

Retirement *focus*

When am I eligible to retire?

Pre 2014/Legacy Plan

- Service Retirement - 25 years of service regardless of age. DPOA and Fire equivalents 20 years regardless of age. LSA see Legacy transition chart.
- DROP – can apply to DROP at 25 years of service. DPOA and Fire equivalents 20 years of service.
- Deferred Vested (you terminate employment) – 10 years of service. LSA or Fire equivalent members are 8 years of service and age 40 at the time of separation . All vested members may take a reduced benefit immediately. Unreduced benefits varies by contract.
- Average Final Compensation is the average of the last 5 years of the current maximum salary for the rank held just prior to the date of retirement.

Post 2014/ Hybrid Plan

- Service Retirement – 25 years of service and age 50 unless you meet the transition chart in your Memorandum of Understanding.
- DROP – can apply to DROP at 25 years of service. If you DROP service time stops accruing in Legacy and Hybrid Plans.
- Deferred Vested- (you terminate employment) – You must have 10 years of service. You may collect an unreduced pension at age 62, or reduced at age 55. DPLSA members are 10 years of service and age 55.
- Average Final Compensation is the average of your last 5 years of base wages.

Your Collective Bargaining Agreement and the Plan of Adjustment supersede this document if anything should conflict.

Calculating your retirement benefit

Your retirement benefit is calculated separately for each pension plan listed above if you were hired before July 1, 2014. Your service time in the legacy plan stopped June 30, 2014 in terms of calculating that benefit. However, your service time does continue on for the purposes of the post 2014 Hybrid Plan. In general the formula is

$$\text{Average Final Compensation (AFC) x Years of Service x 2\%}$$

Since July 1, 2014 a mandatory contribution is deducted from your paycheck. The deduction helps to pay for your future pension benefit, this is not an annuity. The deduction is 6% if you were hired prior to July 1, 2014 and 8% if you were hired on or after July 1, 2014. If you terminate prior to vesting (10 years) you may request a refund of your contributions. Once you have attained the 10 year vesting you may pick up a pension in accordance with the timeframes above.

Voluntary Contributions

In addition to the pension benefit above you may contribute to the voluntary defined contribution plan. You may contribute between 1%-10% of your paycheck in 1% increments. The defined contribution plan earns between 0%-5.25% annually, you do nothing but contribute, the Board of Trustees sets the rate annually. If you opt to do the voluntary contribution you will get a statement at the end of our fiscal year, June 30. Statements are typically mailed around August or September.

Life Events

Have you had a recent life event such as marriage, divorce or death of a beneficiary? When is the last time you updated your beneficiary information at the Retirement System? It is important to stay current with this information to make sure your money goes where you want it in the event of your death. Please contact our office to obtain the necessary forms to update your information, 313-224-3362.

Detroit Police and Fire Retirement System exceeds performance expectations for fiscal year ended June 30, 2018

The Police and Fire Retirement System for the City of Detroit earned a return of 8.2 percent, net of fees as of June 30, 2018 exceeding its required actuarial assumed rate of return of 6.75% on its portfolio investments. The Police and Fire Retirement System ended the year with assets of approximately \$3 billion despite paying out nearly \$300 million in annual pension benefits. It is important to note that the only contributions currently being made to the fund by the City are approximately \$18 million per year. Per the Plan of Adjustment the City is not required to make a full actuarial determined contribution until 2024.

Recently, both the PFRS Board and the PFRS Investment Committee took action to improve the risk/reward profile by changing its asset allocation. This was backed by an asset/liability study and recommended by our investment consultants This action is an effort to stabilize the plan in the event of future market downturns.

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Preparing to retire

Thinking of retiring in the next 5 years?

1. Make sure you have received and reviewed at least one estimate
2. 90 days prior to retiring, complete your intent to retire paperwork at your HR/payroll department
3. Call and make a retirement appointment, 313-224-3362