City of Trenton Fire and Police Retirement System

SUMMARY ANNUAL REPORT TO MEMBERS
JUNE 30, 2014

Dear Retirement System Member:

The Retirement System, which is managed by the Retirement Board, is designed to help you meet your financial needs should you become disabled, retire, or die. ***The City also supports a Retiree Health Insurance Program, which is separate from the Retirement System.***

The Retirement 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 Act 345, any applicable collective bargaining agreements, and the Retirement Board's official rules and regulations. Additional information about the System and its financial operation is available in the Treasurer's office.

Respectfully submitted,

Retirement Board
City of Trenton Fire and Police
Retirement System

Michael McCullough, President
Jeffrey Hornauer, Secretary-Treasurer
Tim Fox, Trustee
Norris Blackledge, Trustee
Michael Dwyer, Trustee

Plan Secretary

Karen Sall

Auditors/Accountants

Plante & Moran, LLP

Actuaries and Consultants

Gabriel Roeder Smith & Company

Legal Counsel

VanOverbeke, Michaud & Timmony, PC

Investment Fiduciaries

Investment Consultant: Graystone Consulting
Custodial Bank: PNC Bank

Investment Managers:

-Dana Investment Advisors	-Vanguard
-State Street Global Advisors	-Loomis Sayles
-Thornburg	-WHV
-TCW	-iShares/Blackrock
-Franklin Templeton	-Behringer Harvard
-Inland American	-Retail Properties of America

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your Retirement System's financial objective is to accumulate assets necessary to pay the promised benefits in an orderly manner. To determine an appropriate employer contribution level for the ensuing year and to gauge how the System's funding is meeting this fundamental objective, an independent firm of actuaries and employee benefit consultants, Gabriel, Roeder, Smith & Company, conducts annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation, financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the June 30, 2014 valuation, based on the established funding objective, are summarized below:

Valuation date	June 30, 2014
Actuarial cost method	Entry age actuarial cost method
Normal amortization method	Level percent-of-payroll amortized over a closed 22-year period
Early retirement window amortization method	Level dollar amortized over a closed 5-year period beginning in the year first recognized
Asset valuation method	5-year smoothed market
Valuation payroll	$3,932,237
Annual pensions paid	$4,401,493
Average annual pensions paid	$39,299
Retirees and beneficiaries receiving benefits	112
Terminated plan members entitled to but not yet receiving benefits	1
Active plan members	63
Total	176

Actuarial Assumptions:

– Investment rate of return	7.25%
– Projected salary increases	3.7 – 11.5%
– Assumed rate of payroll growth	3.5%

Fiscal Year Beginning July 1, 2015
Employer Contribution

Contributions for		Funded Status	$ Millions
Normal Cost	$ 549,839	Actuarial Accrued Liabilities	$66.3
Normal Accrued Liabilities	809,832	Applied Assets (smoothed market value)	54.5
Early Retirement Window Accrued Liabilities	65,272	% funded	82.2%
Total Employer Contribution	**$1,424,943**		
Computed Employer Rate	35.01%		

Actuary's Opinion

It is the actuary's opinion that the contribution rates recommended in the most recent actuarial report are sufficient to meet the System's financial objective, presuming continued timely receipt of required contribution.

Other

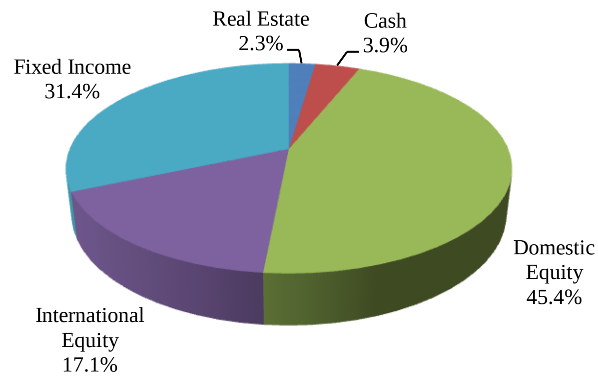
The Board of Trustees of the Retirement System provides for payment of the required employer contribution as described in Section 20m of Michigan Public Act No. 728 of 2002.

SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenditures

	2013-2014
Funding (Actuarial) Value - July 1, 2013	$54,709,029
Revenues	
Employee contributions	259,613
Employer contributions	1,329,445
Recognized investment income	3,508,501
Total	5,097,559
Expenditures	
Benefit payments	4,150,862
Refund of member contributions	913,917
Expenses	239,866
Total	5,304,645
Funding (Actuarial) Value - June 30, 2014	$54,501,943

Investments



The market rate of return on System assets net of expenses for the year ended June 30, 2014 was 15.8%. The funding value rate of return on System assets net of expenses for the year ended June 30, 2014 was 6.2%.

Investment Performance (Net of Fees)

1-Year	15.62%
3-Year	7.96%
5-Year	11.17%
7-Year	4.96%
10-Year	7.17%

Projected Expenses for 2014-2015

Administrative	$ 14,792
Investment	194,858
Professional	30,216

BRIEF SUMMARY OF PLAN PROVISIONS

(Please refer to the Retirement Ordinance for a complete description)

ELIGIBILITY	ANNUAL AMOUNT

REGULAR RETIREMENT

For members hired before January 1, 1996: 25 or more years of service regardless of age or age 60 regardless of service. For members hired on or after January 1, 1996: age 55 with 20 years of service.	For members hired before January 1, 1996: Straight life pension equals 2.5% of 3-year Average Final Compensation (AFC) times years of service up to a maximum of 80% of AFC. For members hired on or after January 1, 1996: Straight life pension equals 2.0% of AFC times years of service up to a maximum of 80% of AFC.

Average Final Compensation: Highest 3 years out of last 10. Fire, hired on or before December 31, 1995, AFC includes base wages, holiday pay, longevity, overtime pay, up to 540 hours of unused vacation time, and up to 3 additional earned paid leave days. Police, hired on or before December 31, 1995, AFC includes base wages, holiday pay, overtime pay, and up to 240 hours of unused vacation time. Police and Fire, hired after January 1, 1996, AFC includes base wages and up to 240 hours of accrued leave time, which is payable at time of retirement. Effective July 1, 2014 for Fire, longevity and additional earned paid leave days are no longer included in AFC.

DEATH AFTER RETIREMENT

Payable to a surviving spouse, if any, upon the death of a retired member who was receiving a straight life pension which was effective July 1, 1975 or later.	Spouse's pension equals 60% of the straight life pension the deceased retiree was receiving.

DEFERRED RETIREMENT

10 or more years of service.	Computed as service retirement but based upon service, AFC and benefit in effect at termination. Benefit begins at date retirement would have occurred had member remained in employment.

DUTY DISABILITY RETIREMENT

Payable upon the total and permanent disability of a member in the line of duty. Automatic 60% to eligible spouse upon death of disability retiree.	To age 55, 50% of AFC. At age 55, same as service retirement pension with service credit from date of disability to age 55.

NON-DUTY DISABILITY RETIREMENT

Payable upon the total and permanent disability of a member with 5 or more years of service.	To age 55, 1.5% of AFC times years of service. At age 55, same as service retirement pension.

DUTY DEATH-IN-SERVICE RETIREMENT

Payable upon the expiration of worker's compensation to the survivors of a member who died in the line of duty, until spouse remarries or until children marry or reach age 18.	Same amount that was paid by worker's compensation.

NON-DUTY DEATH-IN-SERVICE RETIREMENT

Payable to a surviving spouse, if any, upon the death of a member with 10 or more years of service.	Accrued straight life pension actuarially reduced in accordance with an Option I election.

POST-RETIREMENT COST-OF-LIVING ADJUSTMENTS

For members hired before January 1, 1996: 10% after 5 years, 10% after 10 years and 5% after 15 years (each increase based on base pension). For members hired on or after January 1, 1996: no cost-of-living adjustments.

MEMBER CONTRIBUTIONS

6% of covered compensation.

ANNUITY WITHDRAWAL OPTION

If elected, member contribution account balance is paid in a lump sum at retirement. The regular retirement benefit is then reduced so that total benefits paid (lump sum plus monthly pension) are equivalent to the regular retirement benefit. For members hired before January 1, 1996, the interest rate used to establish equivalency is 4.5%. For members hired on or after January 1, 1996, the interest rate used to establish equivalency is 7.25%.