IMPORTANT DOCUMENT: PLEASE READ

LETTER FROM THE OFFICIAL COMMITTEE OF RETIREES TO ALL RETIREES

The Retiree Committee was appointed by order of the Court to represent the interests of City of Detroit retirees in the City's Chapter 9 bankruptcy proceedings. The Retiree Committee, as an entity, recommends a "yes" vote by you on the City of Detroit's proposed Plan of Adjustment ("Plan").

A "yes" vote by you – in the judgment of the Retiree Committee and its professional advisors – is the course of action that is most likely to avoid the more severe cuts in retirement benefits that the City's Plan calls for if either of the two classes of retirees General Retirement System (GRS) and Police and Fire Retirement System (PFRS) vote no. As proposed by the City of Detroit if the required majorities of Class 10 PFRS and Class 11 GRS retirees vote yes, and the Outside Funding proposed in the Plan is actually delivered by the State, the Foundations and the DIA, you will have much better chance to avoid the punishing cuts that the City's Plan requires if there is a "no" vote. See the attached tables to illustrate the differences in pension benefits under the City's Plan.

The choice is yours and it is not an easy one. But the Retiree Committee strongly recommends a yes vote on the Plan simply because it is most likely to save you the much more serious harm that will come with a majority of no votes. The Retiree Committee supports a <u>yes</u> vote for this honest and simple reason.

Respectfully,

The City of Detroit Retiree Committee

For more information, please email: detroitretirees@dentons.com or call the toll free Retirees' Hotline at 844-776-3475

MORE ABOUT ASF RECOUPMENT

As with most savings and annuity accounts, interest was awarded to each Annuity Savings Account at the direction of the Retirement System Trustees. The City has taken the position that the amount of interest attributed to your account in some years exceeded the actual earnings achieved by the pension fund's investments. Under the City's Plan, a GRS retiree will be subject to recoupment of a portion of the excess interest if he or she maintained an annuity savings account or took a distribution from an account between July 1, 2003 and June 30, 2013. If Classes 10 and 11 vote in favor of the Plan and the Plan is approved, the amount recouped will not exceed 15.5%. Once the reduction is determined, it will continue for the rest of your life and, if applicable, the life of your survivor beneficiary. The amount of the recoupment will be shown on your ballot for voting on the Plan.

THE PLAN'S TREATMENT OF HEALTH CARE BENEFITS

The City's treatment of retiree health care under the Plan, may allow retirees to receive current reduced 2014 level health care benefits for a much greater period than was projected under City's original offer. In addition, depending on the final allowed claims of certain other creditors, the amount available for retiree health care may increase.

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COMPARISON OF PLAN TREATMENT FOR PFRS AND GRS

SALADA ANDO NEGOTI DE MARCO	ALTERNATIVE A – CLASS 10 AND 11 VOTING "YES"	ALTERNATIVE B – CLASS 10 OR 11 VOTING "NO"
PFRS	You will receive 100% of your current pension payment and 45% of your future annual "escalators" (or COLAs) over your lifetime.	You will receive 100% of your current pension but no COLAs over your lifetime.
	 Elimination of 55% of your annual "escalators" or COLAs, amounts to approximately a 9.9% reduction in the value of your pension over your lifetime (and, if applicable, a survivor/beneficiary). 	 Elimination of 100% of your annual "escalators" or COLAs, amounts to approximately an 18% reduction in the value of your pension over your lifetime (and, if applicable, a survivor/beneficiary).

	ALTERNATIVE A – CLASS 10 AND 11 VOTING "YES"	ALTERNATIVE B – CLASS 10 OR 11 VOTING "NO"
GRS	 In summary, you will receive 95.5% of your current pension but no "escalators" (COLAs) over your lifetime and you may be subject to Annuity Savings Fund (ASF) Recoupment that will be subject to a cap. 	 In summary, you will receive 73% of your current pension but no COLAs over your lifetime and you may be subject to Annuity Savings Fund Recoupment that is not subject to cap.
	Specifically, these three reductions can apply:	Specifically, these three reductions can apply:
	You will have a 4.5% reduction in pension benefits.	You will have a 27% reduction in pension benefits.
	2. Elimination of 100% of your annual "escalators" or COLAs, amounts to an average 14.5% reduction in the value of your pension over your lifetime (and, if applicable, a survivor or beneficiary).	2. Elimination of 100% of your annual "escalators" or COLAs, amounts to an average 14.5% reduction in the value of your pension over your lifetime (and, if applicable, a survivor or beneficiary).
	3. ASF Recoupment applies to retirees who held an ASF Account between July 1, 2003 and June 30, 2013 or took a distribution from an ASF account during that period. Most retirees who are subject to this ASF Recoupment will have an additional reduction in their pensions from .01% to 10%. Although some retirees will have a greater reduction, the ASF Recoupment cannot be greater than 15.5% of your pension.	3. ASF Recoupment applies to retirees who held an ASF Account between July 1, 2003 and June 30, 2013 or took a distribution from an ASF account during that period. Most retirees who are subject to this ASF Recoupment will have an additional reduction in their pensions from .01% to 10%. The ASF recoupment is not capped. It may be as high as 100% for some retirees.
	The amount of the total deduction for each retiree will be specified on the ballot to vote on the Plan.	The amount of the total deduction for each retiree will be specified on the ballot to vote on the Plan.

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TOWN HALL MEETINGS RETIREES OF THE CITY OF DETROIT

WHEN:

May 21, 2014 10 a.m. to 12 Noon

1 p.m to 3 p.m.

May 23, 2014 10 a.m. to 12 Noon

1 p.m to 3 p.m.

WHERE:

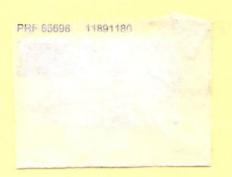
COBO CENTER ROOM 420

1 Washington Boulevard, Detroit

We are pleased to invite retirees of the City of Detroit to attend a town hall meeting at any of the meeting times above for an open discussion of the City's Fourth Amended Plan of Adjustment, the voting process and the schedule for the City's emergence from Chapter 9.

Hosted by: Dentons US LLP, Counsel for the Retiree Committee and the City





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