



# ***Policemen & Firemen Retirement System City of Detroit***



## ***Pension Perspectives***

AUGUST 2000

VOLUME 2, ISSUE 5

### **Lieutenants & Sergeants Association Arbitration Award**

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The Lieutenants & Sergeants Association Arbitration Panel has awarded the following changes to the Policemen and Firemen Retirement System's provisions for members retiring July 1, 1998 or later:

1. Inclusion of longevity pay in average final compensation.
2. Compounding of the 2.25% pension escalator. Increases will be based on the gross monthly as of June 30<sup>th</sup> of each year rather than the original gross monthly benefit.
3. Members are allowed to include layoff time in determining their 25<sup>th</sup> anniversary date for purposes of retiring, i.e. a member with 23 years of actual service and 2 years of layoff time can retire on their 25<sup>th</sup> anniversary date notwithstanding their layoff time. The monthly pension benefit in this case would be calculated based on the 23 years of actual service.

The Panel awarded wage increases of 2% on July 1, 1998, 3% on July 1, 1999 and 4% on July 1, 2000. The wage award may increase if the DPOA Arbitration Panel awards greater wage increases.

Effective July 1, 2000 longevity will be changed to a percentage calculation based upon 1-2-3-4% of base salary.

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### **Online benefit estimator coming to website**

The Retirement Systems is happy to announce a new feature coming to our website at [www.rscd.org](http://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

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# Actively Speaking

## Defined Contribution Plan (Annuity Savings Fund)

For the fiscal year from July 1, 2000 through June 30, 2001, your Defined Contribution Plan balance will be credited with compounded interest at a rate of 15.4%.

## Online benefit estimator (cont.)

you, the user, supply. So 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.

Average final compensation is the average of the current maximum base compensation for the rank or ranks held during the last five years of service. As noted in the article about the Lieutenants & Sergeants Association arbitration award, longevity pay is to be included in average final compensation, however, we are awaiting details regarding the value of longevity pay to be added to average final compensation.

### Important Dates

New Hospitalization Rates - Effective July 1, 2000

Longevity Pay - December 8, 2000

## Trustee Elections



Derrick Royal was re-elected as a Police trustee for the Policemen & Firemen Retirement System for a 3 year term beginning July 1, 2000 and ending June 30, 2003.

George Orzech was re-elected as a Fire trustee for the Policemen & Firemen Retirement System for a 3 year term commencing on July 1, 2000 and ending June 30, 2003.

## 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.

## Identity theft, a harmful problem in America

Identity theft occurs when an individual uses another person's personal information to take on that person's identity. If the personal information that is stolen is one's Social Security Number, that information can be used to obtain a driver's license and credit cards. To help victims, the Social Security Administration provides:

- hotline numbers,  
--SSA's Fraud Hotline-1-800-269-0271,  
--Federal Trade Commission (FTC) ID Theft Hotline-  
1-877-IDTHEFT (438-4338)
- information about steps you can take to work with credit bureaus and law enforcement agencies to reclaim your identity;
- a replacement card if your Social Security card was stolen;
- a new Social Security number in certain circumstances.

The Social Security Administration says steps are being taken to ensure that Social Security numbers are less accessible. They are strengthening processes for issuing new Social Security numbers as well as replacement Social Security cards.

According to the Social Security Administration, anyone who intentionally uses the Social Security number of another person to establish a new identity or defraud the government will be prosecuted to the fullest extent of the law.

One way to ensure that your Social Security number is not being misused is to check your earnings record. The Social Security Administration will send out a statement of earnings for any worker 25 or older. This statement is sent out three months prior to your birthday. If there is too much or too little earnings reported, if the name is incorrect or if the

birthday is incorrect, these types of errors should be reported so that corrections can be made.

## 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.

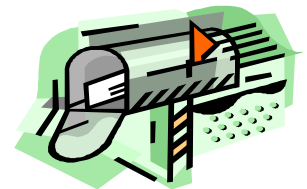
City of Detroit Treasurer, Shafter Terry III, has reported to this office that the City and Bank One have reached an agreement in which no fee will be charged to cash City of Detroit payroll, retirement or income tax refund checks. Should you encounter a problem regarding the "fee waiver", please instruct 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](http://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 Policemen and Firemen Retirement System, 2 Woodward Ave, Room 908, Detroit, MI 48226 or e-mail [webmaster@rscd.org](mailto:webmaster@rscd.org).

We really look forward to hearing from you.



**PENSION PERSPECTIVES**

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Joanne Williams Ext. 238

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Tasha Cowan Death Notices Ext. 239  
Glorecia Russell Estimates Ext. 237  
Veronica Thomas Direct Deposit Ext. 221  
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**Editor: Pension Perspectives**

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***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

Bankers Life  
(313) 961-3990

Han Optical Care  
(800) 445-2363

Co-Op Optical  
(800) 368-5160

Heritage Eye Care  
(800) 252-2053

Han Dental Care  
(313) 961-3990

Social Security Administration  
(800) 772-1213

Policemen & Firemen  
Retired Association  
(810) 795-1734

Cops Trust (A.B.S.)  
(810) 826-4336

\*\*\* 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's 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 to 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 download from our website at [www.rscd.org](http://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.

### Important Dates

New Hospitalization Rates - July 1, 2000

Cost of Living Increases - August 1, 2000

### Did you know?

- That there are approximately 7,400 retirees on the Retirement Systems payroll. This number represents approximately:
  - 4055 service retirements
  - 37 non-duty retirements
  - 420 duty disability
  - 300 vested retirements
  - 165 early retirements
  - 1,533 conversions (from duty/non-duty)
  - 873 option beneficiaries
- That the most popular birth day and birth month amongst the Policemen and Firemen Retirement System is January 22. There are 29 individuals on the retirement system payroll who lay claim to this day as their birthday.

### New Social Security Law Changes How Earnings Affect 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.

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# *Pension Perspectives*

Retirement Systems City of Detroit  
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## PENSION PERSPECTIVES

### **Social Security Earnings for older workers**

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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](http://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.