

As retiree letters flood the bankruptcy court...

Detroit attorney says pension cuts actually close to 50 percent

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Last Thursday's edition of the Craig Fahle show, a popular broadcast on National Public Radio from Detroit, featured an important interview with Ryan Plecha and Carole Neville, attorneys representing the city's retiree associations and official Retiree Committee.

Plecha and Neville spoke about the devastating character of the cuts facing Detroit retirees, highlighting details that have not been widely reported.

Speaking to Fahle, Neville accused Orr's team of trying to "bully" the retirees with "scare tactics." She said that the cuts affect at least 32,000 people, and noted that "the economic impact of severe cuts is going to be felt by a much larger area than Wayne County."

The end to cost-of-living adjustments (COLA) set forth in the plan of adjustment amounts to an additional cut of 19 percent for police and firefighter pensions, and 13 percent for General Retirement System (GRS) pensions, Neville said.

When the end to COLA is taken into account, pension cuts will stand at 29 percent for police and fire, and 47 percent for GRS. Detroit retirees are also giving up 85 percent of health care obligations owed to them, Neville said.

According to Neville, 20 percent of Detroit retirees already live below the poverty line, and the cuts will push another 5 to 10 percent into poverty.

Under the bankruptcy settlement, the city will not pay into the pension funds for the next 20 years, Neville pointed out.

"It's pretty stunning that the plan does not provide for contributions for 20 years... they are defunding the plans that exist now... The city is planning to use contributions from third parties over 20 years, serious cuts, and a low interest rate return on investment, to keep their obligation to fund down to nothing," she said.

Neville and Plecha confirmed, in response to a caller, that the plan of adjustment contains claw-back provisions that will enable the city to seize "excess" earnings and annuities paid to pensioners between 2002 and 2012.

During late February and early March, numerous letters have been filed with the US Bankruptcy Court downtown, objecting to the bankruptcy plan and imploring Judge Steven Rhodes, who ruled the city eligible for bankruptcy on December 3, to reject the sweeping cuts to pensions and benefits proposed by Orr.

The *World Socialist Web Site* has acquired more than 160 pages of such letters, which are available to the public through the court's database.

The letters expose the bitter cost that will be paid by Detroit workers under the bankruptcy plan. Many writers point to:

The impossibility of paying for skyrocketing medical costs associated with chronic illnesses in light of the planned cut;

The impact of the cuts on retirees' dependents, especially college-aged

youth who will be unable to afford tuition;

The looming threat of homelessness and destitution facing countless retirees.

Below are some selections from these letters.

Larry and Diane Leipprandt "I feel anger, anxiety, sadness, and helplessness. I am trying not to become clinically depressed because we can't afford it. My health insurance was recently terminated and I now have a \$532 monthly premium and a \$4000 deductible."

"My husband and I feel we are losing control of our lives. We were counting on the pension checks for retirement income. We did nothing wrong... Our lives, plans and dreams, along with those of the many other retired employees and their families, will be sacrificed and all of us will have to continue to pay the price as long as we live."

"I find it unconscionable that anyone would think that any pension cut would be an appropriate or acceptable response to the city's now apparent longtime financial mess. My husband and I, along with the other retired city employees, are only seeking a just legal conclusion: the pensions that were earned and are relied on, in their totalities, as promised."

Yvonne Williams-Jones "Our elected officials cannot be trusted to do what is best for the people. Case in point, Governor Snyder imposed a tax on public service pensions stating that the State of Michigan had a need for the revenue because of a deficit, but a year later the state of Michigan reported a huge surplus. Actions like this are questionable and make me very suspicious of our representatives and their motives."

"The State of Michigan constitution guarantees public service workers their pensions. The governor and state representatives should be working on ways to uphold the law by protecting our pensions. Instead they are giving pensioners alternatives and making threats."

Mrs. Ora Mae Mott "I am a widow woman age 81. I already lost most of my income. I don't get much pension money and my living is set for a small amount. I will be devastated to lose any of my pension. I worked in the poverty program finance department from 1965 to 1991."

August Elizabeth Simon "I am a 75-year-old widow with three dependents. My meager pension is not enough. I recently applied for jobs. But I am old. So no one wants to hire a 75 year old. This is a cold winter, bills are 700-800 per month, water bills are 130 per month, food, gas, healthcare, etc. I am living check to check. Please do not reduce my pension."

Rita Jordon "I can only express how terrified I am hearing the cuts that our family has to take. Both my husband and myself worked for the City of Detroit. We are taking a double hit on our family with one stipend per family for Health Care. We have a 17-year-old who wants to go to college. He also has asthma and needs continuous care. To take a 34 percent cut on our pension will put us at poverty level and we'd have to put in for state assistance. We helped to build this city and country with

our hard work. God have Mercy on us!"

Mashuk Meah "I spent thirty one years going down in the sewers to clean and maintain sewerage monitoring, water meter equipment, up on top of buildings and telephone poles, in water plants, booster stations, reviewing and generating bills for our customers..."

"I missed out on so many things with my family and friends in my career to be a good employee to the entire area based on the fact that the city would provide for me in my older age. I'm now approaching 62 years old and I have the #1 and #2 bone disease in the world that is very costly to me. I raised five children at a great sacrifice to them and myself and for me at this age with the medical issues that I now have to face with paying my own medical and medicines, house, water food lights etc. is an almost impossible task. Now the city wants to reduce my pension check. How in God's name am I to survive?"

Belinda Myers "As a life long resident of the City of Detroit and a 35 year and 9 month retiree I am profoundly saddened that my golden years are being threatened."

Joyce Johnson-Jones "We have suffered so severely already. We already had enforced pay cuts from the former Mayors Kwame Kilpatrick 10 percent cut and 20 percent cut from Dave Bing. This led to me losing my house and not being able to keep up with all my responsibilities as a single parent."

"I can barely pay my rent and pay my bills now. I would not be able to survive this pay cut."

Kathy Wright "We as voters had voted down the emergency manager law. But it passed again anyway. We are spending thousands and millions needlessly. Mr. Orr never negotiated with the city."

"We have a daughter in college. We don't know what to do. We have no job, no insurance, and they want to take our pension also. We should not have to give any percentage of our pension"

Jean W Joyce "I am now 75 years old. I am diabetic and also have cholesterol problems. For my pension to be cut or my healthcare benefits lost would be very devastating for me. Along with being elderly I have a husband with dementia. I am trying to keep him from being put into a facility by taking on the devastating task myself. He also has many health challenges. Diabetic, blood pressure, kidney along with the Alzheimer's dementia.

"We take jobs because of the benefits when we get to this age. Please consider the expenses it takes to get to the doctors, pay for the medicines and also live healthy lives. I appreciate your consideration when you make your decision on our lives."

Cheryl Labash "I began working for the city of Detroit in 1977 and retired in 2008."

"I worked in the street, often by myself, in all weather and some times at night. During construction season I sometimes worked 60-70 hours per week from sun up to sun down.

"I invested in the city annuity plan to save for my future and when I retired I rolled it over into my pension because the state constitution said my pension was guaranteed. Some coworkers said don't do it and many people took their money out but I wanted to do the right thing and not deplete the pension fund."

"Then in 2007 foreclosures began hitting our neighborhoods. In 2008 the housing bubble burst and I watched the neighborhoods I worked in deteriorate and melt away. My neighborhood and new homes built south of me were vacant and my home is now worthless - brick homes in my neighborhood sold for less than \$10,000. The banks made billions and were bailed out by the federal government."

Constance Moore "I committed myself to the City of Detroit for thirty one years. I am old and have 3 chronic diseases. So now I'm told to pay my own medical and at a lesser income than I was promised (and am entitled to) back in 1971!"

Mary Highgate "I am retired and living on my small pension. If you

allow Kevyn Orr to cut my pension it would affect my health because of stress and anxiety. I am already stretching my budget. I am 68, and try not to worry. My health is very weak and I must use oxygen because my lungs function at 50 percent. I have one kidney.

"Why are we the old and weak being attacked? I worked for 35 years to keep off public assistance so as not to be humiliated. The little money that I receive keeps me independent. I cannot afford to take any cut. My medical keeps me alive. Please please don't take any of the little I receive now. I am sitting here now with aching legs."

Yvonne Holtidy-Roberts "I am a seventy one year old female retiree of the City of Detroit. I drive an eighteen year old car and I pay a mortgage, and a cut to my current pension payment would devastate me and my husband. A cut to my pension would cause us to lose our home, because I pay the mortgage. We have a dog. A cut would mean that I would have to surrender the dog who has been with us for seven years."

"I worked for thirty-two years faithfully and I was assured that my pension was secure. At the time of my retirement health care was promised as well as dental and vision. My life is based on the dollar amount of that pension."

"Daily I am stressed, worried about whether I can afford groceries, pay to have my teeth repaired and medicines."

Dan Headapohl "I worked for the Detroit Police Department for almost 40 years and retired in 2006. I stayed in the City as required all that time because I was promised first class health insurance and a small pension. I worked midnights, afternoons, and most holidays such as Christmas, New Years and Easter."

"As of March 1, 2014 you are stealing my health insurance which is what I use for the necessary drugs for my heart and any other medical problems my wife or I have. I am not eligible to receive Medicare or Social Security benefits."

"In my sixties, I can't start a new career, I can't get my wife's youth returned to me. It's like we paid for something and now it's being stolen. Why would anyone work if their pensions were not secure?"

"My wife is very stressed and making herself sick worrying how we will pay our bills. All of our planned trips have been cancelled and I'm worried how we are going to live."

"Like the opposite of Robin Hood, you steal from the poor to support the rich to make yourself look good."

"As a millionaire I know you have no idea what it is to worry about everyday bills but people are losing their homes and cars because of you. Now what I want to know from you is are you just trying to put me on welfare or are you trying to kill me by taking away my health insurance?"



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