

ARTICLE II. 1973 DEFINED BENEFIT/DEFINED CONTRIBUTION (ANNUITY) PLAN OF THE GENERAL RETIREMENT SYSTEM.

Sec. 47-2-1. Membership.⁷⁰

The membership of the General Retirement System *1973 Defined Benefit/Defined Contribution (Annuity) Plan* shall consist of all persons who are full time employees of the Employer as defined in Section 47-1-21 of this Code, except:

- (a) persons who are members of the Policemen and Firemen Retirement System, established under Title IX, Chapter VII of the 1918 Detroit City Charter and continued in the 1974 and 1997 Detroit City Charters;
- (b) persons who make an election to become a participant in the Retirement System 1998 Defined Contribution Plan pursuant to Section 47-3-3 of this Code; and
- (c) Any person who is a member of any other public employee pension or retirement plan adopted by the State of Michigan, other than the Michigan National Guard, or by any other political subdivision of this state. (Ord. No. 29-01, § 1, 11-30-01; Ord. No. 08-03, § 1, 4-9-03)

Sec. 47-2-2. Cessation of Membership; Re-Employment by the Employer.⁷¹

- (a) Any Member who retires under Section 47-2-4(a), (b), or (c),⁷² or dies, shall have a non-forfeitable right to a benefit.
- (b) Except as otherwise provided for in this *Article II*, if any non-vested Member leaves City employment for any reason other than retirement or death, such person shall thereupon cease to be a Member and his or her credited service at that time shall be forfeited. In the event of reemployment by the City, such person shall again become a Member of the Retirement System. If re-employment occurs within a period of six years⁷³ from and after the date

⁷⁰ 1918 Detroit City Charter, T.9, C. VI, A. 2, §1, as amended effective September 15, 1964.

⁷¹ 1918 Detroit City Charter, T.9, C. VI, A. 2, §2, as amended effective September 15, 1964.

⁷² Those provisions outline the age and service requirements for normal service retirement, this is, after thirty years at sixty-five with eight years, at sixty with ten years or twenty-five years of service.

⁷³ The "six-year rule" was upheld in *Weeks v Board of Trustees*, 160 Mich App 81; 408 NW2d 109 (1987).

City employment last terminated, credit⁷⁴ service last forfeited shall be restored to his or her credit for purposes of accruing a benefit after re-employment.

- (c) Vested former employees rehired prior to receiving pension benefits.⁷⁵
- (1) Former employees who are vested but have not yet begun to receive pension benefits who are rehired prior to being separated for six years shall have their pension calculated in accordance with the rules in effect at the time of their last termination of active service or retirement.
 - (2) Former employees who are vested but have not begun to receive pension benefits and are rehired after July 1, 1992 after being separated for more than six years who accumulate enough service credit to be eligible for a second pension shall be entitled to two separate and distinct pensions, each to be calculated in accordance with the rules in effect at the time of each separation from service.
 - (3) An employee who becomes eligible to collect his or her previously vested pension while still working, shall not be eligible to receive his or her vested pension but will be entitled to have the pension improvement factor added to the vested amount of the original pension for payment when the employee eventually retires. The basic pension amount of twelve dollars (\$12.00) per year for up to ten years will only be included on the employee's original pension.
 - (4) Members who have separated from City service with vested rights under *Article II* and return to work after a separation of more than six years, prior to the receipt of a vested pension benefit, may elect to a member of either the *Article II* or *Article III Fund* during their new period of service. Such election must be made within ninety days of re-employment within the City. If the Member elects the *Article III Fund* for the new period of service and becomes eligible to collect their previously vested pension while still working, they may begin to collect their vested pension on their eligibility date.

⁷⁴ Printer's error - should read "credited service."

⁷⁵ Policy Resolution of the Board of Trustees, Meeting No. 2952, October 6, 1993.

- (d) Retirement benefits for Retirees who return to active full time employment.⁷⁶
- (1) Retirees who return to work will have their *Defined Benefit Plan* pension benefit amount suspended upon reemployment. However, retirees who have not withdrawn their *Defined Contribution* amounts shall be entitled to continue to receive the monthly annuity from the *1973 Defined Contribution Plan*. The pension improvement factor shall continue to be added to the vested amount of the original pension but will not be paid on the *Defined Benefit* amount until the employee again separates from service.
 - (2) Retirees who return to work will be entitled to receive a second pension benefit in accordance with the rules in effect at the time of their final separation with respect to service credit earned after the retiree returns to active employment. Previous Service Credit will be used to determine what retirement factors will be credited to service time earned after return to active employment and used to calculate the new pension amount.⁷⁷
 - (3) Average Final Compensation will be based upon the amounts earned after the retiree returns to work.⁷⁸
 - (4) Employees who retire under this Section 47-2-2(d) for a second time will not be allowed to change their original option selection with respect to the original pension benefit. However, employees may make a separate option selection on their second pension benefit amount.
 - (5) The basic pension amount of twelve dollars (\$12.00) per year for up to ten years will be included only on the employee's original pension.
 - (6) The coordination of benefits (equaled⁷⁹ Social Security) option will not be available on a second pension amount.

⁷⁶ *Ibid.*

⁷⁷ *Ibid.* For example, if the retired employee had more than twenty-five years of service for his/her initial retirement, his/her factor for all new service would be two point two percent (2.2%).

⁷⁸ *Ibid.* For example, if the Retiree works three years, the divisor would be three, with the highest three consecutive years out of the last ten years used whenever possible.

⁷⁹ This is an error in the printed Code; it should read "equated" not "equaled."

- (7) If a Retiree who returns to work and dies while working, had an accumulated combined total service time of at least twenty years, the employee's spouse will be eligible for automatic Option Two benefits,⁸⁰ notwithstanding the option form of retirement originally elected.
- (8) If a Retiree who returns to work and dies while working had an accumulated combined total service time of at least fifteen years but less than twenty years, the employee's spouse will be eligible for automatic Option Three benefits, notwithstanding the option form of retirement originally elected.
- (9) If the employee returns to work and dies prior to accumulating a combined total of fifteen years of service credit, the original pension and benefit option chosen shall resume unless the employee had chosen the Straight Life Option which would result in no survivor pension benefits.
- (10) The Board of Trustees will determine all entitlements for re-employed individuals on a case by case basis consistent with this Section and will resolve all issues based upon special circumstances or unique situations. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-3. Election to Transfer to 1998 Defined Contribution Plan.⁸¹

Any Employee Member who is also a member of the Coverage Group as defined in Section 47-3-2 of this Code who makes an election to transfer to the *1998 Defined Contribution Plan* pursuant to Section 47-3-3 of this Code, shall transfer to the Trust of that Plan both the *1973 Defined Contribution Plan (Annuity Savings Fund)* balance and the actuarial present value of the *1973 Defined Benefit Plan* credited benefits of such individual under the DGRS in accordance with Section 47-3-3 of this Code and the rules and procedures established by the Board. (Ord. No. 29-01, § 1, 11-30-01)

⁸⁰ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E., § 1(a), as amended by the 1964 Detroit City Code Section 54-11-1(1) as amended by Ordinance 50-H, effective June 25, 1975, retroactive to July 1, 1974.

⁸¹ This section is new.

Sec. 47-2-4. Service Retirement.⁸²

(a) *Retirement after thirty years service.*⁸³ Any Member who has accumulated at least thirty or more years of credited service regardless of age, or, for any Members hired under a collective bargaining agreement, any Member who was hired on or after the date specified in the applicable collective bargaining agreement who has accumulated at least thirty or more years of credited service and has attained age fifty-five, may retire upon written application filed with the Board setting forth the date on which the Member desires to be retired. The date of retirement shall be effective not less than thirty, nor more than ninety, days subsequent to the execution and filing of the application for retirement. On the specified date, the Member shall be retired notwithstanding age or the fact that during such period of notification the member may have separated from City service. Upon retirement, the Member shall receive a retirement allowance as provided in Section 47-2-5 of this Code.

(b) *Retirement at age sixty-five with eight years of service; at age sixty with ten years of service.*

- (1) *Sixty-five and eight.* Any Member who has attained sixty-five years of age and has at least eight years of credited service may retire upon written application filed with the Board setting forth an anticipated retirement date.
- (2) *Sixty and ten.* Any Member who has attained sixty years of age and has at least ten years of credited service may retire upon written application filed with the Board setting forth an anticipated retirement date.
- (3) Any such anticipated retirement date shall not be less than thirty nor more than ninety days subsequent to the filing of the application. On the specified date, the Member shall be retired, notwithstanding that during such period of notification he or she may have separated from City service. Upon retirement, the former Member shall receive the retirement allowance provided for in Section 47-2-5⁸⁴ of this Code.

⁸² 1918 Detroit City Charter, T.9, C. VI, A. 6, §1.1, as amended effective September 15, 1964, as amended effective August 16, 1966. In summary, a Member may retire (a) with thirty years of credited service; (b) if hired after January 1, 1996, with thirty years of credited service and age fifty-five; (c) if sixty or older with ten years of credited service; or, (d) if sixty-five or older with eight years of credit service. A member may elect an actuarially reduced service retirement at any age with twenty-five or more years of service.

⁸³ 1964 Detroit City Code Section 54-7-1.1, as amended effective September 15, 1964, as amended effective August 16, 1966.

⁸⁴ Service retirement allowance.

- (c) *Retirement after twenty-five years of service without attaining age sixty years; Reduced pension.*
- (1) *Early retirement.* Any Member of the Retirement System who is on the payroll on or after July 1, 1992, and who has twenty-five years of credited service and has not attained sixty years of age, shall have the option of early retirement by accepting an actuarially reduced retirement allowance as determined by the Board of Trustees after consultation with the Board's Actuary, notwithstanding the age of the Member who elects early retirement. Said election shall be made within ninety days of separation from City service. Actuarial tables provided by the Board's Actuary shall always provide this actuarially reduced retirement allowance at no cost to the employee.
- (2) Employees utilizing the early retirement provision in this Section 47-2-4(c)(1) will not be entitled to the fringe benefits, if any, accruing to employees who qualify for a normal service retirement until such time as they would have qualified for a normal service retirement under 47-2-4(a) or (b) of this Code. However, employees may maintain health care benefits, if any, through the City's COBRA program, or its equivalent, until that time.
- (d) *Retirement allowance; Age forty and eight years of service; Ten years of service regardless of age.*⁸⁵
- (1) Eligibility.
- a. Any Member hired before July 1, 1980 who has reached forty years of age and has acquired eight or more years of credited service shall be eligible to receive benefits provided by Section 47-2-4(d)(2) of this Code.
- b. Any Member hired on or after July 1, 1980 who has acquired ten years of credited service shall be eligible to receive the benefits provided by Section 47-2-4(d)(2) of this Code regardless of age.
- c. Any non-union Member hired on or after July 1, 1980 but before March 31, 1992 who has acquired ten years of credited service

⁸⁵ 1984 Detroit City Code Section 47-2-2 and 47-2-3 (uncodified), effective March 30, 1992, retroactive to July 1, 1980. In summary, an employee is vested if; (a) hired before July 1, 1980 with eight years of service and are at least forty years of age; (b) hired before July 1, 1980 or after, after ten years of service regardless of age. Non-union employees hired between July 1, 1980 and March 20, 1992; vest under either the "forty and eight" or the "ten year" rule.

regardless of age or has reached age forty with eight or more years of credited service, whichever is earlier, shall be eligible to receive benefits provided by Section 47-2-4(d)(2) of this Code.

(2) *Benefits.*

- a. Any Member described in Section 47-2-4(d)(1)⁸⁶ of this Code who leaves City employment on or before June 30, 1992 but prior to the date the Member would have first become eligible to retire as provided in Section 47-2-4(a),⁸⁷ (b)⁸⁸ or (c)⁸⁹ of this Code, for any reason except discharge for reasons covered by the State Forfeiture Law,⁹⁰ retirement or death, shall be entitled to a retirement allowance based upon one point five percent (1.5%) of average final compensation for the first ten years of service and one point six three percent (1.63%) for service in excess of ten years. There shall be no change to the base pension upon which future increases are based.
- b. Any Member described in Section 47-2-4(d)(1) of this Code who leaves City employment on or after July 1, 1992, but prior to the date the member would have first become eligible to retire as provided in Section 47-2-4(a), (b) or (c) of this Code, for any reason except discharge for reasons covered by the State Forfeiture Law,⁹¹ retirement or death, shall be entitled to a retirement allowance computed according to Section 47-2-5⁹² of this Code.
- c. The retirement allowance shall begin on the first day of the calendar month following the month in which the retirement application is filed with the Board, on or after that date on which the Member would have been eligible to retire with an unreduced service retirement under

⁸⁶ Vested pension – Forty years of age with eight years of service or ten years of service.

⁸⁷ Thirty years of service.

⁸⁸ Sixty-five years of age with eight years of service, sixty years of age with ten years of service.

⁸⁹ Under sixty years of age with twenty-five years of service.

⁹⁰ The *Public Employee Retirement Benefits Forfeiture Act*, MCL 38.2701 *et seq.*

⁹¹ *Public Employee Retirement Benefits Forfeiture Act*, *supra*.

⁹² Service retirement allowance.

Section 47-2-4(a) or (b) of this Code, had City employment continued or on the date when age sixty is reached, whichever is earlier. Unless otherwise provided in this Article, no service credit shall be earned for the period of absence from City employment and such person's beneficiary shall not be entitled to any other benefit afforded in this Article except those benefits afforded either in Section 47-2-4 or in Section 47-2-5 of this Code notwithstanding termination of membership.

(3) *Withdrawal of accumulated contributions.*

Upon separation from City employment, Members who qualify for benefits pursuant to Section 47-2-4(d)(1) of this Code may withdraw their *1973 Defined Contribution Plan* accumulated contributions and all other funds standing to their credit in the Annuity Savings Fund at that time without affecting their benefits under Section 47-2-4(d)(2) or 47-2-5 of this Code. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-5. Service Retirement Allowance.⁹³

Upon retirement, a Member who meets the qualifications set forth in Section 47-2-4(a), (b) or (c) of this Code, shall receive a *Straight Life Retirement Allowance*, and shall have the right to elect to receive in lieu of the *Straight Life Retirement Allowance*, a reduced retirement allowance under an option provided in Section 47-2-9⁹⁴ of this Code.

The *Straight Life Retirement Allowance* shall consist of:

- (a) An *Annuity* which shall be the actuarial equivalent of the Member's accumulated contributions in the *1973 Defined Contribution Annuity Savings Fund* at the time of retirement; and
- (b) A *Basic Pension* of twelve dollars (\$12.00) per annum multiplied by the number of years, and fractions of years of credited service, not to exceed ten years; and

⁹³ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.A., §2, as amended effective September 15, 1964, as amended effective August 16, 1966, as amended effective July 1, 1969, as amended effective July 1, 1973, as amended effective July 1, 1996 (Ordinance 2-97), as amended effective July 1, 1992 (Ordinance 1-98), as amended effective July 1, 1992 (Ordinance 3-98), as amended effective July 1, 1992 (Ordinance 9-99).

⁹⁴ Retirement allowance options.

(c) *A Membership Service Pension.*

- (1) For Members who retire on or before June 30, 1992, a membership service pension of one point five percent (1.5%) of Average Final Compensation for the first ten years of service and one point six three percent (1.63%) for service in excess of ten years.
 - (2) For Members who retire on or after July 1, 1992 but prior to July 1, 1998, a membership service pension of one point five percent (1.5%) of Average Final Compensation for each year of service for the first ten years, plus one point seven percent (1.7%) of Average Final Compensation for each year of service in excess of ten years, plus one point nine percent (1.9%) of Average Final Compensation for each year of service in excess of twenty years. In no event shall benefits paid by the Retirement System exceed ninety percent (90%) of Average Final Compensation.
 - (3) For Members who retire on or after July 1, 1998, a membership service pension of one point six percent (1.6%) of Average Final Compensation for each year of service for the first ten years, plus one point eight percent (1.8%) of Average Final Compensation for each year of service in excess of ten years up to twenty years of service, and plus two percent (2%) of Average Final Compensation for each year of service in excess of twenty years up to twenty-five years, plus two point two percent (2.2%) of Average Final Compensation for each year of service in excess of twenty-five years. In no case shall benefits paid by the Retirement System exceed ninety percent (90%) of Average Final Compensation.
- (d) With respect, to regular service retirees under Section 47-2-4(a) and (b)⁹⁵ of this Code only and excluding persons who receive vested benefits under Section 47-2-4(c) and (d) of this Code, in no case shall the total of the annual Straight Life Pension be less than three hundred sixty dollars (\$360.00) times each of the first ten years of service at retirement plus one hundred twenty dollars (\$120.00) for each year of service in excess of ten years. The recalculation of the pension benefit shall include previous pension improvement factors but shall not include special increases granted by prior separate ordinances.⁹⁶

⁹⁵ Retirement allowance plan.

⁹⁶ For example, but not limited to, Ordinance No. 85-H, effective February 19, 1976, retroactive to July 1, 1975; Ordinance No. 165-H, effective December 3, 1976, retroactive to July 1, 1976.

- (e) If a Retiree dies before receipt of Straight Life Retirement allowance payments in an aggregate amount equal to, but not exceeding, the Retiree's accumulated contributions in the Annuity Savings Fund at the time of retirement, the difference between these accumulated contributions and the aggregate amount of Straight Life Retirement allowance payments received, shall be paid to such person or persons nominated by written designation duly executed by Retiree and filed with the Board. If there is no such designated person or persons surviving the Retiree, such difference shall be paid to his or her estate. In no case shall any benefits be paid under this Section because of the death of a Retiree if the Retiree had elected any of the Options provided in Section 47-2-9 of this Code. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-6. Disability Retirement.⁹⁷

- (a) *Duty Disability; Eligibility.*

Upon the application of a Member or the Member's Department Head, a Member who becomes totally and permanently incapacitated for duty in the employ of the employer shall be retired by the Board; provided, such incapacity is found by the Board to be the natural and proximate result of the actual performance of duty, without willful negligence on the part of the Member; provided further, that the Retirement System Medical Director shall certify to the Board after a medical examination, that such Member is mentally or physically totally and permanently incapacitated for the further performance of duty to the employer, and that such Member should be retired from City service.

- (b) *Duty disability; Benefits.⁹⁸*

Upon retirement for disability as provided in Section 47-2-6(a) of this Code, a Retiree shall receive the following benefits:

- (1) Any Member who is eligible for a Service Retirement under Section 47-2-4(a) or (b) of this Code shall receive a *Service Retirement Allowance* as provided in Section 47-2-5⁹⁹ of this Code and shall have the right to elect an option provided for in Section 47-2-9¹⁰⁰ of this Code.

⁹⁷ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §1, as amended effective September 15, 1964.

⁹⁸ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §2, as amended effective September 15, 1964.

⁹⁹ Service retirement benefits.

¹⁰⁰ Retirement allowance options.

(2) Any Member prior to eligibility for a Service Retirement under Section 47-2-4(a) or (b) of this Code shall receive a *Disability Retirement Allowance* to begin as of the date of disability. In no case shall the *Disability Retirement Allowance* be retroactive to more than six months before the date the application for Disability Retirement is filed with the Board, or prior to the date the Member's name last appeared on a City payroll with pay, whichever is later. The *Disability Retirement Allowance* shall continue until the Member reaches eligibility for *Service Retirement* or recovers prior to that event. Upon reaching eligibility for *Service Retirement*, he or she shall receive a pension as provided in Sections 47-2-5(b)--(e) of this Code, together with an annuity which shall be the equivalent of the annuity which would have been received had contributions to the Annuity Savings Fund continued. Said contributions are to be based on the final compensation at the date of disability and the annuity percentage in effect for the employee on the July first prior to the effective date the employee is added to the disability retirement payroll, provided said July first is at least six months prior to the effective date that the employee is added to the regular retirement payroll. In computing the pension, membership service credit shall be given for the period a Duty Disability Retirement Allowance is received. The Disability Retirement Allowance shall consist of:

- aa. A Cash Refund Annuity¹⁰¹ which shall be the actuarial equivalent of the Member's accumulated contributions in the Annuity Savings Fund at the time of retirement. If a Retiree dies before receipt of annuity payments in an aggregate amount equal to, but not exceeding, the Retiree's accumulated contributions, the difference between the accumulated contributions and the aggregate amount of annuity payments received shall be paid in a single lump sum to such person or persons nominated by written designation duly executed and filed with the Board. If there is no such designated person surviving the Retiree, such difference shall be paid to the Retiree's Estate.
- bb. In addition to the Annuity, a Pension¹⁰² of sixty-six and two-thirds of the Member's Average Final Compensation at the time of disability, subject to the provisions of Sections 47-2-13

¹⁰¹ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §2(b)(1), as amended effective September 15, 1964, as amended effective August 15, 1966, as amended effective July 1, 1973.

¹⁰² 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §2(b)(2), as amended effective September 15, 1964, as amended effective August 16, 1966, as amended effective July 1, 1973.

and 47-2-14 of this Code. This Pension shall in no event exceed fifty-seven hundred dollars (\$5,700.00) per annum.

- cc. For Members who retired on disability on or after January 1, 1999, a pension, in addition to the Annuity, of sixty-six and two-thirds of the Member's average compensation at the time of disability subject to the provisions of Sections 47-2-13 and 47-2-14 of this Code. This Pension shall in no event exceed nine thousand dollars (\$9000.00) per annum.

(c) *Non-Duty Disability; Eligibility.*¹⁰³

Upon the application of a Member or the Member's Department Head, a Member who has at least ten years of credited service who becomes totally and permanently incapacitated for duty as a result of causes which do not occur in the actual performance of duty to the employer, may be retired by the Board if the Medical Director certifies to the Board after examination that such Member is mentally or physically totally incapacitated for the further performance of duty, that such incapacity is likely to be permanent, and that such Member should be retired.

(d) *Non-Duty Disability; Benefits.*¹⁰⁴

Upon retirement for disability as provided in Section 47-2-6(c) of this Code, a Member shall receive the following benefits:

- (1) After attaining sixty years of age, a Member shall receive a *Service Retirement Allowance* as provided in Section 47-2-5 of this Code and shall have the right to elect an Option as provided in Section 47-2-9¹⁰⁵ of this Code.
- (2) Prior to age sixty, a Member shall receive benefits as provided in Section 47-2-6(d)(2)aa--dd¹⁰⁶ of this Code:

¹⁰³ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B. §3, as amended effective September 15, 1964. A member must have at least ten years of credited service to be eligible for a non-duty related disability benefit.

¹⁰⁴ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B. §4, as amended effective September 15, 1964, as amended effective August 16, 1966.

¹⁰⁵ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B. §4(a), as amended effective September 15, 1964, as amended effective August 16, 1966.

¹⁰⁶ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B. §4(b), as amended effective September 15, 1964, as amended effective August 16, 1966.

- aa. A *Cash Refund Annuity*¹⁰⁷ which shall be the actuarial equivalent of the Member's accumulated contributions in the Annuity Savings Fund at the time of retirement. In the event a Retiree dies before the total of the *Cash Refund Annuity* payments received equals or exceeds the amount of his or her accumulated contributions at the time of retirement, the remainder shall be paid in a single lump sum to such person or persons nominated by written designation duly executed by the Member and filed with the Board. If there is no such designated person or persons surviving, any such remainder shall be paid to the Retiree's Estate.

- bb. In addition to the Annuity, a *Disability Pension*¹⁰⁸ which shall be based on the Service Retirement factors in effect on the effective date of disability. The service retirement factors shall be multiplied by the Average Final Annual Compensation multiplied by the number of years and fractions of years of service credited to the Retiree. In addition, a basic pension of twelve dollars (\$12.00) per annum for a maximum of ten years of credited service shall be added for a total not to exceed one hundred twenty dollars (\$120.00) and adjustments thereto, as calculated pursuant to applicable provisions of the Detroit City Charter, as amended, and the Detroit City Code, as amended. Said Disability Pension shall begin as of the date of the disability. However, in no case shall the pension begin more than six months before the date the application for disability retirement was filed with the Board, or prior to the date his or her name last appeared on a City payroll with pay, whichever is later. Payment of the Disability Pension shall continue to age sixty. Said Disability Pension shall not exceed thirty-nine hundred dollars (\$3900.00) per annum, and shall be subject to the provisions of Sections 47-2-13 and 47-2-14 of this Code.

- cc. A Member who retired on disability on or after January 1, 1999 shall receive a Disability Pension as provided for in Section 47-2-6(d)(2)bb of this Code. Said Disability Pension shall not exceed six thousand dollars (\$6,000.00) per annum, and shall be subject to the provisions

¹⁰⁷ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §4(b)(1), as amended effective September 15, 1964, as amended effective August 16, 1966.

¹⁰⁸ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §4(b)(2), as amended effective September 15, 1964, as amended effective August 16, 1966, as amended effective July 1, 1973.

of Sections 47-2-13 and 47-2-14 of this Code.

- dd. Effective July 1, 1967, notwithstanding the limitations contained in Section 47-2-6(d)(2)bb of this Code, Disability Retirees under Section 47-2-6(c) of this Code, who retired 1) prior to August 13, 1953, shall receive a supplementary Pension of forty dollars (\$40.00) per month; or 2) after August 13, 1956 and prior to July 1, 1966, shall receive a supplementary pension of twenty dollars (\$20.00) per month.
- ee. *Upon Attaining Age Sixty*, the Retiree shall receive a Pension computed according to the provisions of Section 47-2-5(b)-(e) of this Code; provided, that no service credit shall be given for the time a Disability Pension provided for in Section 47-2-6(d)(2)b of this Code was received. Upon attaining age sixty, the Retiree shall have the right to make an election under Section 47-2-9 of this Code. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-7. Accidental Death Benefit; Performance of Duty.¹⁰⁹

If a Member is killed in the performance of duty in the service of the employer, or dies as the result of illness contracted or injuries received while in the performance of duty in the service of the employer, and such death, illness, or injuries resulting in death, is found by the Board to have resulted from the actual performance of duty in the service of the employer, the following benefits shall be paid, subject to Section 47-2-13 of this Code:

(a) *Annuity Savings Fund.*¹¹⁰

Accumulated savings in the members *Annuity Savings Fund* at the time of death shall be paid in a single lump sum to such person or persons as the Member nominated in a writing duly executed and filed with the Board. In the event there is no designated person or persons surviving the Member, the accumulated contributions shall be paid to the Member's Estate.

(b) *A Pension*¹¹¹ of one-third of the final compensation of said Member shall be paid to the surviving spouse to continue until remarriage. If an unmarried child, or children

¹⁰⁹ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.C, §1, as amended effective September 15, 1964, as amended effective August 16, 1966.

¹¹⁰ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.C, §1(a), as amended effective September 15, 1964, as amended effective August 16, 1966.

¹¹¹ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.B, §1(b), as amended effective September 15, 1964, as amended effective August 16, 1966.

under age eighteen also survive the deceased Member, each surviving child shall receive a pension of one-fourth of said final compensation, to be divided equally. Upon any such child's adoption, marriage, attainment of age eighteen, or death, whichever occurs first, such child's pension shall terminate and there shall be a redistribution by the Board to the surviving eligible children under age eighteen. In no event shall any child receive a pension of more than one-fourth of said final compensation.

(c) *No Surviving Spouse; Children.*¹¹²

If there is no surviving spouse, or if such surviving spouse dies or remarries before the youngest surviving child of a deceased Member shall have attained the age of eighteen, any unmarried child or children under age eighteen, if any, shall receive a Pension equal to one-fourth of the deceased Member's final compensation; provided, that if there are more than two such surviving children, each shall receive a pension of an equal share of one-half of said final compensation. Upon any such child's adoption, marriage, attainment of age eighteen, or death, whichever occurs first, the child's Pension shall terminate and there shall be a redistribution by the Board to the surviving eligible children under age eighteen. In no case shall any such child's Pension be more than one-fourth of the deceased Member's final compensation.

(d) *Annual Limit.*¹¹³

The total amount payable under Section 47-2-7(b) and (c) of this Code on account of the death of a Member, shall not exceed nine thousand dollars (\$9,000.00) per annum.

(e) *Dependent Father and/or Mother.*¹¹⁴

If the deceased Member has no surviving spouse or children eligible for pensions under this section, a Pension equal to one-sixth of the deceased Member's final compensation shall be paid to the Member's surviving dependent father and/or mother; provided that in no case shall either parent's Pension exceed fifty dollars (\$50.00) per month. Payment to a dependent parent or parents shall be contingent upon a finding by the Board of Trustees after investigation that such parent or parents were actually

¹¹² 1918 Detroit City Charter, T.9, C. VI, A. 6, P.C, §1(c), as amended effective September 15, 1964, as amended effective August 16, 1966.

¹¹³ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.C, §1(e), as amended effective September 15, 1964, as amended effective August 16, 1966, as amended effective July 1, 1996 (Ordinance 29-96).

¹¹⁴ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.C, §1(d), as amended effective September 15, 1964, as amended effective August 16, 1966, as amended effective July 1, 1996 (Ordinance 29-96).

dependent upon said deceased Member through a lack of earning power resulting from physical or mental disability.

(f) *Section 47-2-13 of this Code Applicable.*¹¹⁵

The benefits provided in Section 47-2-7 of this Code shall be subject to Section 47-2-13 of this Code. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-8. Accumulated Contributions; Return of 1973 Defined Contribution Plan Amount.¹¹⁶

(a) *Cessation of Employment.*

- (1) If a Member ceases to be an employee of the employer before becoming eligible for a Pension paid out of City contributions to the Retirement System, such Member shall be paid all or part of the Member's *Annuity Savings Fund*, being *The 1973 Defined Contribution Plan* amount, as the Member shall demand by written application filed with the Board.
- (2) Except as otherwise provided in this Article, upon death a Member's *Annuity Savings Fund* shall be paid to such person or persons nominated in a written designation duly executed by the Member and filed with the Board. In the event there is no such designated person or persons surviving, the Member's said accumulated contributions shall be paid to the Member's Estate.
- (3) If a Member who dies without a legal will has not nominated a beneficiary as provided in Section 47-2-8(a)(2) of this Code, the Member's accumulated *Annuity Savings Fund* contributions at the time of death may be used to pay burial expenses if the Member leaves no other estate sufficient for such purpose. Such expenses shall not exceed a reasonable amount as determined by the Board.
- (4) Accumulated contributions to be returned as provided in this Section may be paid in equal monthly installments for a period not to exceed three years, according to such rules and regulations as the Board may adopt from time to time. After a Member ceases to be a Member,

¹¹⁵ *Pensions offset by compensation benefits; subrogation.*

¹¹⁶ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.D, §1, as amended effective September 15, 1964, as amended effective July 1, 1973.

any balance in the *Annuity Savings Fund* which is unclaimed by the said Member or the Member's heirs, shall remain a part of the funds of the Retirement System and shall be transferred to the *Pension Accumulation Fund*.

(b) *One Time Withdrawal; Twenty-Five Years.*

Prior to the receipt of the first retirement benefit check, employees with twenty-five or more years of service shall be allowed to withdraw either a partial or full amount of their accumulated contributions, one time only.

(c) *One Time Withdrawal; Duty and Non-Duty Disability Retirees.*

Duty and non-duty disability retirees shall be allowed to withdraw either a partial or full amount of their accumulated contributions one time only.

(d) *One Time Withdrawal.*

Withdrawal by a Member under either (b) or (c) of this Section 47-2-8 constitutes the one time withdrawal allowed. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-9. Retirement Allowance Options.¹¹⁷

(a) *Election by Member.*

Until the first retirement allowance payment check is cashed, or six months after the first payment check is issued but not thereafter, any Member may elect to receive a Straight Life Retirement Allowance payable throughout life, or the Member may elect to receive the actuarial equivalent of the Straight Life Retirement Allowance computed as of the effective date of retirement, in a reduced retirement allowance payable throughout life, with the exception that there will be no reduction in the benefits received pursuant to Section 47-2-5(e) of this Code; and nominate a beneficiary, in accordance with the options set forth below:

¹¹⁷ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E, §1(a), as amended by 1964 Detroit City Code Section 54-11-1; as amended by Ordinance 50-H, effective June 25, 1975, retroactive to July 1, 1974, as amended by Ordinance 6-91, effective April 5, 1991, extends pop-up option to employees who retired before the option was available.

*Option One. Cash Refund Annuity.*¹¹⁸

If a Retiree who elected a *Cash Refund Annuity* dies before payment of the annuity portion of the reduced retirement allowance has been received in an aggregate amount equal to, but not exceeds the Retiree's accumulated contributions in the *Annuity Savings Fund* at the time of retirement, the difference between said accumulated contributions and the aggregate amount of annuity payments already received, shall be paid in a single lump sum to such person or person nominated by written designation duly executed by the Member and filed with the Board. If there are no such designated person or persons surviving said Retiree, any such difference shall be paid to the Retiree's Estate.

*Option Two. Joint and One Hundred Percent Survivor Allowance.*¹¹⁹

Upon the death of a Retiree who elected a *Joint and One Hundred Percent Survivor Allowance*, one hundred percent of the reduced retirement allowance shall be paid to and continued throughout the life of the person nominated by written designation duly executed and filed with the Board prior to the date the first payment of the retirement allowance becomes due.

Option "A". Joint and Seventy-Five Percent Survivor Allowance.

Upon the death of a Retiree who elected a *Joint and Seventy-Five Percent Survivor Allowance*, seventy-five percent of the reduced retirement allowance shall be continued throughout the life of and paid to the person nominated by written designation duly executed by the member and filed with the Board prior to the date the first payment of the retirement allowance becomes due.

Option Three. Joint and Fifty Percent Survivor Allowance.

Upon the death of a Retiree who elected a *Joint and Fifty Percent Survivor Allowance*, fifty percent of the reduced retirement allowance shall be continued throughout the life of and paid to the person nominated by written designation duly executed by the Member and filed with the Board prior to the date the first payment of the retirement allowance becomes due.

¹¹⁸ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E, §1(a), as amended by 1964 Detroit City Code Section 54-11-1; as amended by Ordinance 50-H, effective May 25, 1975, retroactive to July 1, 1974, (Option 1).

¹¹⁹ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E, §1(a), as amended by 1964 Detroit City Code Section 54-11-1(2); as amended by Ordinance 50-H, effective June 25, 1975, retroactive to July 1, 1974, (Option 2).

Option "B". Joint and Twenty-Five Percent Survivor Allowance.

Upon the death of a Retiree who elected a *Joint and Twenty-Five Percent Survivor Allowance*, twenty-five percent of the reduced retirement allowance shall be paid throughout the life of the person nominated by written designation duly executed and filed with the Board prior to the date the first payment of the retirement allowance becomes due.

(b) *Joint and Survivor Optional Forms of Payment.*

The *Joint and Survivor Optional Forms of Payment* provided under Section 47-2-9(a) of this Code shall be made available in either the standard form or the pop-up form, as follows:

- (1) *Standard Form.* Under the *Standard Form*, the reduced retirement allowance shall be paid throughout the lifetime of the Retiree.
- (2) *Pop-up Form.* Under the *Pop-up Form*, the reduced allowance shall be paid throughout the lifetime of the Retiree and the designated beneficiary. In the event of the death of the designated beneficiary during the lifetime of the Retiree, the amount of the allowance shall be changed to the amount that would have been payable had the Retiree elected the *Straight Life Form of Payment*.

(c) *Coordination of Benefits.*

According to such rules and regulations as the Board shall adopt, until the first payment of a retirement allowance becomes due, but not thereafter, a Member under age sixty-five may elect to have the Member's *Straight Life Retirement Allowance* provided for in Section 47-2-5 of this Code equated on an actuarial equivalent basis to provide an increased retirement allowance payable to age sixty-two or age sixty-five, and to provide a decreased retirement allowance thereafter. The increased retirement allowance payable to such age shall approximate the total of the decreased retirement allowance payable thereafter and the estimated social security benefit. If a Member elects to receive increased and then decreased retirement allowance payments provided for in this paragraph, he or she may also elect to have such payments reduced by electing one of the optional forms of payment provided for in paragraph (a) of this Section. This coordination of benefits option shall not create any additional actuarial costs. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-10. Benefits for Surviving Spouses; Generally.¹²⁰

(a) The surviving spouse of any Member who dies while in the employ of the City or in the employ of a second governmental unit as provided in Section 47-2-15 of this Code after the date such Member either (1) has earned twenty years of credited service regardless of age, or (2) has earned eight years of credited service and has attained age sixty-five, or (3) has earned ten or more years of credited service and has attained age sixty, shall receive a retirement allowance. The spouse's retirement allowance shall be computed according to Section 47-2-5 of this Code in the same manner in all respects as if the said Member had retired effective the day preceding the Member's death, notwithstanding that the Member had not attained age sixty, elected a *Joint and One Hundred Percent Survivor Allowance* as provided for in Section 47-2-9 of this Code, and nominated the surviving spouse as beneficiary. Prior to the date the first payment of the retirement allowance provided hereunder becomes due, the said Beneficiary may elect to receive the deceased Member's accumulated contributions in the *Annuity Savings Fund*. No payments shall be made under this Section on account of the death of a Member if any benefits are paid under Section 47-2-7¹²¹ of this Code. If there is no eligible surviving spouse, dependent children shall be paid a total of nine thousand dollars (\$9,000.00) which shall be divided equally among all eligible dependents until the youngest child reaches age nineteen, or for life, if a child is permanently physically or mentally impaired.

(b) In addition to in-service death benefits which existed prior to July 1, 1998 for members with twenty or more years of service, if a Member dies on or after July 1, 1998, after having attained fifteen or more but less than twenty years of creditable service at any age below sixty, the surviving spouse will be paid a Fifty Percent Joint and Survivor election. If there is no eligible surviving spouse, dependent children shall be paid a total of six thousand dollars (\$6,000.00) which shall be divided equally among all eligible dependents until the youngest child reaches age nineteen, or for life if a child is permanently physically or mentally impaired. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-11. Benefits for Surviving Spouses; Disability Retirees.¹²²

The surviving spouse of a Disability Retiree who retired under the provisions of Section 47-2-6 of this Code and who died before the age of sixty shall receive a retirement allowance computed in the same manner as if the Disability Retiree had been a Member who became eligible for benefits under Section 47-2-10 of this Code, provided the Disability Retiree had earned fifteen or more years of credited service. In the case of a Non-duty Disability Retiree, credited service shall be determined on the effective date of

¹²⁰ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E, §2.

¹²¹ Accidental death benefit.

¹²² 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E, §2.1, as amended.

the Non-duty Disability Retirement. In the case of a Duty Disability Retiree, credited service shall be determined on the date of death of the Disability Retiree assuming City employment had continued until the date of death. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-12. Disposition of Surplus Benefits upon Death of Retiree and Beneficiary.¹²³

If under a *Joint and One Hundred Percent Survivor Allowance*, a *Joint and Seventy-Five Percent Survivor Allowance*, a *Joint and Fifty Percent Survivor Allowance*, or a *Joint Twenty-Five Percent Survivor Allowance* as provided for under Section 47-2-9 of this Code, both a Retiree and Beneficiary die before they have received in retirement allowance payments, an aggregate amount equal to the Retiree's accumulated contributions in the *Annuity Savings Fund* at the time of retirement, the difference between the said accumulated contributions and the said aggregate amount of retirement allowances paid the Retiree and Beneficiary, shall be paid in a single lump sum to such person or persons nominated by written designation of the Retiree duly executed and filed with the Board. If there are no person or persons surviving Retiree and Beneficiary, any such difference shall be paid to the Retiree's Estate. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-13. Pensions Offset by Compensation Benefits; Subrogation.¹²⁴

(a) *Generally.*

Any amounts which may be paid or payable to a Member, Retiree, or to the dependents of a Member or Retiree on account of any disability or death under the provisions of any Workers' Compensation, pension, or similar law, except federal Social Security old-age and survivors' and disability insurance benefits, shall be offset against any pensions payable from funds of the Retirement System on account of the same disability or death. If the present value of the benefits payable under said Workers' Compensation, pension, or similar law, is less than the pension reserve for said pension payable by the Retirement System, the present value of the said Workers' Compensation, pension, or similar legal benefit shall be deducted from the Pension Reserve, and such pensions as may be provided by the Pension Reserve so reduced shall be payable as provided in this Article.

¹²³ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.E, §3, as amended.

¹²⁴ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.F, §1.

(b) *The City's Right of Subrogation.*¹²⁵

In the event a person becomes entitled to a pension payable by the Retirement System because of an accident or injury caused by the act of a third party, the City shall be subrogated to the rights of said person against such third party to the extent of the benefit which the City pays or becomes liable to pay. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-14. Disability Retirees; Reexamination; Authority of the Board.¹²⁶

(a) *Medical examination.*

At least once each year during the first five years following the retirement of a Member with a *Disability Retirement Allowance* or *Disability Pension*, and at least once in every three year period thereafter, the Board may, and upon the Retiree's application shall require that any Disability Retiree who has not attained age sixty undergo a medical examination, to be made by, or under the direction of, the Medical Director. Should any such Disability Retiree who has not attained age sixty refuse to submit to at least one such medical examination in any such period, the Retiree's retirement allowance or pension may be discontinued by the Board until withdrawal of such refusal. Should such refusal continue for one year, all of the Disability Retiree's rights in and to the Pension portion of the Retirement Allowance may be revoked by the Board. If upon such examination of a Disability Retiree, the Medical Director reports that the Retiree is physically able and capable of resuming employment, and such report is concurred in by the Board, the Retiree shall be restored to active service with the City and the Disability Retirement Allowance shall terminate.

(b) *Other employment.*

If such Disability Retiree is or becomes engaged in a gainful occupation, business, or employment paying more than the difference between the Retiree's Disability Retirement Allowance and final compensation, the Pension portion of the Disability Retirement Allowance shall be reduced by the amount of such difference. If the amount of the earnings changes, the Pension may be adjusted accordingly.

(c) *Reinstatement to active service.*

A Disability Retiree who has been, or shall be, reinstated to active service in the employ of the City as provided in this Section, shall again become a Member of the Retirement System. All credited service at the time of the retirement shall be restored to full force and effect and a Duty Disability Retiree shall be given membership service credit

¹²⁵ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.F, §2.

¹²⁶ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.G. §1.

for the period said Retiree was out of service due to such duty disability. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-15. Transfer of department or department functions; Generally.¹²⁷

In the event a function or functions of a City Department or the Department itself is transferred to the federal or state government, or to a political subdivision of the state (second governmental unit), a member of the Retirement System whose employment is transferred from the City to the second governmental unit shall be entitled to a retirement allowance payable by the Retirement System subject to the following conditions:

(a) *Employment within sixty days of transfer.*

The employee enters the employment of the second governmental unit within sixty days from and after the effective date of the transfer of the function or functions of a City Department or the Department itself to the second governmental unit.

(b) *Credited service combined; ten year minimum.*

The employee's credit service as a member of the Retirement System plus any credited service acquired in the employ of the second governmental unit totals at least ten years;

(c) *Retirement; second governmental unit.*

If the employee retires from the employment in the second governmental unit on account of age and service, the employee's Retirement Allowance shall be computed in accordance with Section 47-2-4(b) or Section 47-2-5 of this Code, whichever is applicable. If the employee retires from employment in the second governmental unit because of total and permanent disability arising from non-service connected causes, the Retirement Allowance shall be computed in accordance with Section 47-2-6(d) of this Code. In computing the Retirement Allowance, the basic pension shall not exceed twelve dollars (\$12.00) per year for a maximum of ten years for a total amount to not exceed one hundred twenty dollars (\$120.00), and the membership service pension shall be based only upon City-credited service existing at the time of transfer. In determining the Average Final Compensation defined in Section 47-1-21 of this Code, the compensation received as an employee of the second governmental unit shall be regarded as compensation paid by the City. If the employee leaves the employ of the second governmental unit with a deferred retirement allowance. No City retirement allowance shall be paid unless the employee has met the requirements of Section 47-2-4(d)(1) of this Code.

¹²⁷ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.H, §1.

(d) *Allowance starting date.*

The retirement allowance shall begin upon retirement from the employment of the second governmental unit, but in no event prior to the date the employee would have become eligible for retirement had the employee continued in City employment. If retirement is because of total and permanent disability arising from non-service-connected causes, the retirement allowance shall begin upon the approval of retirement by the Board. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-16. Pension improvement factor.¹²⁸

(a) *Increase of pension.*¹²⁹

On or after July 1, 1992, and the first day of July of each year thereafter, the pension portion of any Retirement Allowance or Accidental Death Benefit which is paid or payable under this Article shall be increased by a factor of two point twenty-five percent (2.25%), computed on the basis of the amount of the original pension received at the time of retirement, including, if applicable, any supplemental pensions provided under this Article; provided, that the recipient of said pension shall have been on the retirement rolls at least one year prior to said July first date. If the recipient has been on the retirement payroll less than one year prior to said July first date, the amount of the increase shall be prorated accordingly.

(b) *Payment.*¹³⁰

The pension improvement factor of two point twenty-five percent (2.25%) provided for in Section 47-2-16(a) of this Code, shall be payable notwithstanding any Retirement Allowance or pension amount limitation provisions in this Article to the contrary. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-17. Funds.

The *1973 Defined Benefit/Defined Contribution (Annuity) Plan* shall consist of the *Annuity Savings Fund*, the *Annuity Reserve Fund*, the *Pension Accumulation Fund*, the *Pension Reserve Fund*, and the *Income Fund*. (Ord. No. 29-01, § 1, 11-30-01)

¹²⁸ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.H, as amended by Ordinance 2-93, effective February 8, 1993, retroactive to July 1, 1992

¹²⁹ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.H, §1.

¹³⁰ 1918 Detroit City Charter, T.9, C. VI, A. 6, P.H, §2.

Sec. 47-2-18. Method of financing.¹³¹

(a) *Annuity Savings Fund of the 1973 Defined Contribution Plan.*¹³²

- (1) The *Annuity Savings Fund* of the *1973 Defined Contribution Plan* shall be the fund in which shall be accumulated at regular interest, the contributions of Members to provide their annuities. At the election of the Member, the amount of the basic contribution of a Member to the Retirement System may be zero percent (0%), three percent (3%), five percent (5%), or seven percent (7%) of annual compensation. If a Member elects three percent (3%), his or her contribution shall be that amount which is subject to taxation under the provisions of the *Federal Insurance Contribution Act*, 26 USC 3101 *et seq.* (Act), plus five percent (5%) of the portion of annual compensation, if any, which exceeds the amount subject to taxation under that Act.
- (2) The contribution rate elected by the Member under Section 47-2-18(a)(1) of this Code shall be deducted from the Members' compensation notwithstanding that the minimum compensation provided by law for any Member shall be reduced thereby. Payment of compensation, less said deductions, shall be a complete discharge of all claims and demands whatsoever for the services rendered by the said Member during the period covered by such payment, except as to benefits provided under this Article.
- (3) Upon retirement of a Member with a *Retirement Allowance*, the Member's accumulated contributions shall be transferred from the *Annuity Savings Fund* to the *Annuity Reserve Fund*, refunded to the Member, or a combination thereof.

(b) *Annuity Reserve Fund.*¹³³

The *Annuity Reserve Fund* shall be the fund from which all annuities and benefits in lieu of annuities payable as provided in this Article, shall be paid. If a disability retiree is reinstated to active City service, the retiree's Annuity Reserve at that time shall be transferred from the *Annuity Reserve Fund* to the *Annuity Savings Fund* and credited to his or her individual account therein.

¹³¹ 1918 Detroit City Charter, T.9, C. VI, A. 7.

¹³² 1918 Detroit City Charter, T.9, C. VI, A. 7, §1.

¹³³ 1918 Detroit City Charter, T.9, C. VI, A. 7, §2.

(c) *Pension Accumulation Fund.*¹³⁴

The *Pension Accumulation Fund* shall be the fund in which shall be accumulated reserves for the pensions and other benefits payable from contributions made by the City, and from which shall be paid pensions and other benefits on account of Members with prior service credit, and transfers as provided in this Section. Contributions to and payments from the *Pension Accumulation Fund* shall be made as follows:

- (1) Upon the basis of such mortality and other tables of experience and regular interest, as the Board shall adopt from time to time, the Actuary shall annually compute the amount of contributions, which, when paid annually by the City during the entire prospective City service of Members without prior service credit, will be sufficient to provide the pension reserves required at the time the Members leave City employment, to cover the pensions to which they might be entitled or which might be payable because of their City employment. Upon the retirement of a Member without prior service credit, or upon a Member's death in the performance of duty, the Pension Reserve for the pension or pensions to be paid on the Member's account shall be transferred from the *Pension Accumulation Fund* to the *Pension Reserve Fund*.
- (2) Upon the basis of such mortality and other tables of experience and regular interest as the Board shall adopt from time to time, the Actuary shall compute annually the pension reserve liabilities for pensions being paid to Retirees and Beneficiaries.
- (3) On an annual basis, the Board shall ascertain and report to the Mayor and the Council the amount of City contributions due to the System. The Council shall appropriate and the City shall pay such contributions during the ensuing fiscal year. When paid, such contributions shall be credited to the *Pension Accumulation Fund*.
- (4) If the amount appropriated by the City and paid to the System for any Fiscal Year is insufficient to make the transfers and pay the pensions from the *Pension Accumulation Fund* as provided in this Section, the amount of such insufficiency shall be provided by the appropriating authorities of the City.

¹³⁴ 1918 Detroit City Charter, T.9, C. VI, A. 7, §3, as amended by Ordinance 84-7, effective February 10, 1976, retroactive to July 1, 1975.

(d) *Pension Reserve Fund*.¹³⁵

The *Pension Reserve Fund* shall be the fund from which pensions shall be paid to beneficiaries. Should a Disability Retiree be reinstated to active service, the Retiree's pension reserve at that time, shall be transferred from the *Pension Reserve Fund* to the *Pension Accumulation Fund*.

(e) *Expense Fund*.¹³⁶

The *Expense Fund* shall be the fund to which shall be credited all money provided by the City to pay the administrative expenses of the Retirement System, and from which shall be paid all the expenses necessary in connection with the administration and operation of the System.

(f) *Income Fund*.¹³⁷

The *Income Fund* shall be the fund to which shall be credited all interest, dividends, and other income derived from the investments of the System, all gifts and bequests received by the System, and all other moneys the dispositions of which is not specifically provided for in this Article. There shall be paid or transferred from the *Income Fund*, all amounts required to credit regular interest to the various Funds of the Retirement System. Whenever the balance in the *Income Fund* is more than sufficient to cover current charges to the fund, such excess amount may be used for contingency reserves or may be transferred to any of the other Charter-created funds of the Retirement System within this *Article II* except the *Expense Fund*, to cover special needs of the Funds as the Board shall determine. In the event the balance in the *Income Fund* is insufficient to cover the charges to the Fund, the amount of the insufficiency shall be transferred from the *Pension Accumulation Fund* to the *Income Fund*.

(g) *Maintenance of Reserves*.¹³⁸

- (1) The maintenance of proper reserves in the various charter-based funds of the Retirement System within this *Article II* except the *Expense Fund* are hereby made obligations of the *Pension Accumulation Fund*.

¹³⁵ 1918 Detroit City Charter, T.9, C. VI, A. 7, §4.

¹³⁶ 1918 Detroit City Charter, T.9, C. VI, A. 7, §5.

¹³⁷ 1918 Detroit City Charter, T.9, C. VI, A. 7, §6.

¹³⁸ 1918 Detroit City Charter, T.9, C. VI, A. 7, §7.

- (2) City contributions to the Retirement System to the extent necessary to provide pensions on account of members who are employees of a revenue-supported division of the City shall be made from the revenues of the said division. Any City contribution to the Retirement System from any Fund by law with a certain and definite purpose shall at the direction of the Finance Director, be accounted for separately. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-19. Determination of City's annual contribution.¹³⁹

The Annuity and Pension Reserve liabilities for Members, Retirees, and Beneficiaries, shall be actuarially evaluated as set forth in this Article for each division as is accounted for separately pursuant to Section 47-2-18(g)(2) of this Code.

(a) *Pension Liabilities.*¹⁴⁰

- (1) The pension liabilities for Members shall be determined using the entry age-normal cost method of actuarial valuation.
- (2) The City's annual contribution, expressed as a percentage of active member compensation, to finance the prospective pension liabilities shall be determined by dividing the total cost of the individual annual normal costs of the active Members by the active Members' annual compensation used in the valuation.
- (3) The City's annual contribution to finance any unfunded accrued pension liabilities, expressed as a percentage of active Member compensation, shall be determined by amortizing such unfunded accrued pension liabilities as a level percentage of covered payroll over a period or periods of future years as established by the Board.

(b) *Pension Accumulation Fund.*¹⁴¹

Based upon the provisions of this Article including any amendments, the Board of Trustees shall compute the City's annual contributions to the Retirement System, expressed as a percentage of active Member compensation each Fiscal Year, using actuarial valuation data as of the June thirtieth date which date is a year and a day before

¹³⁹ 1964 Detroit City Code Sections 54-1-7 to 54-1-9.

¹⁴⁰ 1964 Detroit City Code Section 54-1-8.

¹⁴¹ 1964 Detroit City Code Section 54-1-9.

the first day of such Fiscal Year. The Board shall report to the Mayor and Council the contribution percentages so computed. Such contribution percentages shall be used in determining the contribution dollars to be appropriated by Council and paid to the Retirement System. Such contribution dollars shall be determined by multiplying the applicable contribution percentage for such Fiscal Year by the Member compensation paid for such Fiscal Year. Such contribution dollars for each Fiscal Year shall be paid to the Retirement System in such Fiscal Year in a manner to be agreed upon from time to time by the Board and the City, provided, for any Fiscal Year for which the agreement has not been reached before the first day of such Fiscal Year, such contribution dollars shall be paid in equal monthly installments at the end of each calendar month in such Fiscal Year. (Ord. No. 29-01, § 1, 11-30-01)

Sec. 47-2-20. Management of Funds.¹⁴²

(a) *Board Named Trustee for Various Funds.*¹⁴³

The Board shall be the Trustee of the funds of the *1973 Defined Benefit/Defined Contribution (Annuity) Plan* of the Retirement System. The Board shall have full power to invest and reinvest such funds subject to all terms, conditions, limitations, fiduciary duties, and restrictions imposed by *The Public Employee Retirement System Investment Act*, as amended,¹⁴⁴ provided, that notes, bonds, or obligations of the City shall not be subject to said restrictions or limitations. The Board shall have the power to purchase notes, bonds, or obligations of the City before or after the same are offered to the public and with or without advertising for bids.

(b) *Purchase, sale, etc., of securities and investments.*¹⁴⁵

The Board shall have full power to hold, purchase, sell, assign, transfer, and dispose of any of the securities and investments of the Retirement System, as well as the proceeds of said investments and any moneys belonging to the System.

¹⁴² 1918 Detroit City Charter, T.9, C. VI, A. 8.

¹⁴³ 1918 Detroit City Charter, T.9, C. VI, A. 8, §1.

¹⁴⁴ MCL 38.1132 *et seq.*

¹⁴⁵ 1918 Detroit City Charter, T.9, C. VI, A. 8., §2.

(c) *Annual interest.*¹⁴⁶

The Board annually shall allow regular interest on the mean balance in each of the Funds of the Retirement System, except the *Income Fund* and the *Expense Fund*. The amounts so allowed shall be due and payable to said Funds, and shall be annually credited thereto from interest and other earnings on the moneys and investments of the System.

(d) *Custodian of Funds.*¹⁴⁷

The City Treasurer or other person or entity designated by the Board of Trustees of the General Retirement System shall be the custodian of the Funds of the Retirement System. All payments from such Funds shall be made by the Treasurer or other designated custodian. Payments made by the General Retirement System shall be based upon vouchers signed by two persons designated by the Board. A duly attested copy of a resolution of the Board designating such persons and bearing upon its face specimen signatures of such persons, shall be filed with the Finance Director and the custodian of the Funds as their authority for making payments upon such vouchers. No voucher shall be drawn unless it shall have been previously authorized by a specific or continuing resolution adopted by the Board.

(e) *Available Funds shall be kept upon deposit.*¹⁴⁸

Available funds shall be kept on deposit for the purpose of meeting disbursements for pensions, annuities, and other payments.

Secs. 47-2-21--47-2-30. Reserved.

¹⁴⁶ 1918 Detroit City Charter, T.9, C. VI, A. 8., §3.

¹⁴⁷ 1918 Detroit City Charter, T.9, C. VI, A. 8., §4.

¹⁴⁸ 1918 Detroit City Charter, T.9, C. VI, A. 8., §5.