The Retirement System's funding objective is to meet the City's long-term benefit commitment to retirees through contributions that remain approximately level as a percentage of member payroll. On a long-term investment basis, the Retirement System is funded at 82.9%. The long-term basis uses a "smoothed asset value" when calculating the funded status of the Plan. The Retirement System’s financial experience was up during the year ended June 30, 2014. Total Plan assets increased by 9.8% on a financial basis. Investments returned 14.0% net of fees for the year ended June 30, 2014.

**ECONOMIC FACTORS, INVESTMENT RETURNS, AND OTHER IMPORTANT MATTERS**

**SUMMARY FACT SHEET**

**Sources of Funds**

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Income</td>
<td>60,186,330</td>
<td>48,576,487</td>
</tr>
<tr>
<td>(Loss) (Net of Fees)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Contributions</td>
<td>11,227,291</td>
<td>9,748,510</td>
</tr>
<tr>
<td>Member Contributions</td>
<td>2,948,243</td>
<td>2,854,605</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>74,361,864</strong></td>
<td><strong>61,179,602</strong></td>
</tr>
</tbody>
</table>

**Key Figures (Actual—Last 2 Years)**

<table>
<thead>
<tr>
<th></th>
<th>City Contributions</th>
<th>Benefits Paid</th>
<th>Funded Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Ended</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2014</td>
<td>11,227,291</td>
<td>32,011,444</td>
<td>82.9%</td>
</tr>
<tr>
<td>June 30, 2013</td>
<td>9,748,510</td>
<td>32,318,638</td>
<td>80.2%</td>
</tr>
<tr>
<td><strong>Increase (Decrease)</strong></td>
<td><strong>1,478,781</strong></td>
<td><strong>(307,194)</strong></td>
<td></td>
</tr>
</tbody>
</table>

**Key Figures (Projected—Next 2 Years)**

<table>
<thead>
<tr>
<th></th>
<th>Projected City Contributions</th>
<th>Projected Benefits Payable</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Year Ended</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>June 30, 2016</td>
<td>12,232,732</td>
<td>34,836,896</td>
</tr>
<tr>
<td>June 30, 2015</td>
<td>12,327,218</td>
<td>33,535,735</td>
</tr>
<tr>
<td><strong>Increase (Decrease)</strong></td>
<td><strong>(94,486)</strong></td>
<td><strong>1,301,161</strong></td>
</tr>
</tbody>
</table>

**Demographics**

<table>
<thead>
<tr>
<th></th>
<th>June 30, 2014</th>
<th>June 30, 2013</th>
<th>Increase (Decrease)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Active Membership</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Members</td>
<td>476</td>
<td>460</td>
<td>16</td>
</tr>
<tr>
<td>Police Members</td>
<td>115</td>
<td>115</td>
<td>0</td>
</tr>
<tr>
<td>Fire Members</td>
<td>84</td>
<td>85</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>675</td>
<td>660</td>
<td>15</td>
</tr>
<tr>
<td><strong>Retirees/Beneficiaries</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>General Members</td>
<td>631</td>
<td>621</td>
<td>10</td>
</tr>
<tr>
<td>Police Members</td>
<td>196</td>
<td>196</td>
<td>0</td>
</tr>
<tr>
<td>Fire Members</td>
<td>153</td>
<td>154</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>980</td>
<td>971</td>
<td>9</td>
</tr>
</tbody>
</table>
**Proposed New Protections for Investors**

Recently proposed rules, drafted by the Labor Department and endorsed by the President in February, are aimed at tightening standards for certain financial professionals recommending retirement and savings investments. Currently, brokers’ recommendations for 401(k) plans and other retirement accounts generally must be “suitable” for an investor. But the recommendations are not always required to be in a standard known as “fiduciary”, meaning in the investor’s best interest. This can result in a weaker standard those critics say permits high fees that eat into investors’ returns. Whatever the results of the proposed rules, members are urged to carefully vet any investment adviser they are seeking to hire. Advisers should disclose their methods of compensation when selling investment services and products, as well as the standard they use to select investments for you.

**Employee Self-Service Website**

Pension contribution account statements are now available at the City of Ann Arbor Employee Self Service website (active employees only):

https://www.benefitmodeling.com/annarbor/default.aspx

After registering and setting up your user ID and password, you will be able to:

- Download and print your contribution account statement and your accrued benefit from the AAERS pension plan at your convenience
- Estimate your pension benefits using various retirement dates
- Verify your current beneficiary designation (if you decide to make changes regarding your beneficiary, please contact the Retirement Office to request a Change of Beneficiary Form).

Because the Employee Self Service site utilizes your individual information, please be sure to keep your password protected and in a secure location to prevent unauthorized use of the site.

As always, if you need assistance with this new process or your data, or if you have any questions at all regarding your pension benefit, please call the Retirement System office at (734) 794-6710.

**New Retirees**

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

- Glenn Maggard, Public Services - 3/22/2014
- Keith Zeisloft, 15th District Court - 3/29/2014
- Paul Kampa, Public Services - 6/30/2014
- Helen Kersten, Public Services - 7/2/2014
- Thomas McMurtrie, Public Services - 7/3/2014
- Edmund Sajewski, Public Services - 7/6/2014
- James Baker, Community Services - 7/12/2014
- Kenneth Jones, Public Services - 7/19/2014
- Donald Churches, Public Services - 8/22/2014
- Carol Burry, 15th District Court - 9/25/2014
- Deborah Desmet, Safety Services - 10/21/2014
- Douglas Rickelmann, Public Services - 12/27/2014
- Theadric Webster, Public Services - 1/1/2015
- John McIntosh, Public Services - 1/3/2015
- Milton Andrews, Community Services - 1/6/2015
- Amy Balogh, City Assessor’s Office - 1/6/2015
- Laura Ouellette, Safety Services - 2/21/2015
- Charles Vogel, Public Services - 2/23/2015
- Brent Warford, Public Services - 2/25/2015
- Ann Savickas, 15th District Court - 3/2/2015
- Donald Pieske, Public Services - 4/4/2015
- Andrew Pomo, Safety Services - 5/2/2015
- Ralph Welton, Community Services - 5/7/2015
- Mark Allen, Public Services - 4/23/2015

**6.6% Annual Interest Rate for Members’ Contributions Approved by the Retirement Board of Trustees**

The Board of Trustees at its regular meeting on Thursday, November 20, 2014, approved an annual interest rate of 6.6% for members’ contributions for the 2015 calendar year. The equivalent quarterly return is 1.61%. The quarterly interest will be credited to members’ accounts beginning the quarter ending March 31, 2015.

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

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6.6% Annual Interest Rate for Members’ Contributions Approved by the Retirement Board of Trustees

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Note: Members in retirement do not receive interest on contribution accounts.
2015 Educational Luncheon for Retirees

Tuesday, May 26, 2015
Sheraton Ann Arbor
3200 Boardwalk
11:30 a.m. – 2:30 p.m.
Spouses are welcome!

Call or email to make reservations before May 19, 2015!
Telephone: (734) 794-6710
Email: lkluczynski@a2gov.org

In Memory...
The following retirees and beneficiaries have passed away since our last newsletter:

Jesse Underwood - 5/5/2014
Norman Stevens - 6/4/2014
Dennis Hutchins - 6/24/2014
James Barnes - 7/11/2014
James Hughes - 7/20/2014
Mary Albrecht - 7/21/2014
Rodger Knight - 8/8/2014
William Rickenbacker - 8/27/2014
Gail McKaye - 10/5/2014
Sidney Clemons - 11/26/2014
Richard L. Hartman - 12/25/2014
Paul Kampa - 1/10/2015
Robert Pieske - 2/14/2015
Duane Luick - 2/22/2015
Chester Carter - 3/2/2015
Beatrice Chasteen - 3/5/2015

CITY RETIREE ‘CONSUMERISM CARD’

The City of Ann Arbor is excited to announce the launch of a new and innovative program designed to help City Retirees and their family members secure valuable benefits at deeply discounted rates, and save money!

Welcome the New Consumerism Card!
The Consumerism Card is being introduced for the first time in May 2015, exclusively to all City Retirees in an effort to conveniently stretch your pension incomes and make ‘normal’ health-related and other personal expenses more affordable.

Retirees will enjoy large savings related to family health care costs, including:

• No cost ‘On Demand’ Telemedicine – when ever, where ever
• No cost Health Advocacy
• Substantial Dental, Vision and Hearing discounts
• Pharmacy, Vitamins and other health supplement discounts
• Diabetic Supplies, Lab and imaging discounts
• Travel Assistance Benefits

Retirees will be provided an opportunity to sign up for this new program, on a voluntary basis. Costs are minimal, and will be accommodated through the convenience of pension deduction.

Mark the Date: We encourage you to participate in the upcoming retiree educational seminar on Tuesday, May 26th when informational materials will be shared. You won’t want to miss it!

Also over the next several weeks, you’ll be hearing more about this exciting new program. Stay tuned!

2015/16 Retiree Ex-Officio Meeting Schedule

The Retiree Ex-Officio Committee will meet on the following Thursdays at 11:00 a.m. in the Retirement System Office:

March 26, 2015
April 30, 2015
September 24, 2015
October 29, 2015
January 28, 2016
February 25, 2016

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 or the City of Ann Arbor.

MOVING?
Please remember to report any change of address and telephone numbers to the Retirement Office!
Financial Habits are Changing!

Millennials, who gained the name for coming of age around the year 2000, are today’s youngest generation in the workforce. They were born in 1979 and later. Millennials have witnessed rapid social change during their young lives: the irrational exuberance of the 1990s, the bursting of the dot-com bubble, the tragic events of September 11, the mania of the real estate market and its collapse, and continuous technological developments and advances.

Many Millennials began entering the workforce coincident with the Great Recession, between 2007 to 2009 - a difficult time to find full time career-oriented work, or any work at all in some cases. In 2013, the unemployment rate was higher among workers age 25 to 34 (7.4 percent) compared to workers 35 and older (less than 6 percent).

Millennials have also been entering the workforce with higher levels of student debt than older generations. In spite of some of these inherent disadvantages, Millennials are engaged in their financial planning.

Three out of four (76 percent) Millennial workers are discussing saving, investing, and planning for retirement with family and friends. Surprisingly, Millennials (18 percent) are twice as likely to “frequently” discuss the topic compared to Baby Boomers (9 percent).

Sourced from: