



# FPDR FUNDamentals

A newsletter for  
Fire and Police retirees

December 2013  
Volume 14, Issue 2

## DIRECTOR'S MESSAGE

As you read in the last newsletter, Linda Jefferson has retired. I am honored to have been selected as the new Bureau Director for FPDR. Following Linda is a great opportunity as she left the bureau in excellent shape. I am impressed with the quality of the FPDR staff, their commitment to serving you and their dedication to doing their jobs well. This will allow me to focus on building an even stronger future for both the fund and the bureau.

Oregon and Portland are my home. I have lived here for over 45 years with the exception of a few years in Arizona. Portland is a unique and exciting place to live. Working for the City of Portland and FPDR is an exciting career change for me as I have worked in the private sector for my entire life.

I bring to FPDR a combination of over 20 years of management experience and a strong technical background in both disability claims management and pension benefits. My prior work experience includes 26 years with Standard Insurance Company. Before that, I worked as a paramedic in Arizona.

I am excited about moving into the public sector. It gives me the opportunity to learn, a passion of mine, and to work with a small bureau that has a huge impact on you and the City of Portland.

*Sam Hutchison*

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## Legislative Update

An Oregon special legislative session passed Senate Bill 861 in early October. As a result of the session, the PERS benefit adjustment for 2014 and beyond will be a tiered adjustment from 1.25% on the first \$60,000 of annual base benefit and 0.15% on amounts above \$60,000. This change will limit the FPDR Board's discretion to no more than 1.25% for future FPDR Two benefit adjustments.

# BENEFIT UPDATES

## Overpayment Recovery Update

Since the last newsletter, the Internal Revenue Service, plaintiffs as class representatives and the FPDR Board of Trustees approved the proposed settlement, and Judge Kathleen Dailey of the Multnomah County Circuit Court approved it and certified the class. The only participants still having recovery reductions are those from whom FPDR has not yet recouped 60% of the overpayment and those who opted out of the class. Class members who did not opt out of the class received a payment in late November of the amount above 60% of their overpayment that FPDR had recouped.

## Additional Tax Offset Benefits

As noted in the last newsletter Senate Bill 822 eliminated additional tax offset benefits for people who are not subject to Oregon personal income tax. FPDR's only authority for paying these benefits is in the Oregon Revised Statutes: ORS 237.635 and 237.637. SB 822 changed both of those. FPDR received a file from the Department of Revenue in late September of participants who filed Oregon personal income tax returns. Your tax offset benefits will be discontinued after the January 1, 2014 payment if:

- You did not file an Oregon personal income tax form for 2012
- You filed as a nonresident for 2012 and did not include your FPDR pension amount in your Oregon-taxable income
- You filed as a part-year Oregon resident for 2012 because you moved out of Oregon
- You moved out of Oregon in 2013 and indicated you would no longer be subject to Oregon personal income tax

Affected participants received letters in November explaining that their tax offset benefits will cease after the January 1, 2014 payment.

The tax offset benefit can be restarted at the beginning of subsequent years if you later become subject to Oregon personal income tax, or it can be stopped if you are no longer subject to it. FPDR's member change form now asks you to indicate whether or not you will be subject to Oregon personal income tax when you move into or out of the state.

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## Deposit Advice Changes

FPDR used to show base benefits and additional tax offset benefits separately on deposit advices but stopped doing so to show overpayment recovery information. Now you can again see more detail about your payment:

Fire & Police Disability & Retirement			
		Pension Monthly	
XXXX - YOUR NAME			
Message Field			
		<u>This Period</u>	<u>Year to Date</u>
Payments -	Base:	\$X,XXX.XX	
	Offset:	\$X,XXX.XX	
	Less Reduction:	\$X,XXX.XX	
	Gross:	\$X,XXX.XX	\$XX,XXX.XX
Taxes -	Federal:	\$XXX.XX	\$X,XXX.XX
	Oregon:	\$XXX.XX	\$X,XXX.XX
Deductions -	Health Premium:	\$XXX.XX	\$X,XXX.XX
	Other:	\$XXX.XX	\$X,XXX.XX

## Tax Time Is Coming

To document the total amount of premiums deducted from your pension payments for the year, please save your November 29 deposit advice. Refer your tax preparer to the Form 1040 instructions on lines 16a and 16b, where insurance premiums for retired public safety officers are discussed. If you have any questions on your taxes, please consult your tax preparer or the IRS at 1.800.829.1040.

1099-Rs are coming in late January. If you would like your form sent to an address other than the one at which you receive your direct deposit statement, please contact us to set up an alternate 1099-R address. If you have previously arranged an alternate address, there is no need to call.

Some of you will have different amounts in Box 1, Gross Distribution, and Box 2a, Taxable Amount. Box 1 represents the total gross pension benefit you received in 2013. The amount in Box 2a is the Box 1 amount less the amount in Box 5, Employee Contributions. As you may recall, prior to 1991, members made after-tax contributions to the FPDR plan from their paychecks. The Box 5 amount is the total amount you contributed during your career divided by a factor specified by the IRS. This IRS formula is provided in the IRS Simplified General Rule.

Box 7, the Distribution Code, should be 2 or 7; a few surviving spouses may have 2B or 7B in this box. Code 2 is for those who have not yet reached 59-1/2 years of age. Code 7 is for those who have already attained 59-1/2 years of age. If you reached 59-1/2 years of age during 2013, you will receive two 1099-R forms: one with Code 2 and the other with Code 7.

## The New Website Is Live



**O**ur website had a facelift! The front page shows pictures of our members in action, has featured articles on the right side and “I want to...” quick links in the middle. Underneath our Mission Statement, you will find the meetings calendar as well as links to the Fire and Police Memorial pages. The “Home” icon to the left of the tabs will always bring you back to the front page. The rest of the tabs are as follows:

- Our Services tab links the main services FPDR provides in categories for Active and Retired members.
- Resource Library tab is the hub of the site with links to all the forms, checklists, advisories and other information.
- Board of Trustees tab houses the agendas, minutes, materials and videos of the board meetings in the past two years. Links to the archives will be established in the future.
- Charter & Admin Rules tab links to the Chapter 5 of the Charter and the current Administrative Rules.
- Budget & Reports tab shows the most recent budget, financial and actuarial documents.
- Staff Directory tab is where you will find links to the FPDR staff and Liaisons contact information and the Director bio and calendars.

We hope you enjoy our new streamlined look with easy-to-follow tabs and links to your most used items. As always, please let us know if you find errors that need fixing or additional information you wish to see.