

**(CNN)** -- As cities across the United States struggle to keep their finances afloat, Central Falls, Rhode Island, is taking a novel approach to try to avoid bankruptcy.

The city is asking police and firefighter retirees to give up 50% of their pension.

On Tuesday, a state-appointed receiver, Judge Robert Flanders, met with constituents to discuss options that will prevent the city from filing for bankruptcy, but the choices seemed limited: either volunteer for the pension cut, or risk losing it all.

The city has a \$5 million per year structural deficit, said Michael Trainor, a spokesman for Flanders.

"Going forward, it's now at a point where a city is about to run out of cash," he added.

Central Falls, a city of 19,000 residents living in roughly a square mile, has historically had difficulty reducing its expenses because of a decline in population and the resulting smaller tax revenues, according to Trainor.

Each of the 141 city retirees will receive a voting ballot and a packet by the end of the week, showing how much of their pensions will be slashed if they agree to volunteer for the benefits cut.

With August set as the deadline for further decisions on the financial future of the city, Flanders hopes to find out residents' decisions by the end of the month.

Those who were planning to retire soon are now worried about doing so, fearing that they may end up with nothing. Firefighters in the city do not receive Social Security benefits.

"They're very concerned about what's happening, they worked 20-25 years of their career, they were anticipating having this benefit that they were promised the day they were hired," said Michael Andrews, president for local firefighters' union.

Though the measures seem drastic, residents are being told that it's a far better choice than "being at the mercy of the bankruptcy court."

"It was a very difficult meeting, there was a lot of concern and anger," said Trainor of Tuesday's event.

Flanders "hopes, in the case of the retirees, that they would agree," Trainor said.

"Better to accept his proposal than taking a chance with the bankruptcy court," he added.