

CAAERS NEWS

For Employees, Retirees & Beneficiaries of the
City of Ann Arbor Employees' Retirement System

Retirement System Updates

Updating Account Information

All banking and tax change information must be made directly through **Northern Trust** for security purposes. Address changes can be made by completing an address change form. Please keep in mind you will also need to change your address with MissionSquare and Human Resources. As always, members are welcome to call the Retirement Office with any questions or concerns.

Bank & Tax Updates:

Northern Trust
Phone: 312-557-9700

Contact & Address Updates:

Retirement System Office
Phone: 734-794-6710
Email: Retirement@a2gov.org

Welcome New Trustee

At the January 20, 2023 meeting for the Retirement System & Retiree Health Care Benefit Plan & Trust, the Trustees and Staff welcomed Mark Foster, Citizen Trustee. Mark's term will end December 31, 2025. He replaces Brock Hastie, who had been a Trustee since 2010. We thank Brock for his service!

MissionSquare

ICMA-RC is now



Bill Sims is your Retirement Plan Specialist and is available to both active and retired employees. He is responsible for providing retirement and investment readiness education, and an overall review of your options during your working years and retirement.

For specific investment advice, please consult your personal financial advisor. If you have any questions regarding any of your MissionSquare retirement plans, please continue to contact Investor Services directly.

Bill Sims:

Phone: 202-759-7165
E-mail: wsims@missionsq.org

Investor Services:

Phone: 800-669-7400
Website: www.missionsq.org

Financial Planning Webinars:

www.icmarc.org/cfpwebinars



City of Ann Arbor Employees' Retirement System

532 S. Maple Road
Ann Arbor, MI 48103

Phone: 734-794-6710
Fax: 734-994-9205

Email: Retirement@a2gov.org

Monday—Friday
By appointment
8:00 a.m.—5:00 p.m.

Retirement Staff

Wendy Orcutt, Executive Director
WOrcutt@a2gov.org

Daniel Gustafson, CEBS, GBA, RPA,
Pension Analyst
DGustafson@a2gov.org

Maria Buffone, Accountant
MBuffone@a2gov.org

Laura Hollabaugh, Mgmt. Assistant
LHollabaugh@a2gov.org

BOARD OF TRUSTEES

Jeremy Flack, Chair, Fire Trustee
jflack@a2gov.org

Alexa Nerdrum, Vice-Chair, Citizen Trustee
alexanerdrum@gmail.com

David Monroe, Secretary, Police Trustee
j2option@yahoo.com

Jen Grimes, General Trustee
jgrimes@a2gov.org

Marti Praschan, Chief Financial Officer
mpraschan@a2gov.org

Tony DiGiovanni, Citizen Trustee
tonyd@wpinv.com

Mark Foster, Citizen Trustee
mark.foster@lpl.com

Julie Lynch, Citizen Trustee
julie.lynch@skf.com

Jordan Schreier, Citizen Trustee
jordan.schreier@gmail.com

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The Annual Retiree Luncheon is Back!

2023 Educational Luncheon For Retirees

Thursday, May 25th, 2023

Weber's Ann Arbor
3050 Jackson Ave.

11:30 a.m.—2:30 p.m.

Spouses are welcome!

"Impact of Rising Interest Rates and the Importance of a fully-diversified Portfolio in Retirement" Presented by Chas Mansfield, Client Portfolio Manager, MissionSquare

Call or email to make reservations before Friday, May 12, 2023!

734.794.6710

Retirement@a2gov.org

New Retirees

Since our last newsletter, the following employees have retired or have filed their final paperwork:


- *Cynthia Telfer, Housing Comm.—1/1/2022
- Robert Herrst, Public Services—1/29/2022
- Renee Wagner, Safety Services—2/3/2022
- Brett Hansen, Safety Services—2/11/2022
- David Borneman, Comm. Svs.—2/25/2022
- Joon Hur, Safety Services—2/25/2022
- Shane Dennis, Safety Services—2/26/2022
- Robert Schneider, Safety Services—3/1/2022
- David Monroe, Safety Services—3/4/2022
- John Kimberly, Public Services—3/9/2022
- Stephen Postema, City Attorney—3/12/2022
- Daniel Campbell, Safety Svs.—3/25/2022
- Kelly Stark, Public Services—3/26/2022
- Allen Bruck, Safety Services—3/30/2022
- *Daniel Rainey, City Admin.—4/1/2022
- *Wendy Welser, Public Services—4/1/2022
- Richard Miller, Public Services—4/10/2022
- Terrance McNally, Safety Svs.—4/10/2022
- Deborah Gosselin, Public Svs.—5/13/2022
- Michael Dortch, Safety Services—6/3/2022
- Earl Kenzie, Public Services—6/25/2022
- Robyn Gillen, Safety Services—6/30/2022
- Eli Cooper, Public Services—7/2/2022
- Patrick Chase, 15th Dist. Court—7/10/2022
- Terry Root, Comm. Services—7/10/2022
- Kerry Grimston, Comm. Svs.—7/11/2022
- Robert Tudor, Safety Services—7/20/2022
- Derek Wisely, Safety Services—7/29/2022
- *Brigitte Burke, City Admin.—8/1/2022
- Amy Cervantes, Safety Services—8/1/2022
- Steven Dye, Safety Services—8/4/2022
- Christine Schopieray, City Admin.—8/18/2022
- Gianna Bommarito, Safety Svs.—8/27/2022
- Dennis Fischer, Public Services—9/7/2022
- Noel Scott, Safety Services—9/10/2022
- Laura Hill, 15th Dist. Court—10/12/2022
- Kevin Kleitsch, Safety Services—11/10/2022
- David Dykman, Public Services—12/3/2022
- Jeanette Jerore-Zachariah, Safety Svs.—12/4/2022

*Deferred Retirement

HEALTHCARE BENEFITS

Medical and prescription drug coverage is offered through Blue Cross Blue Shield of Michigan (BCBSM). Your benefit summary can be accessed online through www.bcbsm.com under the 'My Coverage' tab.

For additional questions regarding coverage please contact BCBSM directly.

BCBSM Contact Information:	
Smartphone App:	
Website:	www.bcbsm.com
Customer Service:	877-790-2583
Mail Order Pharmacy for Maintenance Rx: (OptumRx)	855-811-2223
Mail Order Pharmacy for Specialty Rx: (AllianceRx Walgreens)	866-515-1355

Should you need additional assistance after speaking with BCBSM, please contact the City of Ann Arbor benefit team members listed below.

For Retirees:

Jessica Hull
jhull@a2gov.org
Phone: 734.794.6126
Fax: 734.794.6136

For Active Employees:

Kimberly Barry
kbarry@a2gov.org
Phone: 734.794.6125
Fax: 734.794.6136

Maria F. Santana
msantana@a2gov.org
Phone: 734.794.6127
Fax: 734.794.6136

NOTIFICATIONS OF DEATH

The Retirement System must be notified as soon as possible of an Active Member, Retiree or Beneficiary death. Notifications can be made by calling the Retirement Office. The person notifying the Retirement Office will be asked to identify the participant's information, provide contact information and an original death certificate. To prevent any overpayment and make the proper adjustments to the participant's monthly pension benefit, an original death certificate will be required. Any overpayment will need to be reimbursed to the Retirement System.

Summary Fact Sheet

Sources of Funds	June 30, 2022	June 30, 2021
Investment Income (Loss) (Net)	(31,380,000)	136,319,000
City Contributions	16,255,000	15,284,000
Member Contributions	<u>3,223,000</u>	<u>3,194,000</u>
Total	(11,902,000)	154,797,000

Key Figures (Actual-Last 2 Years)	City Contributions	Benefits Paid
FYE June 30, 2022	16,255,000	42,549,000
FYE June 30, 2021	15,284,000	40,576,000
Increase (Decrease)	971,000	1,973,000

Key Figures (Projected-Next 2 Years)	Projected City Contributions	Projected Benefits Payable
FYE June 30, 2024	15,428,000	45,670,000
FYE June 30, 2023	14,529,000	43,713,000
Increase (Decrease)	899,000	1,957,000

Demographics	June 30, 2022	June 30, 2021
Active Membership		
General Members	532	518
Police Members	101	114
Fire Members	<u>78</u>	<u>75</u>
Total	711	707
Retirees/Beneficiaries		
General Members	734	716
Police Members	242	228
Fire Members	<u>180</u>	<u>177</u>
Total	1156	1,121

New Employee Self-Service Website

The Retirement System is converting to the MARC Pension Administration Software Solution which also offers a new and improved employee self-service website. Full functionality is projected to be complete by late April and we will continue to provide updates throughout the process.

Economic Factors, Investment Returns, and Other Important Matters

The Retirement System's funding objective is to meet the City's long-term benefit commitment to retirees through contributions that meet or exceed the Actuarial Determined Contribution (ADC). On a long-term investment basis, the Retirement System is funded at 87.46%. The long-term basis uses a "smoothed asset value" when calculating the funded status of the Plan. The Retirement System's financial experience during the year ended June 30, 2022 did not meet the target return. Total Plan assets decreased by 8.8% on a financial basis. Investments returned (5.1%) net of fees for the year ended June 30, 2022. As of June 30, 2022 assets were \$570.4 Million.

7.5% Annual Interest Rate for Members' Contributions

The Board of Trustees at its regular meeting on Thursday, December 15, 2022, approved an annual interest rate of 7.5% for members contributions for the 2023 calendar year. The equivalent quarterly return is 1.82%. The quarterly interest will be credited to members' accounts beginning the quarter ending March 31, 2023.

Note: Members in retirement do not receive interest on contribution accounts.

Assumed Rate of Investment Return (Discount Rate)

In 2020, the Board of Trustees approved a change to the assumed rate of investment return (i.e., the discount rate) from 7.0% to 6.5% over a 5-year period, via a reduction of 0.1% per year starting with the 2020 valuation analysis. For the fiscal year end 2022, the assumed rate of return was 6.70%.

The Board will annually review the reduction in the assumed rate of return over this 5-year period to determine if additional modifications or time-line considerations should be addressed.

With Deepest Sympathy

We extend our condolences to the family and friends of those retirees of CAAERS who have passed away since our last publication.

Barbara Davis—1/3/2022	Esther Bauer—5/19/2022	Jerald Baron—8/12/2022
Howard Zeck—1/7/2022	Helen Carr—6/1/2022	Elizabeth Desonia—9/8/2022
Elvin Roberts—1/9/2022	Leonette Bowen—6/6/2022	Christine Anderson—9/14/2022
Robert LeVanseler—1/10/2022	Paul Drake—6/16/2022	Claude Baker—10/22/2022
Neil Rowe—2/4/2022	Donald Hatto—6/24/2022	Ray Yeakey—11/10/2022
Joseph Abraham—2/8/2022	Carol Sakstrup—7/2/2022	Diane Johnson—11/24/2022
Charles Osborn—2/23/2022	John Gray—7/24/2022	John Wilson—1/5/2023
Donald Hatto—3/30/2022	Robert Taylor—8/11/2022	Harvey Mieske—1/9/2023

City of Ann Arbor Employees' Retirement System

532 S. Maple Road
Ann Arbor, MI 48103



2023 Board Meeting Schedule

Retirement Board Meetings are held on the Third Thursday of every month.

May 18, 2023	August 17, 2023	November 16, 2023
June 15, 2023	September 21, 2023	December 21, 2023
July 20, 2023	October 19, 2023	

2023/24 Retiree Ex-Officio Meeting Schedule

March 30, 2023	September 28, 2023	January 25, 2024
April 27, 2023	October 26, 2023	February 29, 2024

All meetings are held at the Retirement System's Office located at 532 South Maple Road, Ann Arbor, MI 48103, unless otherwise noted on our website.

This Committee represents and is comprised of City retirees and beneficiaries. All City retirees and beneficiaries are invited to attend the meetings, get involved, and provide any input that they wish to express to the Board of Trustees of the City of Ann Arbor Employees' Retirement System.