
Detroit municipal retirees to take 4.5% pension cut

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Working through federal bankruptcy mediators, the City of Detroit and the Detroit Retired City Employees Association (DRCEA) have agreed on the treatment of pension and healthcare benefits under a proposed Bankruptcy Plan of Adjustment.

Under the agreement, the city retirees will take a 4.5% cut in current pension benefits and lose cost-of-living-allowances. The benefits can be restored depending on the performance of the General Retirement System under the Plan of Adjustment.

Retirees were also promised a “meaningful voice” in governance of the planned General Retirement System and of a Voluntary Employees Beneficiary Association (VEBA) that is to be established.

The DRCEA is the Detroit’s largest employee association with almost 8,000 members, or about 75% of Detroit’s eligible general retirees.

The Retired Detroit Police and Fire Fighters Association (“RDPFFA”), composed of about 6,500 members or more than 80% of Detroit’s police officers and firemen, reached a similar agreement with the city on April 15.

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