

CITY OF GRAND RAPIDS GENERAL RETIREMENT SYSTEM
47TH ANNUAL ACTUARIAL VALUATION REPORT
JUNE 30, 2014

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September 24, 2014

The Board of Trustees
City of Grand Rapids General
Retirement System
Grand Rapids, Michigan

Dear Board Members:

The results of the **47th Annual Actuarial Valuation** of the City of Grand Rapids General Retirement System are presented in this report. The purpose of the annual valuation is to measure the System's funding progress and to determine the City's contribution rate for the ensuing fiscal year in accordance with the established funding policy. The results of the valuation may not be applicable for other purposes.

The date of the valuation was **June 30, 2014**.

This report should not be relied on for any purpose other than those described above. It was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board.

The signing actuaries are independent of the plan sponsor.


Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. Due to the limited scope of the actuary's assignment, the actuary did not perform an analysis of the potential range of such future measurements.

The valuation was based upon statistical data furnished by your Executive Director concerning Retirement System benefits, financial transactions, individual members, terminated members and retirants and beneficiaries. Data was checked for internal and year-to-year consistency, but was not otherwise audited. This information is summarized in Section B.

To the best of our knowledge, this report is complete and accurate and was made in accordance with standards of practice prescribed by the Actuarial Standards Board and in compliance with the Retirement System Ordinance.

James D. Anderson is a Member of the American Academy of Actuaries (MAAA) and meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

Respectfully submitted,



James D. Anderson, FSA, EA, MAAA



David L. Hoffman

JDA\DLH:sc

SECTION A
VALUATION RESULTS

**CONTRIBUTIONS TO PROVIDE BENEFITS
FOR FISCAL YEAR BEGINNING JULY 1, 2015**

Contributions for	% of Active Payroll
Normal cost of benefits:	
Age & service pensions	14.18 %
Disability pensions (CRF)	0.60 %
Death-in-service pensions	0.29 %
Refunds of member contributions	0.60 %
Totals	15.67 %
Member contributions (weighted average) #	7.90 %
Employer normal cost	7.77 %
Unfunded actuarial accrued liabilities*	16.61 %
COMPUTED EMPLOYER RATE @	24.38 %

* Amortized over a period of 24 years as described beginning on page C-1.

Weighted average of member contribution rates described on pages B-7 through B-11.

@ In addition to this contribution, the City contributes for (i) certain Supplemental Benefits for a small, closed group of retirants and beneficiaries in accordance with the provisions of Ordinance Section 1.290, and (ii) 0.5% of payroll to provide a Medicare Supplement for members retiring after December 31, 1989.

DETERMINING EMPLOYER DOLLAR CONTRIBUTIONS

For any period of time, the employer rate needs to be converted to dollars – and then contributed to the Retirement System in a timely manner.

The recommended procedure is: (1) *at the end of each payroll period, multiply the active member payroll for the period by the employer contribution percent;* and (2) *promptly contribute the dollar amount so determined.*

**ALLOCATION OF VALUATION ASSETS
YEAR ENDED JUNE 30, 2014**

In financing the actuarial accrued liabilities, valuation assets of \$385,153,710 were distributed as follows:

Reserves for	Present Valuation Assets Applied to			Totals
	Non-Retired Member Actuarial Accrued Liabilities	Retired Life Actuarial Liabilities	Contingency Reserve	
Member Contributions (MDF)	\$ 32,310,028			\$ 32,310,028
Employer Contributions (EAF)	(20,140,888)			(20,140,888)
Retired Benefit Payments (BRF)	(10,083,263)	\$300,190,152		290,106,889
Undistributed Income (IEF)	82,877,681			82,877,681
Totals	\$84,963,558	\$300,190,152	\$0	\$385,153,710

Assets were applied against actuarial accrued liabilities in determining unfunded actuarial accrued liabilities as follows:

	Retired Lives	Non-Retired Members	Total
Computed Actuarial Accrued Liabilities and Reserves	\$300,190,152	\$160,395,649	\$460,585,801
Applied Assets	300,190,152	84,963,558	385,153,710
Unfunded Actuarial Accrued Liabilities (Full Funding Credit)	\$ 0	\$ 75,432,091	\$ 75,432,091

**DERIVATION OF EXPERIENCE GAIN (LOSS)
YEAR ENDED JUNE 30, 2014**

Actual experience will never (except by coincidence) coincide exactly with assumed experience; sizable year-to-year fluctuations are common. Gains and losses often cancel each other over a period of years. Detail on the derivation of the experience gain (loss) is shown below, along with a year-by-year comparative schedule.

	2013-2014	2012-2013
(1) UAAL* at start of year	\$ 102,614,853	\$ 99,377,608
(2) Employer normal cost from last valuation	3,433,720	3,621,485
(3) Actual employer contributions	8,771,032	8,135,843
(4) Interest accrual:		
[(1) + ½ [(2) – (3)]] x .075	7,495,965	7,284,032
(5) Expected UAAL before changes:		
(1) + (2) – (3) + (4)	104,773,506	102,147,282
(6) Increase from benefit changes	none	none
(7) Change from revised actuarial assumptions or valuation methods	none	none
(8) Other Changes	none	none
(9) Expected UAAL after changes:		
(5) + (6) + (7) + (8)	104,773,506	102,147,282
(10) Actual UAAL at end of year	75,432,091	102,614,853
(11) Gain (loss): (9) - (10)	29,341,415	(467,571)
(12) Gain (loss) as percent of actuarial accrued liabilities at start of year (\$455,914,323)	6.4%	-0.1%

* *Unfunded Actuarial Accrued Liabilities.*

Valuation Date June 30	Experience Gain (Loss) As % of Beginning Accrued Liability
2008	(6.5)%
2009	(8.4)%
2010	(7.6)%
2011	(2.6)%
2012	(2.9)%
2013	(0.1)%
2014	6.4 %

SUMMARY STATEMENT OF SYSTEM RESOURCES AND OBLIGATIONS
YEAR ENDED JUNE 30, 2014

Present Resources and Expected Future Resources

A.	Present valuation assets:	
	1. Net assets from System financial statements	\$428,805,538
	2. Market value adjustment	<u>(43,651,828)</u>
	3. Valuation assets	<u>\$385,153,710</u>
B.	Actuarial present value of expected future employer contributions:	
	1. For normal costs	\$ 21,765,867
	2. For unfunded actuarial accrued liability	<u>75,432,091</u>
	3. Total	<u>\$ 97,197,958</u>
C.	Actuarial present value of expected future member contributions	<u>\$ 26,088,728</u>
D.	Total present and expected future resources	<u><u>\$508,440,396</u></u>

Actuarial Present Value of Expected Future Benefit Payments

A.	To retirants and beneficiaries:	
	1. Annual pensions	\$300,190,152
	2. Reserve	<u>0</u>
	3. Total	<u>\$300,190,152</u>
B.	To vested terminated members	\$ 10,769,352
C.	To present active members:	
	1. Allocated to service rendered prior to valuation date - actuarial accrued liability	\$149,626,297
	2. Allocated to service likely to be rendered after valuation date	<u>47,854,595</u>
	3. Total	<u>\$197,480,892</u>
D.	Total actuarial present value of expected future benefit payments	<u><u>\$508,440,396</u></u>

COMMENTS, RECOMMENDATION AND CONCLUSION

COMMENT A: Overall experience compared to expectations was favorable during the period ending June 30, 2014 (see page A-3). A larger than assumed rate of recognized investment income (i.e., on a funding value basis) resulted in a gain of about \$21.6 million. The reversal from a loss last year to a gain this year was primarily attributed to the 2009 fiscal year investment losses that are now completely phased-in to the funding value. Additional demographic gains occurred primarily due to lower than expected pay increases. On a market value basis there was a \$39 million gain, which, under the Asset Valuation Method, will not be fully recognized until 2018.

COMMENT B: The Market Value of Assets exceeded the Actuarial Value of Assets by \$43.7 million as of June 30, 2014. Note that the ratio of assets computed under funding value relative to the market value of assets is 89.8% (\$385 million and \$429 million, respectively).

COMMENT C: Below is a 5-year contribution rate projection in the case where all assumptions for future experience are exactly realized.

7.5% Market Return in 2014-2018										
Valuation Year	FY Ended June 30	Employer Normal Cost	Amortization Payment	Total Employer Rate	Funded Ratio	Funding Value	Market Value	FV Return	MV Return	MV-FV
						(\$ Millions)				
2014	2016	7.77%	16.61%	24.38%	84%	\$ 385.2	\$ 428.8	13.8%	17.4%	\$ 43.7
2015	2017	7.77%	13.08%	20.85%	88%	418.0	447.2	12.2%	7.5%	29.2
2016	2018	7.77%	11.52%	19.29%	91%	446.0	468.9	9.6%	7.5%	22.9
2017	2019	7.77%	8.66%	16.43%	94%	481.9	493.7	10.4%	7.5%	11.8
2018	2020	7.77%	6.42%	14.19%	97%	518.4	521.7	9.5%	7.5%	3.3

All measurements are as of the stated valuation year with rates applicable to the stated fiscal year.

Additional detail on the amortization method is provided beginning on page C-1.

COMMENTS, RECOMMENDATION AND CONCLUSION (CONCLUDED)

RECOMMENDATION FOR REGULAR RESERVE TRANSFER: Inter-fund transfers are made either when (i) there is a residual June 30 balance in the Income-Expense Fund (IEF) after regular interest credits have been made or (ii) the year-end balance in the Benefit Reserve Fund (BRF) falls below the present value of benefits currently being paid. On June 30, 2014, there was a balance in the IEF (see page B-13). Therefore transfers will be made between the appropriate funds so that the ending balances in each reserve fund as of June 30, 2014 will be as follows:

	MDF	EAF	BRF	IEF
Market	\$ 32,310,028	\$ 96,305,358	\$ 300,190,152	\$ 0
Cost	32,310,028	(5,206,163)	290,106,889	0

CONCLUSION: The City's contribution rate for the fiscal year beginning July 1, 2015 has been computed to be 24.38% of active member payroll based on the funding policy specified in the retirement ordinance.

**BENEFIT RESERVE FUND
COMPARATIVE STATEMENT**

Valuation Date	Pensions Being Paid #		BRF Assets	Actuarial Accrued Liabilities	Assets/ Liabilities
	No.	\$/Month			
6/30/90	663	\$ 343,281	\$ 40,073,257	\$ 40,093,944	99.9%
6/30/91	678	369,579	41,562,455	42,761,376	97.2%
6/30/92	665	389,614	43,117,326	46,723,992	92.3%
6/30/93	672	427,573	50,569,023	50,970,952	99.2%
6/30/94	691	493,395	58,667,587	59,146,993	99.2%
6/30/95	708	550,795	66,024,913	66,238,128	99.7%
6/30/96 @	694	566,986	66,130,823	65,059,236	101.6%
6/30/97	723	655,088	78,180,552	75,499,536	103.6%
6/30/98	744	733,413	86,953,541	85,337,556	101.9%
6/30/99	738	767,331	89,129,126	89,023,224	100.1%
6/30/00	760	842,336	95,495,173	97,823,364	97.6%
6/30/01 @	776	912,560	103,845,535	108,962,016	95.3%
6/30/02	844	1,177,287	111,628,579	115,595,412	* 96.6%
6/30/03	823	1,196,319	143,899,020	142,984,548	** 100.6%
6/30/04	810	1,201,433	145,869,450	145,138,248	100.5%
6/30/05	818	1,254,783	150,763,627	150,637,824	100.1%
6/30/06 @	850	1,381,419	164,111,269	169,274,820	96.9%
6/30/07	901	1,509,551	187,416,077	185,255,424	101.2%
6/30/08	943	1,715,019	213,985,562	212,537,508	100.7%
6/30/09	961	1,807,846	222,676,313	223,054,392	99.8%
6/30/10 @	1,021	2,056,019	257,677,798	262,955,892	98.0%
6/30/11	1,049	2,159,756	274,749,192	275,881,092	99.6%
6/30/12	1,062	2,216,103	285,796,868	282,293,244	101.2%
6/30/13	1,091	2,302,924	292,544,566	291,907,068	100.2%
6/30/14	1,108	2,374,691	290,106,889	300,190,152	96.6%

@ Revised actuarial assumptions.

* Not including July 1, 2002 retirements. Total liability including July window retirements was \$145,321,248.

** Not including July 1, 2003 retirements. Total liability including July window retirements was \$146,183,328.

Includes disability benefits beginning with the 6/30/2007 valuation.

**CASUALTY RESERVE FUND
COMPARATIVE STATEMENT**

Valuation Date	Disabilities Being Paid		CRF Assets	Liabilities for Present Disabilities	Contingency Reserve*
	No.	\$/Month			
6/30/90	33	\$ 18,946	\$ 2,648,324	\$ 2,458,992	\$ 189,332
6/30/91	37	21,878	2,846,753	2,806,092	40,661
6/30/92	37	21,861	2,955,426	2,847,432	107,988
6/30/93	35	20,389	3,125,197	2,618,868	506,329
6/30/94	34	20,012	3,394,462	2,517,767	876,695
6/30/95	33	18,952	3,716,251	2,327,256	1,388,995
6/30/96 @	34	21,084	4,088,821	2,408,004	1,680,817
6/30/97	37	25,370	4,524,646	2,896,728	1,627,918
6/30/98	38	29,023	4,952,402	3,369,024	1,583,378
6/30/99	36	27,590	5,259,793	3,029,544	2,230,249
6/30/00	35	27,240	3,790,662	2,915,748	874,914
6/30/01 @	35	29,042	3,783,851	3,204,348	579,503
6/30/02	35	26,471	3,766,314	2,853,444	912,870
6/30/03	36	31,132	3,698,081	3,675,756	22,325
6/30/04	37	36,334	3,644,731	4,447,596	(802,865)
6/30/05	39	39,059	4,356,659	4,767,192	(410,533)
6/30/06 @	38	40,232	4,684,207	5,065,128	(380,921)
6/30/07	0	0	0	0	0

Disability benefits are included in the Benefit Reserve Fund Comparative Statement beginning with the 6/30/2007 valuation.

* *A positive amount indicates less costly disability experience than assumed, while a (negative) amount indicates more costly disability experience than assumed.*

@ *Revised actuarial assumptions.*

ACTUARIAL ACCRUED LIABILITIES & ASSETS
HISTORICAL COMPARATIVE SCHEDULE
(\$ AMOUNTS IN MILLIONS)

Valuation Date	Valuation Assets	Actuarial Accrued		Unfunded Actuarial Accrued Liability		
		Liability Dollar Amount	Liability Funded Ratio ¹	Dollar Amount	Ratio to Payroll 2	Financing Period
9/30/85	\$ 62.6	\$ 78.4	79.9 %	\$ 15.8	63.7 %	19
9/30/86	71.5	85.6	83.5 %	14.1	53.3 %	18
6/30/87	82.9	95.9	86.5 %	13.0	47.2 %	30
6/30/88	91.3	104.8	87.1 %	13.5	45.9 %	29
6/30/89	100.7	111.8	90.1 %	11.1	37.6 %	28
6/30/90 *	111.1	124.5	89.2 %	13.4	43.8 %	27
6/30/91	119.9	134.4	89.2 %	14.4	42.5 %	26
6/30/92 @	126.1	153.0	82.4 %	27.0	71.7 %	25
6/30/93	139.6	165.8	84.2 %	26.2	67.3 %	24
6/30/94	151.8	180.2	84.2 %	28.4	71.4 %	23
6/30/95 *	161.1	192.5	83.7 %	31.4	76.6 %	22
6/30/96 *@	198.4	205.5	96.6 %	7.1	16.4 %	21
6/30/97	220.9	217.8	101.4 %	(3.1)	-	20
6/30/98	244.0	231.9	105.2 %	(12.0)	-	19
6/30/99	269.1	245.4	109.6 %	(23.7)	-	18
6/30/00	286.1	257.1	111.3 %	(29.0)	-	17
6/30/01 *@	290.5	269.5	107.8 %	(21.0)	-	16
6/30/02	282.8	285.3	99.1 %	2.5	5.1 %	15
6/30/03 *	270.6	297.6	90.9 %	26.9	52.7 %	14
6/30/04	282.2	307.8	91.7 %	25.6	49.4 %	13
6/30/05 *	305.5	334.6	91.3 %	29.0	54.3 %	15
6/30/06 @	352.5	352.9	99.9 %	0.3	0.6 %	14
6/30/07 *	391.7	368.9	106.2 %	(22.8)	-	13
6/30/08 #	398.8	377.0	105.8 %	(21.8)	-	30
6/30/09	381.1	391.3	97.4 %	10.2	19.7 %	29
6/30/10 *@	366.5	435.9	84.1 %	69.4	140.6 %	28
6/30/11 *	360.3	445.8	80.8 %	85.5	174.3 %	27
6/30/12	349.5	448.9	77.9 %	99.4	215.3 %	26
6/30/13	353.3	455.9	77.5 %	102.6	234.4 %	25
6/30/14	385.2	460.6	83.6 %	75.4	186.2 %	24

* Retirement System amended.
 @ Revised actuarial assumptions.
 # Revised asset valuation method.

- 1 Valuation Assets as a Percent of AAL** is a traditional measure of a System's funding progress. Except in years when the System is amended or actuarial assumptions are revised, this percent can be expected to move gradually toward 100%.
- 2 UAAL as a Percent of Valuation Payroll** is another relative index of condition. Unfunded actuarial accrued liabilities represent debt, while active member payroll represents the System's capacity to collect contributions to pay toward debt. The lower the percent, the greater the financial strength and vice-versa.

CITY AND MEMBER CONTRIBUTIONS HISTORICAL COMPARISON

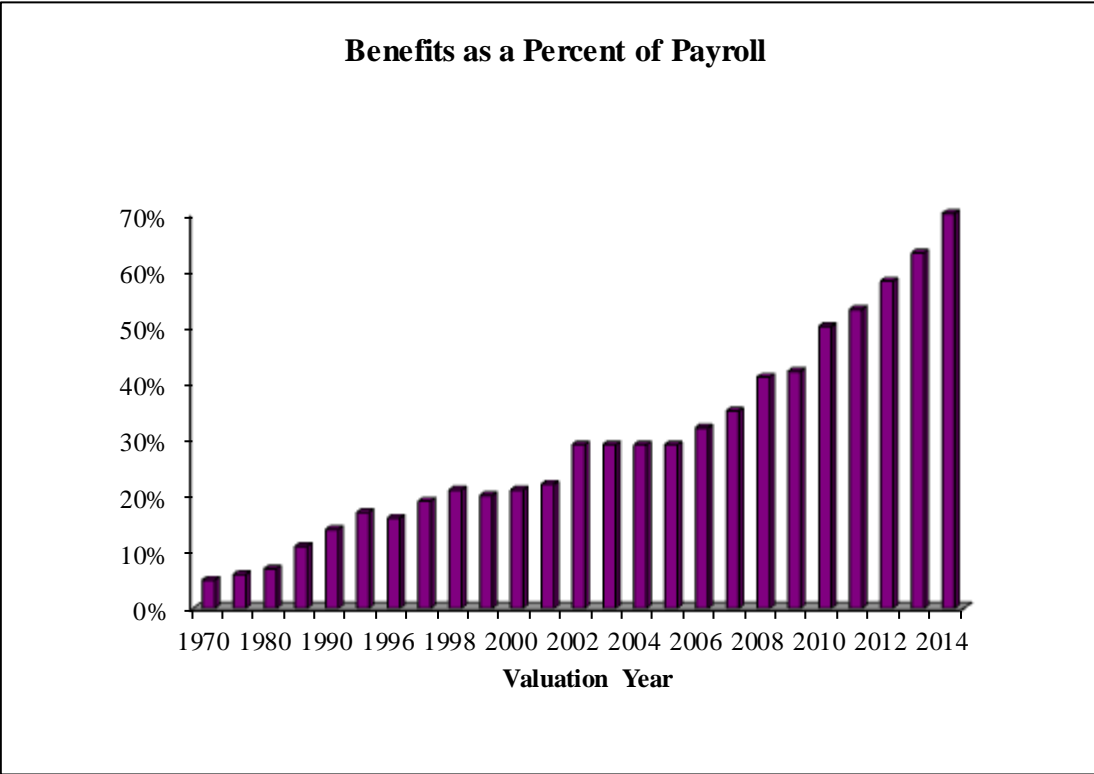
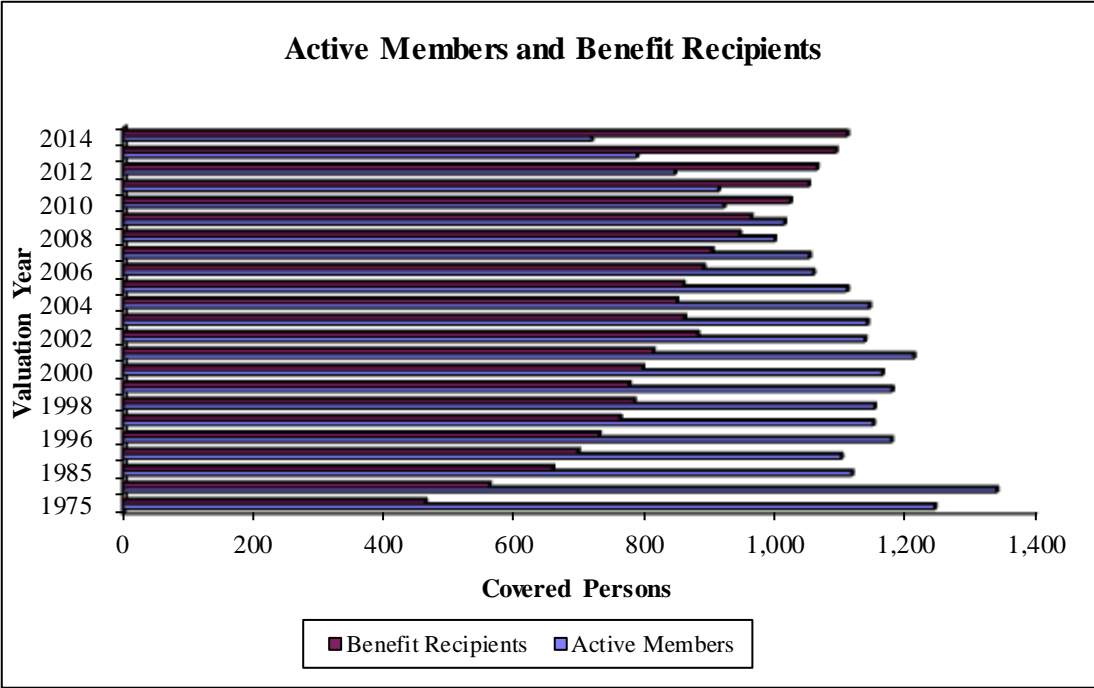
Valuation Date	Fiscal Year	Computed Contributions as % 's of Active Member Payroll		
		Member	Employer	Total
9/30/80*	81/82	4.00%	14.01%	18.01%
9/30/81@	82/83	4.00%	12.87%	16.87%
9/30/82*	83/84	4.00%	14.82%	18.82%
9/30/83	84/85	4.00%	14.07%	18.07%
9/30/84	85/86	4.00%	13.62%	17.62%
9/30/85	86/87	4.00%	13.61%	17.61%
9/30/86	87/88	4.00%	13.13%	17.13%
6/30/87	88/89	4.00%	13.05%	17.05%
6/30/88	89/90	4.05%	12.63%	16.68%
6/30/89	90/91	4.02%	12.30%	16.32%
6/30/90*	91/92	3.28%	13.85%	17.13%
6/30/91	92/93	3.28%	13.91%	17.19%
6/30/92@	93/94	3.28%	16.42%	19.70%
6/30/93	94/95	3.30%	16.34%	19.64%
6/30/94	95/96	3.21%	16.85%	20.06%
6/30/95*	96/97	3.24%	16.91%	20.15%
6/30/96@	97/98	3.25%	11.75%	15.00%
6/30/97	98/99	3.25%	10.33%	13.58%
6/30/98@	99/00	3.25%	5.20%	8.45%
6/30/99	00/01	3.25%	0.43%	3.68%
6/30/00	01/02	3.25%	0.00%	3.25%
6/30/01*@	02/03	3.18%	2.55%	5.73%
6/30/02	03/04	3.17%	12.05%	15.22%
6/30/03*	04/05	3.17%	16.30%	19.47%
6/30/04	05/06	3.24%	16.24%	19.48%
6/30/05*	06/07	3.95%	16.41%	20.36%
6/30/06@	07/08	3.94%	11.86%	15.80%
6/30/07*	08/09	3.98%	7.70%	11.68%
6/30/08*	09/10	4.18%	9.29%	13.47%
6/30/09	10/11	3.93%	13.12%	17.05%
6/30/10*@	11/12	4.41%	20.13%	24.54%
6/30/11*	12/13	9.05%	18.01%	27.06%
6/30/12	13/14	7.96%	20.64%	28.60%
6/30/13	14/15	7.93%	28.25%	36.18%
6/30/14	15/16	7.90%	24.38%	32.28%

* Retirement System amended.

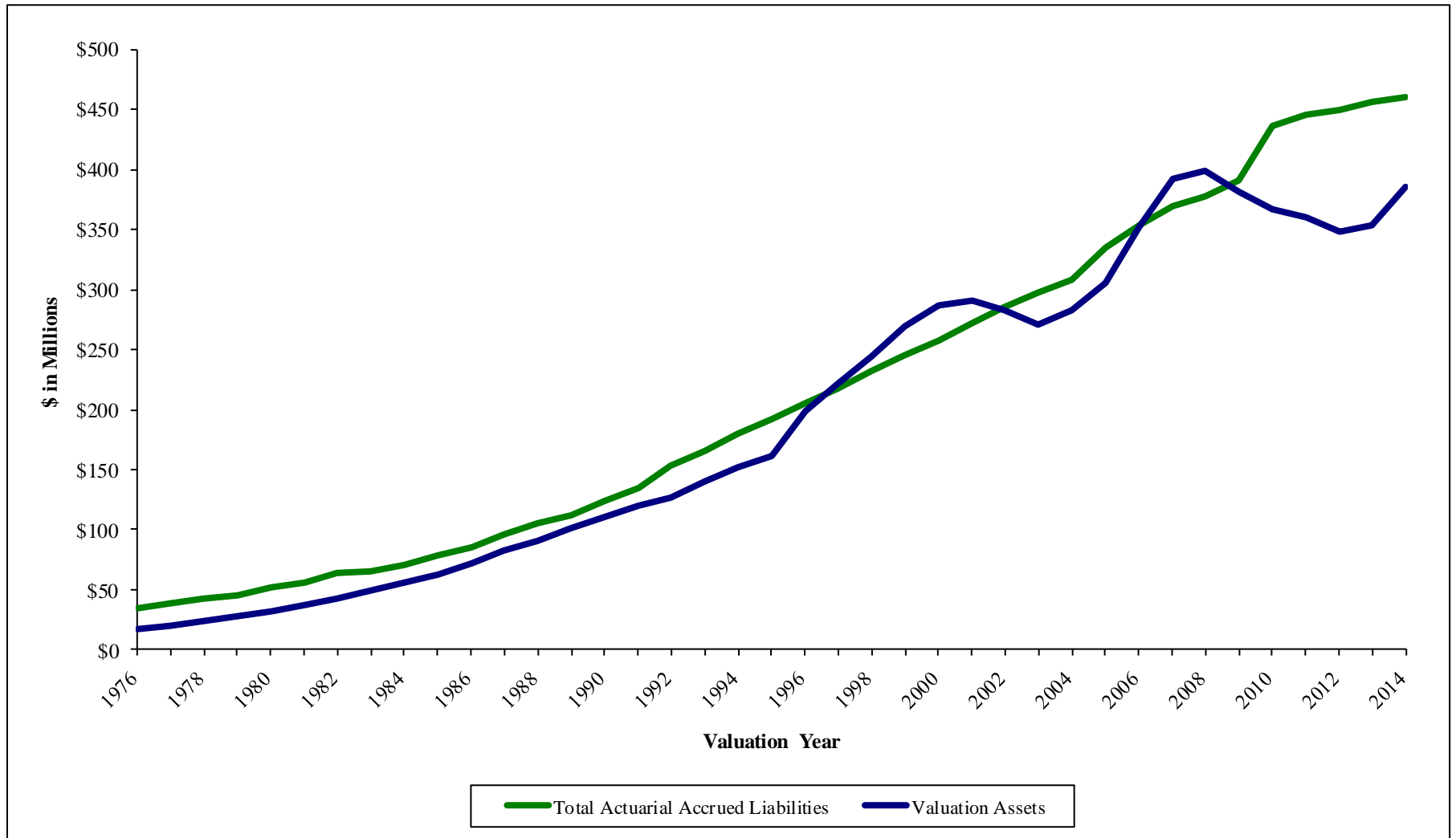
@ Revised actuarial assumptions.

**ACTIVE MEMBERS AND RETIRED LIVES
HISTORICAL COMPARATIVE SCHEDULE**

Valuation Date	Active Members				Retired Lives			
	No.	Valuation Payroll			No.	Active per Retired	Annual Benefits	
		\$ Millions	Average	% Incr.			\$ Millions	As a % of Pay
9/30/85	1,115	\$ 24.7	\$ 22,175	7.9 %	657	1.7	\$ 2.6	10.7%
9/30/86	1,137	26.5	23,315	5.1 %	679	1.7	3.0	11.5%
6/30/87	1,164	27.4	23,550	1.0 %	663	1.8	3.2	11.5%
6/30/88	1,161	29.4	25,337	7.7 %	682	1.7	3.5	11.9%
6/30/89	1,115	29.5	26,499	4.6 %	683	1.6	4.0	13.4%
6/30/90	1,099	30.6	27,804	4.9 %	696	1.6	4.3	14.1%
6/30/91	1,168	33.9	29,031	4.4 %	715	1.6	4.7	13.9%
6/30/92	1,208	37.7	31,208	7.5 %	702	1.7	4.9	13.1%
6/30/93	1,171	38.9	33,214	6.4 %	707	1.7	5.4	13.8%
6/30/94	1,137	39.8	34,977	5.3 %	725	1.6	6.2	15.5%
6/30/95	1,153	41.0	35,573	1.7 %	741	1.6	6.8	16.6%
6/30/96	1,176	43.3	36,790	3.4 %	728	1.6	7.1	16.4%
6/30/97	1,148	43.2	37,597	2.2 %	760	1.5	8.2	18.9%
6/30/98	1,150	43.9	38,145	1.5 %	782	1.5	9.1	20.7%
6/30/99	1,177	47.6	40,479	6.1 %	774	1.5	9.5	20.0%
6/30/00	1,162	48.9	42,051	3.9 %	795	1.5	10.4	21.3%
6/30/01	1,210	52.3	43,259	2.9 %	811	1.5	11.3	21.6%
6/30/02	1,135	49.2	43,357	0.2 %	879	1.3	14.5	29.4%
6/30/03	1,139	51.0	44,781	3.3 %	859	1.3	14.7	28.9%
6/30/04	1,142	51.8	45,317	1.2 %	847	1.3	14.9	28.7%
6/30/05	1,108	53.5	48,241	6.5 %	857	1.3	15.5	29.0%
6/30/06	1,056	52.8	50,036	3.7 %	888	1.2	17.1	32.3%
6/30/07	1,050	52.4	49,930	(0.2)%	901	1.2	18.1	34.6%
6/30/08	997	50.0	50,121	0.4 %	943	1.1	20.6	41.2%
6/30/09	1,012	51.8	51,194	2.1 %	961	1.1	21.7	41.9%
6/30/10	919	49.3	53,685	4.9 %	1,021	0.9	24.7	50.0%
6/30/11	911	49.0	53,832	0.3 %	1,049	0.9	25.9	52.9%
6/30/12	844	46.2	54,701	1.6 %	1,062	0.8	26.6	57.6%
6/30/13	786	43.8	55,704	1.8 %	1,091	0.7	27.6	63.1%
6/30/14	717	40.5	56,501	1.4 %	1,108	0.6	28.5	70.4%
20-Year Average				2.4 %				



ACTUARIAL ACCRUED LIABILITIES & ASSETS



SECTION B
VALUATION DATA

SUMMARY OF BENEFIT PROVISIONS EVALUATED (JUNE 30, 2014)

Voluntary Retirement. A member may retire after 30 years of service regardless of age, or after attaining age 62 and completing 8 years of service. Effective January 1, 2001, members covered by the Emergency Communications Operators Bargaining Unit, may retire after attaining age 55 and completing 8 years of service.

Final Average Salary (FAS). The average of member's highest annual salary rates, all before completion of the calendar year in which the member attains 40 years of service or reaches the benefit cap, during the three calendar years of credited service when such salary rates were the highest.

Members of the Crime Scene Technicians group have an additional sum added to their FAS, effective July 1, 2000. The sum is calculated based on an average of the group's additional compensation items during the previous three calendar years and the average of the group's valuation payroll as of June 30 for the five-year period immediately preceding the valuation.

Emergency Communication Operators I, II, and III also have an additional sum added to their FAS, effective July 1, 2005. The sum is calculated based on an average of the group's additional compensation items during the previous five calendar years and the average of the group's valuation payroll as of June 30 for the five-year period immediately preceding the valuation.

Members who retire with 10 or more years of continuous service may use up to two thousand eighty (2,080) hours (1,265 for Crime Scene Technician members) of accumulated sick leave to purchase up to one (1) year of additional credited service, on a pro rata basis.

Full Age and Service Allowance. The members' benefit multipliers, used to compute full age and service allowance, are shown in the tables on the following page.

In lieu of this single life-level amount form of payment, a retiring member may elect from several optional forms of payment, each of which is the actuarial equivalent of this single life-level payment form.

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014)**

Covered Employee Group	Date of Termination	Benefit Multiplier	Allowance Cap [apply as indicated and remain in effect for subsequent termination dates unless otherwise amended]
ECO's I, II and III	January 1, 2002 – March 31, 2012	2.7%	100% applicable to ECO's I, II and III hired on or before May 6, 2002 90% applicable to ECO's I, II, and III hired on or after May 7, 2002
ECO's I, II and III	April 1, 2012 –	2.7%, 2.5%, 2.2%, 2.0% or 1.8% for future service from and after April 1, 2012 depending on the individual election made by the employee as provided in Section 1.229(10) Bargaining unit members hired on or after January 24, 2012 do not participate in the Retirement System	
GRPOA-Crime Scene Tech/Latent Print Examiners	July 1, 2002 – July 7, 2012	2.7%	100% applicable to CST's hired prior to January 1, 2002 90% applicable to CST's hired from January 1, 2002 – November 14, 2011
GRPOA-Crime Scene Tech/Latent Print Examiners	July 8, 2012 –	2.7% or 2.5% or 2.2% or 2.0% or 1.8% for future service from and after July 8, 2012, depending on the individual election made by the employee as provided in Section 1.229(9) Bargaining unit members hired on or after November 15, 2011 do not participate in the Retirement System	100% applicable to CST's hired prior to January 1, 2002 90% applicable to CST's hired from January 1, 2002 – November 14, 2011
APAGR	January 1, 2003 – December 31, 2004	2.6%	97.5% for employees hired prior to January 1, 2005
APAGR	January 1, 2005 – June 11, 2011	2.7%	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired on or after January 1, 2005
APAGR	June 12, 2011 –	2.7% or 2.5% or 2.2% for future service from and after June 12, 2011, depending on the individual election made by the employee as provided in Section 1.229(3) 2.0% for members hired or re-entering service on or after June 12, 2011	

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014)**

Covered Employee Group	Date of Termination	Benefit Multiplier	Allowance Cap [apply as indicated and remain in effect for subsequent termination dates unless otherwise amended]
APAGR 61st Dist. Court	January 1, 2003 – December 31, 2004	2.6%	97.5% for employees hired prior to January 1, 2005
APAGR 61st Dist. Court	January 1, 2005 – July 7, 2012	2.7%	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired on or after January 1, 2005 – September 12, 2011
APAGR 61st Dist. Court	July 8, 2012 –	2.7%, or 2.5%, or 2.2%, or 2.0% or 1.8% for future service from and after July 8, 2012, depending on the individual election made by the employee as provided in Section 1.229(8) Bargaining unit members hired on or after September 13, 2011 do not participate in the Retirement System	
Non-Represented Members as defined in Section 1.192(18.1)	January 1, 2005 – September 4, 2010	2.7%	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired on or after January 1, 2005
Non-Represented Members as defined in Section 1.192(18.1)	September 5, 2010 –	2.7% or 2.5% or 2.2% for future service from and after September 5, 2010, depending on the individual election made by the employee as provided in Section 1.229(1) 2.0% for non-represented members hired or re-entering service from September 5, 2010 through June 30, 2011 Bargaining unit members hired on or after July 1, 2011 do not participate in the Retirement System	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired from January 1, 2005 – June 30, 2011
61 st District Court Judges	January 1, 2005 – January 8, 2011	2.7%	97.5%

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014)**

Covered Employee Group	Date of Termination	Benefit Multiplier	Allowance Cap [apply as indicated and remain in effect for subsequent termination dates unless otherwise amended]
61 st District Court Judges	January 9, 2011 –	2.7% or 2.5% or 2.2% for future service from and after January 9, 2011, depending on the individual election made by the employee as provided in Section 1.229(2)	97.5%
Museum Full-Time Supervisory and Administrative Staff and Museum Non-Supervisory Staff	January 1, 2005 – June 30, 2006	2.7%	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired on or after January 1, 2005
Library Management and Confidential Employees	January 1, 2005 – September 4, 2010	2.7%	
EC Supervisors	January 1, 2006 – January 7, 2012	2.7%	
EC Supervisors	January 8, 2012 –	2.7%, 2.5%, 2.2%, 2.0% or 1.8% for future service from and after January 8, 2012, depending on the individual election made by the employee as provided in Section 1.229(5) Bargaining unit members hired on or after September 13, 2011 do not participate in the Retirement System	90% applicable for all employees entering this unit after July 1, 2004
GREIU	January 1, 2005 – July 7, 2012	2.7%	
GREIU	July 8, 2012 –	2.7%, 2.5%, 2.2%, 2.0% or 1.8% for future service from and after July 8, 2012, depending on the individual election made by the employee as provided in Section 1.229(4) Bargaining unit members hired on or after May 25, 2011 do not participate in the Retirement System	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired from January 1, 2005 – May 24, 2011

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014)**

Covered Employee Group	Date of Termination	Benefit Multiplier	Allowance Cap [apply as indicated and remain in effect for subsequent termination dates unless otherwise amended]
GREIU - Public Library Rank & File and Supervisory Bargaining Units	January 1, 2006 – July 7, 2012	2.7%	
GREIU - Public Library Rank & File and Supervisory Bargaining Units	July 8, 2012 –	2.7%, 2.5%, 2.2%, 2.0% or 1.8% for future service from and after July 8, 2012, depending on the individual election made by the employee as provided in Section 1.229(6) Bargaining unit members hired on or after September 2, 2011 do not participate in the Retirement System	97.5% for employees hired prior to January 1, 2005 94.5% for employees hired from January 1, 2005 – September 1, 2011
GREIU - 61st District Court	January 1, 2005 – July 7, 2012	2.7%	97.5% for employees hired prior to January 1, 2005
GREIU - 61st District Court	July 8, 2012 –	2.7%, 2.5%, 2.2%, 2.0% or 1.8% for future service from and after July 8, 2012, depending on the individual election made by the employee as provided in Section 1.229(7) Bargaining unit members hired on or after September 13, 2011 do not participate in the Retirement System	94.5% for employees hired from January 1, 2005 – September 12, 2011

SUMMARY OF BENEFIT PROVISIONS EVALUATED (JUNE 30, 2014)

Early Allowance. If a member leaves covered employment after either (i) completing 20 years of credited service, or (ii) both attaining age 55 and completing 10 years or more of credited service, he can receive an immediate early allowance, computed in the same manner as an age and service allowance based upon salary and service to time of termination but actuarially reduced to reflect the fact that the age when payments begin is younger than age 62.

Deferred Retirement. A member with 8 or more years of credited service who terminates employment before voluntary retirement age and does not withdraw accumulated contributions will be eligible for a deferred allowance beginning at age 62, based upon service and final average salary at time of termination.

Death Benefit. If the member's termination of employment is because of death, a benefit equal to the termination benefit is payable to a beneficiary or estate, as follows:

A refund of accumulated contributions. In addition, a "termination bonus" equivalent to a certain percent of member contributions without interest may be payable. Such percent is 25%, plus 7.5% for each whole year of credited service in excess of 10 years, to a maximum of 100% for 20 or more years service, times an age-based Termination Bonus Percent.

If the member was eligible for normal or early retirement at the time of death, in lieu of the lump sum death benefit an eligible beneficiary will begin receiving a B-100 joint and survivor pension computed in the same manner as a service retirement pension as if the member had retired the last day of his life.

Or, if the member was not represented by any collective bargaining unit or was represented by the Association of Public Administrators, the Grand Rapids Employees Independent Union or the 61st District Court Employee's Association, and the primary beneficiary was the surviving spouse, the benefit will be computed in the manner described in the preceding paragraph, except that the member will have been assumed to have reached the age for minimum service retirement at the date of his death.

The total amount of death benefit payable cannot exceed 90% of the member's annual rate of compensation at the time of death reduced by any worker's compensation or social security payments.

SUMMARY OF BENEFIT PROVISIONS EVALUATED (JUNE 30, 2014)

Disability Benefit. If a member has 10 or more years of credited service before attaining the minimum service retirement age and becomes totally and permanently disabled, a benefit computed in the same manner as a full age and service benefit is payable. If disablement is a result of performance of duty, the 10-year minimum credited service requirement is waived and the benefit is computed as above with a minimum benefit of 50% (62% for those represented by police bargaining units) of final average salary.

The total amount of benefit payable due to disablement cannot exceed 90% of the member's annual rate of compensation at the time of disablement reduced by any worker's compensation payments, Social Security benefits, (disability benefits), and remuneration from any gainful employment.

Member Contributions. The contribution rates used are defined in the following table:

Member Classification	Period	Contribution Rate
Non-Represented Members, as defined in Section 1.192(18.1), excluding secretarial or clerical members designated as management non-union for payroll purposes, and excluding the Executive Administrative Assistant at the Grand Rapids Public Library	On or before July 1, 1977	3%
	July 2, 1977 to December 31, 1994	4%
	January 1, 1995 to December 31, 1996	3%
	January 1, 1997 to December 31, 2004	3.28%
	January 1, 2005 to September 4, 2010	4.93%
	On or after September 5, 2010	10.20%, or 8.95% or 7.28%, depending on the individual election made by the member as provided in Section 1.229(1) 6.15% for those non-represented members hired or re-entering service from September 5, 2010 through June 30, 2011

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014) CONTINUED**

Member Classification	Period	Contribution Rate
Non-Represented Members, as defined in Section 1.192(18.1), including only secretarial or clerical members designated as management non-union for payroll purposes, and including the Executive Administrative Assistant at the Grand Rapids Public Library	On or before July 1, 1977	3%
	July 2, 1977 to December 31, 1994	4%
	January 1, 1995 to December 31, 1996	3%
	January 1, 1997 to December 31, 2004	3.28%
	January 1, 2005 to September 4, 2010	4.93%
	September 5, 2010 to July 23, 2011	10.20%, or 8.95% or 7.28%, depending on the individual election made by the member as provided in Section 1.229(1)
	On or after July 24, 2011	6.15% for those non-represented members hired or re-entering service from September 5, 2010 through June 30, 2011 8.10% for members who elected a 2.7% multiplier under Section 1.229(1); 6.85% for members who elected a 2.5% multiplier under Section 1.229(1); 5.18% for members who elected a 2.2% multiplier under Section 1.229(1); 4.05% for members with a 2.0% multiplier who were hired or re-entered service from September 5, 2010 through June 30, 2011
Emergency Communications Operators I, II and III represented by GRPOLC	On or before July 1, 1977	3%
	July 2, 1977 to January 1, 1990	4%
	January 2, 1990 to January 1, 1991	3%
	January 2, 1991 to December 31, 1996	2%
	January 1, 1997 to June 30, 2005	2.28%
	July 1, 2005 to March 31, 2012	5.36%
	On or after April 1, 2012	10.63%, or 9.38%, or 7.71%, or 6.58%, or 5.36%, depending on the individual election made by the member as provided in Section 1.229(10)

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014) CONTINUED**

Member Classification	Period	Contribution Rate
Emergency Communication Supervisors	On or before December 31, 2005	3.28%
	January 1, 2006 to January 7, 2012	6.27%
	On or after January 8, 2012	11.54%, or 10.29%, or 8.62%, or 7.49%, or 6.27%, depending on the individual election made by the member as provided in Section 1.229(5)
Crime Scene Techs/Latent Print Examiners represented by the GRPOA	On or before July 1, 1977	3%
	July 2, 1977 to July 1, 1989	4%
	July 2, 1989 to July 1, 1990	3%
	July 2, 1990 to July 7, 2012	2%
	On or after July 8, 2012	7.27%, or 6.02%, or 4.35%, or 3.22%, or 2.00%, depending on the individual election made by the member as provided in Section 1.229(9)
GREIU	On or before July 1, 1977	3%
	July 2, 1977 to January 1, 1990	4%
	January 2, 1990 to December 31, 1996	3%
	January 1, 1997 to December 31, 2004	3.28%
	January 1, 2005 to July 7, 2012	3.89%
	On or after July 8, 2012	9.16%, or 7.91%, or 6.24%, or 5.11%, or 3.89%, depending on the individual election made by the member as provided in Section 1.229(4)
GREIU - 61st District Court	Prior to January 1, 1990	4%
	January 1, 1990 to December 31, 1996	3%
	January 1, 1997 to May 31, 2005	3.28%
	June 1, 2005 to July 7, 2012	4%
	On or after July 8, 2012	9.16%, or 7.91%, or 6.24%, or 5.11%, or 3.89%, depending on the individual election made by the member as provided in Section 1.229(7)

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014) CONTINUED**

Member Classification	Period	Contribution Rate
GREIU – Public Library Rank & File and Supervisory Bargaining Units	On or before July 1, 1977	3%
	July 2, 1977 to January 1, 1988	4%
	January 2, 1988 to May 13, 1990	4.91%
	May 14, 1990 to December 31, 1996	4%
	January 1, 1997 to December 31, 2005	3.28%
	January 1, 2006 to July 7, 2012	3.63%
	On or after July 8, 2012	8.90%, or 7.65%, or 5.98%, or 4.85%, or 3.63%, depending on the individual election made by the member as provided in Section 1.229(6)
Library Management and Confidential Employees	On or before July 1, 1977	3%
	July 2, 1977 to January 1, 1988	4%
	January 2, 1988 to May 13, 1990	4.91%
	May 14, 1990 to December 31, 1996	4%
	January 1, 1997 to December 31, 2004	3.28%
	January 1, 2005 to September 4, 2010	4.93%
APAGR 61st District Court	Prior to January 1, 1990	4%
	January 1, 1990 to December 31, 1996	3%
	January 1, 1997 to December 31, 2004	3.28%
	January 1, 2005 to July 7, 2012	4%
	On or after July 8, 2012	9.27%, or 8.02%, or 6.35%, or 5.22%, or 4.00%, depending on the individual election made by the member as provided in Section 1.229(8)

**SUMMARY OF BENEFIT PROVISIONS EVALUATED
(JUNE 30, 2014) CONTINUED**

Member Classification	Period	Contribution Rate
Non-Represented Members of the 61 st District Court	January 1, 2005 to September 4, 2010	4%
61 st District Court Judges	January 1, 2005 to January 8, 2011	4%
61 st District Court Judges	On or after January 9, 2011	10.20%, or 8.95% or 7.28%, depending on the individual election made by the member as provided in Section 1.229(2)
Association of Public Administrators of GR (APAGR)*	Prior to December 31, 1994	4%
	January 1, 1995 to December 31, 1996	3%
	January 1, 1997 to December 31, 2004	3.28%
	January 1, 2005 to June 11, 2011	3.99%
	On or after June 12, 2011	9.26%, or 8.01% or 6.34%, depending on the individual election made by the member as provided in Section 1.229(3) 6.15% for those APAGR members hired or re-entering service on or after June 12, 2011

**[No contribution after completing 39 years of service.]*

SUMMARY OF BENEFIT PROVISIONS EVALUATED (JUNE 30, 2014) CONCLUDED

If a member terminates employment before any allowance is payable, accumulated contributions (contributions plus regular interest) are refunded.

Employer Contributions. The City contributes the remainder amounts necessary to maintain the Retirement System in sound financial condition in accordance with its funding objectives.

Compensation. Compensation recognized for retirement system purposes includes base pay and longevity pay.

Post Retirement Increases. Post retirement benefit increases are 0% unless otherwise stated:

Member Classification	Termination Date	Escalator
GREIU and GREIU-61 st District Court	On or after March 24, 2009	1.0%, 4 year delay
Library Rank and File & Supervisory Employees	On or after July 9, 2009	1.0%, 4 year delay
Crime Scene Techs/Latent Print Examiners represented by the GRPOA	On or after May 12, 2009	1.0%, 6 year delay
Association of Public Administrators and APA 61 st District Court	On or after October 21, 2008	1.0%, 4 year delay
EC Supervisors	On or after September 13, 2011	1.0%, 6 year delay

13th Check. One-half of net investment income over 8% which is attributable to retired life assets is distributed annually (in January) to retired members and beneficiaries who have been on the retirement rolls for 5 years in the form of a 13th check. Net investment income is based on a market value rate of return averaged over the preceding 5 plan years. The distribution is in proportion to points. An individual's points are determined by multiplying (i) the number of full years of retirement, to a maximum of 15, by (ii) the number of years, and fractions thereof, of service at retirement. Only member classification groups not covered by the post-retirement increase participate in the 13th check program.

**SUMMARY OF CURRENT ASSET INFORMATION FROM AUDIT REPORT
FURNISHED FOR VALUATION (MARKET VALUE)**

Balance Sheet

Reserves for

Member contributions (MDF)	\$ 32,310,028
Employer contributions (EAF)	(20,140,888)
Retired benefit payments (BRF)	290,106,889
Undistributed income (IEF)	<u>126,529,509</u>
 Total Reserves	 \$428,805,538

Revenues and Expenditures

	2013-14	2012-13
1. Balance - Beginning of Year	\$379,712,035	\$351,228,397
2. Revenues		
a. Employees' contributions	3,737,014	3,933,341
b. Employer contributions	8,771,032	8,135,843
c. Investment income	66,415,761	45,018,173
d. Other	0	0
e. Total revenues	<u>78,923,807</u>	<u>57,087,357</u>
3. Expenditures		
a. Benefit payments	28,055,439	27,037,516
b. Supplemental pension distribution	0	0
c. Refund of member contributions	152,273	114,916
d. Expenses	1,622,592	1,451,287
e. Total expenditures	<u>29,830,304</u>	<u>28,603,719</u>
4. Balance - End of Year		
(1) + (2e) - (3e)	<u>\$428,805,538</u>	<u>\$379,712,035</u>
 Net Investment Income divided by mean assets	 17.42%	 12.68%

The derivation of valuation assets can be found on page B-14.

DERIVATION OF SECTION 1.192(25) VALUATION ASSETS

Valuation Date June 30:	2013	2014	2015	2016	2017	2018
A. Funding Value Beginning of Year	\$349,486,629	\$353,299,470				
B. Market Value End of Year	379,712,035	428,805,538				
C. Market Value Beginning of Year	351,228,397	379,712,035				
D. Non-Investment Net Cash Flow	(15,083,248)	(15,699,666)				
E. Investment Return:						
E1. Market Total: B-C-D	43,566,886	64,793,169				
E2. Assumed Rate	7.50%	7.50%				
E3. Amount for Immediate Recognition	25,645,875	25,908,723				
E4. Amount for Phased-In Recognition	17,921,011	38,884,446				
F. Phased-In Recognition of Investment Return:						
F1. Current Year: 0.20 x E4	\$ 3,584,202	\$ 7,776,889				
F2. First Prior Year	(3,949,988)	3,584,202	\$ 7,776,889			
F3. Second Prior Year	9,691,638	(3,949,988)	3,584,202	\$ 7,776,889		
F4. Third Prior Year	4,542,442	9,691,638	(3,949,988)	3,584,202	\$ 7,776,889	
F5. Fourth Prior Year	(20,618,080)	4,542,442	9,691,640	(3,949,988)	3,584,203	\$ 7,776,890
F6. Total Recognized Investment Gain (Loss)	(6,749,786)	21,645,183	17,102,743	7,411,103	11,361,092	7,776,890
G. Funding Value End of Year: A+D+E3+F6	353,299,470	385,153,710				
H. Difference Between Market & Funding Values	26,412,565	43,651,828				
I. Recognized Rate of Return	5.53%	13.77%				
J. Market Value Rate of Return	12.68%	17.42%				
K. Ratio of Funding Value to Market Value	93.04%	89.82%				

The Funding Value of Assets recognizes assumed investment return (line E3) fully each year. Differences between actual and assumed investment return (line E4) are phased-in over a closed 5-year period. During periods when investment performance exceeds the assumed rate, Funding Value of Assets will tend to be less than market value. During periods when investment performance is less than the assumed rate, Funding Value of Assets will tend to be greater than market value. If assumed rates are exactly realized for 4 consecutive years, funding value will become equal to market value.

RETIRANTS AND BENEFICIARIES ADDED TO AND REMOVED FROM ROLLS HISTORICAL COMPARISON

Year Ended	Added		Removed		End of Year		Average Pension	Expected Removals	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions		No.	Annual Pensions
9/30/85	40	\$ 350,674	28	\$ 89,288	657	\$ 2,645,779	\$ 4,027	29.4	\$ 73,320
9/30/86	42	439,648	20	41,268	679	3,044,159	4,483	29.9	80,412
6/30/87	32	251,875	48	140,244	663	3,155,790	4,760	31.2	91,080
6/30/88	47	450,961	28	57,478	682	3,549,273	5,204	31.0	94,704
6/30/89	46	523,674	45	113,383	683	3,959,564	5,797	29.7	96,216
6/30/90	36	478,476	23	91,316	696	4,346,724	6,245	29.0	104,160
6/30/91	47	448,851	28	98,091	715	4,697,484	6,570	30.3	115,320
6/30/92	27	395,824	40	155,608	702	4,937,700	7,034	31.8	126,600
6/30/93	37	535,622	32	97,778	707	5,375,544	7,603	27.4	112,404
6/30/94	60	944,667	42	159,327	725	6,160,884	8,498	28.3	124,500
6/30/95	47	827,242	31	150,977	741	6,836,960	9,227	27.7	141,312
6/30/96	20	377,498	33	157,618	728	7,056,840	9,693	27.6	156,864
6/30/97	63	1,338,277	31	229,628	760	8,165,489	10,744	30.7	193,368
6/30/98	57	1,181,896	35	198,155	782	9,149,230	11,700	31.6	213,648
6/30/99	36	676,928	44	287,106	774	9,539,052	12,324	30.7	206,712
6/30/00	54	1,141,359	33	245,499	795	10,434,912	13,126	31.9	228,360
6/30/01	55	1,135,541	39	271,229	811	11,299,224	13,932	32.3	249,564
6/30/02@	110	3,475,394	42	329,522	879	14,445,096	16,434	33.0	273,432
6/30/03#	26	617,049	46	332,733	859	14,729,412	17,147	29.0	258,660
6/30/04	31	500,033	43	376,241	847	14,853,204	17,536	28.0	271,956
6/30/05	46	1,035,362	36	362,462	857	15,526,104	18,117	28.0	286,716
6/30/06	61	1,786,905	30	253,197	888	17,059,812	19,212	29.0	309,804
6/30/07	46	1,437,154	33	382,354	901	18,114,612	20,105	27.1	308,136
6/30/08	81	2,847,207	39	381,593	943	20,580,226	21,824	27.4	364,236
6/30/09	47	1,517,771	29	403,847	961	21,694,150	22,575	27.4	363,900
6/30/10	106	3,602,038	46	623,965	1,021	24,672,223	24,165	28.8	396,696
6/30/11	60	1,683,339	32	438,493	1,049	25,917,069	24,706	28.6	432,096
6/30/12	54	1,462,087	41	785,915	1,062	26,593,241	25,041	29.4	463,740
6/30/13	63	1,553,921	34	512,079	1,091	27,635,082	25,330	30.2	491,052
6/30/14	55	1,521,650	38	660,438	1,108	28,496,294	25,719	31.4	534,660

@ Includes participants in early retirement window who retired July 1, 2002.

Includes participants in early retirement window who retired July 1, 2003.

RETIRANTS AND BENEFICIARY DATA AS OF JUNE 30, 2014
TABULATED BY TYPE OF PENSIONS BEING PAID

Type of Pensions Being Paid	No.	Annual Pension	Annual Liability
AGE AND SERVICE PENSIONS			
Regular pension - benefit terminating at death of retiree	411	\$ 9,984,467	\$ 93,435,528
Option B-100 - 100% joint & survivor (including pop-ups)	254	7,953,978	96,191,071
Option B- 75 - 75% joint & survivor (including pop-ups)	15	318,331	2,417,076
Option B- 50 - 50% joint & survivor (including pop-ups)	230	7,509,310	82,976,544
Survivor beneficiary of deceased retiree	124	1,636,693	14,041,416
Total age and service pensions	1,034	27,402,779	289,061,635
DISABILITY PENSIONS			
Regular pension - benefit terminating at death of retiree	19	322,682	2,989,860
Option B-100 - 100% joint & survivor (including pop-ups)	10	196,745	2,584,373
Option B- 75 - 75% joint & survivor (including pop-ups)	0	0	0
Option B- 50 - 50% joint & survivor (including pop-ups)	5	81,647	856,116
Survivor beneficiary of deceased retiree	8	51,246	344,508
Total disability pensions	42	652,320	6,774,857
DEATH-IN-SERVICE PENSIONS	32	441,195	4,353,660
Total Pensions Being Paid	1,108	\$28,496,294	\$300,190,152

PENSIONS BEING PAID - JUNE 30, 2014
TABULATED BY ATTAINED AGES

Attained Ages	Age & Service*		Disability [@]		Death-in-Service	
	No.	Annual Pensions	No.	Annual Pensions	No.	Annual Pensions
Under 40	1	\$ 11,448	1	\$ 4,518		
40-44	1	15,534			2	\$ 30,789
45-49	1	5,909	2	36,172	2	32,659
50-54	19	592,617	2	29,411	1	7,365
55-59	99	4,036,034	5	108,993	2	34,832
60-64	224	7,121,213	13	221,368	3	27,663
65-69	211	6,421,055	5	92,502	8	138,128
70-74	164	4,264,669	3	51,656	3	92,034
75-79	100	2,070,847	4	61,597	2	16,359
80-84	104	1,778,416	5	31,347	4	40,007
85-89	64	778,652	1	8,721	3	14,331
90-94	37	261,588	1	6,035	2	7,028
95-99	7	42,221				
Over 100	2	2,576				
Totals	1,034	\$27,402,779	42	\$652,320	32	\$441,195

	Service*	Disability[@]	Total
--	-----------------	-------------------------------	--------------

Averages

Retirement Age	58.6 years	54.1 years	58.4 years
Current Age	70.7 years	66.5 years	70.5 years

* Includes survivor beneficiaries of age and service retirees.

@ Includes survivor beneficiaries of disability retirees.

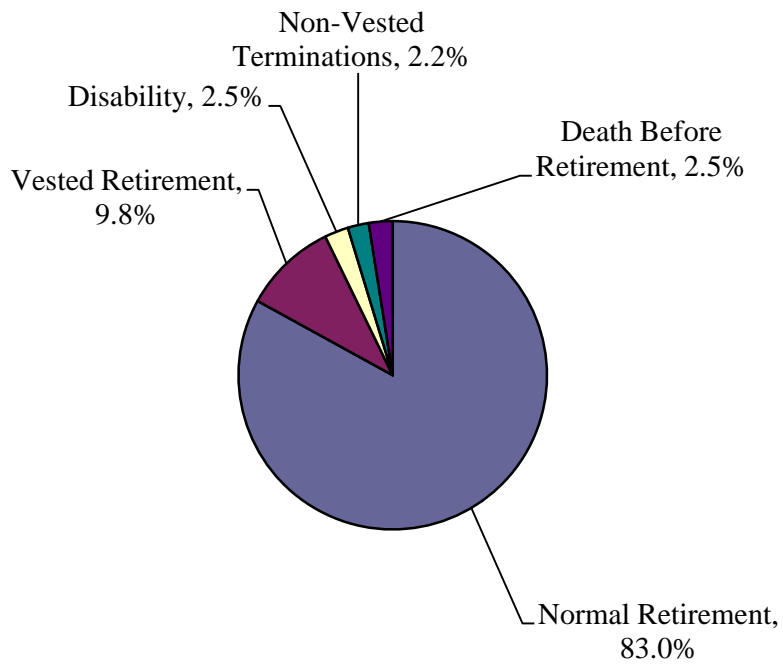
INACTIVE VESTED MEMBERS - JUNE 30, 2014
ELIGIBLE FOR DEFERRED PENSIONS
TABULATED BY ATTAINED AGES

Attained Ages	No.	Estimated Annual Pensions
30-34	3	\$ 33,482
35-39	5	68,580
40-44	12	237,098
45-49	15	259,007
50-54	28	747,749
55-59	21	379,904
60-64	13	169,615
70-74	1	10,324
Total	98	\$1,905,759

**ACTIVE MEMBERS INCLUDED IN VALUATIONS
HISTORICAL SCHEDULE**

Year Ended	No.	Annual Payroll \$ Millions	Group Averages			
			Annual Pay		Age Now	Service Years
			\$	Change		
6/30/90	1,099	\$30.6	\$27,804	4.9 %	43.5	12.9
6/30/91	1,168	33.9	29,031	4.4 %	43.4	12.5
6/30/92	1,208	37.7	31,208	7.5 %	43.7	12.5
6/30/93	1,171	38.9	33,214	6.4 %	44.1	13.0
6/30/94	1,137	39.8	34,977	5.3 %	44.5	13.4
6/30/95	1,153	41.0	35,573	1.7 %	44.3	13.1
6/30/96	1,176	43.3	36,790	3.4 %	44.9	13.5
6/30/97	1,148	43.2	37,597	2.2 %	45.0	13.4
6/30/98	1,150	43.9	38,145	1.5 %	44.8	13.0
6/30/99	1,177	47.6	40,479	6.1 %	44.8	13.0
6/30/00	1,162	48.9	42,051	3.9 %	45.0	13.3
6/30/01	1,210	52.3	43,259	2.9 %	44.9	12.8
6/30/02	1,135	49.2	43,357	0.2 %	44.8	12.1
6/30/03	1,139	51.0	44,781	3.3 %	45.4	12.5
6/30/04	1,142	51.8	45,317	1.2 %	46.1	13.1
6/30/05	1,108	53.5	48,241	6.5 %	46.7	13.7
6/30/06	1,056	52.8	50,036	3.7 %	47.0	13.8
6/30/07	1,050	52.4	49,930	(0.2)%	47.1	13.8
6/30/08	997	50.0	50,121	0.4 %	47.1	13.5
6/30/09	1,012	51.8	51,194	2.1 %	47.4	13.3
6/30/10	919	49.3	53,685	4.9 %	47.5	12.9
6/30/11	911	49.0	53,832	0.3 %	47.4	12.9
6/30/12	844	46.2	54,701	1.6 %	48.0	13.6
6/30/13	786	43.8	55,704	1.8 %	48.6	14.1
6/30/14	717	40.5	56,501	1.4 %	49.2	14.9
20-Year Average				2.4 %		

**ULTIMATE DISPOSITION OF
CURRENT ACTIVE MEMBERS
AS OF JUNE 30, 2014**



**ADDITIONS TO AND REMOVALS FROM ACTIVE MEMBERSHIP
ACTUAL AND EXPECTED NUMBERS**

Year Ended	Added During Year		Terminations During Year								End of Year
			Normal Retirement		Disability Retirement		Death-In- Service		Vested & Other Withdrawals		
	A	E	A	E	A	E	A	E	A	E	
6/30/1995	88	72	37	24.6	0	2.4	3	2.5	32	45.1	1,153
6/30/1996	61	38	12	25.2	1	2.1	1	2.8	24	48.7	1,176
6/30/1997	50	78	49	25.2	3	2.2	0	2.8	26	48.8	1,148
6/30/1998	80	78	42	22.5	0	2.2	4	2.6	32	47.3	1,150
6/30/1999	81	54	26	19.8	0	2.2	4	2.5	24	50.8	1,177
6/30/2000	66	81	33	19.8	1	2.2	5	2.5	42	50.8	1,162
6/30/2001	129	81	37	20.0	2	2.3	3	2.7	39	47.5	1,210
6/30/2002	48	123	94	23.0	2	1.4	0	1.3	27	35.9	1,135
6/30/2003	56	52	17	14.4	3	1.3	1	1.1	31	32.2	1,139
6/30/2004	53	50	11	16.2	1	1.4	0	1.2	38	30.9	1,142
6/30/2005	27	61	27	23.5	2	1.4	3	1.4	29	29.3	1,108
6/30/2006	42	94	50	24.4	2	1.5	2	1.5	40	25.8	1,056
6/30/2007	54	60	38	19.5	2	1.5	2	1.6	18	20.6	1,050
6/30/2008	48	101	69	19.5	1	1.4	0	1.5	31	20.4	997
6/30/2009	65	50	29	23.5	3	1.4	1	1.5	17	20.4	1,012
6/30/2010	33	126	80	29.9	2	1.3	1	1.5	43	21.2	919
6/30/2011	51	59	38	30.5	1	1.7	1	1.3	19	22.6	911
6/30/2012	6	73	35	28.9	2	1.7	3	1.3	33	22.9	844
6/30/2013	10	9	35	25.5	3	1.6	0	1.3	30	18.9	786
6/30/2014	5	7	40	29.5	0	1.5	0	1.3	34	15.7	717
5-Year Totals	105	274	228	144	8	8	5	7	159	101	
10-Year Totals	341	640	441	255	18	15	13	14	294	218	

A = Actual

E = Expected

ACTIVE MEMBERS - JUNE 30, 2014
BY ATTAINED AGE AND YEARS OF SERVICE

Attained Age	Years of Service to Valuation Date							Totals	
	0-4	5-9	10-14	15-19	20-24	25-29	30 Plus	No.	Valuation Payroll
20-24	1							1	\$ 37,558
25-29	8	4						12	594,172
30-34	13	23	7					43	2,235,750
35-39	14	19	24	10				67	3,536,752
40-44	8	22	35	25	6			96	5,783,755
45-49	8	16	24	40	18	7		113	6,572,833
50-54	9	23	33	30	26	29		150	8,275,183
55-59	5	14	26	24	22	42	4	137	8,132,935
60	2	8	3	4	4	2	2	25	1,403,573
61	1	7	2	5	6	5		26	1,362,635
62			1	5	5	1		12	679,479
63		4	3	5	1	1		14	759,847
64		4	3	1	1	1		10	574,720
65		1	1	1	1	1		5	257,542
68			2					2	101,352
70							1	1	59,871
71		1						1	46,912
75		1						1	21,775
76			1					1	74,311
Totals	69	147	165	150	90	89	7	717	\$40,510,955

	<u>Average Age</u>	<u>Average Service</u>	<u>Average Pay</u>	<u>Number</u>
Non-vested:	41.9 years	5.3 years	\$ 55,397	163
Vested:	51.3 years	17.8 years	56,825	<u>554</u>
Totals:	49.2 years	14.9 years	56,501	717

SECTION C

SUMMARY OF VALUATION METHODS AND ASSUMPTIONS

VALUATION METHODS

Age and Service Benefits and Casualty Benefits. Normal cost and the allocation of benefit values between service rendered before and after the valuation date was determined using an individual entry-age actuarial cost method having the following characteristics:

- (i) The annual normal costs for each individual active member, payable from the date of employment to the date of retirement, are sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year-by-year projected covered pay.

Financing of Unfunded Actuarial Accrued Liabilities. Unfunded actuarial accrued liabilities were amortized by (principal & interest combined) level dollar contributions over a period of 24 years. This is a change from the method used in valuations prior to 2013, which developed level percent of payroll contributions.

According to City Code Section 1.221, "The pension reserves so determined less the applicable balance in the employer accumulation fund shall be amortized over a period of years, as determined by the employer, to determine the employer's accrued service contribution."

PROJECTION OF FUTURE AMORTIZATION PAYMENTS

Fiscal Year	Projected Payroll	Amortization Payment	Amortization Payment %
	(\$ Millions)		
2016	\$ 39.88	\$ 6.62	16.61%
2017	38.52	5.04	13.08%
2018	37.01	4.27	11.52%
2019	35.58	3.08	8.66%
2020	34.17	2.19	6.42%
2021	32.71	2.03	6.21%
2022	31.14	1.93	6.20%
2023	29.52	1.93	6.54%
2024	27.92	1.93	6.91%
2025	26.21	1.93	7.36%
2026	24.45	1.93	7.89%
2027	22.76	1.93	8.48%
2028	21.06	1.93	9.16%
2029	19.24	1.93	10.03%
2030	17.31	1.93	11.15%
2031	15.41	1.93	12.52%
2032	13.75	1.93	14.04%
2033	12.28	1.93	15.71%
2034	10.81	1.93	17.85%
2035	9.48	1.93	20.35%
2036	8.43	1.93	22.89%
2037	7.35	1.93	26.25%
2038	6.18	1.93	31.24%
2039	5.07	1.93	38.04%
2040	4.08	-	0.00%

The schedule above projects future amortization payments where all assumptions for future experience are exactly realized. Gains and losses from all risk areas will likely have a material effect on contributions in future years.

The Projected Payroll assumes the System will have no new active participants. The Amortization Payment % is shown as a percent of this projected payroll.

ACTUARIAL ASSUMPTIONS USED FOR THE VALUATION ADOPTED BY THE BOARD OF TRUSTEES

The actuary calculates the contribution requirements and benefit values of the System by applying financial assumptions to the benefit provisions and people information furnished, using the valuation methods described on the previous page.

The principal areas of financial risk which require assumptions about future experiences are:

- (i) Long-term rates of investment return to be generated by the assets of the System,
- (ii) patterns of pay increases to members,
- (iii) rates of mortality among members, retirants and beneficiaries,
- (iv) rates of withdrawal of active members (without entitlement to a retirement benefit),
- (v) rates of disability among members,
- (vi) the age patterns of actual retirement.

In a valuation, the actuary calculates the monetary effect of each assumption for as long as a present covered person survives - - - a period of time which can be as long as a century.

Actual experience of the System will not coincide exactly with assumed experience, regardless of the wisdom of the assumptions, or the skill of the actuary and the precision of the many calculations made. Each valuation provides a complete recalculation of assumed future experience and takes into account all past differences between assumed and actual experience. The result is a continual series of adjustments (usually small) to the computed contribution rate.

From time to time it becomes appropriate to modify one or more of the assumptions, to reflect experience trends (but not random year-to-year fluctuations).

The rates of salary increase used for individual members are in accordance with the following table. This assumption is used to project a member's current salary to the salaries upon which benefit amounts will be based.

Salary Increase Assumptions For an Individual Member			
Sample Ages	Merit & Seniority	Base (Economic)	Increase Next Year
20	4.2%	3.5%	7.7%
25	2.9	3.5	6.4
30	2.0	3.5	5.5
35	1.5	3.5	5.0
40	1.1	3.5	4.6
45	0.7	3.5	4.2
50	0.3	3.5	3.8
55	0.1	3.5	3.6
60	0.0	3.5	3.5
65	--	3.5	3.5

Service at Beginning of Year	Additional Service Based Merit/Seniority Portion of Annual Increases
	Present
1	4.00%
2	3.00%
3	1.75%
4	1.75%
5	1.75%

If the number of active members remains constant, then the total active member payroll will increase 3.5% annually, the base portion of the individual salary increase assumptions. Increasing payroll was recognized in amortizing unfunded actuarial accrued liabilities. The 3.5% assumption was first used for the June 30, 2006 valuation.

The rate of investment return was 7.50% a year compounded yearly (net after expenses and before adjustment for the 13th check program). This assumption is used to make money payable at one point in time equal in value to a different amount of money payable at another point in time. The 7.50% assumption was first used for the June 30, 2010 valuation.

The mortality tables were the 1983 Group Annuity Male and Female Mortality Tables setback 3 years for males and 2 years for females. (These tables were first used for the June 30, 2006 valuation and benefit computations.) Based on experience observed in our June 30, 2009 study, the current tables provide for margins of about 13% and 10% for males and females respectively. These rates for are set forward 8 years for males and 7 years for females for disabilities.

Sample Ages	Value at Retirement of \$1 Monthly for Life		Future Life Expectancy (Years)	
	Men	Women	Men	Women
50	\$142.39	\$149.52	31.90	36.81
55	135.01	143.78	27.42	32.10
60	125.92	136.25	23.13	27.48
65	114.57	126.63	19.02	23.02
70	101.23	114.62	15.23	18.76
75	87.08	100.30	11.92	14.81
80	72.40	85.10	9.08	11.40

This assumption is used to measure the probabilities of members dying before retirement and the probabilities of each benefit payment being made after retirement. For purposes of the pre-retirement death benefit, it was assumed that 100% of members were married at the time of death and the probability of death-in-service at any age, that results in a benefit payment, is one half that of the mortality assumption for retirees.

The rates of retirement used to measure the probability of eligible members retiring during the next year were as follows. These rates were first used for the June 30, 2010 valuation.

A member is eligible for retirement after completing 30 or more years of service or after both attaining age 62 and completing 8 or more years of service.

Retirement Ages	Percent Retiring	Retirement Ages	Percent Retiring
50	35%	60	35%
51	35	61	35
52	35	62	35
53	35	63	35
54	35	64	35
55	35	65	50
56	35	66	60
57	35	67	70
58	35	68	80
59	35	69	90
		70-79	100
		80	100

Rates of separation from active membership were as follows:

(Rates do not apply to members eligible to retire and do not include separation on account of death or disability.) This assumption measures the probabilities of members remaining in employment. These rates were first used for the June 30, 2010 valuation.

Sample Ages	Years of Service	% of Active Members Separating Within Next Year	
		Men	Women
ALL	0	10.00%	10.00%
	1	7.00	7.00
	2	6.00	6.00
	3	5.00	5.00
	4	5.00	5.00
20	5 & Over	2.99	5.95
25		2.91	5.79
30		2.79	5.42
35		2.58	4.71
40		2.30	3.86
45		1.95	2.98
50		1.36	1.92
55		0.52	0.70
60		0.05	0.07

The rates of disability were as follows:

Sample Ages	% of Active Members Becoming Disabled Within Next Year	
20	0.01%	
25	0.01	
30	0.01	
35	0.04	
40	0.07	
45	0.16	
50	0.31	
55	0.47	
60	0.61	

		Duty Related	Non-Duty Related
Cause of Disability:	Male	30%	70%
	Female	30%	70%

SUMMARY OF ASSUMPTIONS USED
JUNE 30, 2014
MISCELLANEOUS AND TECHNICAL ASSUMPTIONS

Marriage Assumption:	100% of males and females are assumed to be married for purposes of death-in-service benefits.
Pay Increase Timing:	Beginning of (Fiscal) year. This is equivalent to assuming that reported pays represent amounts paid to members during the year ended on the valuation date.
Decrement Timing:	Decrements of all types are assumed to occur in the middle of the year.
Eligibility Testing:	Eligibility for benefits is determined based upon the age nearest birthday and service nearest whole year on the date the decrement is assumed to occur.
Benefit Service:	Exact fractional service is used to determine the amount of benefit payable.
Decrement Relativity:	Decrement rates are used directly from the experience study, without adjustment for multiple decrement table effects.
Decrement Operation:	Disability and mortality decrements do not operate during the first 5 years of service. Disability and withdrawal do not operate during retirement eligibility.
Normal Form of Benefit:	The assumed normal form of benefit is the straight life form.
Other Adjustments:	Actuarial accrued liabilities were adjusted as a provision for subsidized service purchases, pending refunds, and other contingent events. Retirement present values were also adjusted for Crime Scene Technicians and ECO to reflect the “gross up factor.”
Incidence of Contributions:	Contributions are assumed to be received continuously throughout the year based upon the computed percent of payroll shown in this report, and the actual payroll payable at the time contributions are made. New entrant normal cost contributions are applied to the funding of new entrant benefits.
Multiplier Election:	Most active members have the option to make higher member contributions and receive a higher benefit multiplier. Individual elections are reported and reflected in the valuation results.

SECTION D

BASIC FINANCIAL OBJECTIVE AND OPERATION OF THE RETIREMENT SYSTEM

BASIC FINANCIAL OBJECTIVE AND OPERATION OF THE RETIREMENT SYSTEM

Benefit Promises Made Which Must Be Paid For. A retirement program is an orderly means of handing out, keeping track of, and financing contingent pension promises to a group of employees. As each member of the Retirement System acquires a unit of service credit they are, in effect, handed an “IOU” which reads: “The General Retirement System promises to pay you one unit of retirement benefits, payments in cash commencing when you retire.”

The principal related financial question is: When shall the money required to cover the “IOU” be contributed? This year, when the benefit of the member’s service is received? Or, some future year when the “IOU” becomes a cash demand?

The constitution of the State of Michigan is directed to the question:

“Financial benefits arising on account of service rendered in each fiscal year shall be funded during that year and such funding shall not be used for financing unfunded accrued liabilities.”

This Retirement System meets the constitutional requirement by having the following ***Financial Objective: To establish and receive contributions, expressed as percents of active member payroll, which will remain approximately level*** from year to year and which will not have to be increased for future generations of taxpayers.

Translated into actuarial terminology, a level percent-of-payroll contribution objective means that the contribution rate must be at least:

Normal Cost (the current value of benefits likely to be paid on account of members’ service being rendered in the current year)

. . . plus . . .

Interest on the Unfunded Actuarial Accrued Liability (the difference between the actuarial accrued liability and current system assets).

If contributions to the Retirement System are less than the preceding amount, the difference, *plus investment earnings not realized thereon*, will have to be contributed at some later time or, benefits will have to be reduced, to satisfy the fundamental fiscal equation under which all retirement programs must operate; that is:

$$B = C + I - E$$

Benefit payments to any group of members and their beneficiaries cannot exceed the sum of:

Contributions received on behalf of the group from members and the City

. . . plus . . .

Ivestment earnings on plan assets

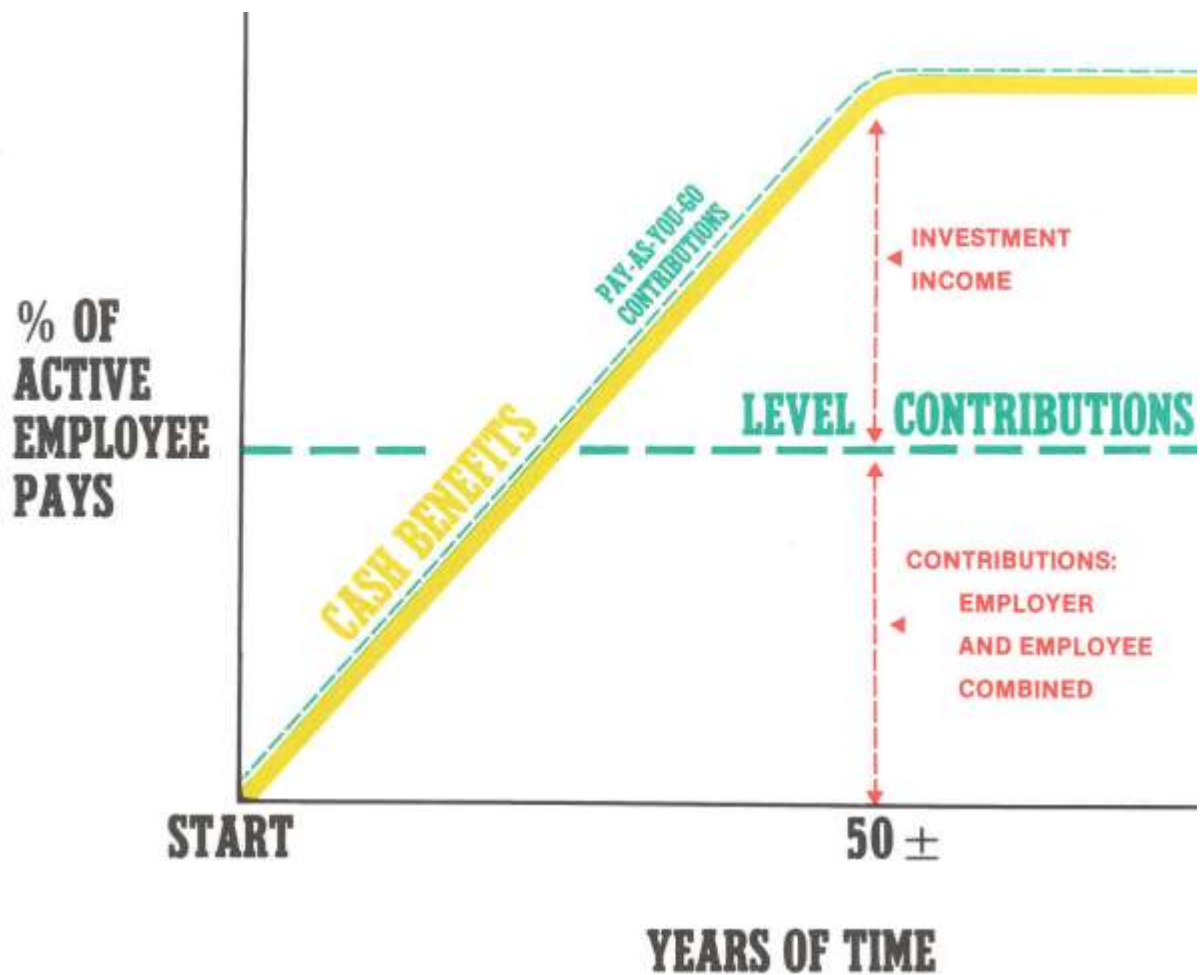
. . . minus . . .

Expenses incurred in operating the program.

There are retirement programs designed to defer the bulk of contributions far into the future. Lured by artificially low present contributions, the inevitable consequence of a relentlessly increasing contribution rate -- to a level which may be greatly in excess of the level percent-of-payroll rate -- is ignored. *This method of financing is prohibited in Michigan by the state constitution.*

A by-product of a level percent-of-payroll contribution objective is the accumulation of invested assets for varying periods of time. Invested assets are a by-product of level percent-of-payroll contributions, not the objective. Investment income becomes the third major contributor to the retirement program.

Computed Contribution Rate Needed To Finance Benefits. From a given schedule of benefits and from the data furnished him/her, the actuary calculates the contribution rate *by means of an actuarial valuation* - the technique of assigning monetary values to the risks assumed in operating a retirement program.



CASH BENEFITS LINE. This relentlessly increasing line is the fundamental reality of retirement plan financing. It happens each time a new benefit is added for future retirements (and happens regardless of the design for contributing for benefits).

LEVEL CONTRIBUTION LINE. Determining the level contribution line requires detailed assumptions concerning a variety of experiences in future decades, including:

Economic Risk Areas

- Rates of investment return
- Rates of pay increase
- Changes in active member group size

Non-Economic Risk Areas

- Ages at actual retirement
- Rates of mortality
- Rates of withdrawal of active members (turnover)
- Rates of disability

GLOSSARY

Actuarial Accrued Liability - The difference between (i) the actuarial present value of future plan benefits, and (ii) the actuarial present value of future normal cost. Sometimes referred to as “accrued liability” or “past service liability.”

Accrued Service - The service credited under the plan which was rendered before the date of the actuarial valuation.

Actuarial Assumptions - Estimates of future plan experience with respect to rates of mortality, disability, turnover, retirement, rate or rates of investment income and salary increases. Decrement assumptions (rates of mortality, disability, turnover and retirement) are generally based on past experience, often modified for projected changes in conditions. Economic assumptions (salary increases and investment income) consist of an underlying rate in an inflation-free environment plus a provision for a long-term average rate of inflation.

Actuarial Cost Method - A mathematical budgeting procedure for allocating the dollar amount of the “actuarial present value of future plan benefits” between the actuarial present value of future normal cost and the actuarial accrued liability. Sometimes referred to as the “actuarial funding method.”

Actuarial Equivalent - A single amount or series of amounts of equal value to another single amount or series of amounts, computed on the basis of the rate(s) of interest and mortality tables used by the plan.

Actuarial Present Value - The amount of funds presently required to provide a payment or series of payments in the future. It is determined by discounting the future payments at a predetermined rate of interest, taking into account the probability of payment.

GLOSSARY (CONCLUDED)

Amortization - Paying off an interest-bearing liability by means of periodic payments of interest and principal, as opposed to paying it off with a lump sum payment.

Experience Gain (Loss) - A measure of the difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, in accordance with the actuarial cost method being used.

Normal Cost - The annual cost assigned, under the actuarial funding method, to current and subsequent plan years. Sometimes referred to as “current service cost.” Any payment toward the unfunded actuarial accrued liability is not part of the normal cost.

Plan Termination Liability - The actuarial present value of future plan benefits based on the assumption that there will be no further accruals for the future service and salary. The termination liability will generally be less than the liabilities computed on a “going-concern” basis and is not normally determined in a routine actuarial valuation.

Reserve Account - An account used to indicate that funds have been set aside for a specific purpose and are not generally available for other uses.

Unfunded Actuarial Accrued Liability - The difference between the actuarial accrued liability and valuation assets. Sometimes referred to as “unfunded accrued liability.”

Valuation Assets - The value of current plan assets recognized for valuation purposes. Generally based on a phased-in recognition of all or a portion of market related investment return. Sometimes referred to as Actuarial Value of Assets.

SECTION E

ACTUARIAL AND SUPPLEMENTAL INFORMATION REQUIRED BY STATEMENTS NO. 25 AND NO. 27 OF THE GOVERNMENTAL ACCOUNTING STANDARDS BOARD

This information is presented in draft form for review by the System's auditor. Please let us know if there are any items that the auditor changes so that we may maintain consistency with the System's financial statements.

**GASB STATEMENTS NO. 25 AND NO. 27
REQUIRED ACTUARIAL INFORMATION
SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Entry Age Actuarial Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b)-(a)	Funded Ratio (a)/(b)	Annual Covered Payroll (c)	UAL as a Percentage of Covered Payroll [(b-a)/(c)]
6/30/98	\$243,994,040	\$231,946,020	\$ (12,048,020)	105 %	\$43,866,714	-
6/30/99	269,088,767	245,445,754	(23,643,013)	110 %	47,643,767	-
6/30/00	286,055,331	257,094,254	(28,961,077)	111 %	48,863,073	-
6/30/01 @	290,531,573	269,527,426	(21,004,147)	108 %	52,313,712	-
6/30/02	282,764,403	285,261,608	2,497,205	99 %	49,209,733	5 %
6/30/03	270,637,794	297,252,524	26,614,730	92 %	51,005,278	44 %
6/30/03 *	270,637,794	297,568,110	26,930,316	91 %	51,005,278	53 %
6/30/04	282,160,341	307,762,043	25,601,702	92 %	51,752,109	50 %
6/30/05	305,533,088	324,034,365	18,501,277	94 %	53,451,352	35 %
6/30/05 *	305,533,088	334,554,231	29,021,143	91 %	53,451,352	54 %
6/30/06	352,522,401	350,958,706	(1,563,695)	100 %	52,838,163	-
6/30/06 @	352,522,401	352,860,547	338,146	100 %	52,838,163	1 %
6/30/07	391,693,895	368,431,434	(23,262,461)	106 %	52,426,527	-
6/30/07*	391,693,895	368,873,096	(22,820,799)	106 %	52,426,527	-
6/30/08	377,266,795	376,984,359	(282,436)	100 %	49,970,419	-
6/30/08*	398,766,770	376,984,359	(21,782,411)	106 %	49,970,419	-
6/30/09	381,136,182	391,339,300	10,203,118	97 %	51,808,141	20 %
6/30/10	366,543,009	409,014,468	42,471,459	90 %	49,336,606	86 %
6/30/10*@	366,543,009	435,893,490	69,350,481	84 %	49,336,606	141 %
6/30/11*	360,280,315	445,762,361	85,482,046	81 %	49,040,518	174 %
6/30/12	349,486,629	448,864,237	99,377,608	78 %	46,167,958	215 %
6/30/13	353,299,470	455,914,323	102,614,853	78 %	43,783,450	234 %
6/30/14	385,153,710	460,585,801	75,432,091	84 %	40,510,955	186 %

* Retirement System amended.

@ Revised actuarial assumptions.

**GASB STATEMENTS NO. 25 AND NO. 27
REQUIRED ACTUARIAL INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percent Contributed
1995	\$6,503,313	100%
1996	6,940,924	100%
1997	7,321,258	100%
1998	5,958,012	100%
1999	4,601,277	100%
2000	3,180,232	100%
2001	815,441	100%
2002	485,854	100%
2003	1,600,534	100%
2004	5,916,496	100%
2005	8,632,941	100%
2006	8,596,017	100%
2007	8,733,871	100%
2008	6,008,558	100%
2009	3,833,164	100%
2010	4,708,020	100%
2011	6,162,363	100%
2012	8,949,239	100%
2013	8,135,843	100%
2014	8,771,032	100%

GASB STATEMENTS NO. 25 AND NO. 27
REQUIRED SUPPLEMENTARY INFORMATION

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation date follows:

Valuation Date	June 30, 2014
Actuarial Cost Method	Individual Entry Age
Amortization Method	Level dollar, closed
Remaining Amortization Period	24 years
Asset Valuation Method	5-year smoothed market
Actuarial Assumptions:	
Investment Rate of Return	7.39% (7.50% for groups receiving annual post-retirement increases, 7.25% for groups participating in the 13th check program)
Projected Salary Increases	3.5% - 7.7%
Including Wage Inflation at	3.50%
Cost-of-Living Adjustments	Ad hoc "13th check" tied to plan investments for benefit recipients who do not have an automatic benefit increase. 1.0% simple escalator for those eligible.

Membership of the plan consisted of the following at June 30, 2014, the date of the latest actuarial valuation:

Retirees and beneficiaries receiving benefits	1,108
Terminated plan members entitled to but not yet receiving benefits	98
Active plan members	<u>717</u>
Total	1,923

September 24, 2014

Ms. Peggy Korzen
Executive Director
City of Grand Rapids General Retirement System
233 East Fulton, Suite 216
Grand Rapids, Michigan 49503

Re: 47th Annual Actuarial Valuation

Dear Peggy:

Enclosed are 25 copies of this report.

As always, your questions and comments are welcome.

Sincerely,

A handwritten signature in black ink that reads "David L. Hoffman". The signature is written in a cursive style with a large initial "D".

David L. Hoffman

DLH:sc

cc: Ms. Pam Slagh, BDO (one report copy)