



CITY OF DETROIT  
HUMAN RESOURCES DEPARTMENT  
LABOR RELATIONS DIVISION

COLEMAN A. YOUNG MUNICIPAL CENTER  
2 WOODWARD AVENUE - SUITE 332  
DETROIT, MICHIGAN 48226  
(313) 224-3860 • TTY:711  
(313) 224-0738  
WWW.DETROITMI.GOV

July 16, 2025

**HONORABLE CITY COUNCIL:**

**RE: Supplemental Checks for City Retirees and Beneficiaries**

As you know, the City's Fiscal Year 2026 adopted budget includes a \$10 million appropriation to fund supplemental checks for City retirees and beneficiaries.

The City's bankruptcy plan of adjustment provided for reductions in the accrued benefits of retirees in each of the General Retirement System (GRS) and Police and Fire Retirement System (PFRS). In addition to the reductions in the accrued benefits, all participants' remaining benefits were frozen, and the plan was closed to new participants as of June 30, 2014. This plan became known as the Component II plan for each system.

The City Administration and City Council continue to hear from many GRS and PFRS retirees and beneficiaries regarding the hardships they have endured because of the City's bankruptcy and the resulting reduction of their retirement benefits.

In order to provide some relief to those retirees and beneficiaries it was envisioned that the \$10 million appropriation in the City's Fiscal Year 2026 budget would again be used to send a one-time supplemental check to each retiree or beneficiary. City Council previously approved a resolution in Fiscal Year 2025 using a \$10 million appropriation for supplemental checks to each retiree and beneficiary. This is not intended to be an annual benefit, but rather a year by year decision if budgeted funding permits the one-time expenditure.

The Administration recommends that these supplemental checks, sometimes referred to as a 13<sup>th</sup> check, be distributed to all retirees and beneficiaries of the Component II plans. There are 10,713 retirees and beneficiaries receiving a benefit from the GRS Component II plan and there are 7,647 retirees and beneficiaries of the PFRS Component II plan as of June 30, 2024.

The Administration further recommends that \$5 million be allocated to make the one-time supplemental check to GRS retirees and beneficiaries and \$5 million be allocated to make the one-time supplemental check to PFRS retirees and beneficiaries.

The GRS and PFRS are best able to execute these payments because they currently pay the monthly retirement benefits to retirees and beneficiaries using direct deposit processed through the respective Retirement System's payroll system.

We recommend transferring \$5 million to GRS and \$5 million to PFRS and to instruct GRS and PFRS to each divide \$5 million by the number of living retirees and beneficiaries as of the distribution date.



---

Using the June 30, 2024 census of retirees and beneficiaries as an example only, that census would result in a one-time supplemental check to GRS retirees and beneficiaries of \$467 (\$5,000,000 divided by 10,713) and PFRS retirees and beneficiaries of \$654 (\$5,000,000 divided by 7,647).

Therefore, the Labor Relations Division respectfully requests that your Honorable Body pass a resolution which approves the transfer of these funds from the City to GRS and PFRS and instructs them to make the distribution of the one-time supplemental checks to retirees and beneficiaries of GRS and PFRS. We further respectfully request that your Honorable Body Adopt the following resolution with a Waiver of Reconsideration.

Respectfully submitted,

A handwritten signature in blue ink that reads "Valerie A. Colbert-Osamuede". The signature is fluid and cursive, with a large initial 'V'.

Valerie A. Colbert-Osamuede  
Interim Labor Relations Director



**By Council Member \_\_\_\_\_:**

**WHEREAS**, On July 18, 2013, the City filed a petition in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") seeking protection from its creditors under chapter 9 of title 11 of the United States Code, (11 U.S.C. § 101, *et seq.*); and

**WHEREAS**, On October 22, 2014, the City filed the *Eighth Amended Plan For the Adjustment of Debts of the City of Detroit*, which was confirmed by Order entered November 12, 2014 (the "Plan of Adjustment" or "POA"). The Plan of Adjustment was effective on December 10, 2014; and

**WHEREAS**, The General Retirement System (GRS) and the Police and Fire Retirement System (PFRS) of the City of Detroit are governed by the provisions of (1) the Combined Plan for the General Retirement System and the Combined Plan for the Police and Fire Retirement System of the City of Detroit, Michigan, respectively, each as amended and restated effective July 1, 2014 through Emergency Manager Order No. 44 (the "Combined Plans"), (2) the Contribution Agreement with the Michigan Settlement Administration Authority (the "State Contribution Agreement") and, (3) the Plan of Adjustment; and

**WHEREAS**, Upon the effective date of the Plan of Adjustment, the Combined Plans and the POA provided for reductions in the accrued benefits of GRS and PFRS members, retirees and beneficiaries; and

**WHEREAS**, the Combined Plans indicate that the Retirement Board and the Retirement System shall not make any payment to active or retired Members or Beneficiaries other than payments that are required by the Retirement System as established by the Combined Plans' plan documents and this prohibition applies to all payments that are not authorized by the Combined Plans' plan documents, whether such payments are those commonly referred to as a "thirteenth check" or payments by any other name; and

**WHEREAS**, the City desires to amend the Combined Plans to provide for such supplemental payments; and

**WHEREAS**, The City's Approved Budget for Fiscal Year 2026 contains an appropriation of \$10 Million dollars to fund a supplemental distribution to retirees and beneficiaries of GRS and PFRS; and

**WHEREAS**, The City Administration and City Council have heard from many GRS and PFRS retirees and beneficiaries as to the hardships endured because of the City's bankruptcy reductions to retirement benefits; and



**WHEREAS**, The GRS and PFRS are the most appropriate entities to disburse the supplemental benefits because they possess the direct deposit information for the affected retirees and beneficiaries; and

**WHEREAS**, The City Council and Administration believe that the distribution of a supplemental benefit for Fiscal Year 2026 in the total amount of \$5 Million dollars for GRS and an additional \$5 Million dollars for PFRS should be to those retirees, or their surviving beneficiaries, on a pro-rata basis. Based upon an estimated 10,713 eligible retirees and beneficiaries in the GRS, this would mean a supplemental benefit check in the amount of approximately \$467 to each eligible GRS retiree or beneficiary; and based on an estimated 7,647 eligible retirees and beneficiaries in the PFRS, this would mean a supplemental benefit check in the amount of approximately \$654 to each eligible PFRS retiree or beneficiary,

**THEREFORE BE IT RESOLVED**, the City Council authorizes the Administration to provide for the transfer of the budgeted \$5 Million dollars to the GRS and the transfer of an additional budgeted \$5 Million dollars to the PFRS, in each case, for distribution of the one-time supplemental benefit to eligible retirees and beneficiaries in accordance with the following:

- A. Eligibility – Those retirees and beneficiaries of the GRS and PFRS Component II plans that are in receipt of benefits on the first of the month prior to the date of the disbursement.
- B. Benefit – The \$5 Million shall be disbursed as a one-time lump sum payment to all eligible GRS retirees and beneficiaries, on a pro-rata basis, by dividing the total \$5 Million dollars by the total number of eligible retirees and beneficiaries and the additional \$5 Million shall be disbursed to eligible PFRS retirees and beneficiaries, on a pro-rata basis, by dividing the total \$5 Million dollars by the total number of eligible retirees and beneficiaries.
- C. Non-Precedent Setting – The issuance of the supplemental benefit, the amount of the total distribution, benefit eligibility, and distribution methodology shall not set a precedent for future distributions. All elements of this supplemental benefit distribution shall be reviewed and may be revised as deemed appropriate by City Council in the future. This is not an annual supplemental benefit.
- D. Timing - Such one-time lump sum payments shall be made as soon as administratively feasible after the approval of the 13<sup>th</sup> check pension benefit by the bankruptcy court.



---

**BE IT FURTHER RESOLVED**, that Component II of each of the Combined Plans is hereby amended to provide for a one-time lump sum payment payable to the class of eligible retirees and beneficiaries described in "A" above, in the amount calculated pursuant to "B" above, with such payments to be made as soon as administratively feasible following the approval of these resolutions and the transfer of the budgeted funds.