



General Retirement System City of Detroit

Pension Perspectives

AUGUST 2001

VOLUME 3, ISSUE 2

State of the Fund (can you say “Asset Allocation?”)

*Board of Trustees
General Retirement
System*

Rev. Wendell Anthony
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Clyde Cleveland
Councilperson

Ronald Gracia

John P. Kanters
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Thomas Sheehan

Sandra Studzinski

Shafter Terry, III
Treasurer

Despite a slowing economy, the bursting of the “dot-com” bubble and uncertainties as to the direction of the financial markets, the General Retirement System continues to be in excellent condition.

The General Retirement System exists to pay the benefits which you members of the system have been promised. The investments of the system are the primary source of the funds used to pay these benefits. The General Retirement System pays out approximately \$150,000,000 per year in benefits to its members which represents about 5% of the total assets of the System. Accordingly, the investment activity and asset allocation must balance the desire for long term appreciation with relatively large requirements for cash to pay benefits every month.

The Board of Trustees invests all available funds in a diversified portfolio of investments with the objective of maximizing the overall long term appreciation of the Retirement Systems’ assets while generating sufficient current income to pay the benefits which the members of the system have earned. This diversified portfolio is built around the Board’s asset allocation plan which includes 61% stocks, 30% bonds, 5% real estate and 4% alternative investments.

Stocks: Stocks typically provide a modest amount of current income from dividends plus a sizeable amount of income in the future from capital gains. The Retirement System owns both domestic and international stocks in a broad spectrum of companies from small to large. The long term total return

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Board of Trustees election results

John P. Kanters will continue as the Retiree Trustee on the Board through June 30, 2003. John was unopposed in his bid for reelection to the two year retired member term.

Ronald Gracia will continue as Trustee on the Board through June 30, 2007. Ron was unopposed in his bid for reelection to a six year active member term.


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Actively Speaking

New look for Annuity Statements

The Annuity Statement you will receive for fiscal year 2000-2001 will have a new look. The statements have been re-designed to allow for more detailed information and easier readability. The new statements allow detailed information on adjustments, refund information, military time purchases and other adjustments to be displayed on the statements. The old statements did not allow for such information.

Captured below is an example of the type of information displayed in the new statements. Depending on the amount of activity generated against your account, your statement may have more or less detailed information displayed.

		City of Detroit GENERAL RETIREMENT SYSTEM 2 WOODWARD AVENUE SUITE 908 DETROIT, MI 48226-3455 Annuity Statement for Fiscal 2000-2001	
JOHN DOE		Social Security Number 000-00-0000	
		Pension Number 999999	
<u>July 1, 2000 Balance</u>			
Interest		\$9,867.01	
7-1-2000 Taxable Balance			\$9,867.01
<u>Nontaxable Contribution</u>			
Pre-1982 Contributions		\$0.00	
Post 1982 Contributions		\$14,468.21	
7-1-2000 Nontaxable Balance			\$14,468.21
Your accumulated balance on July 1, 2000			\$24,335.22

<u>2000-2001 Fiscal Year Activity</u>			
Interest		\$2,031.77	
Nontaxable Contributions		\$3,782.80	
<u>2000-2001 Fiscal Year Adjustments</u>			
Total 2000-2001 Fiscal Year Activity		\$5,814.57	
Total Taxable Balance			\$11,898.78
Total Nontaxable Balance			\$18,251.01
Your accumulated balance on June 30, 2001			\$30,149.79

Two longtime Retirement Systems staff members retire.

Since the last newsletter, two long time employees of the Retirement System have retired or will retire shortly.

Tom Berriman retired on July 20, 2001. Tom served the City of Detroit for 39 years and 8 months. Nearly all of Tom's service was with the Retirement Systems offices. Tom dedicated himself to assisting City of Detroit employees and retirees with their retirement needs. Tom's knowledge of the history of the Retirement Systems will definitely be missed.

Elaine Poznanski is retiring on August 29, 2001. Elaine served the City of Detroit for 30 years and 7 months. Elaine has spent the past 21 years in the Retirement Systems accounting division. Elaine was meticulous in her attention to accounting detail, and her efforts will truly be missed.



Staff Change at the Retirement Systems

Due to the retirement of 2 longtime Retirement systems staff members (see related article above), several staff changes have occurred at the Retirement Systems.

Myron Terrell has replaced Tom Berriman in the Administrative Division.

Cynthia Thomas is the new Supervisor of the Payroll Division.

David Cetlinski is the new Supervisor of the Annuity Division.

Rena Presbitero will replace Elaine Poznanski as Principal Accountant for the Policemen & Firemen Retirement System.

We wish all of them much success in their new roles.

When you turn 65, You Must:

Notify the Benefits Division in writing immediately when you reach the age of 65. It is imperative that you send a copy of your Medicare card to the Benefits Division. This must be done when retirees or spouses reach the age of 65 and are required by law to sign up for Medicare Part A or Part B.

Write to: Benefits Division, Human Resources Department, Attn: Yvonne Moore, 1300 Rosa Parks Blvd., Detroit, MI, 48216. Remember, send a copy of your Medicare card along with your written notification.



Retiree calls will be answered

The Payroll Division of the Retirement Systems gets a great number of telephone calls each day from retirees about missing pension checks, death notices, direct deposit, etc. The number of calls increase dramatically around the first of each month, especially about missing pension checks. It is the goal of the Retirement System to return telephone calls by the end of the next working day regardless of how great the number of calls received. However, many callers are insistent on an immediate reply and continue to call several times during the day. This not only fills up the voice mail lines but also prevents other retirees from leaving a message. Please trust that someone from the Payroll Division will return your call by the next business day, if not sooner.

Remember, lost or missing pension checks should be reported to the Treasury Division at (313) 224-9344. To avoid missing check problems it is strongly suggested that you arrange for direct deposit of your pension check by calling the Payroll Division at 1-800-339-8344, Ext. 221, to obtain the necessary application forms. Direct deposit is certain, timely, and safe.

All questions and concerns regarding hospitalization rates should be referred to the Benefits Division of the Human Resources Department.

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
Terry Sobczak Ext. 209
Rick Huddleston Ext. 201

Pension Payroll

Cynthia Thomas 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
Tenecia Stockton Earnings Statements Ext. 237

Administration Support

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

Annuity

David Cetlinski Ext. 244
Latisha Moon Ext. 243
Tenecia Stockton Ext. 241

Interviewers

Shirley Hill Ext. 218
Betty Lowe Ext. 219

Accounting

Marilyn Roc Berdijo Ext. 230
Beverly Scruggs Ext. 225
Angela Keeler Ext. 223
Eddie Park Ext. 228
Rena Presbitero Ext. 231
Tek-Sin The Ext. 232
Denise Miller Ext. 224

Computations

Deborah Wilkerson Ext. 235
Cheneta Campbell Ext. 236

Re-Exams

Joanne Williams Ext. 238

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

City Council Extends Cost Sharing Relief

With the City budget year starting July 1, 2001 City Council has added \$525,000 to the budget to extend hospitalization cost sharing relief to retirees who retired between July 1, 1987 and June 30, 1992. Over the last two years City Council funded relief for retirees who retired between January 1, 1984 and June 30, 1987.

The hospitalization deduction for retirees who have been funded for cost sharing relief is one-half of what the deduction would have been had Council not funded this relief.

The tables below show examples of hospitalization deductions for various coverage categories for retirees who retired between January 1, 1984 and June 30, 1992 and for retirees who retired after July 1, 1992.

FOR PERSONS WHO RETIRED FROM JANUARY 1, 1984 TO JUNE 30, 1992

Category	BC-BS Traditional	Health Alliance Plan	Blue Care Network	OmniCare
Single, no Medicare	\$ 58.17	\$ 21.72	\$ 25.84	\$ 1.40
Single with Medicare	51.09	51.56	61.89	12.71
Retiree & Spouse, no Medicare	115.24	51.51	67.18	3.75
Retiree & Spouse with Medicare	92.68	93.73	114.40	27.20
Retiree with Medicare & Spouse without or vice-versa	99.82	63.83	71.99	17.91

FOR PERSONS WHO RETIRED ON OR AFTER JULY 1, 1992

Category	BC-BS Traditional	Health Alliance Plan	Blue Care Network	OmniCare
Single, no Medicare	\$ 116.33	\$ 43.43	\$ 51.67	\$ 2.81
Single with Medicare	102.17	103.11	123.78	25.41
Retiree & Spouse, no Medicare	230.47	103.01	134.35	7.51
Retiree & Spouse with Medicare	185.35	187.45	228.79	54.40
Retiree with Medicare & Spouse without or vice-versa	199.63	127.65	143.98	35.82

Pension Perspectives

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PENSION PERSPECTIVES

State of fund (continued)

(dividends plus capital gains) from stocks is approximately 11% per year consisting of 2% dividend plus 9% from capital gains. This is not to say that the Retirement System expects to earn 11% per year, consistently each and every year, from its portfolio of common stocks. Stock prices change every business day. Over weeks, months, and years these price fluctuations can be large. Over long periods of time, the stock market as a whole has gone up with several ups and downs along the way.

Bonds: Bonds typically provide a relatively high level of current income from interest payments plus a small amount of income in the future from capital gains. Over the long term, the system expects to earn 4% above the rate of inflation on bonds. Bonds, as an asset class, represent the largest source of current income which the system uses to pay benefits. Like stocks, bond prices change every business day. The periodic price fluctuation of bonds tends to be much less on a relative basis than the periodic price fluctuation of stocks.

Real Estate: Real estate typically provides a relatively high level of current income from rents plus a

moderate amount of income in the future from property appreciation. Over the long term, the system expects to earn 10% per year from real estate. Real estate is an excellent hedge against inflation. Real estate as an asset class represents the second largest source of current income which the system uses to pay benefits. The periodic price fluctuation of real estate tends to be less on a relative basis than the periodic price fluctuation of bonds.

Alternative Investments: Alternative investments provide little if any current income but sizeable income from capital gains. Over the long term, the system expects to earn 18% per year from alternative investments. The system's portfolio of alternative investments consists primarily of equity or equity-like investments which are not traded on the stock exchanges. In many cases, the System's alternative investment managers invest in companies before they make an initial public offering (IPO) of their stock which results in a sizeable gain for the General Retirement System once the IPO is completed.