

City of Grand Rapids Police & Fire 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 Police & Fire Retirement System*

Board of Trustees

- Michael Hawkins – Chairman
- Justin Ewald – Vice Chairman/Police Member Trustee
- Donijo DeJonge – Citizen Trustee
- William Fabiano – Fire Member Trustee
- Drew Robbins – Employer Trustee
- Holly Jackson – Citizen Trustee
- Peggy Korzen – 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 December 31, 2023, December 31, 2024, and December 31, 2025

	2023	2024	2025	Change From Prior Year	
				In Dollars	As %
Assets					
Cash and money market funds	\$ 4,579,643	\$ 9,931,213	\$ 10,131,172	\$ 199,959	2.0%
Stocks, equity mutual funds and partnerships	247,958,299	275,891,902	332,178,946	\$ 56,287,044	20.4%
Fixed income	135,620,515	138,471,383	165,326,090	\$ 26,854,707	19.4%
Real estate	24,732,801	27,672,004	28,550,414	\$ 878,410	3.2%
Private equity partnerships	33,280,710	31,122,753	27,783,820	\$ (3,338,933)	-10.7%
Commodities	23,469,681	25,280,933	-	\$ (25,280,933)	-100.0%
Private credit partnerships	21,126,480	18,904,896	18,353,520	\$ (551,376)	-2.9%
Securities lending collateral	30,732,658	38,073,451	55,075,854	\$ 17,002,403	44.7%
Total cash and investments	521,500,787	565,348,535	637,399,815	\$ 72,051,280	12.7%
Receivables	3,551,468	4,409,451	4,282,724	\$ (126,727)	-2.9%
Total Assets	525,052,255	569,757,986	641,682,539	\$ 71,924,553	12.6%
Liabilities					
Administrative expenses and investment management fees payable	370,902	407,443	393,325	(14,118)	-3.5%
Pending trades - purchases	431,301	3,049,324	1,158,516	\$ (1,890,808)	-62.0%
Amounts due broker under securities lending agreement	30,732,658	38,073,451	55,075,854	\$ 17,002,403	44.7%
Total Liabilities	31,534,861	41,530,218	56,627,695	15,097,477	36.4%
Net Position Restricted for Pension Benefits	\$ 493,517,394	\$ 528,227,768	\$ 585,054,844	\$ 56,827,076	10.8%

Statement of Changes in Fiduciary Net Position as of December 31, 2023, December 31, 2024, and December 31, 2025

	2023	2024	2025	Change From Prior Year	
				In Dollars	As %
Additions					
Contributions	\$ 22,429,188	\$ 24,123,030	\$ 26,484,279	\$ 2,361,249	9.8%
Net investment income (loss)	49,987,874	48,612,643	72,256,674	23,644,031	48.6%
Securities lending	149,094	203,624	211,633	\$ 8,009	3.9%
Total Additions	72,566,156	72,939,297	98,952,586	26,013,289	35.7%
Deductions					
Benefits	38,032,984	37,596,788	41,470,435	\$ 3,873,647	10.3%
Administrative expense	645,899	632,135	655,075	22,940	3.6%
Total Deductions	38,678,883	38,228,923	42,125,510	3,896,587	10.2%
Net Increase (Decrease)	33,887,273	34,710,374	56,827,076	22,116,702	63.7%
Net Position Restricted for Pension Benefits, beginning of year	459,630,121	493,517,394	528,227,768	34,710,374	7.0%
Net Position Restricted for Pension Benefits, end of year	\$ 493,517,394	\$ 528,227,768	\$ 585,054,844	\$ 56,827,076	10.8%

Funded Status

	<u>2024</u>	<u>2025</u>
• Actuarial accrued liabilities	\$712,243,743	\$751,091,535
• Applied Assets	\$535,138,614	\$560,253,894
• % Funded	75.1%	75.0%

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	13.96%	11.69%	7.74%	9.60%	8.13%

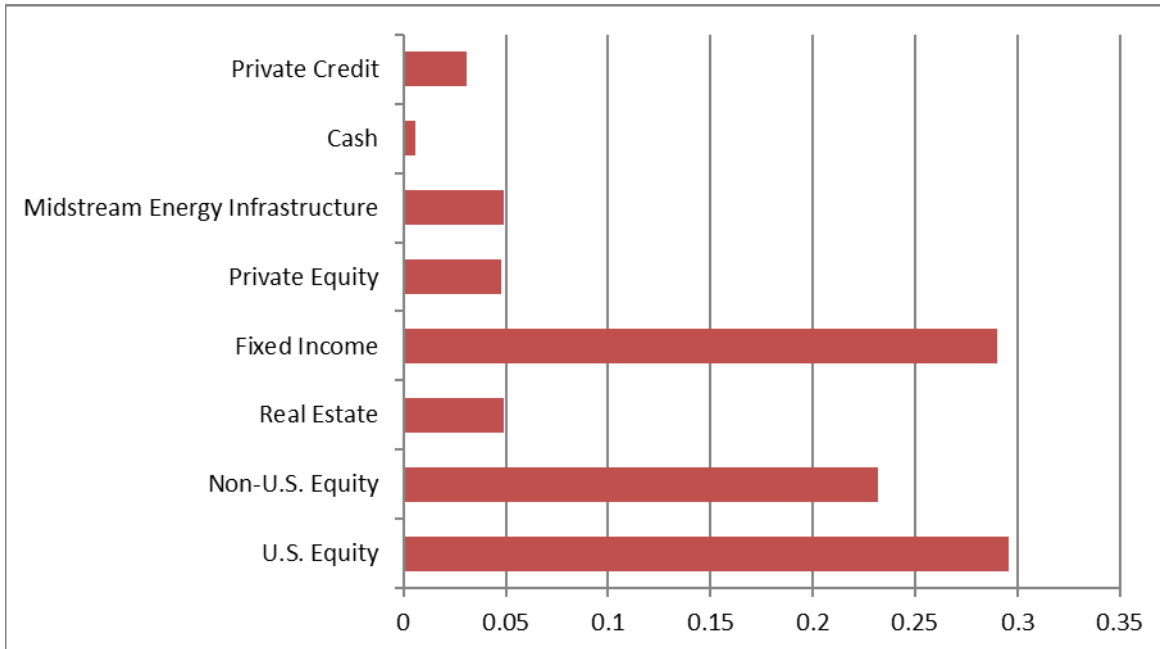
System Revenues and Expenditures

December 31, 2025

1.	Balance – Beginning of Year	\$528,227,768
2.	Revenues:	
a.	Employee Contributions	\$6,547,079
b.	Employer Contributions	\$19,937,200
c.	Investment Income	<u>\$73,688,618</u>
d.	Total Revenues	\$100,172,897
3.	Expenditures:	
a.	Benefit Payments	\$38,721,094
b.	Refund of Member Contributions	\$2,749,341
c.	Expenses	<u>\$1,875,386</u>
d.	Total Expenditures	\$43,345,821
4.	Balance – End of Year	\$585,054,844

The Board of Trustees has confirmed that 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 December 31, 2025

BUDGET - POLICE & FIRE RETIREMENT SYSTEM
January 1, 2025 - December 31, 2025

<u>Expense</u>	<u>Actual</u> <u>YTD through</u> <u>12/31/25</u>	<u>FYE 12/31/25</u> <u>Budgeted</u> <u>Expense</u>	<u>Variance</u> <u>to Budgeted</u> <u>Expense</u>	<u>Expended by</u> <u>12/31/24</u>	<u>Variance</u> <u>to 12/31/24</u>
Professional Services					
- Actuarial	\$ 68,960.00	55,000.00	13,960.00	50,160.00	18,800.00
- Audit*	17,100.00	17,900.00	(800.00)	17,900.00	(800.00)
- Consultant	99,206.25	100,425.00	(1,218.75)	108,129.85	(8,923.60)
- Custodial**	40,771.53	69,000.00	(28,228.47)	65,720.71	(24,949.18)
- Investment Management	1,127,516.59	1,320,000.00	(192,483.41)	1,147,598.07	(20,081.48)
- Legal Services	9,021.60	15,000.00	(5,978.40)	8,340.80	680.80
- PBI Retiree Verif Svc	1,999.80	2,100.00	(100.20)	1,950.14	49.66
Insurance					
- Business Owners	794.50	850.00	(55.50)	725.50	69.00
- Fiduciary Liability	16,224.00	16,800.00	(576.00)	16,224.00	0.00
- Life & Disability	0.00	1,121.00	(1,121.00)	967.03	(967.03)
- Workers Compensation	836.50	1,200.00	(363.50)	835.00	1.50
Due Diligence & Education					
- Due Diligence	1,081.00	10,000.00	(8,919.00)	831.00	250.00
- Conference	7,015.10	18,000.00	(10,984.90)	11,660.99	(4,645.89)
- Other Education	1,552.88	5,000.00	(3,447.12)	569.58	983.30
Administration					
- Accufund Consultant	1,848.75	1,200.00	648.75	948.75	900.00
- Medical Evaluations	19,900.00	20,000.00	(100.00)	10,928.26	8,971.74
- Meetings	1603.97	750.00	853.97	499.70	1,104.27
- Occupancy Rental	16,918.53	17,303.00	(384.47)	15,095.71	1,822.82
- Office Expenses	24,862.26	21,000.00	3,862.26	9,666.80	15,195.46
- Memberships	951.98	750.00	201.98	612.50	339.48
- Salaries & Wages	294,292.19	382,252.00	(87,959.81)	298,116.86	(3,824.67)
Total Expenses	\$ 1,752,457.43	\$ 2,075,651.00	(\$323,193.57)	\$ 1,767,481.25	(\$15,023.82)

*Additional fees possible due to GASB 67 advising.

**Custody fees shown above are before offset from Securities Lending Income. Total income for FYE 12/31/25 was \$211,632.82

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 measure 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

• Active Members:	489
• Number of Retirees/Beneficiaries:	829
• Average Annual Retirement Allowance:	\$50,392
• Total Annual Retirement Allowance:	\$41,775,119
• Valuation Payroll:	\$44,987,637
• Gross-up Payroll:	\$55,037,274
• Employer's Normal Cost as % of Valuation Payroll:	23.74%
• Employer's Normal Cost as % of Gross-up Payroll:	19.41%
• Employer's Contribution Rate: (valuation payroll):	50.11%
• Employer's Contribution Rate (gross-up payroll):	40.97%
• Weighted Average of Member Contributions (valuation payroll):	14.08%
• Weighted Average of Member Contributions (gross-up payroll):	11.51%
• Actuarial Assumed Rate of Investment Return:	6.75%
• Actuarial Assumed Rate of Long-Term Wage Inflation:	3.15% - 20.15%
• Smoothing Method Utilized:	5-Year Smoothed Market
• Amortization Method Utilized:	Level Percent, Closed
• Amortization Period Remaining:	Multiple periods
• Actuarial Cost Method Utilized:	Individual Entry Age
• Actuarial Assumed Rate of Health Care Inflation:	N/A
• System Membership Status:	Open – except the plan is closed to individuals hired from outside the organization to fill the position of Fire Chief, Deputy Fire Chief, Police Chief, or Deputy Police Chief.