

POLICE AND FIRE RETIREMENT SYSTEM OF THE CITY OF DETROIT

Disability Policy

ADOPTED: June 3 , 2021

AMENDED:

****Per section 1.21 of the PFRS Combined Plan, Component I, made part of the Plan of Adjustment ("POA") and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.ⁱ**

¹ Eight Amended Plan for the Adjustment of Debts of the City of Detroit, Michigan, confirmed December 14, 2014.

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Statement of Purpose

The Trustees of the PFRS, both individually and collectively, have a fiduciary duty to the plan. They must maintain the highest morals and standard of fiduciary care and loyalty to avoid erosion of the trust of PFRS members and the public at large.

In addition to the statutory obligations set forth in the Michigan Public Employee Retirement System Investment Act, 1965 PA 314, as amended, this Rules and Order of Business, in conjunction with all Board Policies, provide guidelines for PFRS Trustees in conducting themselves with the utmost integrity and accountability required of a PFRS Board Member.

**Per section 1.21 of the PFRS Combined Plan, Component I, made part of the POA and Exhibit B of the State Contribution Agreement (Governance Term Sheet), Investment Committee members shall comply with all Board governance policies and procedures, including the Ethics and Code of Conduct Policies, unless such compliance would violate the member's fiduciary duties or conflict with the provisions set forth in the Governance Term Sheet.

Definitions

“Board” or “Board of Trustees” shall mean the Board of Trustees of the Police and Fire Retirement System of the City of Detroit.

“Board member” shall mean any member of the PFRS Board Trustees.

“PFRS” shall mean the Police and Fire Retirement System of the City of Detroit.

“PFRS Staff” or “Staff” shall mean the Executive Director, the Assistant Executive Director, Chief Investment Officer, Recording Secretary, and all other employees of the PFRS as well as independent contractors who are not designated as employees.

“Service provider” shall mean any consultant, manager, advisor, custodian or other individual or entity providing professional services to the Board and/or PFRS.

General

To establish a written procedure to follow with regard to disability applications, determination of duty and non-duty disabilities, appeals of disability determinations and compliance with the requirements of the Plan of Adjustment and Components I and II of the Combined Plan.

Processes

Appeals – A member may appeal a decision of the PFRS Board as set forth in the Combined Plan by sending a letter to the PFRS: Attention of the Board of trustees.

Appeal Hearing- Any hearing as provided in the Combined Plan shall be done in closed

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session to insure confidentiality and protect the privacy of Members. The Member may bring one guest/support person. A recording of the meeting shall be made in lieu of a transcription service.

Disability Offset – Refers to as the offset requirements set forth in the Combined Plan.

Second Opinion

A second opinion may be requested by a Member with respect to a disability determination if the Member disagrees with the Medical Director’s opinion. However, the second opinion will be final and binding.

Disability Offset Process

The following is a general summary of the process set forth in the Combined Plan. Disability letters are sent in February/March of every year asking the member to sign and return an IRS Form 4506C. The Form 4506C allows PFRS to request a copy of the transcript that shows all income reported for the individual only. The member does not need to file taxes for PFRS to request and receive this transcript. Once PFRS has the Form 4506C the form is submitted to a third-party service electronically who requests the transcripts directly from the IRS. The deadline for the form submittal is generally July 1. Once PFRS receives the transcripts, the income for gainful employment is added to the PFRS database and a letter is then generated to the member showing any offsets that are needed for recoupment of excess income. See page 28 of the PFRS Component I POA for further Disability Offset details.

Disability Offset Appeal

Members may appeal to the Board determination of disability offsets as part of their due process rights. In order to appeal an offset determination, the member should send a written request to the Board Secretary. The Board Secretary will notify the Assistant Executive Director (AED) and the member’s appeal will be placed on the Board agenda. The AED will draft a memo for the Board detailing the basics of the member’s file:

- Name
- Date of Hire
- Position worked during injury
- Date of Disability Appeal
- Amount of Pension Check
- Amount of Offset Applied

The member will be given the meeting details so they can attend and present their appeal direct to the Board. The member will be introduced by the AED and be given 5 minutes to present to the Board and then a period of time for the Board to ask

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questions. The AED will follow up with the member after the Board decides on how the Board plans to proceed.

If a member has taken a service retirement, they can be put on a payment plan that will allow for a reasonable collection time of the outstanding funds owed to the System.

Disability Fraud

If a member of the PFRS Staff or Board becomes personally aware of possible fraud they shall report the matter to the Inspector General's office. The matter will remain confidential.

Office of Inspector General Hotline
(313) 964-TIPS (8477)(voicemail), fax: (313) 628-2793

Office of Inspector General Main Line
313-628-2517

Office of Inspector General 65 Cadillac Square, Suite 3210 Detroit, MI 48226

[Office of Inspector General | City of Detroit \(detroitmi.gov\)](http://detroitmi.gov)

Re-Examinations

At least once each year following the retirement of a Member under Section 5.3 of Section 5 .4, the Board shall require that such disabled Member who has not attained his or her Normal Retirement Age undergo a medical examination, to be made by, or under the direction of the Medical Director; provided, however, that medical examinations shall not be required if the Medical Director determines that the Member's condition is permanent and there is no need for further reexamination. Members shall be reimbursed for reasonable costs actually incurred by Members in connection with such examinations. Should any such Retiree who has not attained Normal Retirement Age fail to submit to a required medical examination, the Member's Retirement Allowance may be suspended by the Board until the examination is completed. Should such failure continue for one year, all of the disabled Member's rights in and to the duty or non-duty disability Retirement Allowance may be revoked by the Board. If upon such examination of a Member, the examiner reports that the Member is no longer Totally Disabled, and such report is concurred in by the Board, the Member shall be restored to active service with the City and the Retirement Allowance paid pursuant to Section 5.3 or Section 5.4 shall be suspended until the Member terminates active service with the City. (POA Comp I, P.29)

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Disability Retirement Review Board (DRRB)

The DRRB process is outlined in section 5.6 of the Plan of Adjustment, however, the DRRB has never been put into place by the City and the Union(s). In the absence of action by the City and Unions, the RSCD put in place the following process to address only whether “the disability resulted from the performance of duty” within the meaning of the pension plan.

1. The applicant and the City will have the right to appear in person or, otherwise, may be represented by Counsel if they wish and will be afforded an equal opportunity to present evidence relevant to the issues.
2. An electronic record of the proceedings shall be made.
3. The hearing will be closed to the public, except that the applicant may select one (1) person to be with him/her in the hearing room; provided, however, that person may not testify
4. The witnesses will be sequestered
5. The Board will afford the parties an opportunity for the presentation of oral argument and/or the submission of written materials.
10. The Board will issue a written decision containing credibility resolutions as necessary, findings of fact and conclusions with respect to all relevant issues in dispute. The decision of the Board shall be final and binding on all interested parties
11. The authority of the Board is limited to deciding whether or not the applicant's disability "resulted from the performance of duty" within the meaning of the Pension Plan. The Board shall have no authority to add to, subtract from, modify or disregard the terms of the Pension Plan.

Non-Compliance

If a member receiving disability benefits refuses to cooperate with any of the following compliance requirements, the Member’s benefit check may be withheld until they fully comply:

- Furnishing of reasonably necessary documentation and paperwork necessary for the administration of disability benefits;
- Cooperation to attend and meaningfully participate in all required medical exams, re-exams or functional capacity exams as determined by the doctor and/or facility providing the exams.
- Completion of all medical exams, re-exams or functional capacity exams as determined by the Doctor and/or facility providing the exams.

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