October 2008

FPDR FUNDamentals

We provide disability and retirement benefits to Portland firefighters, police officers, and their survivors, as prescribed by City Charter.

Volume 9, Issue 1

Of Special Interest:

- Pension Updates
- Disability Changes
- New FPDR Staff
- Redesigned Website

www.portlandonline.com/fpdr

Inside this issue:

Director's Message	1
Federal Pension Protection Act	1
Pension Update	2
Disability Update	3
Member Changes	3
Parking Validation Change	4
Staff Introductions	4

Message from the Director

I hope that you have been enjoying the last bit of summer weather for this year. We are pleased to reintroduce the FPDR Newsletter this month after a two-year absence. There have been significant changes to this organization during the past two years. After experiencing retirements, a great deal of temporary staffing and reorganization of the program, FPDR is finally beginning to see some stability. As you may know, as a result of the 2006 Charter Reform, FPDR is now a bureau that is under the Mayor. Also, the FPDR Board of Trustees composition has changed from 11 to 5 members. The board membership consists of a fire and police member, two citizen members, and the Mayor or the Mayor's designee.

FPDR staff and the Board of Trustees have been very busy during the past 18 months. One of the directives of the 2006 Charter Reform was that the Board retain the services of an outside independent expert to conduct a disability management audit. The initial baseline audit has been conducted, and a subsequent audit will be conducted next year.

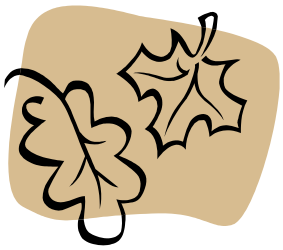
The audit resulted in several meaningful recommendations to the Board on ways to enhance the overall management of the disability program. The FPDR Director and staff have developed a work plan to address those items within the next several months.

We have been in the process of updating the FPDR Administrative Rules, and the Board has adopted a new format for these rules. A number of other issues will be covered in other areas of this newsletter.

It is our hope that this reintroduction issue will be informative and provide the spark we've needed to get us back on track with resuming this periodical.

Good health and best wishes to you and your families.

Linda Jefferson, Director



Federal Pension Protection Act (PPA)

Under the Federal Pension Protection Act, eligible retired public safety officers (law enforcement officer, firefighter, chaplain, or member of a rescue squad or ambulance crew) may elect to exclude their health or long term care insurance premiums (up to $3,000 a year) from their reported pension and annuities income on their federal tax returns if FPDR deducts the payments from their pension checks and pays the premiums directly to their insurance company on their behalf.

All retirees who are under the City of Portland group benefit plans, and who have their premiums deducted and paid out of their pension checks, can elect to exclude from income these distributions. (Please refer to IRS publication 575 {2007}).

FPDR has been working to allow retirees who

(Continued on page 3)

Pension Update

Two computations that are part of calculating pension benefits have changed recently:

- Final pay for FPDR Two members
- Additional tax offset pension benefits paid to all retired members hired before July 14, 1995 and their beneficiaries

A Member Advisory regarding the final pay calculation was distributed to active members in September. You can see the advisory on FPDR's website under What's New. The change to the additional tax offset pension benefit is discussed below.

Oregon Revised Statutes 238.380 provides for additional pension benefits for members hired before July 14, 1995. These benefits were mandated by the Oregon State Legislature in 1991 and 1995 as a result of the State of Oregon's decision to tax pension benefits beginning in 1991. FPDR staff recently discovered an error in the formula used to calculate the additional tax offset benefits. The correct calculation is based on the greater of:

- 9.89% times the proportion of creditable service prior to October 1, 1991 (9.89% is determined by a maximum Oregon personal income tax rate of 9%; if the maximum tax rate changes, additional tax offset benefits based on this percentage will change for current retirees as well as new ones.)
- 0% to 4%, based on years of service (For fewer than 10 years of service, the percentage is 0%; for 10 to19 years, it is 1%, for 20 to 24 years, it is 2.5%; for 25 or more years, it is 4%.)

The additional tax offset benefits are paid regardless of state of residence.

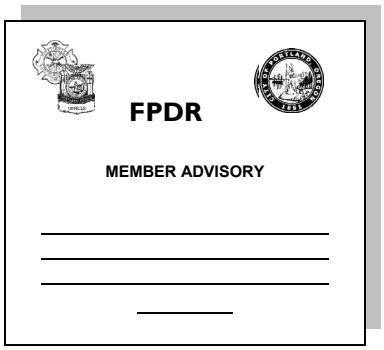
Retired members and their beneficiaries were affected by this miscalculation if the member had less than 100% of his or her creditable years of service prior to October 1, 1991. Members who retired prior to October 1991 were not affected, nor were members who retired later but who had completed 30 years of service by October 1991, because all of their creditable service was prior to October 1, 1991.

Affected members and beneficiaries were notified in September 2008 that their additional tax offset benefits would be calculated correctly beginning with their October 2008 benefit payments. The FPDR Board of Trustees will consider the issue of recovery of past overpayments at the October 28 meeting.

MEMBER ADVISORY

www.portlandonline.com/fpdr

Go to "What's New"



Example: A member retires July 1, 2009 with exactly 30 years of service. The 12.25 years of service that were before October 1991 are 40.84% of total service. Multiplying 40.84% times 9.89% yields 4.0391%. Since this is greater than the 4% for 25 years of service, the offset amount will be 4.0391% times the base pension amount. If the base pension amount is $5,500 per month, the additional tax offset amount is $222.15 per month.

Previously, FPDR had calculated a blended rate, using parts of both the 9.89% and 0% to 4%. For the member in this example, the additional offset amount using the blended rate would have been $352.30 per month, an overpayment of $130.15:

- Multiplying 40.84% times 9.89% yields 4.0391%
- Multiplying (100%-40.84%) times 4% yields 2.3664%
- Adding 4.0391% and 2.3664% yields 6.4055%
- Multiplying 6.4055% times a $5,500 monthly base pension yields $352.30

Disability Program Updates

Charter Changes

On January 1, 2007, all new hires (FPDR Three) are placed in the PERS system for their retirement benefits. FPDR continues to be the provider of benefits for injuries, occupational disease and stress claims filed by sworn members. Information regarding PERS retirement is found in Chapter 5 of the Charter of the City of Portland Section 5-301 (a)(1) and 5-304 (d).

On December 5, 2007 a Charter change became effective that impacted the way benefits are paid to members who service retire. Tier Two and Three members retiring on or after 1-1-07 are eligible for payment of reasonable medical and hospital expenses arising from an approved service-connected or occupational injury or illness as determined by the Fund Administrator and must be in accordance with Chapter 5 of the City Charter, Section 5-306 (g)(1), and the FPDR Administrative Rules.

Changes in Your Disability Packet

As we do on an annual basis, we have updated the forms located in your purple disability packet. Packets were distributed in July by Paul Corah, Fire Liaison, and Brett Williamson, Police Liaison.

What's new?

Disability in Line of Duty (DILD) form

There are two separate forms now that are specific to the type of claim you are filing:

1) Service-Connected/Occupational Disability

2) Non Service-Connected Disability

Attending Physician Report (APR)

This form now contains a signature line for the member to sign. Make sure you open the envelope marked "Give to Attending Physician," complete the member section of the form, sign it, then give the form to the physician to complete.

This serves as a release from you to the physician to allow medical information to be provided to FPDR. Upon receipt of this form, a claim will be set up.

FPDR still requires completion of the DILD form and will notify you if one has not been submitted.

Work Status Report (WSR)

This form has a new look but serves the same purpose as before. Make sure this form is completed and faxed to FPDR and your bureau. Without this form, disability benefits cannot be considered.

All forms in the disability packet are located on the FPDR website

Who's Assigned to My Disability Claim?

Among the many changes happening in FPDR are specific analysts assigned to each bureau.

Fire Bureau is assigned to Pam Schill.

Police Bureau is assigned to Kim Oduro.

Pam and Kim will be the primary contact person for all new disabling claims.

Barb Aase is assigned to the claims that do not incur time loss.

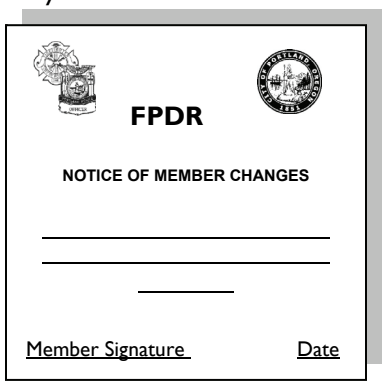
Nancy Hendricks is assigned the monthly and non-service claims.

Julia Towne works on FPDR One claims and also specializes in subrogation, vocational rehabilitation and return-to-work issues.

Each of the Disability Analysts in FPDR has a strong background in disability management and works closely with the bureau and the Bureau Liaisons in the administration of your claims.

MEMBER INFORMATION CHANGES

Be sure to let us know about any changes to your membership information such as address, marriage, divorce, name change, etc. All member information requests must be submitted in writing. The "Notice of Member Changes" is located on the FPDR website under "FPDR Forms Library".


FPDR

NOTICE OF MEMBER CHANGES

Member Signature Date

Federal Pension Protection Act

(Continued from page 1)

are not covered under the City Group plans the opportunity to also access the PPA program by setting up agreements with their insurers. This has been a great deal more complex than anticipated. However, we are close to completing arrangements with four of the insurers that cover the majority of these retirees: Regence Blue Cross Blue Shield, Kaiser Permanente, Providence Health Plans and AARP United Health Care. We hope to begin making payments to these companies for the participating retirees this coming January.

FPDR

We provide disability and retirement benefits to Portland firefighters, police officers, and their survivors, as prescribed by City Charter.

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Fire & Police Disability & Retirement
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Phone: 503.823.6823
1.800.773.5744
Fax: 503.823.5166
fpdr@ci.portland.or.us

We're on the Web!

www.portlandonline.com/fpdr

PARKING VALIDATION

Please be advised that the FPDR Office no longer validates parking for our visitors.

STAFF INTRODUCTIONS

LINDA JEFFERSON, Director

Sheri Miller, Senior Management Analyst

Kathy Kakesako, Senior Legal Assistant

SUZANNE BATES,

FPDR Operations and Disability Manager

Pamela Schill, Senior Disability Analyst – Fire Bureau

Kimberly Oduro, Senior Disability Analyst – Police Bureau

Julia Towne, Senior Disability Analyst – Return-to-Work and Subrogation Specialist

Barb Aase, Disability Analyst

Nancy Hendricks, Disability Analyst

Chloe Oliver, Program Manager

NANCY HARTLINE,

Business Operations Manager

Julie Morrow, Administrative Supervisor

Beth Baisch, Management Assistant – Pension Coordinator

Patricia Rafferty, Accountant – Disability Payments

Heather Andrews, Office Support Specialist

Robert Klimek, Office Support Specialist

Kimberly Zenzano, Staff Support

Carolyne McAllister, Staff Support

Bureau Liaisons:

Paul Corah – Fire Bureau

Brett Williamson – Police Bureau