

DETROIT GENERAL RETIREMENT SYSTEM

HOW WILL MY PENSION WORK UNDER THE PLAN OF ADJUSTMENT?

Employees who are currently members of the General Retirement System (öGRSö) will continue to accrue pension benefits under the current pension formula through June 30, 2014 (öOld GRSö). As of June 30, 2014, your GRS pension benefits will be calculated using the current multiplier, multiplied by your years of service and final average compensation as of June 30, 2014. This pension amount will then be öfrozen,ö which means that it will be fixed and will not increase even if you continue to work for the City. Even after your GRS benefit has been frozen, it will still be payable to you under the same eligibility rules that currently apply.

On July 1, 2014, current employees who are GRS members will begin to earn pension benefits under a new hybrid pension plan (öNew GRSö). These benefits will accrue under a different formula and have different age, service, and multiplier rules, ***but these new rules only relate to pension benefits earned from July 1, 2014 forward.*** So, starting July 1, 2014, there will be two pension plans for employees of the City who remain members of GRS - the Old GRS plan and New GRS plan. If you remain a City employee, you will be eligible to obtain your vested benefits under the Old GRS plan, and going forward, you will also receive benefits under the New GRS plan for work performed after July 1, 2014.

THERE ARE NO ADVANTAGES TO RETIRING BEFORE JUNE 30, 2014 BECAUSE THE PENSION BENEFITS YOU HAVE EARNED THROUGH JUNE 30, 2014 UNDER THE OLD GRS PLAN WILL BE THE SAME IF YOU RETIRE BEFORE OR AFTER JUNE 30, 2014.

Here are some sample scenarios to illustrate the operation of Old GRS:

- Anita is 57 years old on June 30, 2014 and has 35 years of service as of that date. Anita can retire anytime and receive a monthly pension under Old GRS based on her 35 years of service. That benefit will also be adjusted under the Plan of Adjustment. If Anita continues to work for the City after June 30, 2014, she will also earn a pension under New GRS.
- Gary is 56 years old on June 30, 2014 and has 29 years of service as of that date. Gary will have to work for the City one more year after June 30, 2014, at which time he can retire and receive a monthly pension under Old GRS based on his 29 years of service worked through June 30, 2014, as adjusted under the Plan of Adjustment. He will also earn a pension under New GRS for any work performed after June 30, 2014.
- Brenda is 35 years old on June 30, 2014 and has 7 years of service as of that date. Brenda will have to work for the City 23 more years after June 30, 2014, at which time she can retire and receive a monthly pension from Old GRS based on her 7 years of service worked through June 30, 2014, as adjusted under the Plan of Adjustment. She will also be eligible to receive a pension based on her 23 years of service under New GRS, which will be payable when she is age 62 as an unreduced benefit.

In each of the examples above, the terms of New GRS will be used to determine eligibility for retirement, and to calculate the pension benefits ***for work performed after June 30, 2014 only.*** For the purpose of determining whether you are vested in your benefit under New GRS, total service with the City will be counted.

For more information and other employee scenarios, please review the “Frequently Asked Pension Questions for Active General Retirement System Employees” document posted on the City’s website.