

MEMORANDUM OF UNDERSTANDING
BETWEEN
CITY OF TRAVERSE CITY
AND
INTERNATIONAL BROTHERHOOD OF TEAMSTERS
COMMAND OFFICERS OF THE TRAVERSE CITY POLICE DEPARTMENT

Re: Pension Multiplier

Date: August 16, 2023

This Memorandum of Understanding (MOU) is entered into between the City of Traverse City (the "City") and the Command Officers of the Traverse City Police Department, International Brotherhood of Teamsters (the "Union"), representing the City of Traverse City Command Officers. The City and the Union are collectively referred to as "the Parties".

The parties are signatories to a Collective Bargaining Agreement (CBA) in effect from July 1, 2019 through June 30, 2024. The change below is proposed to correct the unintended decrease of the defined benefit multiplier of employees hired between July 1, 2009 and July 1, 2016, who promote to Command Officer on or after July 1, 2016.

1. The following Section in the Command Officers CBA shall be replaced in its entirety as follows:

Section 16.1

A) Pension Multiplier

Effective July 1, 2009, any member hired prior to July 1, 2009 at age fifty (50) with twenty-five (25) years of service or age sixty (60) regardless of service shall have a pension as authorized under Public Act 345, payable at the rate of two and eight-tenths percent (2.8%) of the average of the three (3) years of highest annual compensation received during the five (5) years of service immediately preceding retirement or leaving service, multiplied by the first twenty-five (25) years of service, and all other benefits and compensation as set forth in said Act. (Michigan Act 345 of 1937 provides for "1% of the member's average final compensation multiplied by the number of years, and fraction of a year, of service rendered by the member in excess of 25 years.").

Effective July 1, 2009 the pension multiplier shall be two percent (2.0%) for the first twenty-five (25) years of service for all new employees hired on or after July 1, 2009. The pension multiplier and years of service for those employees hired between July 1, 2009 and July 1, 2016 who are promoted to Command Officer after July 1, 2016 shall be frozen at the multiplier for those years' service earned prior to the promotion. In addition, for those employees hired between July 1, 2009 and July 1, 2016 who are promoted to Command Officer after July 1, 2016, shall receive pension multiplier of 2.8% for the years in which he/she are in that position.

B) Annual Post-Retirement Adjustment

Effective January 1, 1994, an annual post-retirement adjustment of up to two and one-half percent (2.5%) based upon the annual increase in the CPI, of the annual pension amount for a period of twenty (20) years beginning one (1) year after the member's date of retirement.

Employees hired on or after July 1, 2021, are not eligible for an annual post-retirement adjustment. Wage for "Final Average Compensation" shall be computed as described in the ACT 345 benefit plan summary.

C) Employee Contributions

Effective July 1, 2011, Captains shall make a retirement contribution of six percent (6.0%) of gross salary.

Effective July 1, 2019 Lieutenants shall make a retirement contribution of three percent (3.0%) of gross salary.

Retirement contributions shall be by payroll deduction

"All other terms and conditions of the CBA shall remain unchanged and in full force and effect."

CITY OF TRAVERSE CITY

By: 

Date: 8/24/2023

Nate Geinzer, Interim City Manager

INTERNATIONAL BROTHERHOOD OF TEAMSTERS

By: 

Date: 8-16-23

Clayton Pletscher, Business Representative