



General Retirement System City of Detroit

Pension Perspectives

FEBRUARY 2003

Volume 5, Issue 1

*Board of Trustees
General Retirement
System*

Rev. Wendell Anthony
Citizen Trustee

David C. Clark
Elected Trustee

Kenneth V. Cockrel Jr.
Councilperson

Ronald Gracia
Elected Trustee

John P. Kanters
Elected Retiree
Chairman

Kwame M. Kilpatrick
Mayor

Thomas Kneeshaw
Elected Trustee

Thomas Sheehan
Elected Trustee

Sandra Studzinski
Elected Trustee

Clarence Williams
Treasurer

Applying for Disability?

Are you applying or have applied for disability? Are you wondering what happens now that you have applied for disability? You are not alone. The Retirement System receives numerous calls from disability retirement applicants wanting to know the progress of their disability application. What applicants should understand is that the disability application process has several steps. These "steps" can be processed quickly or they may take some time depending upon the response of outside sources. The Retirement System staff works hard to accomplish these tasks as quickly as possible, however, some factors are outside of our control.

The disability retirement application process begins with the submission of the disability retirement application. Active employees may come into the Retirement System office for an appointment with one of the Interviewers and complete the necessary paperwork (call 313 224-3362 ext. 218 or 219 to schedule an appointment). The application may also be mailed to the Retirement System's office. Some of the pertinent data that needs to be included on the application is the injury (and its cause) or sickness and the doctor(s) that you have seen for the condition.

The next step, after application submission, involves the department that you worked for and the doctors that you have listed on your application. The first action the Retirement System's staff takes with the submitted application is to send a request for medical records to the department you currently work for and to all of the doctors listed on the application. All costs involved in the obtaining of your medical records are your responsibility. This is a very important step in the process because **Retirement System** (continued on page 5)

In This Issue	
Actively Speaking (For Active Employees)	pg. 2
Important Numbers	Pg. 4
Retiree Corner (For Retired Employees)	pg. 5

Open enrollment coming soon....

The open enrollment period for medical and dental coverage is coming in May 2003. The effective date for any changes made will be July 1, 2003.

At press time for this newsletter, the specific dates had not been determine. You will be notified of the specific dates at a later time.

Actively Speaking

Benefit Plan Comparison

In an effort to answer some of the questions regarding the differences between the Defined Benefit Plan and the new approved Defined Contribution Plan, the following chart has been created. (The implementation for the Defined Contribution Plan has yet to be determined as the Retirement System still awaits an IRS ruling.)

	DEFINED BENEFIT	DEFINED CONTRIBUTION
EMPLOYEE CONTRIBUTIONS:	Optional post-tax contributions of 3%, 5%, or 7% can be elected to the 1973 Defined Contribution (annuity) account.	0% to 6% of gross payroll, either pre-tax (picked up), post-tax or both. If pre-tax (picked-up) is elected the percentage of pre-tax contribution cannot be changed at a future date. City will match up to 3% of employee contribution.
EMPLOYER CONTRIBUTIONS:	Contributes actuarially determined percentage of payroll.	6% to 9% of gross pay
INITIAL FUNDING AT TRANSFER DATE:	N/A	The balance of the members 1973 Defined Contribution (Annuity) account plus the actuarial present value of credited benefits in the 1973 Defined Benefit Plan.
BENEFIT DETERMINANT:	Benefits are guaranteed by the Plan's benefit formula. <10 years of service: 1.6% AFC x service credit 10<; <20 years: 1.8% x AFC x service credit 20<; <25 years: 2.0% x AFC x service credit >25 years: 2.2% x AFC x service credit.	Contribution plus investment earnings less administrative expenses. Market fluctuations make it difficult to predict retirement benefits. The amount of your benefit is solely based on your account balance at retirement. Your account balance is affected by the contribution percentage and the earnings from your investment selections.
SERVICE RETIREMENT ELIGIBILITY	30 years regardless of age; Age 60/at least 10 years of service; Age 65/ at least 8 years of service; Hired after 7-1-96 - Age 55 and thirty years of service	Upon termination from service and subject to tax consequences, participant may take distribution or leave funds in plan.
EARLY RETIREMENT: REDUCED BENEFITS:	25 years of service regardless of age. Hired after 7-1-96 age 55 and 25 years of service	Upon termination from service and subject to tax consequences, participant may take distribution or leave funds in plan
DISTRIBUTION OPTIONS:	Lump sum payment of 1973 DC (Annuity Savings) account balance. Monthly benefits for life based on years of credited service and AFC. Can select reduced option to leave one beneficiary a benefit in the event of your death.	<ol style="list-style-type: none"> 1. Lump Sum Payment 2. Periodic Payments, such as amount certain or period certain. 3. Annuities 4. Rollover to IRA or Qualified Plan
GUARANTEED ANNUAL BENEFIT ADJUSTMENT:	2.25% increase in benefit check each year based on original benefit amount.	May be available depending on annuity purchase distribution option.

Continued on page 3

Pension Perspectives

Plan Comparison *(Continued from page 2)*

	DEFINED BENEFIT	DEFINED CONTRIBUTION
VESTING:	Always 100% for own contributions. 10 years service required to be eligible for benefit, at normal retirement date.	Always 100% vested in your own and other (rollover) contributions; 2 year vesting for 50% of employer contributions and earnings; 4 year vesting for 100% of employer contributions and earnings
DISABILITY BENEFITS:	No service credit requirement for disability if duty related. 10 years membership required for non-duty disability. Benefit converts to a service retirement benefit when normal retirement age is attained.	Participant has option to withdraw from the balance of their account. Duty disabled participant's employer contributions continue while on duty disability at a rate of 6% of the participant's final salary at the date of disability.
PORTABILITY:	Not portable	Balance is portable
INVESTMENT RISK:	Investment risk is assumed by the employer. 1973 Defined contribution (Annuity) is credited with interest at the Fund's assumed rate of return (currently 7.9%) regardless of how markets perform.	Investment risk is assumed by the participant and bears a direct relationship to the retirement benefit.
BENEFIT RISK:	No investment or longevity risk	Long living members and beneficiaries <u>may</u> outlive their account balances.
HEALTH CARE BENEFITS:	Service retirement eligible for hospitalization, dental and eye care for retiree and spouse. Other dependents can be covered under hospitalization at the retiree's expense. Required co-pays for premium deducted from monthly benefit.	Participant qualifies for hospitalization, dental and eye care coverage if he/she would have been eligible under the DB Plan. Premium co-pays must be submitted monthly to Benefits Division.



1998 Defined Contribution Plan Update

Retirement System staff and the Board of Trustee's information provider, Educational Technology Inc., are currently working on informational "Toolkits" which will be provided to all active members. The "Toolkits" will provide information about both the current Defined Benefit Plan and the new 1998 Defined Contribution Plan as well as general information regarding your Plan choice.

The Board of Trustees is still awaiting a final Plan Determination from the Internal Revenue Service. Once the IRS responds any changes required to the Plan Ordinance will be submitted to City Council for approval.

An implementation date has not been determined due to the need for the IRS determination as well as the programming requirements of the active payroll system. Once an implementation date is set all employees will be notified.

Pension Perspectives

Retirement Systems Directory

**Main Number:
(313)224-3362
Toll Free 800 339-8344**

Administration

Nick Degel Ext. 204
Walter Stampor Ext. 206
Joe Glanton Ext. 203
Myron Terrell Ext. 202
Cynthia Thomas Ext. 209
Rick Huddleston Ext. 201

Administration Support

JoAnn Harrison Ext. 217
Kenneth Howard Ext. 256
Terrie Lawrence Ext. 258
Janet Lenear Ext. 255
Juanita Waller Ext. 257

Interviewers

Shirley Hill Ext. 218
Betty Lowe Ext. 219

Computations

Deborah Wilkerson Ext. 235
Cheneta Campbell Ext. 236

Re-Exams

Joanne Williams Ext. 238

Pension Payroll

Tasha Cowan Payroll Supervisor Ext. 240
Aaron Bird Death Notices Ext. 239
Glorecia Russell Estimates Ext. 237
Tenecia Stockton Estimates Ext. 246
Samantha Moore Direct Deposit Ext. 221
Debra Tyler Tax Changes/Due City Ext. 227

Annuity

David Cetlinski Ext. 244
Jermaine Brown Ext. 242
Latisha Moon Ext. 243
Danielle Westbrook Ext. 241

Accounting

Marilyn Roc Berdijo Ext. 230
Beverly Scruggs Ext. 225
Angela Keeler Ext. 223
Eddie Park Ext. 228
Rena Presbitero Ext. 231
Mary Fladger Ext. 229
Tek-Sin The Ext. 232
Lenora Plater Ext. 224

Editor: Pension Perspectives

Bridgett Hardy Ext. 213

Important Numbers:

Blue Cross/Blue Shield Traditional
(800) 951-BLUE

Blue Care Network
(800) 662-6667

Blue Cross Preferred Plan
(313) 225-0843

Health Alliance Plan
(800) 422-4641

Omni Care
(800) 925-4550

The Wellness Plan
(800) 875-WELL

Total Health Care
(313) 871-7812

Co-Op Optical
(800) 368-5160

Heritage Eye Care
(800) 252-2053

Golden Dental Plan
(586) 573-8118

Social Security
Administration
(800) 772-1213

Detroit Retired City Employees
Association
(313) 927-0491

DENCAP
(313) 972-1400

**** All fringe benefit questions should now be referred to the Benefits Division of the Human Resources Department. Toll Free (888) 288-2684 or (313) 224-4809 ****

Retiree Corner

Retiree Death Benefit Coverage Increase

On November 20, 2002 Detroit City Council approved an ordinance, sponsored by the Employee Benefit Plan Board of Trustees, to increase the Death Benefit for all retirees. The new coverage schedule, based on years of service, is detailed below.

10 Years or Less	\$1,860	21 Years	\$2,883
11 Years	\$1,953	22 Years	\$2,976
12 Years	\$2,046	23 Years	\$3,069
13 Years	\$2,139	24 Years	\$3,162
14 Years	\$2,232	25 Years	\$3,255
15 Years	\$2,325	26 Years	\$3,348
16 Years	\$2,418	27 Years	\$3,441
17 Years	\$2,511	28 Years	\$3,534
18 Years	\$2,604	29 Years	\$3,627
19 Years	\$2,697	30 Years	\$3,720
20 Years	\$2,790		

For years of service beyond 30 years, add \$93.00 per year for each additional year of service.

Social Security Benefit Increase

Members that receive Social Security Benefits should have received their annual Cost of Living Increase (COLA) in January.

Social Security and Supplemental Security Income (SSI) benefits increase automatically each year based on the rise in the Consumer Price Index for Urban Wage Earners and Clerical Workers. This year's increase was 1.4 percent. The average retiree will receive an extra 13 dollars a

month in their Social Security check based on the increase.

If you have questions regarding the increase, contact the Social Security Administration at (800) 772-1213 or visit their website at www.ssa.gov.



Applying for disability (continued from page 1)

staff cannot proceed with the disability application process until all medical records, from all listed doctors, are sent to this office. This office allows approximately forty-five days for a response from the listed doctors. If Retirement System staff does not hear from the listed doctors within forty-five days, a second request for medical records is sent to the non responsive doctor(s). The doctor(s) then has approximately another forty-five days to respond to the second request. If no response is received, the applicant will be sent a letter indicating that the listed doctor(s) has not responded. The applicant is given the option of removing the doctor(s) from the application or requesting the medical records on his/her own. A prompt response from doctors listed on an application can greatly decrease the amount of time an application takes to get processed.

Once all medical records have been received from the listed doctors, staff members will submit the records to the Retirement System's Medical Director for review. The applicant will receive notification from the Medical Director's office to schedule an appointment. **It is mandatory that any disability retirement applicant be examined by the Retirement System's Medical Director.** After the applicant has been examined, a report of the examination will be submitted to the Board of Trustees. Retirement System will also contact your department to obtain the last day you were paid. The applicant will be notified of the Board's decision to grant or deny the request for disability retirement.

Pension Perspectives

Retirement Systems City of Detroit
2 Woodward Ave. Room 908
Detroit, MI 48226-3413

PRSR STD
U.S. POSTAGE
PAID
DETROIT, MI
PERMIT NO. 788

Pension Perspectives

Prohibited items in the Coleman A. Young Municipal Center

If you are entering the Coleman A. Young Municipal Center, you should be aware that certain items are prohibited from the building. The Detroit-Wayne Joint Building Authority lists the following as prohibited items that cannot enter the CAYMC:

- Ammunition
- Aerosols *or any spray devices*
- Can openers of any kind including P38's
- Combs - metal or rattail
- Drug paraphernalia
- Needles of any kind, except with medical documentation
- Illegal drugs
- Explosive Materials
- Handcuffs
- Heavy Metal Objects
- Metal Flatware
- Sharp objects or blades
- Weapons (except law enforcement with ID)
- Weapon-like objects including bats, clubs, batons etc. including toys and replicas

If you are in possession of any of the prohibited items upon entrance into the CAYMC, the items will be confiscated. Confiscated items will not be returned. The best course of action is to adhere to the list of prohibited items. If you adhere to the list, the delay in your entering the building should be minimal.



FYI:

- The Retirement System will no longer retain original death certificates or power of attorney papers once the documents have gone through the proper channels. Therefore, all original documents of that type will be mailed back to the owners of the documents.
- The following changes must be submitted to the Retirement System on or before the 15th of each month, in order for the change to be effective by the first of the following month:
 - Direct deposit changes
 - Address changes
 - W4P changes (tax withholding)
- Pension checks are mailed the last working day of each month.