate of Long-Term Wage Inflation:	3.15% - 8.15%, plus up to 4.00% depending on service
• Smoothing Method Utilized:	5-Year Smoothed Market
• Amortization Method Utilized:	Level Dollar, Closed
• Amortization Period Remaining:	22.9 Years
• Actuarial Cost Method Utilized:	Individual Entry Age
• System Membership Status:	Closed
• Actuarial Assumed Rate of Health Care Inflation:	N/A