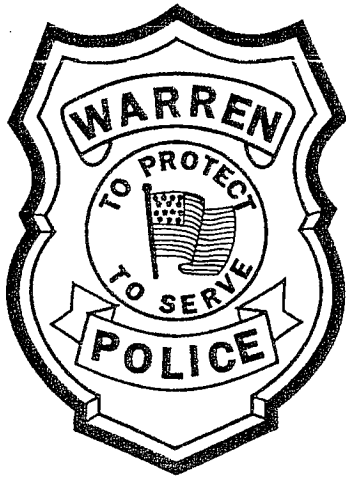


CITY OF WARREN



POLICE AND FIRE RETIREMENT SYSTEM

October 1995



City of Warren Police & Fire Retirement System

Membership Form



Department _____

Hire Date _____

Name _____

Sex: Male Female

Address _____

Social Security #: _____ **

Date of Birth: _____

Place of Birth: _____

Phone Number: _____

Married Single

Spouses Name _____

Social Security # _____ **

Children:

_____ Date of Birth _____ Social Security # _____ **

_____ Date of Birth _____ Social Security # _____ **

_____ Date of Birth _____ Social Security # _____ **

Nomination of Beneficiary

In the event of my death before becoming eligible for pension benefits provided by the Retirement System, I direct that the amount of accumulated contributions standing to my credit in the Employees Contribution Reserve be paid to:

* _____
{primary beneficiary}

* _____
{contingent beneficiary}

_____ {date of birth} _____ {relationship} If Living, Otherwise to

_____ {date of birth} _____ {relationship}

_____ {address}

_____ {address}

* If Living, Otherwise to my Legal Representatives

Dated at Warren, Michigan, this _____ day of _____, _____.

Signature of Employee _____

Signature of Witness _____

***As an employer, the City of Warren is required by federal and state law to use Social Security numbers (SSNs) to report and withhold payroll taxes.*

The City will use employee SSNs (Including elected and appointed officials, employees, and volunteers to whom compensation is paid) for payroll functions, expense reimbursement, and federal and state income tax reporting purposes.



City of Warren

Police and Fire Retirement Commission



Receipt

DEAR RETIREMENT COMMISSION:

I, _____, a member of the _____ department, do hereby acknowledge receipt of the revised employee handbook dated October, 1995. I also acknowledge any conflict between any of the statements contained in this booklet, and the provisions of Act 345, shall be governed by the provisions of the Act.

Signature of Participant

Signature of Witness

Date

City of Warren

Police and Fire Retirement System

October, 1995

City of Warren

Police and Fire Retirement System

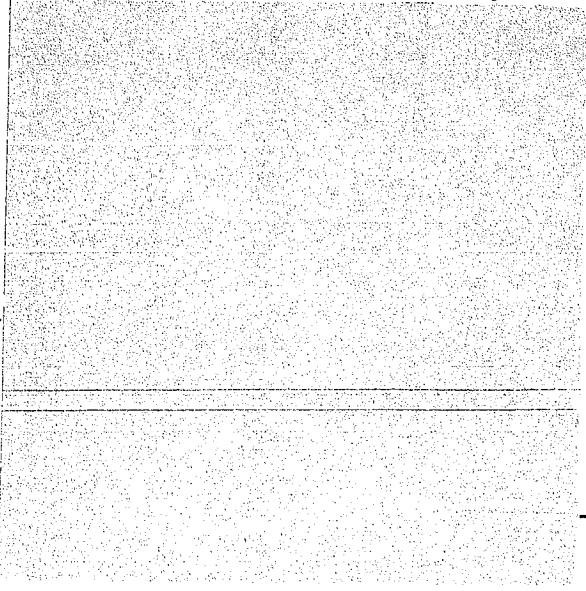
The City of Warren Police and Fire Retirement System (the "Retirement System"), established in accordance with Act No. 345 of the Public Acts of 1937, as amended, is a retirement plan through which both you and City contribute to provide you and your beneficiaries with retirement benefits.

As you contribute to your Retirement System, the City also contributes on your behalf — and the Retirement System funds are for the exclusive benefit of fellow police and fire members and their beneficiaries.

This summary booklet has been prepared to provide you with a brief description of the Retirement System and to help you in planning your retirement income and the financial security of your family. We encourage you to become familiar with the features of the Retirement System.

If you have any questions concerning the Retirement System or your membership, please contact a member of the Retirement Commission.

The Retirement Commission
Police and Fire Retirement System



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Questions and Answers About the City of Warren Police and Fire Retirement System

1. When Am I Entitled to Retirement Benefits?

You are entitled to retirement benefits at any time after you have completed at least 25 years of credited service. Retirement prior to age 50 requires approval of the city council or electors. Twenty-five years of credited service are not required if you terminate after age 60.

2. How Will My Retirement Benefits be Paid?

When you retire you will be paid a regular retirement pension, referred to as a "Straight Life Service Pension," for as long as you live. If you are survived by a qualifying spouse, upon your death your spouse will be paid 60 percent of your Straight Life Pension for life. To be considered a qualifying spouse, your surviving spouse must have been legally married to you on both (i) your date of retirement and (ii) your date of death.

To illustrate, suppose your Straight Life Service Pension is \$1,500 a month (\$18,000 a year). Upon your death, your surviving spouse will be entitled to a reduced benefit in the amount of \$900 a month (\$10,800 a year or 60% of \$18,000).

3. How Is The Amount Of My Straight Life Service Pension Computed?

The amount of your Straight Life Service Pension is based on two factors: your average final compensation and credited years of service. The pension benefit amount is based upon a formula and is equal to the sum of:

2.5 percent (.025) of your Average Final Compensation multiplied by your credited years of service up to 25 years; plus 1.0 percent (.01) of your Average Final Compensation multiplied by your credited years of service, if any, in excess of 25 years.

"Average Final Compensation" is the average of the highest annual compensation received by you during the period of 3 years of credited service which produces the highest average and is contained in your last 10 years of credited service immediately preceding your separation from service.

**Illustration of Annual
Straight Life Service Pension Amounts
for Combinations of Credited Service and AFC**

(AFC) Average Final Compensation	Years of Credited Service		
	25 Years	30 Years	35 Years
\$ 40,000	\$ 25,000	\$ 26,996	\$ 29,000
40,500	25,313	27,338	29,363
41,000	25,625	27,675	29,725
41,500	25,938	28,013	30,088
42,000	26,250	28,350	30,450
42,500	26,563	28,688	20,813
43,000	26,875	29,025	31,175
43,500	27,188	29,363	31,538
44,000	26,250	28,350	30,450
44,500	27,813	30,038	32,263
45,000	28,125	30,375	32,625
45,500	28,438	30,713	32,988
46,000	28,750	31,050	33,350
46,500	29,063	31,388	33,713
47,000	29,375	31,725	34,075
47,500	29,688	32,063	34,438
48,000	30,000	32,400	34,800
48,500	30,313	32,738	35,163
49,000	30,625	33,075	35,525
49,500	30,938	33,413	35,888
50,000	31,250	33,750	36,250
50,500	31,563	34,088	36,613
51,000	31,875	34,425	36,975
51,500	32,188	34,763	37,338

Estimate Your Straight Life Service Pension

	Example	Your Estimate	Your Estimate
<input type="checkbox"/> a Your Average Final Compensation (AFC)#	\$30,000		
<input type="checkbox"/> b Your credited service	30 years		
<input type="checkbox"/> c Portion of credited service over 25 years, if any	5 years		
<input type="checkbox"/> d .025 times 25 years equals	.625		
<input type="checkbox"/> e .01 times <input type="checkbox"/> c equals	.050		
<input type="checkbox"/> f <input type="checkbox"/> d plus <input type="checkbox"/> e equals	.675		
<input type="checkbox"/> g Your annual Straight Life Pension: <input type="checkbox"/> a times <input type="checkbox"/> f equals	\$20,250		
<input type="checkbox"/> h 60% for surviving qualifying spouse* upon your death	\$12,150		

AFC is computed by using the highest three years of compensation starting with the member's retirement date. All compensation received by a member in their highest years shall be computed as final average compensation, except for compensation that is excluded by the governing union contract.

* To be eligible for the reduced pension benefit, your surviving qualifying spouse must have been legally married to you on both your date of retirement and date of death.

4. Can I Provide Benefits For A Non-Spouse Beneficiary Upon My Death?

Yes. You can provide benefits for a non-spouse beneficiary who has an insurable interest in your life by affirmatively electing Option I or Option II prior to your retirement. An "insurable interest" means an interest arising from the relation of one party to another, as will justify a reasonable expectation of advantage or benefit from the continuance of the latter's life. Your election cannot be changed after you retire. In the event no option is selected prior to your retirement, your surviving spouse is automatically entitled to 60% of your Straight Life Pension upon your death. To be eligible for the reduced pension benefits, your surviving spouse must have been legally married to you on both your date of retirement and date of death (see question 1).

A member electing Option I or II generally wishes to provide pension benefits for a dependent other than a spouse.

Option I and Option II are computed to be the actuarial equivalent of the Straight Life Pension -- which means they all have the same cost to the Retirement System at the time you retire. These options are made available as a convenience to you in planning your personal retirement program.

The factors used in determining the amount of an Option I or Option II Pension include the amount of your Straight Life Pension and the ages of you and your beneficiary.

Option I - 100% Survivor Pension. Under this option you would be paid an Option I Pension benefit for as long as you live, with the added provision that upon your death the designated beneficiary would also be entitled to receive 100% of your Option I Pension benefit for life.

To illustrate, assume you are age 50 and entitled to a Straight Life Service Pension in the amount of \$20,000 per year. Your beneficiary is also age 50. The amount of your Option I Pension benefit would be \$17,680 ($\$20,000 \times .884$ from the table on page 5). Under this Option I calculation, you would be paid \$17,680 a year for as long as you live and, upon your death, your beneficiary would be paid \$17,680 a year for life.

Option II - 50% Survivor Pension. Under this option you would be paid an Option II Pension benefit for as long as you live, with the added provision that upon your death the designated beneficiary

would also be entitled to receive 50% of your Option II Pension benefit for life.

To illustrate, assume you are age 50 and entitled to a Straight Life Pension in the amount of \$20,000 per year. Your beneficiary is also age 50. The amount of your Option II Pension benefit would be \$18,800 (\$20,000 x .940 [Rounded] from the table below). Under this Option II calculation, you would be paid \$18,800 a year for as long as you live and, upon your death, your beneficiary, would be paid \$9,400 a year for life.

The difference between the amount of your Straight Life Pension and the amount of the Option I or Option II Pension represents the actuarial cost to the Retirement System of providing an income to the designated beneficiaries of the retired members.

**Option I – 100% Survivor Pension
Option II – 50% Survivor Pension
Percent Of Straight Life Pension**

Age at Retirement				
Member	Beneficiary	Option I	Option II	
60	60	82.2%	90.2%	
60	55	79.3	88.4	
60	50	76.8	86.9	
55	55	85.5	92.2	
55	50	83.3	90.9	
55	45	81.5	89.8	
50	50	88.4	93.8	
50	45	86.8	92.9	
50	40	85.5	92.2	
45	45	90.0	95.3	
45	40	89.8	94.6	
45	30	88.1	93.7	

7.5% GA 84
100% M/0%F

5. May I Elect To Withdraw My Contributions With Interest At Service Retirement?

You may elect to receive a partial or total refund of your accumulated contributions at the time of your service retirement. This election is referred to as your optional annuity withdrawal. This refund will reduce your Straight Life Pension and all optional forms of payment. The reduction in the Straight Life Pension is determined by computing the amount of the annuity which could be purchased with the accumulated contributions which are refunded. All optional forms of payment are then based on the reduced Straight Life Pension following your election of the withdrawal.

To illustrate, assume you are age 50 (spouse also age 50) with entitlement to a Straight Life Pension of \$20,000 per year and you elect to withdraw your accumulated contributions of \$22,000. The amount of annual annuity which could be purchased with your accumulated contributions is approximately \$1,959. The amount of your Straight Life Pension after annuity withdrawal is approximately \$18,041 (\$20,000 - \$1,959). The actual amount of reduction in your Straight Life Pension for your annuity withdrawal depends on the amount withdrawn, the ages of you and your spouse, and the interest and mortality assumed.

Members requesting withdrawal of their accumulated contributions shall be paid upon retirement, provided at least 30 days written notice is given, the amount on record with the Retirement Commission, with the balance being paid within 30 days of their final payoff.

6. What Happens If I Leave City Employment Before I Can Retire?

In the event you terminate employment as a police or fire member (other than by death or total and permanent disability) after you have completed 10 years of credited service, you are eligible for a Deferred Pension if you leave your own accumulated contributions on deposit with the Retirement System.

For payment of your Deferred Pension to begin, you must apply to the Retirement Commission on or after the date you would have completed 25 years of credited service had you continued City employment. Payment of your Deferred Pension prior to age 50 requires approval of the city council or electors. The amount of your Deferred Pension is computed the same way as a Service Pension using your credited service and Average Final Compensation at the

time you leave City employment as a police or fire member (see question 2 on how a Straight Life Pension is computed).

7. What If I Do Not Have The 10 Years Of Credited Service Required For A Deferred Pension?

You will be refunded your accumulated contributions, but not to exceed 2% per annum, with interest, upon your written application to the Retirement Commission.

8. What Are My Pension Benefits In The Event I Become Disabled In The Line Of Duty?

If you become totally and permanently disabled directly as a result of your performance of duty as a police or fire member for the City and your application for a Duty Disability Pension is approved by a medical committee, you will be paid a Duty Disability Pension equal to 50 percent (50%) of your Average Final Compensation until you attain age 55, or recover. Your disability, for this purpose, must occur as the natural and proximate result of causes arising out of and in the course of your employment. Your ongoing rights to a disability pension are conditioned upon your submission to periodic medical examinations. When you attain age 55, you will be given credited service for the period you were in receipt of a Duty Disability Pension and your pension will be recomputed as a Straight Life Service Pension (see question 2 on how a Straight Life Service Pension is computed).

To illustrate, suppose you are age 40 and your application for a Duty Disability Pension is approved by the medical committee. Assume your credited service is 12 years and your Average Final Compensation is \$30,000. You would be paid a Duty Disability Pension of \$15,000 (50% of \$30,000) until you reach age 55 (assuming you do not recover). When you attain age 55, you would be given service credit for the 15 years you were being paid a Duty Disability Pension and your pension would be recomputed to be \$19,350 ($.025 \times 25 \times \$30,000$ plus $.01 \times 2 \times \$30,000$). Any time within the 60 days preceding your 55th birthday, you may elect to receive your pension in accordance with Option I or Option II instead of a Straight Life Pension (see question 3 for a description of Option I and Option II).

Your Duty Disability Pension is reduced by the amount of any Worker's Compensation benefits you receive.

9. What Are My Pension Benefits In The Event I Become Disabled But Not In The Line Of Duty?

If (a) you are totally and permanently disabled, (b) you have completed at least 5 years of credited service and (c) your application for a Non-Duty Disability Pension is approved by a medical committee and the Retirement Commission, you will be paid a Non-Duty Disability Pension equal to 1.5 percent (1.5%) of your Average Final Compensation multiplied by your credited service and payable until you attain age 55 years, or recover. Your ongoing rights to a disability pension are conditioned upon your submission to periodic medical examinations. When you attain age 55 years your pension will be recomputed as a Straight Life Service Pension based on your credited service and Average Final Compensation at the time you terminated City employment (see question 2 on how a Straight Life Service Pension is computed).

At any time within the 60 days preceding your 55th birthday you can elect to receive your pension in accordance with Option I or Option II instead of a Straight Life Pension (see question 3 for a description of Option I and Option II).

Your Non-Duty Disability Pension is reduced by the amount of any Worker's Compensation benefits you receive.

10. Are Benefits Paid If I Die Before I Retire?

If your death is a result of your performance of duty as a police or fire member of the City, benefits may be payable to your spouse, surviving children who are under age 18 and certain other dependents. In general, Duty Death Pensions are payable to a person only if that person received Worker's Compensation on account of your death. The amount is the same as the Worker's Compensation payment amount and the pension begins upon termination of Worker's Compensation payments. Spouses' benefits are determined by Act 345 and collective bargaining agreements. Children's benefits terminate upon attainment of age 18, marriage or death.

11. Suppose I Die But Not In The Line Of Duty?

If you are a fire member and have at least 10 years of credited service or a police member and have at least 15 years of credited service and you die while employed by the City as a police or fire member, your spouse will be paid a Survivor Pension for life. The amount is computed as if you had retired the day preceding your death with a

Service Pension and elected Option I (see question 2 on how a Service Pension is computed and question 3 for a description of Option 1).

Instead of automatically providing for your spouse, you may, at any time after completing 25 years of credited service, elect Option I and name a beneficiary who is dependent upon you for at least 50 percent of her (his) support. Upon your death, while employed by the City as a police or fire member, your beneficiary would receive a Survivor Pension computed as if you had retired the day preceding your death. Your election and naming of beneficiary may be changed by you at any time prior to your death or retirement.

12. Who Pays For Retirement System Benefits?

Both you and the City of Warren contribute toward the cost of Retirement System benefits. Your contribution is 1 percent of your salary.

The City of Warren contributes actuarially determined amounts required to maintain the Retirement system in sound financial condition as required by Act 345 and the Constitution of the State of Michigan.

13. Who Administers The Retirement System?

The Retirement System is administered by a 5 member Retirement Commission made up as follows:

The City Treasurer

A police department member — elected by the members of the police department

A fire department member — elected by the members of the fire department

Two citizens — appointed by the Mayor of the City.

14. Who Invests The Assets Of The Retirement System?

The Retirement Commission invests the assets of the Retirement System in the name of the Retirement System. Investments are made in a manner which is consistent with provisions of Michigan law. The assets of the Retirement System are entirely separate from the funds of the City and must be held and used for the exclusive benefit of police members, fire members and their beneficiaries.

15. Are Retirement System Benefits Subject To A Divorce Decree?

If a domestic relations order issued by the court qualifies as an Eligible Domestic Relations Order in accordance with Michigan law, an alternate payee may be paid a portion of your pension. The order must be filed before the effective date of retirement, only forms of benefits that exist in the Retirement System may be specified, and such benefits must be computed to generate no additional cost for the Retirement System.

16. Are There Any Other Retirement Benefits Which May Be Provided?

This booklet describes the benefit provisions in effect on January 1, 1993. Benefit provisions may be added or changed pursuant to collective bargaining agreements and the provisions of Act 345, P.A. 1937.

The purpose of this booklet is to briefly describe, in simplified language, the main provisions of Act 345, Public Acts 1937, as amended (the "Act"). The operation of the Retirement System is governed by the detailed provisions of the Act and the Retirement Commission's official rules and regulations. Copies of the Act and these official rules and regulations are available from the Retirement Commission. This booklet is not meant to interpret, extend, or change the provisions of the Retirement System in any way. The provisions of the Retirement system may only be determined accurately by reading the Act and the applicable collective bargaining agreement. Any conflict between any of the statements contained in this booklet and the provisions of Act 345 shall be governed by the provisions of the Act.

City of Warren

Police and Fire Retirement Commission

Resolution

Resolution Discussing Relevant Factors That May Be Taken Into Consideration In Determining The Eligibility Of A Beneficiary Nominated As A Benefit Survivor In The Event Of A Preretirement, Nonduty Related, Death

The following resolution is enacted by the City of Warren Police and Fire Retirement Commission (Commission) for the following reasons:

A. The Charter of the City of Warren adopted Public Act 345 of 1937, as amended (Act), to serve as the pension system for sworn police and fire personnel. The Act, together with various applicable provisions of certain collective bargaining agreements, form the pension plan and trust administered by the Commission.

B. The system permits certain participants, who after acquiring sufficient service credit, and after completing and filing of an appropriate form, to select an individual, other than a spouse, to be a survivor beneficiary to receive an Option I Survivor's pension benefit in the event the participant dies prior to retirement in a nonduty related manner.

C. Participants receive information regarding the system from various sources. These sources include, but are not limited to, the Act, the appropriate collective bargaining agreement, informational material generated and distributed by the Commission, *et cetera*. The Commission also permits inquiries to be made by individual participants to the Commission. The Commission has and continues to strongly suggest that each participant, in connection with his or her own financial and retirement planning needs, retain the appropriate actuarial, financial, accounting, legal, or other qualified individual to assist.

D. Recently, individual Commission members have begun to receive inquiries from participants questioning what "factors" would be considered by the Commission in determining the eligibility of a duly nominated beneficiary, by a qualified participant, for Option I survivor's pension benefit. Among the requirements imposed by the system, in particular the Act, is that a potential beneficiary must, in order to qualify, have an "insurable interest" in the participant's life and be dependent upon the participant for at least 50% of the beneficiary's support.

E. In making a determination of eligibility, the commission reviews each request for benefits on a case-by-case basis. The Commission is guided in their decision making process by the language of the Act, the appropriate collective bargaining agreement, as well as relevant court decisions.

F. Although the Commission is not a suitable replacement for personal financial or retirement planning advice, the Commission is cognizant that these inquiries received by individual Commission members are important to the participants and are worthy of a reply.

NOW THEREFORE, BE IT RESOLVED that the Commission hereby promulgates the following information to be used by individual participants solely as an aid to their own interpretation as to what factors would be considered by the Commission in order to determine the eligibility of a proposed beneficiary to receive an Option I Survivor's pension benefit in the event that a qualified participant, after completing all other requirements, to elect and nominate a beneficiary to receive the benefit in the event that the participant dies a, nonduty related, death prior to his or her retirement.

1. Generally, the Commission would tend to look favorably on an individual related to the participant, who at the time of the of the participant's death suffered from a physical or mental impairment that rendered that individual incapable of self-support, and who most likely will remain incapable of self-support throughout his or her lifetime.

2. The phrase "insurable interest" carries with it a specific legal meaning. Individuals, such as a participant's parent, child, or grandchild would most likely be considered as having an "insurable interest" in the life of the participant. Although the Commission recognizes that many participants develop strong relationships with other unrelated individuals, the Commission would generally not infer that a friend, irrespective of whether the friendship was platonic or romantic, as having an "insurable interest" in the participant's life.

3. In determining whether a proposed beneficiary would be considered by the Commission as having received at least 50% of that individual's support from the participant, the Commission would take the following into consideration.

- a. Factors (a partial list for illustration purposes only) favoring a finding of 50% support would include:
 - (1) If the participant was considered a dependent for federal income tax purposes.
 - (2) If the individual was residing with the participant at the time of the participant's death.
 - (3) If the individual was institutionalized at the time of the participant's death, whether the participant had assumed and paid for at least 50% or more of all uninsured medical expenses, as well as 50% or more of the individual's nonmedical related living expenses, and but for the participant's death, would have continued to assume and pay those expenses.
 - (4) If 50% or more of all food, clothing, and shelter costs were paid or provided by the participant.
 - (5) If the participant provided at least 50% of all health or other noninsurance covered medical expenses.
 - (6) If the individual was certified by appropriate medical, psychiatric, or psychological personnel as being at least 50% or more disabled.
 - (7) If the participant acted as either a co-maker or guarantor, with the individual, in loans or other financial transactions entered into with an unrelated third party.
- b. Factors (a partial list for illustration purposes only) against a finding of 50% support would include:
 - (1) Any contribution to the individual's own support due to his or her own earnings.
 - (2) Income received by the individual through scholarship sources, social security benefits, student loans, military service, prize or lottery winnings, public assistance, *et cetera*.
 - (3) If the individual is currently married or contemplates marriage in the future.
 - (4) The absence of any medical, psychiatric, or psychological finding that the individual was at least 50% disabled.
 - (5) If the individual was qualified to perform any occupation, trade, or profession.
 - (6) If the individual possesses any license or certificate entitling that individual to engage in any occupation, trade or profession.
 - (7) Any fact that would lead the Commission to believe that the individual's dependence on the participant was temporary and would not be reasonably expected to continue throughout the individual's lifetime.

Passed unanimously on January 20th, 1994.

Attest:

(Signed)

Robert Vought, Secretary

(Signed)

William Karpinski, Chairman

(Signed)

Kenneth Wouters, Vice Chairman