



CITY OF GRAND RAPIDS
POLICE & FIRE RETIREMENT SYSTEM
233 E. FULTON, SUITE 216
GRAND RAPIDS, MI 49503
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The Retirement Register

Summary Report of Plan Operations/Expenses

How much does it cost to manage the Police & Fire Retirement System? For the period 01/01/10 — 12/31/10, the Retirement System expended \$19,668,612. The largest portion of this amount, \$18,050,579, was used to pay pension benefits to the 612 retirees/beneficiaries of the Plan. Members who left City employment withdrew \$63,614 in accrued member contributions. The remaining expenses, \$1,554,419, were administrative. Of the administrative expenses, fees to the money managers for the investment of assets were \$994,461. The balance, \$559,958, was used to pay fees for services provided by custodians, auditors, actuarial consultants, performance/investment consultants, legal advice, securities lending program, independent medical evaluations and for staff salary/benefits, office facilities, support operations, training and due diligence reviews. Administrative and investing costs represented less than one half of one percent of the market value of the portfolio. All fees and expenses are paid in cash, as the Plan does not employ soft dollar arrangements.

The December 31, 2010, actuarial valuation showed the Plan to be at a 91.14% funded ratio, meaning it has more liabilities than assets. The Retirement System continues to be in excellent financial condition in accordance with its objective of level percent-of-payroll funding.

While it is not possible to provide a full range of Plan activity in a newsletter, a summary annual report is available for review. Audits, annual accountings, and actuarial valuations may be reviewed at the Retirement Systems Office.

2010 Grand Rapids Fire Department Yearbook

The Grand Rapids Fire Department has the *2010 Yearbook* available for purchase. The hardcover book is full color with 116 pages highlighting the remarkable fires of the past decade, station and personnel changes and general highlights including retiree photos.

The books are currently available for delivery, and the cost is \$40 each. These Yearbooks are only printed once per decade.

There are four ways to order a copy:

1. Send an email to: Kthomps@grcity.us
2. Call the LaGrave Street Station at (616) 456-3507
3. Call the Bridge Street Station at (616) 456-3503
4. Mail a check to:

Lieutenant Kathy Thompson
38 LaGrave Avenue SE
Grand Rapids, MI 49503

[Pension or Insurance Questions?](#)

If you have questions regarding your pension, please contact the City of Grand Rapids Retirement Systems Office at (616) 456-4300. All address, direct deposit, federal withholding, or name changes **must be sent in writing** to: **City of Grand Rapids Retirement Systems, 233 E. Fulton Street, Suite 216, Grand Rapids, MI 49503.** Changes received by mid-month will be effective at the end of that month.

City health insurance questions should be directed to Insurance Services at (616) 456-3300. **Seniors Choice insurance** questions should be directed to (888) 228-3002.

[Changes in Michigan Tax Law On Retirement Income—Public Act 38 \(P.A. 38\)](#)

Beginning 01/01/12, the new tax law governing how retirement income will be taxed will be in effect. It sets up a three-tier system, depending on the retiree's age. All three tiers avoid taxing Social Security income and military pensions. **For married filers, the age of the older spouse determines if they fall into this category.** Here's a brief summary of Public Act 38 (**Please note this is subject to pending litigation**):

- Residents born before 1946 will continue to receive the same tax breaks they have now. Public pensions will not be taxed. A portion of income from private pensions, 401(k)s and IRAs will not be taxed (amounts up to \$45,120 for single filers and \$90,240 for joint filers, and adjusted for inflation). The private pension exemption will continue to be reduced by the amount of any compensation and retirement benefits received for service in the armed forces as well as any public pension. This new act will also reduce the private exemption by the amount of any retirement or pension benefits received under the Federal Railroad Retirement Act of 1974.
- For residents born between January 1, 1946, and December 31, 1952, P.A. 38 limits many of the exemptions for retirement and pension income, although the exemptions for Social Security income and several other types of income (such as income related to service in the Armed Forces) are retained while taxpayers are less than 67 years of age. For taxpayers under 67, exemptions can be claimed on pension and retirement income (public or private) up to \$20,000 for a single filer and up to \$40,000 for joint filers. When these residents turn 67, the \$20,000/\$40,000 exemption applies to all income, not just retirement income. If household resources exceed \$75,000 for a single return or \$150,000 for a joint return, the \$20,000/\$40,000 exemption is eliminated. The exemption is also eliminated if a taxpayer claims a deduction for a military or railroad pension. Under Public Act 38, a taxpayer in this age group may continue to claim the standard personal exemption, regardless of age or whether any other deduction or exemption is claimed.
- Residents born after 1952 will see all retirement income taxed as regular income until they turn 67, at which point they will qualify for a senior income exemption of \$20,000 for single filers and \$40,000 for joint filers on all income. If household resources exceed \$75,000 for a single return or \$150,000 for a joint return, the \$20,000/\$40,000 exemption is eliminated. A taxpayer can forgo the \$20,000/\$40,000 exemption and instead deduct 100% of Social Security income and continue to claim the standard personal exemption. As with taxpayers born during 1946 and 1952, P.A. 38 also eliminates the \$20,000/\$40,000 exemption if total household resources exceed \$75,000 for a single return, or \$150,000 for a joint return, or if a taxpayer claims the deduction for a military pension or railroad pension.

Source: Mr. David Zin, Chief Economist, Senate Fiscal Agency, Treasury Department

[In Memory of Departed Friends](#)

Mary Hillary*	05/22/11
Clarence Ratliff	05/28/11
Helen Tigchon*	06/08/11
Martheen Elzinga*	07/08/11
Gloria DeYoung*	08/13/11
Patricia Vitton*	08/21/11
LD Carl Zech	09/07/11
Jo Ann DeGood	09/10/11

*Denotes a beneficiary

[New Retirees](#)

The Trustees and staff of the Police & Fire Retirement System are pleased to congratulate the following new retirees:

Terry Bykerk	(Police)	06/22/11
Pamela Carrier	(Police)	06/30/11
Carol Price*	(Police)	07/01/11
Michael Hearing	(Police)	08/31/11

*Deferred member