



General Retirement System City of Detroit

Pension Perspectives

AUGUST 2000

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Annuity withdrawal rule changes for Duty and Non-Duty Disability Retirants

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The General Retirement System's Defined Contribution Plan rules have been modified as it pertains to the withdrawal of funds for Duty and Non-Duty Disability retirants. In the past, an individual approved for disability had 30 days, from receipt of notification, that all or a portion of their annuity savings money could be withdrawn. The 30 day time restriction has been lifted.

The specific language reads as follows: "*Duty and Non-Duty disability retirants shall be eligible to withdraw, One Time Only Prior to Conversion to a Regular Retirement, all or part of their Defined Contribution Plan (Annuity Savings Fund)*".

This still remains a one time only option. Any questions regarding this rule change, or any other questions regarding your Annuity saving, can be directed to the General Retirement System's office at (313) 224-3362 ext. 242.

Online benefit estimator coming to website

The Retirement Systems is happy to announce a new feature coming to our website at www.rscd.org. An online benefit estimator is in the final stages of development. This will give internet users the ability to generate an estimate of benefits online. This estimate will be based on information that you, the user, supply. Therefore, if you have an idea of the amount of service time you have accumulated, your average final compensation and you know when you want to retire, then you will be ready to utilize this new feature. It must be noted that no benefits will be paid based on estimates generated by this new online feature. This is just a tool to aide you in your retirement planning. Information from the online estimates is based on information you are supplying and not actual Retirement Systems information.

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Under new union contracts, average final compensation (AFC) is based on the average of the best three consecutive years earning's during the last ten years of employment. One quarter of retirement sick pay can also be averaged into the AFC compensation. These changes to average final compensation have not been implemented.

Actively Speaking

Equated Social Security Retirement Option

At retirement you have an option to receive an increased monthly benefit under what is known as the Equated Social Security Option. It is **not** an option that you must select, it is simply a retirement option that is available to you.

If you select the Equated Social Security Option your monthly benefit will be actuarially **increased** until either your 62nd or 65th birthday, based on your selection, with a corresponding actuarial **decrease** thereafter. The amount of the **increase** and subsequent **decrease** is based on your age at retirement; actuarial life expectancy tables, and assumed primary Social Security amounts approved by the Board of Trustees of the General Retirement System.

If you select an Equated Social Security Option the benefit **decrease** will be effective on the first of the month following your birthday. Remember, the Equated Social Security benefit **reduction** is not based on when you actually start to receive Social Security benefits, it is based on your choice to use either your 62nd or 65th birthday. If you select Equated to age 62 but you do not apply for Social Security benefits until after your 62nd birthday your monthly benefit from the Retirement System will still be **reduced** the first day of the month following your 62nd birthday.

When you request an estimate from the Retirement System Office your Equated Social Security Option amounts are included in the estimate calculation.

When you complete your application for retirement our interviewer can answer any questions you have about this option and any other retirement related topics

Annual Report Corrections

Two items were omitted from the “Age and Service Retirement” section of the 1999 Annual Report on page 7.

(1) It should be noted that in no case shall benefits paid by the Retirement System exceed ninety percent (90%) of average final compensation.

(2) Under Average Final Compensation (AFC) July 1, 1998 or after should read Highest 3 consecutive years out of

Getting Your Financial House in Order

The Human Resources Department offers a course designed to help employees gain valuable money management skills.

This program is designed for classified City employees regardless of eligibility for retirement. Employees are encouraged to bring their spouse or significant other to the course.

Learning Objectives:

- Estate Planning
- How to use stocks, mutual funds and other investment vehicles
- The effect of taxes on retirement planning
- How to select pension benefit options

To receive more information about this course, contact the Human Resources Department at (313) 628-0025.

Important Dates

New Hospitalization Rates - Effective July 1, 2000

Longevity Pay - December 8, 2000

How do you accumulate retirement service credit?

Service credit is used to determine eligibility for service retirement, vesting, non-duty disability and survivors benefits.

You earn one month of service credit if you are paid for eighty hours of work during the month. Nine months of credit in any calendar year, except your last year of work, will earn credit for a full year. You will also earn service credit while retired on a duty disability or while receiving Worker's Compensation.

You can retire if you have at least thirty years of credited service; or, if hired after January 1, 1996, thirty years of credited service and fifty five years of age; or, if you are age sixty or older and have at least ten years of credited service; or, if you are age sixty five or older and have at least eight years of credited service. You may elect an actuarially reduced service retirement at any age with twenty five or more years of service.

You have vesting rights if hired before July 1, 1980 with eight years of credited service and are at least forty years of age. If hired July 1, 1980 or after you have vesting rights after ten years of credited service regardless of age. Non-union employees hired between July 1, 1980 and March 30, 1992 have vesting rights under either the forty & eight or the ten year rule.

To be eligible to apply for a non-duty related disability benefit you must have at least ten years of credited service.

Spouses of employees with twenty or more years of credited service who die while in the employ of the City are eligible for a monthly retirement benefit for life. New contracts include a benefit for spouses of employees who die with fifteen or more years of service. This benefit has not yet been implemented. If the employee leaves no spouse but has children under the age of 19, the children would be eligible for a monthly survivors benefit until their 19th birthday.

Employees who leave City of Detroit employment prior to being eligible for vesting will have prior service credit restored if they return to City of Detroit employment, under the General Retirement System, within six years.

The above is a review of service credit and eligibility for retirement. You should review your union contract as some provisions may differ from the information provided.

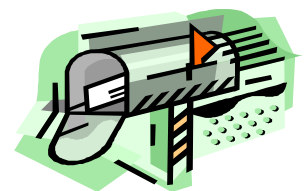
Bank One Check Cashing Fee

Recently Bank One announced implementation of a fee for non Bank One account holders to cash checks written from Bank One accounts at any Bank One office.

City of Detroit Treasurer, Shafter Terry III, has reported to this office that the City and Bank One have reached an agreement in which no fee will be charged to cash City of Detroit payroll, retirement or income tax refund checks. Should you encounter a problem regarding the "fee waiver", please instruct the Banking Center Personnel to contact the Bank One Account Officer.

We would like to hear from you...

This newsletter as well as the www.rscd.org website are both great sources for getting information out to the member community. We welcome any comments or suggestions you may have about these resources. We want both of these resources to be an effective form of communication between Retirement Systems' staff and Board members and our member community. Therefore, please feel free to drop us a line at General Retirement System, 2 Woodward Ave, Room 908, Detroit, MI 48226 or e-mail webmaster@rscd.org. We really look forward to hearing from you.



PENSION PERSPECTIVES

Retirement Systems Directory

Main Number:

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

Administration

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Walter Stampor Ext. 206
Joe Glanton Ext. 203
Thomas Berriman Ext. 202
Terry Sobczak Ext. 209
Rick Huddleston Ext. 201

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

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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

Myron Terrell Ext. 240
Tasha Cowan Death Notices Ext. 239
Glorencia Russell Estimates Ext. 237
Veronica Thomas Direct Deposit Ext. 221
Debra Tyler Tax Changes/Due City Ext. 227

Annuity

Cynthia Thomas Ext. 244
David Cetlinski Ext. 242
Latisha Moon Ext. 243
Tenecia Stockton Ext. 241

Accounting

Marilyn Roc Berdijo Ext. 230
Beverly Scruggs Ext. 225
Angela Keeler Ext. 223
Eddie Park Ext. 228
Elaine Poznanski Ext. 231
Rena Presbitero Ext. 229
Tek-Sin The Ext. 232
Denise Miller 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
(810) 573-8118

Social Security
Administration
(800) 772-1213

Detroit Retired City Employees
Association
(313) 927-0491

**** 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

How do I change my tax withholding for my pension check ?

The answer to this question is easier than you think, All retirees can change, add or cancel a federal income tax deduction by submitting a written request to the retirement system payroll section. Retirees have the option of submitting a completed W-4 form or a simple written statement requesting a change. Your request must include your social security number, your request (be specific) and your signature.

You may elect to use Federal Tax Withholding Tables or request that a flat amount be deducted each month. If you are requesting an increase of your current deduction, please write the new dollar amount to be deducted. It may take two pay periods for the change to occur depending on when your change request is received by our office. W-4 forms can be obtained by calling 224-3362, Extension 227 or downloaded from our website at www.rscd.org.

Please note that your monthly retirement benefit is not subject to State of Michigan or City of Detroit taxes. Our office cannot accept requests to withhold taxes for any State or City.

New Social Security Law Affects Older Workers' Retirement Benefits

A new Social Security law (effective January 1, 2000) now allows workers who have reached full retirement age (age 65 in 2000) to work without their benefits being reduced because of the amount of their annual earnings.

Under the new law, annual earnings will affect the amount of Social Security benefits only until the age of full retirement has been reached. After that point, full retirement benefits will be issued, regardless of how much is earned.

Don't confuse the Detroit Retired City Employees Association with the Retirement Systems

If you have questions about the Detroit Retired City Employees Association dues, meetings or social functions, you must call the Association at 313- 927-0491 or write to P.O. Box 40713, Detroit, Michigan 48240-0713.

Please do not call the Retirement Systems office regarding DRCEA issues.

Did you know?

- That there are approximately 11, 542 retirees on the General Retirement System payroll. This number represents approximately:
 - 6,941 service retirements
 - 179 non-duty retirements
 - 388 duty disability
 - 646 vested retirements
 - 420 early retirements
 - 655 conversions (from duty/non-duty)
 - 2,061 option beneficiaries
- The most popular birthday and birth month amongst the General Retirement System is February 14th. There are 44 individuals on the retirement system payroll who lay claim to Valentine's day as their birthday.

Important Dates

New Hospitalization Rates - July 1, 2000

Cost of Living Increases - August 1, 2000

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Pension Perspectives

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Social Security Earnings for older workers (continued)

The Social Security Administration now determines how much benefits must be reduced (if you have not reached full retirement age) in the following manner:

- If you are under full retirement age (currently age 65) when you start getting your Social Security payments, \$1 in benefits will be deducted for each \$2 you earn above the annual limit. For 2000, that limit is \$10,080.
- In the year you turn full retirement age, \$1 in benefits will be deducted for each \$3 you earn above a different limit, but only counting earnings before the month you reach the full benefit retirement age. For 2000, this other limit is \$17,000.
- Starting with the month you reach full retirement age, you will get your benefits with no limit on your earnings. These new rules apply for the entire year of 2000, starting back in January.

The Social Security Administration is contacting

all individuals who may be effected by this new law. If you have questions regarding this topic, contact the Social Security Administration at 1 800 772-1213 or visit their website at www.ssa.gov.

Benefits Division Update:

As reported in the last issue of *Pension Perspectives*, the Benefits Division of the Human Resources Department has moved to 1300 Rosa Parks Boulevard, Detroit, MI 48216. The toll free number is 888- 288-2684 and the new local phone number is (313) 224-4809.

The Benefits Division phone numbers should be used only if you have hospitalization, dental or eye care benefit questions. All other retirement related questions, such as direct deposit, Federal withholding, estimates, etc. should be directed to the appropriate person in the Retirement Systems Directory on page 4 of this newsletter.