

How to purchase military time for pension credit

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Grievance Committee

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Recently, the Association has been swamped with calls regarding the purchase of military time.

Added to the contract is a new Article 33 section, which was granted in the Act 312 award: "All bargaining unit employees who have served in the military may purchase a maximum of three (3) years pension time."

Association members have always been able to purchase three years of their military time. The only issue that has changed is that the purchase of military time now applies to all honorably discharged veterans, regardless of when they served. In the past this provision only applied to those members who had served in Vietnam.

Included in this article are answers to questions that are frequently asked by our members who wish to purchase their military time.

Q. As a member of the Policemen and Firemen Retirement System, can the Military Service Credit help me?

A. Yes, if you are a member of the "New Plan" (hired since Jan. 1, 1969) it will increase your annual pension by an amount equivalent to 2.5 percent for the first 25 years of service (including military service time) and 2.1 percent for each year afterward. However, the maximum limitation of 70 percent or 35 years service credit will still apply to any pension benefit received.

Q. Can I use my Pre-Employment Military Service Credit for earlier retirement?

A. No, it can only be used to increase the amount of the pension benefit you will receive upon retirement.

Q. How do I apply?

A. You must submit a completed application, a copy of your discharge papers (DD-214), and a letter requesting credit for previous military service to the Board of Trustees for approval. Forms should be returned to:

Policemen and Firemen Retirement System
Room 908, Coleman A. Young Municipal Center
Detroit MI 48226
Attn: Eddie Park

Forms can also be obtained from the same address or by calling 313-224-3362 ext. 228 or from the DPOA office.

Q. How much military service can I receive credit for?

A. The maximum credit is for three (3) years of service.

Q. Who is not eligible?

A. (a) Special service, contractual, part time, seasonal or summer camp employees.

(b) Those employees who have already received military service credit (you cannot use the same credit twice or receive more than 36 months of additional service credit.

(c) Those employees who have or will use their military service credit as a basis for credit under any other Federal/State/or Local public employment retirement program.

Q. When must I apply for these benefits in order to be eligible?

A. You must apply within 180 days following the effective date of the ordinance or 180 days from the date of your first employment with the City of Detroit, whichever is most recent.

Q. How much will it cost me to obtain military service credit?

A. The cost is 5 percent of your current annual salary for each year of service credit that you receive (or 0.4167 percent prorated on a monthly basis).

Example: 2 years, 7 months of military service with a base annual salary of \$45,000.

Multiply \$45,000 by .05 = annual cost of \$2250 x 2 years = \$4,500.

Divide annual cost (\$2250) by 12 to get the monthly cost of \$187.50; multiply \$187.50 by 7 months = \$1312.50. Add \$4500 + 1312.50 = \$5,812.50 service cost.

Q. When and how must I pay for my service credit?

A. There are three options. You may:

- (a) Pay by check or money order in full within 30 days of approval,
- (b) Transfer funds from the non-taxable portion of your annuity, or
- (c) Have the balance payroll deducted over 36 months (during which you will be charged a 5 percent annual interest fee).

The processing of all payments begins after the request for military service credit has been approved.

Q. What if I leave City service before receiving my retirement?

A. Should you be eligible for vesting under the provisions of the Retirement System, the added Military Service Credit will provide an increased pension benefit at the time of your eligibility for pension benefits. If not eligible for vesting, your payment can be refunded upon written request.

Q. What if I die before being eligible for a pension?

A. The Military Service Credit that you purchase can be used in meeting the minimum time needed for an "Automatic Option Two" pension benefit for your spouse. If the credit cannot be used to increase your pension benefit, the cost will be refunded to your designated beneficiary/estate.

Q. What if I change my mind concerning the Military Service Credit?

A. At any time prior to cashing your first retirement check you can request a refund of any/all money paid and your Military Service Credit will be adjusted accordingly.

Again, return your completed application and a copy of your military discharge papers (DD-214) to: City of Detroit Pension/Retirement Systems, Room 908 Coleman A. Young Municipal Center, Detroit MI 48226, Attn: Eddie Park.

If you have any questions, you may contact Mr. Park at the pension office (313-224-3362, ext. 228) or me at the Association office (313-567-8770). Also, you may pick up an application at the Association office or at Pension.