***Note:** The following Questions and Answers are general in nature. However, it is possible that collective bargaining agreements may contain provisions which are different than the answers provided here. To the extent of any conflict between any applicable collective bargaining agreement and this report the terms of said collective bargaining agreement control. Accordingly, please consult your collective bargaining agreement for the definitive answer to any question regarding benefits.*

Q. When may I retire?
A. You may retire when you have at least 25 (DPOA & Fire Equivalents need at least 20) years of credited service regardless of age. Credited service is the total number of years, months and days of active service a member accumulates for pension purposes toward retirement. When you retire, you will be paid a straight life retirement allowance each month for as long as you live. Or, at the time you retire, you may choose an Option II, Option A or Option III retirement allowance which will provide lifetime benefits to you and upon your death will continue throughout the life of your designated beneficiary.

Effective July 1, 1998, (June 30, 2001, for DPOA members and their Fire equivalents) layoff time can be included to determine your 25th anniversary (DPOA & Fire Equivalents 20th) date for retirement, however, your retirement amount will be based on your actual worked service time.

Q. How is the amount of my straight life retirement allowance computed?
A. Your retirement allowance is based upon your years of credited service and your average final compensation.

Hired prior to 1/1/69 (Old Plan)

Your total retirement allowance (pension plus annuity) is equal to two and one-half percent (2.50%) of your average final compensation multiplied by your years of credited service, not to exceed 25 years. The pension portion cannot exceed fifteen twenty-seconds (15/22) of the maximum earnable compensation of a patrolman/firefighter.

Average Final Compensation is the average of the "maximum rate of pay" fixed by the budget, at the time of your termination, of your rank or ranks held during your last five years of service (effective July 1, 2000, last three years for DPCOA and Executive members and their fire equivalents), plus the value of your last full longevity payment. Members also have the option to retire under the "New Plan" provisions which follow.

Hired on or after 1/1/69 (New Plan)

Your total retirement allowance (pension plus annuity) is equal to two and one-half percent (2.50%) of your average final compensation for the first 25 years of credited service and two and one-tenth percent (2.10%) for years beyond 25 to a maximum of 35 years of service. Average final compensation is the same as under the "Old Plan."

NOTE: When you retire, if you withdraw or have already withdrawn your accumulated Defined Contribution Plan (Annuity Savings Fund) in a lump sum, your total retirement allowance will be reduced.

Q. A straight life retirement allowance provides me with payments for life. Can I financially protect my beneficiary by choosing some other form of payment?
A. Yes, you can provide lifetime financial protection for your beneficiary by choosing Option II, Option A or Option III. This choice must be made when you retire. You cannot change the option of your beneficiary after you cash a retirement check. The amount of an Option II, Option A or Option III retirement allowance is based upon the amount of your straight life retirement allowance and the age of you and your beneficiary. These amounts decrease with increasing age, for the same reasons that insurance premiums increase with increasing age. When you choose Option II, Option A or Option III, in a sense you are paying monthly insurance premiums to provide a survivorship benefit for your beneficiary upon your death. The "premium" is the difference between the straight life amount to which you are entitled and the amount you receive under the optional payment plan. Therefore, the difference between the amount of your straight life retirement allowance and the amount of the Option II, Option A or Option III retirement allowance represents the cost of paying your beneficiary's allowance. The value of each optional form of payment equals the actuarial value of the straight life retirement allowance; they all have the same cost to the Retirement System at the time you retire. The options are made available to you as a convenience in planning your personal retirement program.

Option II – Joint and Survivor Allowance

Under this plan you would receive the Option II retirement allowance for as long as you live. Upon your death your beneficiary would receive 100 percent of the Option II annual retirement allowance for life.

***Example:** You are age 55 and are entitled to a straight life allowance of $12,000 per year. Your named beneficiary is also age 55.*

From the table at right, your annual option II retirement allowance would be $10,416 (12 times $868). You would receive monthly benefit checks for as long as you live. Upon your death, your beneficiary would receive the same amount monthly for life.

Option A – Modified Joint and Survivor Allowance

You would receive the Option A retirement allowance for as long as you live. Upon your death your beneficiary would receive 75 percent of your Option A retirement allowance for life.

Example: *You are age 55 and are entitled to a straight life allowance of $12,000 per year. Your beneficiary is also age 55.*

From the table at right, your annual Option A retirement allowance would be $10,776 (12 times $898). You would receive monthly benefit checks for as long as you live. Upon your death, your beneficiary would receive three-quarters (3/4) of your benefit each month for life.

Option III – Modified Joint and Survivor Allowance

You would receive the Option III retirement allowance for as long as you live. Upon your death, your beneficiary would receive 50 percent (one-half) of your Option III retirement allowance for life.

Example: *You are age 55 and are entitled to a straight life allowance of $12,000 per year. Your beneficiary is also age 55.*

From the table at right, your annual Option III retirement allowance would be $11,148 (12 times $929) You would receive monthly benefits checks for as long as you live. Upon your death, your beneficiary would receive one-half (1/2) of your benefit each month for life.

Q. Can I name someone other than my spouse as my beneficiary?
A. You may name as your beneficiary any person with an insurable interest in your life. Once you have named a beneficiary and cashed a retirement check, you are not allowed to change your beneficiary selection.

Q. What is the best pension option to choose?
A. At your retirement interview, the Retirement System staff will explain each retirement option available to you. Only you can decide which is the best option for yourself. Changes to your retirement option are not allowed after you cash any pension check.

OPTION II – 100% SURVIVOR ALLOWANCE
OPTION A – 75% SURVIVOR ALLOWANCE
OPTION III – 50% SURVIVOR ALLOWANCE

BASED ON $1,000 STRAIGHT LIFE
MONTHLY RETIREMENT ALLOWANCE

Age at Retirement				
Member	Beneficiary	Option II	Option A	Option III
50	55	$911	$932	$953
50	50	895	919	944
50	45	880	907	936
55	60	891	916	942
55	55	868	898	929
55	50	848	882	917
60	65	868	898	929
60	60	837	873	911
60	55	809	850	894

Q. What is the "Pop-Up" Option?
A. The "Pop-Up" Option is a retirement option that you may elect which allows for your retirement to be changed from Option II, Option A or Option III to a Straight Life Option in the event your beneficiary predeceases you. The cost for this option is borne by the retiree or his/her beneficiary.

There are three Pop-Up Options from which a retiree may choose.

Q. Is my pension taxable?
A. Your monthly pension benefit is subject to Federal income taxes only. Public retirement pension benefits are currently not subject to State of Michigan or City of Detroit income tax.

Q. What if I become totally and permanently disabled?
A. Duty Related Disability Retirement

If your disability is approved by the board of Trustees as being duty related and you have less than 25 years of service, your disability allowance will consist of two parts:

1) A basic benefit of 50% of your final compensation on your effective date.

2) A supplemental benefit of 16.67% of your final compensation on your effective date.

Q. How is the interest rate on my Defined Contribution Plan (Annuity) monies determined?
A. After each fiscal year, the total earnings of the Retirement System, less expenses, are divided by the total mean balances of all the Reserve Accounts to calculate the interest rate to be used. Effective July 1, 1998, interest on accumulated balances is compounded weekly rather than yearly.

Q. Will I receive credit for military service?
A. Yes, if you are granted a leave of absence to enter the military while you are employed by the City, you will be given service credit as if your service was uninterrupted. This provision requires that you return to City service after completing military duty within the period prescribed by law. You will not contribute to the retirement fund while you are in military service, but your accumulated contributions will continue to earn interest. A new employee may purchase preemployment military service credit for up to three years of Honorable Military Service. A new employee must apply within 180 days from the date of hire. The cost would be 5% of the employee's annual rate of pay for each full year of service credit.

Preemployment Military Service Credit cannot be used to qualify for earlier retirement. It can only be used to increase the amount of pension benefit you will receive upon retirement.

Q. Who pays for Retirement System benefits?
A. Your retirement allowance is made up of two parts: a Defined Benefit Plan (Pension) and a Defined Contribution Plan (Annuity).

Defined Benefit Plan. The Defined Benefit Plan is a plan funded by Employer Contributions and earnings from the assets of the system. The City contributes actuarially computed amounts required to maintain the System as required by the Constitution of the State of Michigan.

Defined Contribution Plan. This plan is also referred to as the Annuity Savings Plan; which is a program that requires you to contribute toward an annuity. The Defined Contribution Plan is funded by employee contributions and earnings from the assets of the System.

Defined Contribution Plan monies belong *solely* to each employee or upon death, to their named beneficiary.

Q. Who administers the Retirement System?
A. The Policemen and Firemen Retirement System is administered by an 11-member Board of Trustees as follows:

Three Policemen who are members of the System. Two to be elected by and from members holding the rank of Lieutenant and lower. One to be elected by and from members holding ranks above Lieutenant.

Three Firemen who are members of the System. Two to be elected by and from members holding the rank of Lieutenant and lower. One to be elected by and from members holding ranks above Lieutenant.

The Mayor or his designee, the President of the City Council, or a member thereof elected by City Council, the City Treasurer, or the Deputy City Treasurer, the Chief of Police, or his designee and the Fire Commissioner, or his designee are ex-officio members.

Q. Is some provision made for increased living costs as a result of inflation after I am retired?

A. Hired prior to 1-1-69 *(Old Plan)*

Yes. Your retirement allowance increases proportionately with the increases in active member pays of the rank on which your retirement allowance was computed. This also holds true for retirement allowances paid to beneficiaries.

Hired on or after 1-1-69 *(New Plan)*

Yes. The pension portion of your retirement allowance increases by two and one-quarter (2.25%) percent of your original pension amount each year effective each July 1st. This also holds true for retirement allowances paid to beneficiaries.

All members retiring July 1, 1998, or later, (July 1, 2001 for DPOA members and their Fire equivalents) shall receive compounded two and one-quarter percent (2.25%) increases each year effective July 1st.

Q. Is my retirement allowance safe?
A. Yes. Under the provisions of the State of Michigan's Constitution, the City of Detroit has a contractual obligation to fund pensions and retirement allowances for each employee's entire service period. The City Charter and a City Council ordinance mandate proper funding of the Policemen and Firemen Retirement System. The Trustees, as fiduciaries, work to protect and increase the assets of the system. The System currently compares very favorably to other Public Retirement Systems across the country.

Q. How are Retirement System assets invested?
A. The Board of Trustees of the Policemen and Firemen Retirement System establishes the objectives and guidelines which govern investment policy. All investments are made in accordance with the City Charter and State Statutes governing the investment of pension funds.

The System employs the services of nationally known and respected investment consulting and management firms who advise the Board on portfolio selection and asset allocation.

All funds and securities of the Policemen and Firemen Retirement System are kept entirely separate from the funds of the City.

Q. How do I apply for retirement?
A. To apply for retirement, follow these steps:

1) Contact your payroll or personnel department and determine your effective date of retirement.
2) Request an estimate from the Retirement System of your retirement allowance under the various options available.
3) Call the Retirement System to make an appointment for filing your application to retire.
4) Bring proof of birth date for yourself, and if Option II, Option A or Option III is chosen, proof of birth date for your beneficiary is also required. Police officers are also required to bring a "Resignation/Retirement Notification" letter obtained from their Personnel Department.

Q. When I begin my service retirement, what happens to the fringe benefits I currently receive under the employee benefit plan?

A. ***Hospitalization and Medical Insurance***

The City will continue to pay the cost of hospitalization insurance, in accordance with Collective Bargaining Agreements and City Council Resolutions in effect at the time of retirement, for yourself and your spouse. After age 65, if you are eligible for Medicare, the City will provide a supplement to your Medicare benefits. The City requires that you enroll in Parts A and B of Medicare if you are eligible by Medicare rules. You must supply the Retirement Office with a letter from the Social Security Administration if you are not eligible for Medicare.

You may continue family coverage for eligible dependents, however, any cost of coverage for dependents other than your spouse will be deducted from your monthly benefit.

You must notify the Benefits Division of the Human Resources Department when you or your spouse reaches 65 years of age.

Death Benefit Plan

If a retiree has 10 years of service or less, at a cost of $1.08 per year, the retiree may choose to be insured for $1,680. This benefit is increased by $84 for each additional year of service.

Life Insurance

Upon retirement, you may arrange to convert your group term policy to a regular individual policy. The current carrier of group coverage for City employees is the Metropolitan Life Insurance Company.

Dental Program

Retiree and spouse are eligible for dental coverage currently administered by U.S. Health. Other dependents are not eligible for this coverage.

Optical Program

Retiree and spouse are eligible for an optical program currently administered by U.S. Health. Other dependents are not eligible for this coverage.

Q. Suppose my spouse and I divorce before or after I retire, are my benefits affected?
A. If your accrued retirement benefits are included as a marital asset in a divorce property settlement, the courts can allocate the marital portion of your pension and/or annuity among the involved parties under an Eligible Domestic Relations Order (EDRO). You should consult with your attorney concerning Public Act 46 of 1991.