

BRIEF SUMMARY OF PLAN PROVISIONS

REGULAR RETIREMENT (no reduction factor for age)

Eligibility - T.P.O.A., T.C.O.A. and T.F.S.O.A.: 25 years of service; or age 60 with 10 years of service. Classified or Exempt and General Clerical Members: Age 50 with 27 years of service; or age 55 with 25 years of service; or age 60 with 10 years of service. AFSCME members: Age 50 with 27 years; or age 60 with 10 years of service.

Mandatory Retirement Age - None.

Annual Amount

Division	Benefit	Supplemental Benefit
T.P.O.A.	2.80% * FAC to 25 years 1.00% * FAC 26-30 years	(75% max of FAC)
T.C.O.A.	2.80% * FAC to 25 years 1.00% * FAC 26-30 years	(75% max of FAC)
T.F.S.O.A.	2.25% * FAC * Service	0.25% * FAC * Service to age 62
General AFSCME	2.25% * FAC * Service	0.25% * FAC * Service to age 62
General Classified/Exempt	2.25% * FAC * Service	0.25% * FAC * Service to age 62
General Clerical	2.25% * FAC * Service	0.25% * FAC * Service to age 62

Type of Final Average Compensation - Highest 3 years out of last 10. Some lump sums are included but payment of sick or vacation leave is not included.

EARLY RETIREMENT (age reduction factor used)

Eligibility - Age 55 with 10 years of service.

Annual Amount – Computed as regular retirement benefit but reduced by 1/2% for each month by which retirement precedes age 60.

DEFERRED RETIREMENT (vested benefits)

Eligibility - 10 years of service. Benefit payable at age 60.

Annual Amount – Same as regular retirement but based on credited service and final average compensation at termination.

DUTY DISABILITY RETIREMENT

Eligibility - No age or service requirement. Workers' compensation must be payable.

Annual Amount – Same as regular retirement. Upon termination of workers' compensation the benefit is recomputed to grant service credit for the period in receipt of workers' compensation. Minimum benefit is based on 10 years of credited service (66-2/3% of final average compensation for non-command/exempt public safety members, while in receipt of workers' compensation).

NON-DUTY DISABILITY RETIREMENT

Eligibility - 5 years of service (10 years for Exempt and Classified employees hired after 2/96; 10 years for MAP employees hired after 2/95).

Annual Amount – Same as regular retirement, but with a minimum benefit based on 10 years of credited service.

DUTY DEATH BEFORE RETIREMENT

Eligibility - No age or service requirement.

Annual Amount – Widow's benefit equal to regular retirement benefit actuarially reduced in accordance with a 100% joint and survivor election. Minimum benefit is 25% (50% for T.F.S.O.A., Command Officers and T.P.O.A.) of final average compensation. If no widow, children under 18 share equally in 25% (50% for Command Officers and T.P.O.A.) of final average compensation.

NON-DUTY DEATH BEFORE RETIREMENT

Eligibility - 10 years service.

Annual Amount – Same as regular retirement but reduced in accordance with a 100% joint and survivor election.

AUTOMATIC DEATH BENEFIT AFTER RETIREMENT: None.

POST-RETIREMENT ADJUSTMENTS: One time increases were granted in 1973, 1977, 1978, 1981, 1983, 1989 and 1999.

HEALTH INSURANCE PREMIUM SUBSIDY: Post-retirement health insurance premiums are subsidized by the City according to union bargaining agreements and can found on the City's website www.troymi.gov. Non-union agreements \$400/month or 4% per complete year, whichever is greater, Retirees from prior provisions, \$400/month or 3% per complete year, whichever is greater.

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SUMMARY ANNUAL REPORT TO MEMBERS DECEMBER 31, 2015

Dear Retirement System Member:

The Retirement System is designed to help you meet your financial needs should you become disabled, retire or deceased.

The Retirement Board's fiduciary responsibility to you is to oversee the general administration and investments of system assets. Under Act 485 of 1996 we are providing this Summary Annual Report.

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 the City's charter, the City's retirement ordinance and the Retirement Board's official rules and regulations. Additional information about the System and its financial operation is available in the City's Comprehensive Annual Financial Report (CAFR) which is available in the City Manager's office (248)524-3330 or on the City's website: www.troymi.gov

Respectfully submitted,

The Retirement Board

City of Troy Retirement System

Mark A. Calice, Chairman

Brian Kischnick, City Manager

Thomas Darling, CPA, Finance Director

Dave Henderson, City Council Member

Thomas J. Gordon II, Trustee

Steven Pallotta, Trustee

Milton Stansbury, Trustee

Mark Owczarzak, Ex-Officio

Actuaries and Consultants

- Gabriel, Roeder, Smith & Company

Auditors and Accountants

- Rehmann Robson

SUMMARY RESULTS OF ACTUARIAL VALUATION

Your retirement system's financial objective is to establish and receive contributions which will remain approximately level from year to year and will not have to be increased for future generations of taxpayers. Contribution levels are expressed in terms of percent of the city's active member payroll.

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, conduct annual actuarial valuations.

These valuations are based on your System's past experience, information about current participation and financial markets, and assumptions concerning the System's future demographic and economic activity. The results of the December 31, 2015 valuation, based on the established funding objective, are summarized below:

Fiscal Year 2017/18 Employer Contribution

Actual Present Value of all Future Benefits	\$ 167,745,638
Funding Value of Assets	\$ 169,035,991
Actuarial Present Value of Future Employee Contributions	\$ 1,068,277
City's Remaining Unfunded Present Value of Benefits	\$ (2,358,630)
City's Annual Normal Cost	\$ 0
Projected Payroll	\$ 4,503,012

City's Annual Normal Cost as a Dollar Amount	\$	0
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Member Contributions - Expressed as percentages of compensation:

1.5% for clerical members/MAP and TCSA, 3.0% for T.F.S.O.A, 1.5% for classified and exempt members, 1.5% for AFSMCE, 4.0% for T.P.O.A and 4.0% for T.C.O.A.

Funded Status*	\$ Millions
• Actuarial accrued liabilities	\$161.7
• Applied assets (market related value)	\$169.0
• % funded	104.5%

Actuary's Opinion

It is the actuary's opinion that the required contribution rate determined by the most recent actuarial valuation is sufficient to meet the system's funding objective, presuming continued timely receipt of required contributions.

*Percent funded is for pension benefits only. The City adopted a Health Care Trust Plan to provide for retiree health care effective July 1, 2005.

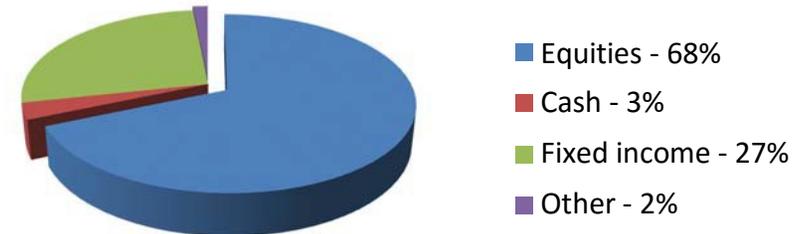
SUMMARY OF CURRENT ASSET INFORMATION

Revenues & Expenses

	2015
Fund Balance - January 1	\$187,292,757 *
Revenues	
Member contributions	165,859
Employer contributions	841,479
Investment income (net)	(2,068,701)
Total revenues	(1,061,363)
Expenses	
Benefit payments	\$ 11,128,705
Refund of member contributions	0
Administrative expense	100,800
Total	\$ 11,229,505
Fund Balance - December 31	\$175,001,889

* Restated to remove restricted fund balance for retiree health-care benefits

Investments



The rate of return on system assets for the year ended December 31, 2015 was (1.2)%.