

Employees' Retirement Plan Annual Report 2008

KDL
Kent District Library
www.kdl.org

Dear Reader:

Kent District Library maintains a defined benefit pension plan, known collectively as the Kent District Library Employees' Retirement Plan. Each year, this plan undergoes review as the Board of Trustees, fund Managers, and consultants monitor its performance to ensure future expenses can be met through contributions and investments. This summary is made available to the membership as an annual report on the health of the plan. This year, our report is being mailed to our retirees and deferred retirees as well. In the future, our report, along with minutes from our Pension Board meetings, will be posted on our website at <http://www.kdl.org/about/go/pension>. By visiting the site, retirees and employees can stay informed regarding the status of our plan. Should you have any questions, feel free to e-mail me directly at bmortimore@kdl.org.

Wishing you the best in retirement!

Brian L. Mortimore, SPHR
KDL HR Director and Pension Plan Administrator

Member Trustee Changes

This past year saw changes in those trustees who are elected by the membership. Trustee Julie Rooney resigned her role to pursue other professional interests and longtime Trustee Erma Kirchies joined the ranks of the KDL Retirees. Through an election process, Julie and Erma were replaced by General Accountant Sharon Harrington and Adult Librarian Anthony Senna. On behalf of all of KDL, we wish to express our gratitude to Julie and Erma for their service and welcome Sharon and Anthony as they begin to fulfill their respective terms of office.

The Pension Board of Trustees also includes two members appointed by the KDL Board of Trustees, they are: Sandra Wisniewski and Chairman Charles Myers.

A member of the public is also appointed to the Board. This role is fulfilled by retired City of Grand Rapids Pension Plan Administrator, Henry T. Vry.

Non-voting members of the Board include, by position: Library Director, Martha Smart and Human Resources Director and Pension Plan Administrator, Brian Mortimore.

The Trustees convene at a minimum of once per quarter to review investment performance, plan expenses, and to make decisions which support the plan's goal of providing retirement benefits for the retirees of Kent District Library.



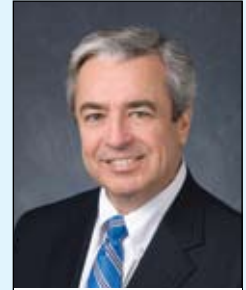
General Accountant
Sharon Harrington



Adult Librarian
Anthony Senna



Trustee
Sandra Wisniewski



Chairman
Charles Myers



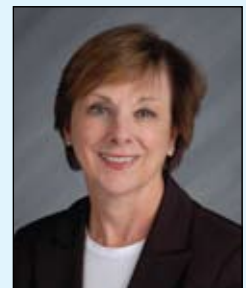
Trustee
Henry T. Vry



Pension Plan Administrator
Brian Mortimore



The KDL Pension Board reviewing the results from the annual plan audit.



Library Director
Martha Smart

A Note from the Pension Trustees

As Trustees of the Kent District Library Employees' Retirement System, we are proud to serve the members of the Retirement Plan. The Plan was established when KDL became a district library independent of the County, and this Board was created to provide administrative oversight of the Plan.

The Board is composed of both appointed and elected members. Each trustee participates in ongoing educational and instructional sessions to stay current with the many legal requirements of institutional investing, and to ensure the Plan's objectives are met.

We realize the popular press regularly shares stories of troubled organizations that have not fully funded their pension plans. As our audit and actuarial reports show, KDL's Plan is fully funded to meet the benefit needs of current and future retirees.

Our Board meetings primarily focus on dialogue and planning to ensure that our investment strategy will reach its goals. To assist us in our decision making process, we receive advice and guidance from professional consultants. Our meetings are open to all, so we would like to take this opportunity to invite each of you to attend.

We believe your pension benefit is the most important long term benefit of your employment. We want you to understand your options and have the best retirement possible, so please always feel free to ask us any questions you may have.

**Warmest Regards,
The Trustees of the KDL Employees' Retirement System**



Summary Report of Plan Operations and Expenses

The accounting firm of BDO Seidman, LLP completed its audit of KDL's pension plan in Spring 2008. Management believes, and actuarial studies concur, that the plan is in a solid financial position to meet its future obligations.

Revenue sources include employer contributions, member contributions, and earnings on investments. Contributions and investment income for the fiscal year ended December 31, 2007 totaled \$2,705,889.

The primary expenses of the plan include the payment of pension benefits to members and beneficiaries, refunds of contributions, and plan administration. Total deductions, including investment management fees, for the fiscal year ended December 31, 2007 were \$344,961; of this, payments for retirement benefits were \$293,017, an increase of \$58,731 from 2006. As of January 1, 2008, KDL had thirty-seven (37) retirees and twenty-four (24) deferred retirees. Meanwhile, there were 263 active members (i.e., those who are enrolled in the plan, actively working at KDL, and not yet receiving retirement benefits.)

The net assets as of January 1, 2008 were \$28,664,359. When considered against the plan's actuarial valuation and future needs, it was recognized by the auditors that the plan is funded at a 113% funding ratio meaning it has 13% more assets than liabilities. The plan continues to be in good financial condition in accordance with its objectives.

Summary Report of Recent Plan Changes

Following several quarters of poor performance, from its Small/Mid-Cap Fund Manager, PanAgora, the Pension Board of Trustees chose to transfer assets to Eaton Vance Atlanta Capital. This fund represents approximately 9.5% of the total trust.

Staying Connected

Whether you are an active employee, a deferred retiree, or an active retiree, please inform the KDL Human Resources Department of changes to beneficiaries or general contact information. KDL remains reachable at:

KDL

Attn: Pension Plan Administrator
814 W. River Center NE
Comstock Park, MI 49321
Ph: 616-647-4148
Fax: 616-647-9936



A Note for Active Employee Members

We would like to take this opportunity to remind the active employee members of an important responsibility upon termination of your employment with KDL. If you should leave prior to being eligible for retirement, but are in fact vested in the Plan, you will be placed on deferred status (meaning your pension benefit will be deferred until you are eligible at age 60 and complete the application for retirement benefits.) If you are in deferred status and approaching the age for normal retirement (i.e., 60), you must complete and submit an application for retirement benefits to the KDL Human Resources Department at least 30 days prior to your 60th birthday. Note that you can begin to collect your KDL pension at age 60 even if you are working elsewhere. Failure to apply will result in the loss of benefits for each month that passes without the ability to receive retroactive payments. It is important to note that your pension benefit does not grow when you are in deferred status like it does under social security. Further, failure to apply by the age of 64 would result in the complete loss of your monthly pension benefit with only the lump sum return of your untaxed pension contributions (i.e., the total amount you contributed to the pension fund plus a set rate of interest); this is only true, however, for those in deferred status.

Employees interested in reviewing the minutes from the Pension Board meetings are welcome to click on www.kdl.org/about/go/pension or to access these through the HR website.

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