

CHARTER TOWNSHIP OF REDFORD



REDFORD TOWNSHIP POLICE AND FIRE PENSION SYSTEM

MEMBER HANDBOOK

Published December 1, 2019

**REDFORD TOWNSHIP
POLICE AND FIRE RETIREMENT SYSTEM**

**15145 Beech-Daly Road
Redford, Michigan 48239**

Dear Members:

The purpose of this handbook is to describe in general terms the provisions of the Redford Township Police and Fire Retirement System.

The Retirement System was created by the Redford Township's adoption of the provisions of Public Act 345 of 1937, as amended, in 1957. The provisions of Act 345, together with the applicable collective bargaining agreements and applicable federal and state law, control and govern the rights and benefits under the Retirement System. The Board of Trustees is vested with the authority to grant only those benefits which are authorized by the provisions of the Retirement System. **Please note: collective bargaining agreements are controlling in the event of a conflict with the provisions of Act 345.**

This handbook is informational only and shall not be relied on as a definitive statement of your rights and benefits under the Retirement System or a summary plan document. Due to the complexities of the tax laws and other considerations, the Board of Trustees does not provide tax advice. The Board of Trustees recommends that members consult with a tax advisor regarding tax obligations and consequences relating to retirement decisions.

All members are encouraged to study this handbook and update it with current reports, policy statements and collective bargaining agreements, which may be periodically distributed by the Retirement System.

As always, the Board of Trustees welcomes your questions and comments regarding **your** Retirement System.

**BOARD OF TRUSTEES OF THE REDFORD TOWNSHIP
POLICE AND FIRE RETIREMENT SYSTEM**

**REDFORD TOWNSHIP
POLICE AND FIRE RETIREMENT SYSTEM**

HANDBOOK CONTENTS

- I.** Benefit Questions and Answers
- II.** Public Act 345 of 1937, as amended
- III.** Summary Annual Report
- IV** Rollover Notice

QUESTIONS AND ANSWERS

1. What is the Retirement System?

The Redford Township Police and Fire Retirement System was established to provide pension and retirement benefits to the personnel of the Police and Fire Departments of Redford Township, their families and other beneficiaries. The Retirement System was created by the adoption of the provisions of Public Act 345 of 1937, as amended. The provisions of Act 345, together with the applicable collective bargaining agreements and applicable federal and state law, control and govern the rights and benefits under the Retirement System. As pension benefits are a mandatory subject of collective bargaining under the Michigan Public Employment Relations Act, the Retirement System provisions have been, and may continue to be, modified by collective bargaining agreements. **NOTE: collective bargaining agreements are controlling in the event of a conflict with the provisions of Act 345.**

The Retirement System consists of two (2) qualified plans: a Defined Contribution (Annuity) Plan and a Defined Benefit (Pension) Plan. The Defined Contribution and Defined Benefit Plans are qualified plans pursuant to section 401(a) of the Internal Revenue Code.

2. Who administers the Retirement System?

The Retirement System is administered by a five member Board of Trustees. The Trustees are:

- a) The treasurer of Redford Township;
- b) A police member who is elected by members of the Police Department;
- c) A fire member who is elected by members of the Fire Department; and
- d) Two individuals who are appointed by the Township Board.

The Board of Trustees is vested with the general administration, management, and responsibility for the proper operation of the Retirement System. The regular term of office of the trustees provided for in paragraphs (b) and (c) above is four (4) years.

3. Can the Board of Trustees increase benefits for members or retirees?

The Board of Trustees may not change the terms of the Retirement System. The

Board of Trustees is vested only with the authority to grant those benefits which are authorized by the provisions of the Retirement System as amended by collective bargaining agreements. Changes in pension benefits for current members are mandatory subjects of collective bargaining, however changes in pension benefits for retirees are a permissive subject of collective bargaining.

4. When and where does the Board of Trustees have their meetings?

The Board of Trustees holds meetings at least once a month at a public forum held in compliance with the Open Meetings Act of the State of Michigan. The Board of Trustees by resolution has generally designated the third Tuesday of each month as its regularly scheduled meeting. The schedule of meetings is published annually in advance and is posted in the Town Hall, the Fire Department and the Police Department. The Trustees normally convene at 3:00 p.m. for this meeting at 15145 Beech-Daly Road, Redford, Michigan 48239.

5. Where may I obtain copies of the Retirement System provisions, resolutions, minutes or forms?

All members of the Retirement System are entitled to receive copies of Retirement System provisions, resolutions, minutes or forms. (Please note: a member may be requested to reimburse the Retirement System for reasonable duplication costs depending on the nature of the request.) Retirement and Pension forms are available from the Board's Secretary. Questions about a member's own pension benefits are always welcome and may be presented in writing or in person to the Board of Trustees. A member should also consult his/her collective bargaining agreement for any changes to the Retirement System which may have been negotiated by the collective bargaining association.

6. Who is a member of the Retirement System?

The membership of the Retirement System shall include each police officer and fire fighter employed by the Township.

The membership of the Retirement System does not include:

- (1) A volunteer fire fighter,
- (2) A privately employed police officer or fire fighter,
- (3) A person temporarily employed during an emergency,

- (4) A civilian employee of the police and fire department, or
- (5) A person participating in a transitional public employment program (except as provided in Section 6c of Act 345).

In all cases of doubt, the Board of Trustees decides who is a member of the Retirement System.

7. How is the Retirement System financed?

Members of the Retirement System are eligible to participate in two plans:

A. **Defined Benefit Plan.** The Defined Benefit Plan (commonly referred to as the pension plan) is a plan funded by employer contributions and earnings from the assets of the defined benefit plan. The Employer/Township contributes actuarially determined amounts required to maintain the Retirement System as required by the Constitution of the State of Michigan.

B. **Defined Contribution Plan.** The Defined Contribution Plan (also commonly referred to as the annuity savings plan) is a plan funded by member contributions or those contributions that the Township has made on the member's behalf, in accordance with IRC 414(h) ("Employer Pick-Up"), based on a percentage of pay. Please note: employee contributions to the Retirement System are based upon your total compensation, including base pay plus longevity pay and any and all lump sum payouts amounts of accumulated sick and vacation time.

"Employer Pick-Up" is a designation under Internal Revenue Code Section 414(h)(2) to enable members to defer taxes on contributions until retirement. Prior to the Township's establishment of "Employer Pick-Up" in 1987, mandatory member contributions were made to the Retirement System on an after tax basis (i.e., employee paid taxes on total compensation and then employee contributions were made to the Retirement System after tax). By establishing "Employer Pick-Up", employee contributions are made on the employees' behalf on a before-tax basis, and taxes are deferred on those amounts until distribution at retirement (i.e., employee contributions to the Retirement System are deducted from total compensation prior to taxation).

Please note: Upon distribution you will be taxed on the following amounts: (1) contributions made under "Employer Pick-Up", (2) interest on "picked-up" contributions and (3) interest on your contributions made prior to adoption of

"Employer Pick-Up".

8. When may I retire?

A member is eligible to retire upon meeting the following age and/or service requirements of the Retirement System as amended by applicable collective bargaining agreements.

9. How do I apply for retirement?

Upon meeting the age and/or service requirements for retirement, a member may retire upon submission of a written application to the Board of Trustees setting forth at what time, not less than thirty days nor more than ninety days prior to the date he/she desires to be retired. An application and a copy of retirement procedures may be obtained from the Board.

10. What factors are considered in determining my retirement allowance?

A member's regular retirement pension benefit is based upon his/her Average Final Compensation (AFC), years of credited service, and a multiplier (as determined by Act 345 or applicable collective bargaining agreement). Age is also used in determining a member's regular retirement pension in that it is a factor in computing the amount of the actuarial reduction in the member's benefit if the member elects annuity withdrawal, which is also discussed more fully in the this handbook.

11. How is my Average Final Compensation determined?

After your retirement, the Finance Department reviews your final payroll information for each of the last 10 years of service from date of retirement.

Average Final Compensation for Fire and Police Officers is based upon the average of the 3 years of highest annual "compensation" received by the member during the member's 10 years of service immediately preceding the member's retirement or leaving service. Copies of the Average Final Compensation computations performed by the Finance Department are forwarded to the Board's recording secretary and the Board's Actuary.

ILLUSTRATION: The following annual income figures are provided to illustrate the normal computation of Average Final Compensation using an April 15, 1998 retirement date:

<u>Year</u>	<u>Compensation</u>
April 16, 2008 to April 15, 2009	\$27,800
April 16, 2009 to April 15, 2010	28,400
April 16, 2010 to April 15, 2011	30,000
April 16, 2011 to April 15, 2012	33,000
April 16, 2012 to April 15, 2013	36,800
April 16, 2013 to April 15, 2014	37,200
April 16, 2014 to April 15, 2015	40,600
April 16, 2015 to April 15, 2016	41,000
April 16, 2016 to April 15, 2017	42,600
April 16, 2017 to April 15, 2018	42,000

The three highest years of annual compensation are 2015-2016, 2016-2017, 2017-2018. The compensation for those years is added (\$125,600) and divided by 3 to determine the Average Final Compensation of \$41,866.

12. What is "Compensation"?

Compensation, for purposes of calculating retirement benefits, means a member's salary or wages paid by the Township for personal services rendered by him/her to the Township. The following benefits may be included in computing Average Final Compensation, depending on the language of applicable collective bargaining agreements: (1) Base Pay; (2) Longevity Pay; (3) Holiday Pay; (4) Used Personal Days; (5) Used Bereavement Leave Pay; (6) Used Vacation Leave Pay; (7) Lump Sum Distributions for Accumulated Sick, Vacation Pay or Holiday (Please refer to your applicable collective bargaining agreement regarding such payments); and (8) Out of Classification Pay (as applicable).

Contributions to the Retirement System will be based upon all benefits that are included in Average Final Compensation as set forth above. Retroactive pay is credited to the period earned, not to the period paid.

NOTE: The receipt of Worker's Compensation benefits may affect a member's "compensation" for retirement purposes.

13. What is "Credited Service"?

Credited Service means the sum of the prior service and membership service credited to the member's service account (years of service as a cadet shall be included in calculating total years of service for pension purposes). Service credit, as reported to the Actuary, is broken down into your actual years, months and days. The number of the actual months of service credit is divided by 12 months/year. The number of actual days of service credit is divided by 360 days/year. The results of these two computations are added to the number of

years of service credit and the resulting figure is rounded off to four (4) decimal places.

ILLUSTRATION: 25 years, 7 months, 18 days of service credit

- a. 25 years
- b. 7 months / 12 months = .58333 ... years
- c. 18 days / 360 days = .05 years
- d. Total Service Credit: $25 + .58333 + .05 = 25.6333$ years
- e. Retirement Computation: 25.6333 years x AFC x % multiplier

14. Will I receive credit for military service?

A member may receive credit for intervening military service if his/her Township employment was interrupted by serving on active duty in any armed service of the United States during time of war or other national emergency, provided the member becomes re-employed with the Township within six months of terminating required service.

15. May a member receive credit for prior Fire and/or Police time?

If a former fire or police member is re-employed by the Township, he/she may be given credit for the prior service if the member returns all amounts previously withdrawn, with regular interest as determined by the Board of Trustees, to the Retirement System within one year of re-employment.

16. How are retirement benefits computed?

A member's service pension is computed based on a percentage of his/her Average Final Compensation multiplied by the amount of his/her credited service. Note: the maximum benefit payable is 75% of Average Final Compensation.

A member's percentage multiplier is the multiplier provided pursuant to the applicable collective bargaining agreement in effect at the time of separation of service.

ILLUSTRATION: You are age 50 with 27 years of service as a police officer. Your straight life retirement allowance based your Average Final Compensation of \$40,680 and 27 years of service equals \$2,440.80 per month (72% of your Average Final Compensation). $[(2.8\% \times \$40,680 \times 25) + (1.0\% \times \$40,680 \times 2)] = \$29,289.60 / 12 = \$2,440.80$.

ESTIMATE YOUR STRAIGHT LIFE SERVICE PENSION

		<u>Examples</u>	<u>Your Estimates</u>	<u>Your Estimates</u>
a.	Your Average Final Compensation (AFC)	\$30,000	_____	_____
b.	Your credited service	30 years	_____	_____
c.	Portion of credited service over 25 years	5 years	_____	_____
d.	.028 times 25 years equals	.70	_____	_____
e.	.01 times (c) equals	.05	_____	_____
f.	(d) plus (e) equals	.75	_____	_____
g.	Your Service Pension: (a) times (f) equals	\$21,000	_____	_____
h.	60% for surviving spouse* upon your death	\$13,500	_____	_____
<hr/>				
a.	Your Average Final Compensation (AFC)	\$30,000	_____	_____
b.	Your credited service	25 years	_____	_____
c.	Portion of credited service over 25 years	0 years	_____	_____
d.	.028 times 25 years equals	.70	_____	_____
e.	.01 times (c) equals	.00	_____	_____
f.	(d) plus (e) equals	.70	_____	_____
g.	Your Service Pension: (a) times (f) equals	\$21,000	_____	_____
h.	60% for surviving spouse* upon your death	\$12,600	_____	_____

** To be eligible, your surviving spouse must have been married to you on both your date of retirement and date of death.*

17. May I designate a beneficiary who would continue receiving an allowance in the event of my death?

Yes. If you desire to provide an income to a beneficiary upon your death, you may elect, prior to the effective date of your retirement, but not thereafter, one of the following options. If you die while drawing a pension your beneficiary will receive a portion of your pension depending on what option you chose. **NOTE:** You must make your election prior to receipt of your first pension payment and once selected, neither your election nor the beneficiary designation can be changed.

Regular Retirement Pension (Straight Life Benefit)

Upon the death of a retirant who is receiving a regular retirement pension, his/her spouse, if living, shall receive a pension for the remainder of the spouse's lifetime equal to 60% of the regular retirement pension the deceased retirant was receiving.

NOTE: "Spouse", for purposes of the 60% surviving spouse benefit, is defined as the person to whom the retired member is legally married on both the effective date of retirement and date of death.

Option I: 100% Survivor Pension

Upon the death of a retired member, his/her reduced retirement pension shall be continued throughout the life of and paid to a duly nominated survivor beneficiary.

Option II: 50% Survivor Pension

Upon the death of a retired member, 50% of his/her reduced retirement pension shall be continued throughout the life of and paid to a duly nominated survivor beneficiary.

Option I and II benefits are made available as a convenience to you in planning your personal retirement needs. Option benefits 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. The amount of an Option form of retirement benefit is based upon the amount of your Straight Life Pension, which Option you select, and the ages of you and your beneficiary.

NOTE: If a member's death arises out of and in the course of employment with the Township, survivor benefits will be based upon the duty death provisions of the Retirement System.

18. May an unmarried member name a beneficiary for the 60% surviving spouse benefit?

No, because the specific definition of "spouse" which must be met by any person so designated cannot be satisfied by the named beneficiary of an unmarried person.

19. Who is eligible to be named as an Option beneficiary?

An Option election must be made by a retiring member before the effective date of his/her retirement and not thereafter. An option beneficiary must have an insurable interest in the life of the retiring member. In general, this is a liberal standard, however it contemplates close blood relationships or relationships by marriage or some other special relationship or reasonable expectation of an advantage or pecuniary benefit from the continuance of the life of the insured.

20. May an unmarried member name an option beneficiary?

Yes. An unmarried member may name an option beneficiary if the option beneficiary has an insurable interest in the life of the retiring member.

21. May an option beneficiary designation be changed subsequent to the retiring member's retirement date?

No. The election of an option beneficiary must be made prior to the effective date of your retirement. Once you commence receipt of retirement benefits, you may not change your option election or designated beneficiary.

22. If I die before I retire, what benefits are available to my beneficiary (i.e., duty death)?

If an active member should die prior to his/her retirement as a result of a personal injury or disease arising out of and in the course of employment with the Township, benefits will be payable to a surviving spouse, surviving children under the age of 18 years and/or other surviving dependents. Generally, the amount of the death benefits would be equal to the worker's compensation benefits and would be payable when worker's compensation benefits have expired. Widow benefits shall terminate upon death or remarriage; children benefits shall terminate upon attainment of age 18 years, adoption, marriage or

death; and other surviving dependents until the Board determines that the need for benefits no longer exists.

23. What if I die, but not in the line of duty (i.e., non-duty death)?

If a member continues in the employ of the Township after he/she has acquired ten (10) or more years of credited service, and should die (non-duty death), his/her surviving spouse shall receive an Option I benefit calculated as of the day preceding the date of the member's death.

A member who continues in the employ of the Township after he/she has acquired twenty five (25) or more years of credited service may elect an Option I benefit and nominate a survivor beneficiary (other than a spouse) whom the Board finds to be dependent upon the member for at least 50% of the beneficiary's support. Upon the death of said member, his/her named beneficiary shall receive an Option I benefit calculated as of the day preceding the date of the member's death. **NOTE:** Member may change an option election pursuant to this section prior to retirement.

Should a member die prior to satisfying the eligibility requirements as detailed above (i.e., 10 years service credit), no pension benefits shall be payable, but any accumulated contributions standing to the member's credit at the time of death will be paid to that member's designated beneficiary.

24. What if I become disabled in the line of duty (i.e., duty disability)?

If a member becomes totally incapacitated for duty by reason of a personal injury or disease occurring as the natural and proximate result of causes arising out of and in the course of the member's employment, the member or his/her department head may file an application with the Board of Trustees requesting service connected disability retirement. The application and retirement procedures may be obtained from the Board's Secretary.

Upon receipt of a disability application, the member shall be given a medical examination by a medical committee consisting of a physician named by the Board of Trustees, a physician named by the member claiming benefits, and a third physician designated by the first two physicians. The member shall be retired if the medical committee, by a majority opinion, certifies and the Board concurs (1) that the member is mentally or physically totally incapacitated for further performance of duty as a police officer or fire fighter in the service of the Township, (2) that his/her incapacitation is likely to be permanent, and (3) that the member should be retired.

ILLUSTRATION: You are disabled in the line of duty, you are 35 years of age and your application for a duty disability retirement is approved by the Board. You would receive 50% of your Average Final Compensation. If your AFC is \$40,680, your annual duty disability pension will equal \$20,340.

NOTE: All Retirement benefits are reduced by the amount of any worker's compensation benefits you receive.

Upon the members attaining 55 years of age, the duty disability retirement benefit calculation will be recalculated to a regular service retirement benefit and the pension benefits will be recomputed to include the service credit obtained while on duty disability retirement.

ILLUSTRATION: If you were age 35 and had 10 years of service credit at the time of your disability retirement, upon attaining age 55 you will be given credit for the 20 years you were on duty disability retirement and your benefits will be recomputed based on a total of 30 years of service credit

25. What if my disability is not duty related?

A member who has five (5) or more years of credited service and who becomes permanently and totally disabled for duty by reason of a personal injury or disease occurring as the result of causes arising outside the course of the member's employment may apply for a non-service connected disability pension. A member shall receive a disability retirement pension if the medical committee certifies and the Board concurs that a member is (1) mentally or physically incapacitated for further performance of duty as a police officer or fire fighter in the service of the Township, (2) that the incapacity is likely to be permanent, and (3) that the member should be retired.

A member who has not attained age 55 years of age shall receive a disability retirement pension based upon 1.5% of the member's Average Final Compensation multiplied by the number of years of service credited to the member. Upon becoming 55 years of age, the member's disability retirement pension shall be increased to 2.0% of the member's Average Final Compensation multiplied by the number of years of service credited to the member at the time of his/her retirement. **NOTE:** Service credit does not accrue while on a non-duty disability retirement.

At any time within 60 days preceding a member's 55th birthday, the member may elect (1) to receive your pension in accordance with Option I or Option II instead of a Straight Life pension and/or (2) the annuity withdrawal option.

A member who is eligible for a non-duty disability retirement on or after attaining 55 years of age shall receive a disability retirement pension computed in accordance with regular service retirement.

If a member has less than five (5) years of credited service and becomes totally and permanently incapacitated for duty by reason of a personal injury or disease occurring as the result of causes arising outside the course of the member's employment, he/she is not eligible for pension benefits but will receive a refund of his/her accumulated contributions.

NOTE: If such non-permanent, non-service connected sickness or injury results in your absence from service without full pay, no more than 60 days of such an absence may be credited as service for retirement purposes within any given calendar year, at the discretion of the Board.

26. What requirements are there for continued disability retirement?

A member on a duty or non-duty disability retirement, may undergo a medical examination at least once each year during the first five years following retirement and at least once in each three year period thereafter. The examination will be conducted by the Board's Medical Director at the Board's expense. A retirant may be required to resume employment if the Medical Director and the Board determine that the retirant is no longer disabled.

27. Are my disability retirement benefits affected by my worker's compensation benefits?

Yes. Retirement System benefits are offset by worker's compensation periodic benefits. **NOTE:** If a disability retirant waives his/her rights to seniority and employment as part of a worker's compensation redemption, he/she will have no rights to reemployment in the event it is determined that the retirant is no longer eligible to receive disability retirement benefits.

28. May a disability retiree elect an option beneficiary?

Yes, a member on duty or non-duty disability may elect within 60 days of his/her attainment of age 55 (or before retirement if the member is 55 or more years old) to receive a regular disability pension or may elect to receive an Option I or Option II benefit.

NOTE: Election of an option benefit will reduce the amount of benefits a disability retiree may receive.

29. What if I die while on duty disability retirement?

For members who die while receiving disability retirement and prior to satisfying the eligibility requirements for a regular retirement, no pension benefits shall be payable, but any accumulated contributions standing to the member's credit at the time of death will be paid to that member's designated beneficiary.

If a retiree on duty disability dies after attainment of age 55 years, his/her surviving Spouse shall receive a benefit equal to 60% of the pension the deceased retiree was receiving at time of death (unless member elected Option I or II). If there is no Spouse, difference, if any, between the member's total contributions and the total member's retirement pension payments shall be payable to the person duly nominated by member. **NOTE:** "Spouse" for purposes of the 60% surviving spouse benefit is defined as the person to whom the retired member is legally married on both the effective date of retirement and date of death.

If the retiree elected an Option I, 100% of the reduced disability retirement pension shall be payable to the duly nominated survivor beneficiary.

If the retiree elected an Option II, 50% of the reduced disability retirement pension shall be payable to the duly nominated survivor beneficiary.

30. What if I die while on non-duty disability retirement?

If a retiree on non-duty disability retirement dies prior to attainment of age 55 years, the retiree's designated beneficiary shall receive the difference, if any, between the member's total contributions and the member's total disability retirement pension payments.

If a retiree on non-duty disability dies after attainment of age 55 years, his/her surviving Spouse shall receive a benefit equal to 60% of the pension the deceased retiree was receiving at time of death (unless member elected Option I

or II). If there is no Spouse, difference, if any, between the member's total contributions and the total member's retirement pension payments shall be payable to the person duly nominated by member. **NOTE:** "Spouse" for purposes of the 60% surviving spouse benefit is defined as the person to whom the retired member is legally married on both the effective date of retirement and date of death.

If the retiree elected an Option I, 100% of the reduced disability retirement pension shall be payable to the duly nominated survivor beneficiary.

If the retiree elected and Option II, 50% of the reduced disability retirement pension shall be payable to the duly nominated survivor beneficiary.

31. If I resign before I am eligible for retirement, do I receive a pension?

If a member has acquired ten (10) or more years of credited service, and separates from the service of the Township prior to attainment of the age and service retirement requirements, for any reason except retirement or death, he/she may remain a deferred vested member of the Retirement System and is entitled to receive retirement benefits upon the date the member would have been eligible to retire had the member continued in employment, provided the member did not withdraw his/her accumulated contributions at time of separation.

If a member does not satisfy the above eligibility requirements, he/she will receive a refund of his/her accumulated contributions, plus interest.

32. What if I had quit working for the Township in the Police or Fire Department, withdrew my contributions, but was subsequently reemployed by the Township in either department?

When a member withdraws his/her contributions, that member no longer is entitled to membership in the Retirement System nor service credit. If that member becomes re-employed by the Township, the member may have prior service reinstated by paying the Retirement System within one year following his/her re-employment the total amount previously withdrawn plus interest from the dates of withdrawal to the dates of repayment.

33. What is the annuity withdrawal option?

While employed by the Township, employee contributions are credited to

your individual account in the Retirement System's Defined Contribution Plan. Your balance in the Defined Contribution Plan is also credited with interest each year (2%). The annuity withdrawal option allows you to withdraw your accumulated contributions (including interest) from your Defined Contribution Plan account at retirement with a corresponding actuarial reduction in your pension benefit from the Defined Benefit Plan.

34. When may I withdraw my accumulated contributions?

Accumulated contributions may be withdrawn upon separation from service due to termination of employment, retirement or death.

If a member withdraws his/her accumulated contributions upon termination of employment he/she will no longer be a member of the Retirement System and will forfeit all service credit and rights to future pension benefits.

Accumulated contributions will be paid upon a member's death, to the member's designated beneficiary or estate, provided no other pension benefits are payable to a surviving spouse or beneficiary.

A member may elect to withdraw all or a portion of his/her accumulated contributions upon normal service retirement or conversion to a regular disability retirement.

35. How would the annuity withdrawal option affect my pension?

If a member elects to withdraw his/her accumulated contributions at the time of retirement, the member's pension benefit will be reduced by the actuarial equivalent of the amount withdrawn based upon (a) the amount withdrawn, (b) the ages of the member and/or beneficiary, and (c) the mortality and actuarial assumptions duly adopted by the Board of Trustees. The Retirement System should have no cost or savings as the result of members withdrawing their contributions at retirement.

ILLUSTRATION: The following table illustrates the effect of annuity withdrawal on a regular retirement pension.

**Reduction in Monthly Benefit
for Each \$10,000 Withdrawn**

<u>Age at Retirement</u>		<u>If Interest Rate is*</u>			
<u>Member</u>	<u>Spouse</u>	<u>6.5%</u>	<u>7.0%</u>	<u>7.5%</u>	<u>8.0%</u>
40	40	\$58.11	\$61.52	\$64.98	\$68.45
40	45	58.58	61.96	65.38	68.83
45	40	59.55	62.94	66.36	69.81
45	45	60.19	63.54	66.92	70.32
50	45	62.10	65.42	68.77	72.15
50	50	63.02	66.29	69.59	72.93
55	50	65.54	68.79	72.07	75.38
55	55	66.86	70.05	73.28	76.53

* The interest rate of annuity withdrawal is the rate for an immediate annuity published monthly by the Pension Benefit Guaranty Corporation (PBGC). This rate is designed as an appropriate interest assumption of insurance company annuity prices which are based on current investment market conditions.

Example: You are age 50 and elect to withdraw your contributions totaling \$32,900. Your spouse is age 45. The PBGC interest rate is 7.0% at the time of your retirement. Your monthly regular retirement pension would be reduced \$215.23 (\$3.29 x 65.42 from the table above).

36. Will I be taxed on my accumulated contributions?

Due to the complexities of the tax laws and other considerations, the Board of Trustees does not provide tax advice. Generally, a member is responsible to pay all taxes on lump-sum distribution amounts withdrawn from the Retirement System's Defined Contribution Plan which have not been previously included in a member's taxable income.

Any previously taxed contributions that you contributed to the Retirement System are excluded from income tax. In the event a member does not withdraw his accumulated contributions, the amount that is excludable from each monthly benefit payment depends on the amount of your previously taxed contributions

and the number of expected benefit payments. Once you have excluded an amount equal to your previously taxed contributions, your benefits are fully taxable.

The number of expected benefit payments is based on your age at retirement and is illustrated in the following table:

Age	Number of Payment
55 and under	360
56-60	310
61-65	260
66-70	210
71 and over	160

ILLUSTRATION: You retire at age 55 and do not withdraw your previously taxed contributions of \$25,000. If your monthly benefit is \$1,700, the taxable portion of your monthly benefit can be computed by the following procedure:

(1) Amount of previously taxed contributions:	\$25,000.00
(2) Number of expected benefit payments:	360
(3) Monthly amount considered to be excluded from taxes: (1)/(2)	\$ 69.44
(4) Monthly amount considered to be taxable: actual monthly pension less amount in step (3):	\$ 1,630.56

The Retirement System will issue a 1099R form indicating taxable and previously taxed amounts and a Notice of Lump-Sum Distributions, in accordance with Internal Revenue Code Section 402.

NOTE: THE BOARD OF TRUSTEES RECOMMENDS THAT A MEMBER SHOULD CONSULT WITH A TAX ADVISOR PRIOR TO ELECTING TO TRANSFER ANY AMOUNTS FROM THE DEFINED CONTRIBUTION PLAN OF THE RETIREMENT SYSTEM.

37. Are Retirement benefits subject to State of Michigan or federal income tax?

Defined Benefit (Pension) Plan. Yes, although there are specified exemptions from Michigan income tax on pensions depending on your age at retirement. Prior

to your retirement the Board's paying agent will provide you with withholding forms relative to each plan. Unless you fill out the form instructing the Board of Trustees how much to withhold, tax will be withheld in accordance with current federal and state law. Your tax obligation will depend on the federal and state income tax laws in effect when you retire.

Defined Contribution (Annuity) Plan. If a member elects a full or partial lump-sum refund, the member is responsible to pay taxes on all amounts withdrawn from the Retirement System's Defined Contribution Plan which have not been previously included in the member's taxable income. **NOTE:** Certain withholding and distribution rules apply to such decisions which may affect the tax a member owes and/or result in penalties.

NOTE: The tax laws change from time to time. The Board of Trustees cannot and does not provide tax advice. A member should obtain this advice from his/her own tax advisor so as to be aware of tax obligations and consequences.

38. Will I receive Social Security when I retire or if I become disabled?

A member may receive Social Security depending upon his/her age, years of coverage under Social Security and earnings during those years. Specific questions regarding eligibility and benefits may be directed towards any office of the Social Security Administration.

39. Do Social Security benefits and regular retirement benefits affect each other?

Receipt of Social Security benefits will not affect the benefits you receive from the Retirement System.

NOTE: A pension from work not covered by Social Security may affect your social security retirement or disability benefits. Specific questions regarding eligibility and benefit amounts may be directed towards any office of the Social Security Administration.

40. Are my retirement benefits subject to change?

Act 345 provides that a Township may adopt from time to time benefit programs providing for post-retirement adjustments increasing retirement benefits. Currently, the Retirement System does not provide for cost of living increases.

The Michigan State Constitution does not permit decreases to a retirant's pension benefit.

41. When current members receive an increase in pension benefits through collective bargaining, do current retirees also receive the increased benefits?

Retirement Benefits are determined based on Average Final Compensation and collective bargaining provisions in effect at the time of the member's retirement. Any increases in pension benefits of current members will not effect the benefits of current retirees unless specifically provided for in the applicable collective bargaining agreement.

42. How do Eligible Domestic Relations Orders (EDROs) affect retirement benefits?

Public Act 46 of 1991 mandates that all public employee retirement systems must comply with Eligible Domestic Relations Orders (EDROs) issued by state courts. Act 46 authorizes the courts to allocate the marital portion of a participant's pension among the parties. Accordingly, an EDRO may require a retiring member to select an option and name his/her ex-spouse as the designated beneficiary. However, a Domestic Relations Order entered after the effective date of a retiring member's retirement may not require a change in retirement form, a change in designated beneficiary, or reach the benefit of a non-spousal option beneficiary.

43. May EDROs change the definition of "Spouse" for purposes of the 60% Surviving Spouse Benefit?

A domestic relations order meeting all the requirements of Public Act 46 of 1991 may change the definition of "spouse" for purposes of the 60% surviving spouse benefit.

44. May a divorced member name his/her ex-spouse as option beneficiary?

A member may name an ex-spouse as option beneficiary prior to his/her retirement. Option beneficiaries may not be changed after the participant has retired. If the divorce occurs after retirement, and the ex-spouse was previously designated as an option beneficiary, he/she will continue to be the option beneficiary unless removed pursuant to a court order.

45. May an Eligible Domestic Relations Order (EDRO) require an option election and the designation of an ex-spouse or child as the option beneficiary?

Yes. An Eligible Domestic Relations Order (EDRO) may require the election of option beneficiaries and/or distribution of pension benefits. **NOTE:** Public Act 46 of 1991 requires that an EDRO be submitted prior to or within 60 days of retirement.

46. Is my retirement allowance safe?

Yes. The Michigan State Constitution provides that each year of service must be funded and makes pensions and retirement allowances a contractual obligation of the Township and will not allow the Township to decrease accrued benefits.

47. Who invests the Retirement System's assets?

The Board of Trustees is responsible for the proper operation of the Retirement System. Investment of all Retirement System assets is made by the Board of Trustees as authorized by State Law. It is the Board's policy to prudently invest pension funds so that the highest return is found among the safest investments. To assist in carrying out these responsibilities, the Board of Trustees obtains the services of Investment Advisors who invest the Retirement System's assets in accordance with the authority and limitations provided by law.

PUBLICATION NOTICE

The purpose of this handbook is to give the members of the Retirement System a general understanding of the main provisions of the Redford Township Police and Fire Retirement System. **The operations of the Retirement System are governed by the pertinent provisions of any applicable federal law, the State Constitution, state statutes, Township ordinances, applicable collective bargaining agreements, and continuing Board of Trustees policies, procedures and regulations.**

If you are covered by a collective bargaining agreement, the provisions of the collective bargaining agreement relative to pension benefits are controlling in the event of a conflict between the terms of the collective bargaining agreement, Act 345, ordinance or information in this handbook. The Board of Trustees of the Redford Township Police and Fire Retirement System is vested with the authority for the operation, management and administration of the Retirement System, consistent with the above, and has certain rule-making and policy-making authority, subject to the aforementioned legal authority.

We urge you to familiarize yourself with the provisions of your retirement system. **You should familiarize yourself with the terms of your collective bargaining agreement which will control in the event of any conflict with the information presented in this handbook.**

FIRE FIGHTERS AND POLICE OFFICERS RETIREMENT ACT
Act 345 of 1937

AN ACT to provide for the establishment, maintenance, and administration of a system of pensions and retirements for the benefit of the personnel of fire and police departments employed by cities, villages, or municipalities having full paid members in the departments, and for the spouses and children of the members; to provide for the creation of a board of trustees to manage and operate the system; to authorize appropriations and deductions from salaries; to prescribe penalties and provide remedies; and to repeal all acts and parts of acts inconsistent therewith.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1989, Act 7, Imd. Eff. May 3, 1989;—Am. 1998, Act 200, Eff. Mar. 23, 1999.

Popular name: Act 345

The People of the State of Michigan enact:

38.551 Fire and police department pension and retirement system; retirement board, members, election, appointment, terms.

Sec. 1. The retirement board, also referred to in this act as the pension board, created hereunder shall be known as “The retirement board” and shall be a corporate body, consisting of 5 members, which shall consist of:

(1) The treasurer of the city, village or municipality, so affected hereby.

(2) Two additional members, 1 of whom shall be an active member of and elected by a majority vote of the members of the fire department, and 1 of whom shall be an active member of and elected by a majority vote of the members of the police department under such rules and regulations as the retirement board shall adopt to govern such election. Each such member shall serve for a term of 4 years, except that in the first instance, the member elected by the police department shall serve for a term of 2 years. If in the first instance only the fire department or only the police department is included in the retirement plan, the 2 additional members shall be elected from that department and the candidate receiving the highest number of votes shall be elected for the 4-year term and the candidate receiving the second highest number of votes shall be elected for the 2-year term.

(3) Two additional members shall be appointed by the legislative body or another person or body authorized by the city or village charter to appoint administrative officials in any city or village affected by the provisions of this act.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.551;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1959, Act 105, Eff. Mar. 19, 1960.

Popular name: Act 345

38.551a Short title.

Sec. 1a. This act shall be known and may be cited as the “fire fighters and police officers retirement act”.

History: Add. 1989, Act 7, Imd. Eff. May 3, 1989.

Popular name: Act 345

38.552 Retirement board; powers and duties.

Sec. 2. The retirement board created under this act shall perform the following:

(1) Make rules and regulations necessary to the proper conduct of the business of the retirement system.

(2) Retain legal, medical, actuarial, clerical, or other services as may be necessary for the conduct of the affairs of the retirement system and make compensations for the services retained.

(3) Cause amounts as established by law to be deducted from the salaries of active members of the retirement system and be paid into the treasury of the retirement system.

(4) Certify to the governing body of the city, village, or municipality the amount to be contributed by the city, village, or municipality as provided in this act.

(5) Cause the examination of each disability pensioner or beneficiary less than 55 years of age to be made at least once a year for the first 5 years following the pensioner's retirement, and at least once each 3 years after the 5 year period, until the pensioner has reached 55 years of age.

(6) Keep records of its meetings and proceedings. The board shall hold meetings at least once each month. The business which the retirement board may perform shall be conducted at a public meeting of the board held in compliance with Act No. 267 of the Public Acts of 1976, being sections 15.261 to 15.275 of the Michigan Compiled Laws. Public notice of the time, date, and place of the meeting shall be given in the

manner required by Act No. 267 of the Public Acts of 1976. A writing prepared, owned, used, in the possession of, or retained by the board in the performance of an official function shall be made available to the public in compliance with Act No. 442 of the Public Acts of 1976, being sections 15.231 to 15.246 of the Michigan Compiled Laws.

(7) The board shall annually elect a president and secretary from among its members.

(8) Disburse the pensions and other benefits payable under this act.

(9) A member of the board shall not receive additional compensation for services as a board member.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.552;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1977, Act 209, Imd. Eff. Nov. 17, 1977.

Constitutionality: The authority delegated to the retirement board by MCL 38.552 of the Michigan Compiled Laws does not constitutionally abrogate the taxation, budgeting, and legislative responsibilities of the township. *Retirement Bd v Shelby Twp*, 438 Mich 247; 475 NW2d 249 (1991).

Popular name: Act 345

38.553 Retirement system funds; treasurer as custodian; bond; disbursement of funds; execution of voucher or warrant; authorization.

Sec. 3. The treasurer of the city, village, or municipality shall be the custodian of all funds of the retirement system and shall be required to give a good and sufficient bond to the retirement board for the faithful performance of his or her duties and the safekeeping of all money collected under this act. The bond shall be paid by the city, village, or municipality. The treasurer shall issue warrants for the disbursement of the funds of the retirement system upon the receipt of a voucher signed by at least 2 members of the retirement board other than the treasurer. The treasurer shall not execute a voucher or warrant unless the voucher or warrant has been previously authorized by resolution adopted by the board.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.553;—Am. 1989, Act 7, Imd. Eff. May 3, 1989.

Popular name: Act 345

38.554 Credit for prior service.

Sec. 4. All service performed by members prior to the enactment of this act by any city, village or township, including service performed for predecessor townships, shall be computed to the credit of each member so affected.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1939, Act 210, Eff. Sept. 29, 1939;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.554;—Am. 1957, Act 52, Eff. Sept. 27, 1957;—Am. 1958, Act 159, Eff. Sept. 13, 1958.

Popular name: Act 345

38.555 Retirement board; quasi-judicial body; review of actions by writ of certiorari.

Sec. 5. The board shall be a quasi-judicial body, and its actions shall be reviewable by writ of certiorari only.

History: 1937, Act 345, Eff. Oct. 29, 1937;—CL 1948, 38.555.

Popular name: Act 345

38.556 Age and service retirement benefits.

Sec. 6. (1) Age and service retirement benefits payable under this act are as follows:

(a) A member who is 55 years of age or older and who has 25 or more years of service as a police officer or fire fighter in the employ of the municipality affected by this act may retire from service upon written application to the retirement board stating a date, not less than 30 days or more than 90 days after the execution and filing of the application, on which the member desires to be retired. The retirement board shall grant the benefits to which the member is entitled under this act, unless the member continues employment. If the member continues employment, the member's pension shall be deferred with service years of credit until actual retirement. Upon the approval of the legislative body or the electors of a municipality under this act, a member under 50 years of age who has 25 or more years of service, or without the necessity for approval, a member 50 years of age or more who has 25 or more years of service, may leave service and receive the full retirement benefits payable throughout the member's life as provided in subdivision (e).

(b) A member who is 60 years of age or older shall be retired by the retirement board upon the written application of the legislative body, or board or official provided in the charter of the municipality as head of the department in which the member is employed. Upon retirement, the retirement board shall grant the benefits to which the member is entitled under this act, unless the member continues employment. If the member continues employment, the member's pension shall be deferred with service years of credit until

actual retirement.

(c) A member who is 65 years of age shall be retired by the retirement board on the first day of the month following attainment of 65 years of age.

(d) A member who has 10 or more years of service shall have vested retirement benefits that are not subject to forfeiture on account of disciplinary action, charges, or complaints. If the member leaves employment before the date the member would have first become eligible to retire as provided in subdivision (a) for any reason except the member's retirement or death, the member is entitled to a pension that shall begin the first day of the calendar month immediately after the month in which the member's written application for the pension is filed with the retirement board that is on or after the date the member would have been eligible to retire had the member continued in employment. The retirement board shall grant the member the benefits to which the member is entitled under this act, unless the member resumes service. If the member resumes service, the member's pension shall be further deferred with service years of credit until the member actually retires.

(e) Upon retirement from service as provided in this subsection, a member shall receive a regular retirement pension payable throughout the member's life of 2% of the member's average final compensation multiplied by the first 25 years of service credited to the member, plus 1% of the member's average final compensation multiplied by the number of years, and fraction of a year, of service rendered by the member in excess of 25 years. A municipality under this act, upon approval of the legislative body or the electors of the municipality, may increase the percentage of the payment from 2% up to a maximum of 2.5%. If an increase is approved, the increase shall not be reduced for members under the system at the time of the increase. The legislative body may also increase the percentage of employee contributions. If a retired member dies before the total of regular pension payments received by the member equals the total of the member's contributions made to the retirement system, the difference between the member's total contributions and the total of the member's regular retirement pension payments received shall be paid in a single sum to the person or persons the member nominates by written designation duly executed and filed with the retirement board. If there is not a person or persons surviving the retired member, the difference, if any, shall be paid to the retired member's legal representative or estate.

(f) As used in this section, "average final compensation" means the average of the highest annual compensation received by a member during a period of 5 consecutive years of service contained within the member's 10 years of service immediately preceding the member's retirement or leaving service. However, if so provided in a collective bargaining agreement entered into between a municipality under this act and the appropriate recognized bargaining agent, average final compensation may mean the average of the 3 years of highest annual compensation received by a member during the member's 10 years of service immediately preceding the member's retirement or leaving service. If the member has less than 5 years of service, average final compensation means the annual average compensation received by the member during his or her total years of service.

(g) A member shall be given service credit for time spent in the military, naval, marine, or other armed service of the United States government during time of war, or other national emergency recognized by the board, if the member was employed by the municipality at the time of entry into the armed service, and is or was reemployed by the municipality as a police officer or fire fighter within 6 months after the date of termination of his or her required enlistment or assignment in the armed service. A municipality by a 3/5 vote of its governing body or by a majority vote of the qualified electors may provide service credit for not more than 6 years of active military service to the United States government to a member who is employed subsequent to this military service upon payment to the retirement system of 5% of the member's full-time or equated full-time compensation for the fiscal year in which payment is made multiplied by the years of service that the member elects to purchase up to the maximum. Service is not creditable if it is or would be creditable under any other federal, state, or local publicly supported retirement system. However, this restriction does not apply to those persons who have or will have acquired retirement eligibility under the federal government for service in the reserve. A member shall be given service credit for the time the member is absent from active service without full pay on account of sickness or injury. If the absence from active service is due to nonservice connected sickness or injury, not more than 60 days of the absence shall be credited as service in any 1 calendar year, as determined by the retirement board.

(h) Before the effective date of the member's retirement as provided in this subsection, but not after the effective date of the member's retirement, a member may elect to receive his or her benefit in a pension payable throughout the member's life, called a regular retirement pension, or the member may elect to receive the actuarial equivalent, computed as of the effective date of retirement, of the member's regular retirement pension in a reduced retirement pension payable throughout the member's life, and nominate a survivor beneficiary, under an option provided in this subdivision. Upon the death of a retirant who retires on or after

July 1, 1975, and who is receiving a regular retirement pension, his or her spouse, if living, shall receive a pension equal to 60% of the regular retirement pension the deceased retirant was receiving. Benefits shall not be paid under this subdivision on account of the death of a retirant if the member elected to receive his or her pension under an option provided in this subdivision. As used in this subsection, "spouse" means the person to whom the retirant was legally married on both the effective date of retirement and the date of death. Except as otherwise provided in this act, if a member fails to elect an option before the effective date of retirement, then the pension shall be paid as a regular retirement pension. A member may elect 1 of the following options:

(i) Option I. Upon the death of a retired member, his or her reduced retirement pension shall be continued throughout the life of and paid to the person, having an insurable interest in the retired member's life, that the member nominated by written designation executed and filed with the retirement board before the effective date of the member's retirement.

(ii) Option II. Upon the death of a retired member, 1/2 of his or her reduced retirement pension shall be continued throughout the life of and paid to the person, having an insurable interest in the retired member's life, that the member nominated by written designation executed and filed with the retirement board before the effective date of the member's retirement.

(i) If a member continues in service on or after the date of acquiring 20 years of service credit, does not have an option I election provided for in subdivision (j) in force, and dies while in service of the municipality before the effective date of the member's retirement, leaving a surviving spouse, the spouse shall receive a pension computed in the same manner as if the member had retired effective the day preceding the date of the member's death, elected option I provided for in subdivision (h), and nominated the spouse as survivor beneficiary. Upon the death of the spouse the pension shall terminate. A pension shall not be paid under this subdivision on account of the death of a member if benefits are paid under subsection (2) on account of the member's death.

(j) A member who continues in service on or after the date of acquiring 25 years of service credit may, at any time before the effective date of the member's retirement, by written declaration executed and filed with the board in the manner and form prescribed by the board, elect option I provided for in subdivision (h) and nominate a survivor beneficiary whom the board finds to be dependent upon the member for at least 50% of the beneficiary's support. If a member who has an option I election provided for in this subdivision in force dies while in service before the effective date of the member's retirement, the member's survivor beneficiary shall immediately receive the same pension that the survivor beneficiary would have been entitled to receive under option I if the member had retired pursuant to this act effective the day preceding the date of the member's death, notwithstanding that the member may not have attained 55 years of age. If a member who has an option I election provided for in this subdivision in force subsequently retires pursuant to this act, the member, within 90 days immediately preceding the effective date of the member's retirement, but not after the effective date of the member's retirement, may elect an option provided for in subdivision (h). The option election is effective as of the effective date of the member's retirement. A pension shall not be paid under this subdivision on account of the death of a member if benefits are paid under subsection (2) on account of the member's death.

(k) If a retirant receiving a reduced retirement pension under subdivision (h)(i) or (ii) is divorced from the spouse who had been named the retirant's survivor beneficiary under subdivision (h)(i) or (ii), the election of a reduced retirement pension payment option shall be considered void by the retirement system if the judgment of divorce or award or order of the court, or an amended judgment of divorce or award or order of the court, described in section 9 and dated after June 27, 1991 provides that the election of a reduced retirement pension payment option under subdivision (h)(i) or (ii) is to be considered void by the retirement system and the retirant provides a certified copy of the judgment of divorce or award or order of the court, or an amended judgment of divorce or award or order of the court, to the retirement system. If the election of a reduced retirement pension payment option under subdivision (h)(i) or (ii) is considered void by the retirement system under this subsection, the retirant's retirement pension shall revert to a regular retirement pension, including postretirement adjustments, if any, subject to an award or order of the court as described in the public employee retirement benefit protection act. The retirement pension shall revert to a regular retirement pension under this subdivision effective the first day of the month after the date the retirement system receives a certified copy of the judgment of divorce or award or order of the court. This subdivision does not supersede a judgment of divorce or award or order of the court in effect on June 27, 1991. This subdivision does not require the retirement system to distribute or pay retirement assets on behalf of a retirant in an amount that exceeds the actuarially determined amount that would otherwise become payable if a judgment of divorce had not been rendered.

(2) Disability and service connected death benefits payable under this act are as follows:

(a) To a surviving spouse, a duty death pension of the same amount each week as that which has been paid the surviving spouse under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, to become due and payable on the termination of the payments to the surviving spouse by a municipality under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, and to continue for the surviving spouse's life.

(b) If death results to a member in the line of duty, and the member leaves surviving children, the children shall be paid a pension of the same amount as that which has been paid to them as a weekly benefit under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, to become due and payable upon termination of the payments under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, and to continue to each surviving child until he or she attains 18 years of age, or until his or her marriage or death before attaining 18 years of age.

(c) If death results to a member in the line of duty and the member leaves other surviving dependents, the dependents shall receive a pension of the same amount as that which has been paid to them as a weekly benefit under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, to become due and payable upon termination of the payments under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, and to continue until the time the retirement board determines that the need for a pension no longer exists.

(d) Upon the application of a member or the member's department head, a member who becomes totally incapacitated for duty by reason of a personal injury or disease occurring as the natural and proximate result of causes arising out of and in the course of the member's employment by the municipality shall be retired by the retirement board. The member shall be given a medical examination by a medical committee consisting of a physician named by the retirement board, a physician named by the member claiming benefits, and a third physician designated by the first 2 physicians named. The medical committee, if determined by a majority opinion, shall certify in writing that the member is mentally or physically incapacitated for the further performance of duty as a police officer or fire fighter in the service of the municipality; that the incapacity is likely to be permanent; and that the member should be retired. Upon retirement for disability as provided in this subdivision, a member who has not attained 55 years of age shall receive a disability retirement pension of 50% of the member's average final compensation, which shall be determined according to subsection (1)(f), and shall be payable until the member becomes 55 years of age. Upon becoming 55 years of age, the disabled member shall receive a disability retirement pension computed according to subsection (1)(e). In computing the disability retirement pension, the member shall be given service credit for the period of receipt of a disability retirement pension before attainment of 55 years of age. If a member retired after attaining 55 years of age on account of disability, as provided in this subdivision, the member shall receive a disability retirement pension computed according to subsection (1)(e), notwithstanding that the member may not have 25 years of service credit. The disability retirement pension provided for in this subdivision is subject to subdivisions (f) and (g).

(e) Upon the application of a member or the member's department head, a member in service who has 5 or more years of service credit and who becomes totally and permanently incapacitated for duty by reason of a personal injury or disease occurring as the result of causes arising outside the course of the member's employment by the municipality may be retired by the retirement board. The member shall be given a medical examination by a medical committee consisting of a physician named by the retirement board, a physician named by the member claiming benefits, and a third physician designated by the first 2 physicians named. The medical committee, if determined by a majority opinion, shall certify in writing that the member is mentally or physically incapacitated for the further performance of duty as a police officer or fire fighter in the service of the municipality, that the incapacity is likely to be permanent, and that the member should be retired. Upon retirement for disability, as provided in this subdivision, a member who has not attained 55 years of age shall receive a disability retirement pension until the member becomes 55 years of age, recovers, or dies, whichever occurs first, of 1.5% of the member's average final compensation multiplied by the number of years of service credited to the member. Upon becoming 55 years of age, the member's disability retirement pension shall be increased to 2% of the member's average final compensation multiplied by the number of years of service credited to the member at the time of his or her retirement. Upon retirement for disability as provided in this subdivision, a member who is 55 years of age or older shall receive a disability retirement pension computed according to subsection (1)(e). This subdivision is subject to subdivisions (f) and (g).

(f) At least once each year during the first 5 years after the retirement of a member with a disability retirement pension and at least once in every 3-year period after disability retirement, the retirement board may, and upon the retired member's application shall, require a retired member who has not attained 55 years of age to undergo a medical examination. The medical examination shall be given by or under the direction of

a physician, designated by the retirement board, at the place of residence of the retired member or other place mutually agreed upon. If a retired member who has not attained 55 years of age refuses to submit to the medical examination in the period, the member's disability retirement pension may be discontinued by the retirement board. If the member's refusal continues for 1 year, all the member's rights to his or her disability retirement pension may be revoked by the retirement board. If upon a medical examination of the retired member the physician reports to the retirement board that the retired member is physically capable of resuming employment in the classification held by the member at the time of retirement, the member shall be restored to active service in the employ of the municipality and payment of the disability retirement pension shall cease if the report of the physician is concurred in by the retirement board. A retired member restored to active service shall again become a member of the retirement system from the date of return to service. The member shall contribute to the retirement system after restoration to active service in the same manner as before the member's disability retirement. Service credited to the member at the time of disability retirement shall be restored to full effect. The member shall be given service credit for the period the member was receiving a duty disability retirement pension provided for in subdivision (d), but shall not be given service credit for the period the member was receiving a nonduty disability retirement pension provided for in subdivision (e). Amounts paid under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, to a retired member shall be offset against and payable in place of benefits provided under this act. If the benefits under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, are less than the benefits payable under this act, the amount to be paid out of the funds of the retirement system shall be the difference between the benefits provided under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, and the benefits provided in this act. Upon the termination of benefits under the worker's disability compensation act of 1969, 1969 PA 317, MCL 418.101 to 418.941, the benefits shall be paid pursuant to this act.

(g) Within 60 days before a member becomes 55 years of age, or before retirement from service if retirement occurs after the member becomes 55 years of age, a disabled member who is retired as provided in subdivision (d) or (e) may elect to continue to receive a disability retirement pension as a benefit terminating at death, to be known as a regular disability pension, or may elect to receive the actuarial equivalent, at that time, of a regular disability pension in a reduced disability pension payable throughout life pursuant to an option provided in subsection (1)(h). If a disabled member fails to elect an option, as provided in this subdivision, before becoming 55 years of age or before retirement, the member's retirement pension shall be paid to the member as a regular disability pension terminating at death. If a disabled member who has not elected an option provided in subsection (1)(h) dies before the total of the member's regular disability pension payments received equals or exceeds the total of the member's contributions made to the retirement system, the remainder, if any, shall be paid in a single sum to the person or persons nominated by the member by written designation duly executed and filed with the board. If there is not a designated person or persons surviving, then the remainder, if any, shall be paid to the retired member's legal representative or estate.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1939, Act 210, Eff. Sept. 29, 1939;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.556;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1954, Act 173, Eff. Aug. 13, 1954;—Am. 1955, Act 263, Imd. Eff. June 29, 1955;—Am. 1956, Act 169, Imd. Eff. Apr. 16, 1956;—Am. 1959, Act 224, Eff. Mar. 19, 1960;—Am. 1961, Act 201, Eff. Sept. 8, 1961;—Am. 1965, Act 137, Imd. Eff. July 12, 1965;—Am. 1967, Act 256, Eff. Nov. 2, 1967;—Am. 1970, Act 230, Imd. Eff. Nov. 25, 1970;—Am. 1975, Act 147, Imd. Eff. July 9, 1975;—Am. 1976, Act 118, Imd. Eff. May 14, 1976;—Am. 1976, Act 321, Eff. Mar. 31, 1977;—Am. 1989, Act 7, Imd. Eff. May 3, 1989;—Am. 1991, Act 54, Imd. Eff. June 27, 1991;—Am. 2002, Act 98, Imd. Eff. Mar. 27, 2002;—Am. 2003, Act 8, Imd. Eff. May 20, 2003.

Popular name: Act 345

38.556a Municipality having population of 80,000 or more; applicability of MCL 38.556(1)(h) to certain members.

Sec. 6a. In a municipality having a population of 80,000 or more, section 6(1)(h) shall be applicable to any member who continues in service on or after the date he or she acquires 15 years of service credit.

History: Add. 1963, Act 57, Eff. Sept. 6, 1963;—Am. 1982, Act 145, Imd. Eff. Apr. 28, 1982;—Am. 2003, Act 8, Imd. Eff. May 20, 2003.

Popular name: Act 345

38.556b Remarriage of surviving spouse; applicability of subsection (1) to municipality.

Sec. 6b. (1) Notwithstanding section 6 or any predecessor to section 6, the remarriage of a surviving spouse shall not render the surviving spouse ineligible to receive a pension described in section 6(1)(i) or a duty death pension described in section 6(2)(a). A surviving spouse whose pension described in section 6(1)(i) or duty death pension described in section 6(2)(a) was terminated due to the surviving spouse's

remarriage shall be eligible to receive that pension or duty death pension beginning on the first day of the month following the month in which written application for reinstatement is filed with the board, but shall not be eligible to receive the pension or duty death pension attributable to any month beginning before the month of reinstatement under this section.

(2) Beginning on the effective date of the amendatory act that amended this subsection, the provisions of subsection (1) that apply to a surviving spouse who is eligible to receive a pension described in section 6(1)(i) shall apply to a municipality upon approval by resolution of the governing body of the municipality.

(3) Beginning on the effective date of the amendatory act that added this subsection, a surviving spouse who is eligible to receive a duty death pension described in section 6(2)(a) and who remarries after the effective date of the amendatory act that added this subsection shall not be denied a duty death pension described in section 6(2)(a) by a municipality because of the remarriage of the surviving spouse.

History: Add. 1986, Act 30, Imd. Eff. Mar. 10, 1986;—Am. 2003, Act 8, Imd. Eff. May 20, 2003.

Compiler's note: Former MCL 38.556b, pertaining to vested rights in pensions and benefits, was repealed by Act 321 of 1976.

Popular name: Act 345

38.556c Service credit for employment in transitional public employment program; payment of contributions and regular interest; payroll deduction; amount in reserve; payment of contributions by current employer; accident, disability, or other benefits.

Sec. 6c. (1) If a person who participated in a transitional public employment program becomes a member of a retirement system established under this act within 12 months after the date of termination as a participant in a transitional public employment program, service credit shall be given for employment in the transitional public employment program for purposes of determining a retirement allowance upon the payment by the person and the person's employer under the transitional public employment program from funds provided under the comprehensive employment and training act, 29 U.S.C. 801 to 992, as funds permit, to the retirement system of the contributions, plus regular interest, the person and the employer would have paid had the employment been rendered in a position covered by this act. During the person's employment in the transitional public employment program, the person's employer shall provide an opportunity by payroll deduction for the person to make his or her employee contribution to the applicable pension system. To provide for the eventual payment of the employer's contribution, the person's employer shall during this same period place in reserve a reasonable but not necessarily an actuarially determined amount equal to the contributions which the employer would have paid to the retirement system for those employees in the transitional public employment program as if they were members under this act, but only for that number of employees which the employer determined would transfer from the transitional public employment program into positions covered by this act. If the funds provided under the comprehensive employment and training act are insufficient, the remainder of the employer contributions shall be paid by the person's current employer.

(2) The provisions of subsection (1) shall not exclude the participant in a transitional public employment program from the accident, disability or other benefits available to members of the retirement system covered by this act.

History: Add. 1978, Act 421, Imd. Eff. Sept. 30, 1978.

Popular name: Act 345

38.556d Postretirement adjustments increasing retirement benefits.

Sec. 6d. A municipality, by ordinance or in another manner provided by law, may adopt from time to time benefit programs providing for postretirement adjustments increasing retirement benefits. Such benefit programs may provide for 1-time postretirement percentage increases in retirement benefits; annual or other periodic postretirement percentage increases in retirement benefits; lump sum postretirement distributions; or any other method considered appropriate by the municipality. The retirement benefit payable after making an adjustment pursuant to the benefit program adopted shall be the new retirement benefit payable until the next adjustment, if any, is made.

History: Add. 1987, Act 145, Imd. Eff. Oct. 26, 1987.

Popular name: Act 345

38.556e Mandatory subjects of bargaining.

Sec. 6e. Notwithstanding any other provisions of this act, any matter relating to the retirement system provided by this act, including, but not limited to, postretirement adjustment increases, applicable to current employees represented by a collective bargaining agent is a mandatory subject of bargaining under the public employment relations act, Act No. 336 of the Public Acts of 1947, being sections 423.201 to 423.216 of the Michigan Compiled Laws.

History: Add. 1987, Act 145, Imd. Eff. Oct. 26, 1987.

Popular name: Act 345

38.557 “An act of duty,” “municipality” and “transitional public employment program” defined.

Sec. 7. As used in this act:

(a) “An act of duty” means an act performed by a fire fighter or police officer arising out of and in the course of employment, or the performance of an act pertinent or incidental to the work of a fire fighter or police officer, regardless of time or place.

(b) “Municipality” includes a county, township, charter township, city, or incorporated village.

(c) “Transitional public employment program” means a public service employment program in the area of environmental quality, health care, education, public safety, crime prevention and control, prison rehabilitation, transportation, recreation, maintenance of parks, streets and other public facilities, solid waste removal, pollution control, housing and neighborhood improvements, rural development, conservation, beautification, veterans' outreach, or any other area of human betterment and community improvement as part of a program of comprehensive manpower services authorized, undertaken, and financed pursuant to the comprehensive employment and training act of 1973, 29 U.S.C. 801 to 992.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—CL 1948, 38.557;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1968, Act 210, Imd. Eff. June 24, 1968;—Am. 1978, Act 421, Imd. Eff. Sept. 30, 1978.

Popular name: Act 345

38.558 Refunds of salary contributions.

Sec. 8. Refunds of salary contributions:

(1) If a fire fighter or police officer dies before being placed on pension, the total amount of the member's salary deductions, with interest as the board may determine, but not to exceed 2% per annum, shall be payable to the person or persons that the member nominated by written designation duly executed and filed with the board. If there is no designated person or persons surviving, then the total of the member's salary deductions shall be paid to the member's legal representative or estate.

(2) If a fire fighter or police officer becomes separated from the service before being eligible for retirement, the member shall be paid the total of the member's contributions together with interest as the board may determine, but not to exceed 2% per annum credited to the member upon his or her written request for a refund. If the person again becomes employed by the city, village, or municipality as a police officer or fire fighter, he or she shall, within 1 year following his or her reemployment, repay to the retirement system the amount previously withdrawn together with interest at 2% per year.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1939, Act 210, Eff. Sept. 29, 1939;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.558;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1957, Act 52, Eff. Sept. 27, 1957;—Am. 1989, Act 7, Imd. Eff. May 3, 1989.

Popular name: Act 345

38.559 Contributions of member; rate; deduction from salary; appropriations to maintain actuarially determined reserves; payment of deductions and appropriations into retirement system; prorating pensions and other benefits; expenses; pensions as obligations of retirement system.

Sec. 9. (1) The contributions of a member to the retirement system shall be 5% of the salary paid to the member by the municipality. The officer responsible for making up the payroll shall cause the contributions provided for in this subsection to be deducted from the salary of each member on each payroll for each payroll period so long as he or she remains an active member in the employ of the municipality. The amounts deducted shall be paid into the funds of the retirement system. The members' contributions provided for in this act shall be made notwithstanding that the minimum salary provided for by law is changed by the members' contributions. Every member shall be considered to consent and to agree to the deductions made and provided for in this act and shall receipt for his or her full salary and payment of his or her salary less the deduction, which is a full and complete discharge and acquittance of all claims and demands for the services rendered by the member during the period covered by the payment, except as to benefits provided by this retirement system.

(2) For the purpose of creating and maintaining a fund for the payment of the pensions and other benefits payable as provided in this act, the municipality, subject to the provisions of this act, shall appropriate, at the end of such regular intervals as may be adopted, quarterly, semiannually, or annually, an amount sufficient to maintain actuarially determined reserves covering pensions payable or that might be payable on account of

service performed and to be performed by active members, and pensions being paid to retired members and beneficiaries. The appropriations to be made by the municipality in any fiscal year shall be sufficient to pay all pensions due and payable in that fiscal year to all retired members and beneficiaries. The amount of the appropriation in a fiscal year shall not be less than 10% of the aggregate pay received during that fiscal year by members of the retirement system unless, by actuarial determination, it is satisfactorily established that a lesser percentage is needed. All deductions and appropriations shall be payable to the treasurer of the municipality and he or she shall pay the deductions and appropriations into the retirement system. Except in municipalities that are subject to the 15 mill tax limitation as provided by section 6 of article IX of the state constitution of 1963, the amount required by taxation to meet the appropriations to be made by municipalities under this act shall be in addition to any tax limitation imposed upon tax rates in those municipalities by charter provisions or by state law subject to section 25 of article IX of the state constitution of 1963.

(3) If, at the beginning or during any fiscal year, it has been satisfactorily determined by the retirement board that the accumulated funds of the retirement system plus the municipality's contribution of 10% of the aggregate pay received during that fiscal year by members of the retirement system plus members' contributions of 5% of payroll, are insufficient to pay all pensions and other benefits due and payable in that year out of funds of the retirement system, then all pensions and other benefits payable shall be prorated for the remainder of the fiscal year by the retirement board.

(4) Any clerical, legal, actuarial, or medical expenses required by the retirement board, or any other necessary expense for the operation of the retirement system, shall be provided for by the municipality or shall be paid from the investment income of the retirement system, as determined by the governing body of the municipality. The retirement board shall submit expenses periodically to the governing body of the municipality. If use of investment income to pay these expenses causes an actuarial insufficiency in the assets of the retirement system used to pay pensions, the insufficiency shall be made up by the municipality.

(5) All pensions allowed and payable to retired members and beneficiaries under this act shall become obligations of and be payable from the funds of the retirement system.

(6) The right of a person to a pension, to the return of member contributions, to any optional benefits, or any other right accrued or accruing to a member or beneficiary under this act and the money belonging to the retirement system is subject to the public employee retirement benefit protection act.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1939, Act 210, Eff. Sept. 29, 1939;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.559;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1985, Act 36, Imd. Eff. June 13, 1985;—Am. 1987, Act 145, Imd. Eff. Oct. 26, 1987;—Am. 1991, Act 54, Imd. Eff. June 27, 1991;—Am. 2002, Act 98, Imd. Eff. Mar. 27, 2002.

Popular name: Act 345

38.560 Investments; transfer and disposition of certain assets.

Sec. 10. Any and all cash assets and funds on hand not necessary for immediate payment of pensions or benefits under this act shall be invested subject to all the terms, conditions, limitations, and restrictions imposed by the statutes of this state upon life insurance companies in making and disposing of their investments, and as provided by law relating to investment authority of public employee retirement systems under Act No. 314 of the Public Acts of 1965, being sections 38.1132 to 38.1140i of the Michigan Compiled Laws, and any and all assets of every description of the pension or retirement fund created by any city, village, or municipality under this act shall be transferred and deposited to the credit of the newly created retirement system under this act.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.560;—Am. 1965, Act 33, Eff. Mar. 31, 1966;—Am. 1989, Act 7, Imd. Eff. May 3, 1989.

Popular name: Act 345

38.561 Referendum; township or charter township.

Sec. 11. At any time after this act shall become effective, any city, village or municipality having a paid or part paid fire or police department, may come under the provisions of this act and create a pension board hereunder by submitting the same to the electors of any such city, village or municipality at any regular or special election for adoption, in the manner provided by law for amending charters: Provided, That this act shall not become effective until the beginning of the next succeeding fiscal year after such adoption of the provisions of this act by any city, village or municipality: Provided further, That where no provision is made in the charter of the city, village or municipality for amending said charters, this act may be submitted for adoption in accordance with any law authorizing the amending of the charters of cities: Provided further, That in case of a township or charter township, this act shall be submitted to the qualified electors of such township or townships by the township board on the filing of a petition requesting the submission, signed by 10 per

cent of the registered and qualified electors in such township or charter township, at any general election or special election called for that purpose by the township board, in accordance with the laws of this state, and this act shall be in force and effect in any such township or charter township if a majority of the electors voting on such proposition, as determined by the canvass of votes cast, shall vote in favor thereof.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1939, Act 210, Eff. Sept. 29, 1939;—Am. 1945, Act 256, Eff. Sept. 6, 1945;—CL 1948, 38.561;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951.

Popular name: Act 345

38.561a Violation of MCL 168.1 to 168.992 applicable to petitions; penalties.

Sec. 11a. A petition under section 11, including the circulation and signing of the petition, is subject to section 488 of the Michigan election law, 1954 PA 116, MCL 168.488. A person who violates a provision of the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992, applicable to a petition described in this section is subject to the penalties prescribed for that violation in the Michigan election law, 1954 PA 116, MCL 168.1 to 168.992.

History: Add. 1998, Act 200, Eff. Mar. 23, 1999.

Popular name: Act 345

38.562 Membership of retirement system.

Sec. 12. (1) The membership of the retirement system created by a municipality affected by this act shall include each police officer and fire fighter employed by a municipality. A police officer or fire fighter, who is a member of the retirement system and who is transferred from the classification of a police officer or fire fighter to a civilian position within the police or fire department or who is transferred from the police or fire department of the municipality to another department of the municipality by an officer or body of the municipality authorized to make the transfer, shall continue as a member of this retirement system covering the police officers and fire fighters, and shall be subject to the provisions of the retirement system. If the officers and employees of the department to which the person is transferred are covered by an annuity pension or retirement system to which the municipality makes contributions and the person transferred becomes entitled to membership in that system, the person shall cease to be a member of this police officer and fire fighter retirement system.

(2) The membership of the retirement system shall not include a volunteer fire fighter, a privately employed police officer or fire fighter, a person temporarily employed during an emergency, a civilian employee of a police and fire department, or a person participating in a transitional public employment program, except as provided in subsection (1) and section 6c.

History: 1937, Act 345, Eff. Oct. 29, 1937;—Am. 1939, Act 210, Eff. Sept. 29, 1939;—Am. 1947, Act 229, Imd. Eff. June 17, 1947;—CL 1948, 38.562;—Am. 1951, Act 16, Imd. Eff. Mar. 30, 1951;—Am. 1978, Act 421, Imd. Eff. Sept. 30, 1978.

Popular name: Act 345

CHARTER TOWNSHIP OF REDFORD



DEFINED BENEFIT PENSION PLAN
2018 SUMMARY ANNUAL REPORT
REDFORD TOWNSHIP POLICE AND FIRE
PENSION SYSTEM

REDFORD TOWNSHIP POLICE AND FIRE RETIREMENT SYSTEM
SUMMARY ANNUAL REPORT 2018

The Michigan Public Employee Retirement System Investment Act, Public Act 314 of 1965, as amended by Public Act 485 of 1996, requires the Redford Township Police and Fire Retirement System to prepare and issue a Summary Annual Report.

The most recent actuary report is as of March 31, 2018, therefore, the financial information below relates to 3/31/18.

I. RETIREMENT SYSTEM INFORMATION

- A. Name of the Retirement System
The Redford Township Police and Fire Retirement System
- B. Names of the Retirement System's investment fiduciaries
1. Board of Trustees:
John Buck, President and Trustee
Lily Cavanagh, Trustee and Treasurer/Ex-Officio
Christopher Lisak, Secretary and Trustee
Scott Byrnes, Trustee
John Cubba, Trustee
 2. Investment Consultant - **AndCo**
 3. Investment Managers
American Realty
Clarkston Capital Partners
Franklin Templeton
Highland REIT
Loomis Sayles
Orleans Capital Management
Seizert Capital Partners
Southern Sun Asset Management
TerraCap
WCM Investment Management
World Asset Management
 4. Custodial Bank - **Comerica Bank**
- C. Names of the Retirement System's service providers
1. Plan Administrator - **Sheryl Klotz**
 2. Actuary - **Rodwan Consulting Company**
 3. Attorney(s) - **VanOverbeke, Michaud & Timmony, P.C.**
 4. Auditors/Accountants
Plante Moran
Kelly Rau, Finance Director (Hired 12-18-17)
Jaclyn Harper, Chief Accountant (Hired 03-14-18)

5. Medical Director **n/a**

II. ASSET/INVESTMENT INFORMATION+

- A. Assets and Liabilities **Assets = \$64,502,879 Liabilities = \$123,093,002**
1. Including changes in net plan assets on a plan-year basis: **Net change (\$4,930,207)**
- B. Investment Performance
1. Net of fees on a rolling calendar year basis for the prior 1, 3, 5, 7 and 10 years
1: 9.98; 3: 7.63; 5: 8.73; 7: 7.32; 10: 6.21
- C. Expenditures (GASB compliant)
1. Administrative **\$82,603**
 2. Investment
a. including soft dollars **(\$355,497)**
 3. Professional Training/Education
a. including travel **\$5,629.46**

III. ACTUARIAL INFORMATION

- A. Membership
1. Active members **98**
 2. Retirees/beneficiaries **183**
 3. Open/closed Plan **Open**
- B. Benefits
1. Average annual retirement allowance **\$44,857**
 2. Total annual retirement allowances being paid **\$7,894,823**
- C. Contributions
1. Valuation payroll **\$6,689,410**
 2. Employer's normal cost of benefits as a percentage of valuation payroll **24.83%**
 3. Employer's total contribution rate as a percentage of valuation payroll **84.43%**
 4. Weighted average of member contributions **1.15%**
 5. Confirmation that the Retirement System provides for the payment of the required employer contribution and that the Retirement System has received said required employer contribution: **The Board of Trustees of the Redford Township Police and Fire Retirement System hereby confirm that the Retirement System provides for the payment of the required employer contribution and further confirms that the Retirement System received the required employer contribution on March 19, 2018 in the amount of \$4,428,716.**
- D. Assumptions
1. Assumed rate of investment return **7.5%**
 2. Assumed rate of long-term wage inflation **4.5%**
 3. Smoothing method used to determine the funding value of assets **4-year**
 4. Amortization method and period used for funding actuarial accrued liabilities
Level percent of payroll
 5. Actuarial cost method **Entry age normal**

- E. Funded Ratio
 - 1. Valuation assets to actuarial accrued liabilities on a plan-year basis **52.4%**

IV. ITEMIZED BUDGET

- A. Projected Expenditures
 - 1. Including professional training/education and travel expenditures **\$9,000**

REDFORD TOWNSHIP POLICE AND FIRE RETIREMENT SYSTEM

YOUR ROLLOVER OPTIONS

You are receiving this notice because all or a portion of a payment you are receiving from the Redford Police and Fire Retirement System (the “Plan”) is eligible to be rolled over to an IRA or another employer plan. This notice is provided to you in accordance with Internal Revenue Code Section 402 and Internal Revenue Regulation 1.402(f), and is intended to help you understand the rollover options available to you.

This notice describes the rollover rules that apply to lump-sum payments from the Plan. Rules that apply to most lump-sum payments from the Plan are described in the “General Information About Rollovers” section of this notice. Special rules that only apply in special circumstances are described in the “Special Rules and Options” section.

GENERAL INFORMATION ABOUT ROLLOVERS

How can a rollover affect my taxes?

You will be taxed on a lump-sum payment from the Plan if you do not roll it over. If you are under the age of 59½ years and do not do a rollover, you will also have to pay an additional 10% income tax on early distributions (unless an exception applies). However, if you do a rollover, you will not have to pay tax until you actually receive a payment, and the 10% additional income tax will not apply if the lump-sum payment(s) is(are) made after you attain age 59½ years (or if an exception applies).

Where may I roll over the payment?

You may roll over the lump-sum payment to either an Individual Retirement Account (IRA) or another employer plan (a tax-qualified plan, section 403(b) plan, or governmental section 457(b) plan) that will accept the rollover. The rules of the IRA or employer plan that accepts the rollover will determine your investment options, fees, and rights to payment from the IRA or employer plan. Further, the amount rolled over will become subject to the tax rules that apply to the IRA or employer plan.

How do I do a rollover?

There are two ways to do a rollover: a direct rollover or a 60-day rollover.

1. If you do a direct rollover, the Plan will make the lump-sum payment directly to your IRA or another employer plan that will accept the rollover. You should contact the IRA sponsor or the administrator of the employer plan for additional information on where the rollover should be directed.
2. If you do not do a direct rollover, you may still accomplish a rollover by making a deposit into an IRA or eligible employer plan that will accept it. You will have 60 days after you receive the lump-sum payment from the Plan to make the deposit.

If you do not do a direct rollover, the Plan is required to withhold 20% of the lump-sum payment for federal income taxes. This means that, to roll over the entire lump-sum payment in a 60-day rollover, you must use other funds to make up for the 20% withheld. If you do not roll over the entire amount of the lump-sum payment, the portion not rolled over will be taxed and will be subject to the 10% additional income tax on early distributions (unless an exception applies).

How much may I roll over?

If you wish to do a rollover, you may roll over all or part of the lump-sum payment eligible for rollover. Any lump-sum payment from the Plan is eligible for rollover, except:

- Certain payments spread over a period of at least 10 years or over your life or life expectancy (or the lives or joint life expectancy of you and your beneficiary);
- Required minimum distributions after age 70½ years (or after death);
- Hardship distributions;
- Corrective distributions of contributions that exceed tax law limitations; and
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

The Plan Administrator can tell you what portion of a payment is eligible for rollover.

If I don't do a rollover will I have to pay the 10% additional income tax on early distributions?

If you are under age 59½ years, you will have to pay the 10% additional income tax on early distributions for any lump-sum payment from the Plan (including amounts withheld for income tax) that you do not roll over, unless one of the exceptions listed below applies. This tax is in addition to the regular income tax on the payment not rolled over.

The 10% additional income tax does not apply to the following payments from the Plan:

- Payments made after you separate from service if you will be at least age 55 years in the year of the separation;
- Payments that start after you separate from service if paid at least annually in equal or close to equal amounts over your life or life expectancy (or the lives or joint life expectancy of you and your designated beneficiary);
- Payments made after you separate from service if you are a qualified public safety employee and you will be at least age 50 years in the year of the separation;
- Payments made due to a disability;
- Payments made after your death;
- Corrective distributions of contributions that exceed tax law limitations;
- Payments made directly to the government to satisfy a federal tax levy;

- Payments made under an Eligible Domestic Relations Order (EDRO);
- Payments up to the amount of your deductible medical expenses;
- Certain payments made while you are on active military duty if you were a member of a reserve component called to duty after September 11, 2001, for more than 179 days; and
- Payments of certain automatic enrollment contributions requested to be withdrawn within 90 days of the first contribution.

If I do a rollover to an IRA, will the 10% additional income tax apply to early distributions from the IRA?

If you receive a payment from an IRA when you are under age 59½ years, you will have to pay the 10% additional income tax on early distributions from the IRA, unless an exception applies. In general, the exception to the 10% additional income tax for early distributions from an IRA are the same as the exceptions listed above for early distributions from a plan. However, there are a few differences for payments from an IRA, including:

- There is no exception for payments after separation from service that are made after age 55 years;
- The exception for EDROs does not apply (although a special rule applies under which, as part of a divorce or separation agreement, a tax-free transfer may be made directly to an IRA or a spouse or former spouse);
- The exception for payments made at least annually in equal or close to equal amounts over a specified period applies without regard to whether you have had a separation from service; and
- There are additional exceptions for (1) payments for qualified higher education expenses, (2) payments up to \$10,000 used in a qualified first-time home purchase, and, (3) payments for health insurance premiums after you have received unemployment compensation for 12 consecutive weeks (or would have been eligible to receive unemployment compensation but for self-employed status).

Will I owe state income taxes?

This notice does not address any state or local income tax rules (including withholding rules). Please consult your personal tax advisor regarding any state and/or local tax obligations.

SPECIAL RULES AND OPTIONS

If your lump-sum payment includes after-tax contributions:

After-tax contributions included in a lump-sum payment are not taxed. If a lump-sum payment is only part of your benefit, an allocable portion of your after-tax contributions is included in the lump-sum payment, so you cannot take a payment of only after-tax contributions. However, if you have pre-1987 after-tax contributions maintained in a separate account, a special rule may apply to determine whether the after tax-contributions are included in a lump-sum payment. In addition, special rules apply when you do a rollover, as described below.

You may roll over to an IRA a lump-sum payment that includes after-tax contributions through either a direct rollover or a 60-day rollover. You must keep track of the aggregate amount of the after-tax contributions in all of your IRAs (in order to determine your taxable income for later payments from the IRAs). If you do a direct rollover of only a portion of the amount paid from the Plan and at the same time the rest is paid to you, the portion directly rolled over consists first of the amount that would be taxable if not rolled over. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions. In such a case, if you directly roll over \$10,000 to an IRA that is not a Roth IRA, no amount is taxable because the \$2,000 amount not directly rolled over is treated as being after-tax contributions. If you do a direct rollover of the entire amount paid from the Plan to two or more destinations at the same time, you can choose which destination receives the after-tax contributions.

If you do a 60-day rollover to an IRA of only a portion of a lump-sum payment made to you, the after-tax contributions are treated as rolled over last. For example, assume you are receiving a distribution of \$12,000, of which \$2,000 is after-tax contributions, and no part of the distribution is directly rolled over. In this case, if you roll over \$10,000 to an IRA that is not a Roth IRA in a 60-day rollover, no amount is taxable because the \$2,000 amount not rolled over is treated as being after-tax contributions.

You may roll over to an employer plan an entire lump-sum payment that includes after-tax contributions, but only through a direct rollover (and only if the receiving plan separately accounts for after-tax contributions and is not a governmental section 457(b) plan). You can do a 60-day rollover to an employer plan of part of a lump-sum payment that includes after-tax contributions, but only up to the amount of the lump-sum payment that would be taxable if not rolled over.

If you miss the 60-day rollover deadline:

Generally, the 60-day rollover deadline cannot be extended. However, the IRS has the limited authority to waive the deadline under certain extraordinary circumstances, such as when external events prevented you from completing the rollover by the 60-day rollover deadline. Under certain circumstances, you may claim eligibility for a waiver of the 60-day rollover deadline by making a written self-certification. Otherwise, you must seek waiver from the IRS via a private letter ruling request. Private letter ruling requests require the payment of a nonrefundable user fee. For more information on what to do if you miss the 60-day rollover deadline, we suggest you contact your personal tax advisor or visit the IRS website at www.irs.gov/retirement-plans/retirement-plans-faqs-relating-to-waivers-of-the-60-day-rollover-requirement.

If you were born on or before January 1, 1936:

If you were born on or before January 1, 1936, and receive a lump sum distribution that you do not roll over, special rules for calculating the amount of the tax on the lump-sum payment might apply to you. For more information, see IRS Publication 575, *Pension and Annuity Income*.

If you are an eligible retired public safety officer and your pension payment is used to pay for health coverage or qualified long-term care insurance:

If you retired as a public safety officer, and your retirement was by reason of disability or was after normal retirement age, you can exclude from your taxable income Plan pension payments paid directly as premiums to an accident or health plan (or a qualified long-term care insurance contract) that your employer maintains for you, your spouse, or your dependents, up to a maximum of \$3,000 annually. For this purpose, a public safety officer is a law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew.

If you roll over your payment to a Roth IRA:

If you roll over a lump-sum payment from the Plan to a Roth IRA, a special rule applies under which the amount of the lump-sum payment rolled over (reduced by any after-tax amounts) will be taxed. However, the 10% additional income tax on early distributions will not apply (unless you take the amount rolled over out of the Roth IRA within 5 years, counting from January 1 of the year of the rollover).

If you roll over the lump-sum payment to a Roth IRA, later payments from the Roth IRA that are qualified distributions will not be taxed (including earnings after the rollover). A qualified distribution from a Roth IRA is a payment made after you are age 59½ years (or after your death or disability, or as a qualified first-time homebuyer distribution of up to \$10,000), and after you have had a Roth IRA for at least 5 years. In applying this 5-year rule, you count from January 1 of the year in which your first contribution was made to a Roth IRA. Payments from the Roth IRA that are not qualified distributions will be taxed to the extent of earnings after the rollover, including the 10% additional income tax on early distributions (unless an exception applies). You do not have to take required minimum distributions from a Roth IRA during your lifetime. For more information, see IRS Publication 590-A, *Contributions to Individual Retirement Arrangements (IRAs)*, and IRS Publication 590-B, *Distributions from Individual Retirement Arrangements (IRAs)*.

If you are not a Plan participant:

Payments after death of the participant.

If you receive a lump-sum distribution after the Plan participant's death that you do not roll over, the distribution will generally be taxed in the same manner described elsewhere in this notice. However, the 10% additional income tax on early distributions and the special rules for public safety officers do not apply, and the special rule described under the section "If you were born on or before January 1, 1936" applies only if the Plan participant was born on or before January 1, 1936.

If you are a surviving spouse. If you receive a lump-sum payment from the Plan as the surviving spouse of a deceased participant, you have the same rollover options that the participant would have had, as described elsewhere in this notice. In addition, if you choose to do a rollover to an IRA, you may treat the IRA as your own or as an inherited IRA.

An IRA you treat as your own is treated like any other IRA of yours, so that payments made to you before you are age 59½ years will be subject to the 10% additional income tax on early distributions (unless an exception applies) and required minimum distributions from your IRA do not have to start until after you are age 70½ years.

If you treat the IRA as an inherited IRA, payments from the IRA will not be subject to the 10% additional income tax on early distributions. However, if the participant had started taking required minimum distributions, you will have to receive required minimum distributions from the inherited IRA. If the participant had not started taking required minimum distributions from the Plan, you will not have to start receiving required minimum distributions from the inherited IRA until the year the participant would have been age 70½.

If you are a surviving beneficiary other than a spouse. If you receive a lump-sum payment from the Plan because of the participant's death and you are a designated beneficiary other than a surviving spouse, the only rollover option available to you is to do a direct rollover to an inherited IRA. Payments from the inherited IRA will not be subject to the 10% additional income tax on early distributions. You will have to receive required minimum distributions from the inherited IRA.

Payments under an Eligible Domestic Relations Order.

If you are the spouse or former spouse of the Plan participant who receives a lump-sum payment from the Plan under an EDRO, you generally have the same options and the same tax treatment that the participant would have had (for example, you may roll over the payment to your own IRA or an eligible employer plan that will accept it). However, lump-sum payments under the EDRO will not be subject to the 10% additional income tax on early distributions.

If you are a nonresident alien:

If you are a nonresident alien and you do not do a direct rollover to a U.S. IRA or U.S. employer plan, instead of withholding 20%, the Plan is generally required to withhold 30% of the lump-sum payment for federal income taxes. If the amount withheld exceeds the amount of tax you owe (as may happen if you do a 60-day rollover), you may request an income tax refund by filing form 1040NR and attaching your Form 1042-S. See Form W-8BEN for claiming that you are entitled to a reduced rate of withholding under an income tax treaty. For more information, see also IRS Publication 519, *U.S. Tax Guide for Aliens*, and IRS Publication 515, *Withholding of Tax on Nonresident Aliens and Foreign Entities*.

Other special rules:

If a payment from the Plan is one in a series of payments to be made over a period of less than 10 years, your choice whether to make a direct rollover will apply to all later payments in the series (unless you make a different choice for later payments).

If your payments for the year are less than \$200, the Plan is not required to allow you to do a direct rollover and is not required to withhold federal income taxes. However, you may do a 60-day rollover.

Unless you elect otherwise, a mandatory cashout of more than \$1,000 will be directly rolled over to an IRA chosen by the Plan administrator. A mandatory cashout is a payment from the Plan to a participant before the age of 62 years (or normal retirement age, if later) and without consent, where the Plan participant's benefit does not exceed \$5,000 (not including any amounts held under the Plan as a result of a prior rollover made to the Plan).

You may have special rollover rights if you recently served in the U.S. Armed Forces. For more information on special rollover rights related to the U.S. Armed Forces, see IRS Publication 3, *Armed Forces' Tax Guide*. You may also have special rollover rights if you were affected by a federally declared disaster (or similar event), or if you received a distribution on account of a disaster. For more information on special rollover rights related to disaster relief, see the IRS website at www.irs.gov.

HOW TO OBTAIN ADDITIONAL INFORMATION

This notice summarizes only the federal (not state or local) tax rules that might apply to your payment. The rules described above are complex and contain many conditions and exceptions that are not included in this notice. Therefore, it is recommended that you consult with a professional tax advisor before you take a payment of your benefits from your Plan. You can also find more specific information on the tax treatment of payments from qualified employer plans in IRS Publication 575, *Pension and Annuity Income*; IRS Publication 590-A, *Contributions to Individual Retirement Arrangements*; IRS Publication 590-B, *Distributions from Individual Retirement Arrangements*; and, IRS Publication 571, *Tax-Sheltered Annuity Plans (403(b) Plans)*. These publications are available from your local IRS office, on the IRS's Internet Web Site at www.irs.gov, or by calling 1-800-TAX-FORM.

CONSULT YOUR TAX ADVISOR

THIS NOTICE IS INTENDED TO PROVIDE GENERAL INFORMATION REGARDING THE VARIOUS TAX ISSUES FOR YOU TO CONSIDER RELATED TO (TOTAL OR PARTIAL) LUMP SUM DISTRIBUTIONS. BECAUSE OF THE COMPLEXITY OF DISTRIBUTIONS FROM ANY TYPE OF RETIREMENT PLAN, YOU SHOULD SEEK THE ADVICE OF A TAX ADVISOR TO HELP YOU DETERMINE IF YOU ARE ELIGIBLE FOR SPECIAL TAX TREATMENT AND TO DETERMINE THE TAX CONSEQUENCES REGARDING YOUR WITHDRAWAL. THE BOARD OF TRUSTEES MAKES NO REPRESENTATION AND GIVES NO ASSURANCE WITH RESPECT TO WHAT MAY OR MAY NOT BE PERMISSIBLE UNDER THE TAX LAWS. PLEASE CONSULT YOUR PERSONAL TAX ADVISOR.