



FPDR FUNDamentals

*A quarterly newsletter for
Fire and Police members*

October 2009
Volume 10, Issue 2

DIRECTOR'S MESSAGE

Greetings! I hope that you and your family had a safe and enjoyable summer. In preparing my message for this issue I realized that it has already been a year since we reintroduced the FPDR newsletter. We hope that you have found this periodical informative.

The November 2006 Charter Reform included a provision that the FPDR Board retain an outside independent expert in disability management to conduct an initial audit to create benchmarks for comparison of the Disability Program going forward. Twelve months after the initial baseline audit, a subsequent audit was to be conducted. Marsh/Mercer was selected in 2007 after we completed a competitive bid process.

We recently completed the final phase of the Disability Program audit, which consisted of a follow-up review of claim management practices to determine the extent to which FPDR claim management practices complied with industry best practices. The purpose of this review was to compare current claim management practices against those existing at FPDR during the previous audit, using the same benchmarks, audit and scoring criteria, and to determine the status of the recommendations made following the initial audit.

I am very pleased to report to you that the 2009 result, in the ten categories reviewed, was 93% which indicates excellent performance. This was a significant improvement over the 2007 result, of 77%. I credit this tremendous improvement to the FPDR staff, our specialization of program activities, the invaluable support of the administrative staff and the excellent overall management of the program. Also of note are stability in our personnel (our most recent hire was in June 2008) and an unparalleled dedication to excellence in providing services and programs to members and other FPDR stakeholders. We are all very proud of the many accomplishments and look forward to further program enhancements in the future.

Be safe, and as always, best wishes to you and your families.

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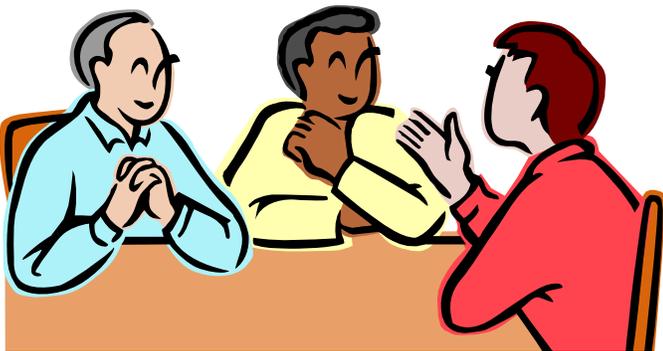
PENSION UPDATE

Retiree Association Information

Portland Retired Firefighters and Widows Association

The Portland Retired Firefighters and Widows Association is available to all retired Fire members and widows or widowers. The association produces a monthly newsletter and the Red Book, an annual roster of names, addresses, phone numbers and e-mail addresses. Current dues are \$15 for retiree and spouse, or \$5 for widow or widower. The website, www.retirees.tailboard.net, posts news of upcoming events and a link to an e-mail news group, groups.yahoo.com/group/PFDretirees for updates between newsletters. Contact the association at:

Cal Eddy, President, 503.631.3115
John Lopez, Newsletter, 503.666.8343
Val Shaull, Treasurer, 503.661.6017



Portland Retired Police and Widows Association

The Portland Retired Police and Widows Association is available to all retired Police members and widows or widowers. The association produces a monthly newsletter and an annual roster of names, addresses, phone numbers and e-mail addresses. Current dues are \$20 for retiree and spouse, or \$10 for widow or widower. The annual picnic is held in June at North Clackamas Park, and the holiday dinner is in December at the Milwaukie Elks. Meetings are held every two months at the VFW hall, 3405 SE 87th.

Please keep the association informed of address and e-mail changes. Contact the association at:

Bob Roberts, President, or Linda Roberts for changes
503.663-7876, bobboblynn@aol.com

Sally Bible, Treasurer, for dues
503.694-6112, palsal@comcast.net

Norm Rosenbloom for e-mail changes
503.287-8536, norm@rosenbloom.org

FPDR Community Conversations

On September 16 and 17, a group of 23 FPDR staff and active and retired members met for two half-day conversations about creating a shared vision for our community. The primary purpose of the conversation was to improve communication and enhance the relationships among all parties. We recognize that recent changes in the FPDR system have strained the relationships we have with one another, and the conversations were an opportunity to talk about current relationships, what the relationships could become, what we have learned individually and collectively, and how we would like to bridge any gaps in communication by working together with a focus on the shared vision.

The conversations centered on three primary questions:

- ☑ Ideally what would the FPDR staff and members' relationships look like, and how can we communicate effectively within those relationships?
- ☑ What lessons can we learn from the past?
- ☑ What can we do as a community and individually to create the future relationships we envision?

Each of the primary questions became a “café”, where groups of four people sat at small tables to discuss part of the topic and then moved on to another table for the next round of conversation. On the first day, we talked about elements of the vision, what is not working well now or has not worked well in the past, and what is working well or has worked well. On the second day, we identified three areas of the vision to focus on, where we are now and where we want to be for each area, and what we can do to get where we want to be.

For each of the sessions, a graphic recorder captured what we talked about. We'll share those drawings and what we're working on in the next issue. We want to thank all of the participants for bringing their time and energy to these conversations:

Fire Members

Paul Corah (liaison)
Mike Delaney
Terry Foster
Joe Gray
Scott Heesacker
Erin Janssens
Jason Lehman
Earl McCormick

Police Members

Dave Benson
Chris Burley
Jim Ferraris
Sue Kruger
Jeff Nelson
Bob Roberts
Tori Schmitt
Mike Stradley
Brett Williamson (liaison)

FPDR Staff

Beth Baisch
Suzanne Bates
Nancy Hartline
Nancy Hendricks
Linda Jefferson
Pam Schill



MEMBER UPDATES

The following are FPDR updates since the last FPDR newsletter.

- ☑ Adoption of Ordinance # 183128 on August 19, 2009 to amend Chapter 5 of the Charter of the City of Portland to include the Firefighter Cancer Presumption effective January 1, 2010, pursuant to Oregon Workers' Compensation Law 656.802 (5)(a) – (h) and (6)
- ☑ Adoption of Resolution # 443 which revoked Resolution #271, concerning domestic relations orders and reversions of alternate payee benefits.

Amended Administrative Rules, located at www.portlandonline.com/fpdr:

- ☑ Section 5.4 – Retirement Benefits and Appeals
- ☑ Section 5.7 – Service-Connected and Occupational Disability Benefits – Plan Two and Three
- ☑ Section 5.8 – Non Service-Connected Disability Benefits – Plan Two and Three
- ☑ Section 5.9 – Medical Benefits – Plan Two and Three
- ☑ Section 5.10 – Return to Work and Vocational Rehabilitation Programs – Plan Two and Three
- ☑ Section 5.11 – Service-Connected and Occupational Disability Benefits – Plan One
- ☑ Section 5.12 – Non Service-Connected Disability Benefits – Plan One
- ☑ Section 5.13 – Medical Benefits – Plan One

Short-Term Disability Benefit Payments Will Come Sooner!

Effective October 22, 2009, short-term disability (expediting) payments will be paid on the City's biweekly pay date. Checks will now be mailed the day before the Thursday pay date, rather than the day after. This change will allow members to receive their benefits on their usual pay date.

Notice of Trustee Election

An election for two members of the FPDR Board of Trustees will occur in December 2009 for three-year terms beginning January 1, 2010:

☞ 1 member of Portland Fire and Rescue; incumbent: Bob Lemon

☞ 1 member of the Portland Police Bureau; incumbent: Jeff Nelson

Any active member of FPDR may nominate himself or herself by filing such nomination in writing with the FPDR Director, on or before November 9, 2009. Candidacy forms may be requested at the FPDR office.

We Need To Know

Keeping FPDR informed about changes in your family status (marriage/same-sex domestic partnership, divorce, birth or adoption of a child, deaths), name changes or contact information (address, phone) is very important for a number of reasons. We need the most current information to provide the correct benefits to our members and their beneficiaries in a timely manner.

FPDR does not receive change information when you report it to your bureau or to City Benefits or Human Resources. We need members to contact FPDR directly when changes occur.

If you have had a family status change, name change or change of contact information, please print out the change form (under “Forms Library” on the FPDR web site) or call FPDR at 503.823.6823. Complete the change form, sign it, and return it to FPDR. Changes must be in writing and signed by the member; we cannot accept changes over the phone.

PPA Participating Insurers

The Pension Protection Act (PPA) gives Public Safety Officer retirees an annual income exclusion that reduces the taxable amount of their pension (by a maximum of \$3,000) for medical or long-term care premiums deducted from their pension benefit and sent directly to their insurance company. FPDR has made agreements with a number of insurers to allow us to deduct and issue these payments for our retirees. Here is the latest list of participating insurance companies:

Medical: AARP United Health Care, Kaiser Permanente, Providence Health Plans, Regence Blue Cross Blue Shield, Secure Horizons, Care Oregon, Family Health Care Plans and HealthNet

Long Term Care: MetLife, Equitable Life, Massachusetts Mutual, Bankers Life and Genworth.

A current list of participating insurers is found on the FPDR web site under What’s New.

OPSRP Pension Primer for FPDR Three Members

By Sean Fogarty, FPDR Three member and fire fighter. FPDR includes this article as a service to FPDR Three members but encourages members to contact PERS/OPSRP for information about their pensions.

30 years. 360 months. 10,958 days. Seems like a lifetime, right? With the recent retirements, though, we've all heard the refrain "It goes by fast." We'll hopefully all be looking forward to a long, healthy retirement someday. No matter if you have one year or ten, there are decisions you can make right now to make your life after the bureau better. With a little knowledge and planning, you can help to ensure that you retire when you want, in a position to live the life you want.

Unfortunately for those of us in the PERS/OPSRP system, most of our role models around here can't guide us through the structure of our pension, since they're in a completely different system. It's my intent to help clarify the basics about our retirement in this article, and to act as the go-to guy in the future for PERS questions and issues.

I'll stick to the OPSRP (AKA Tier 3) structure for now, since nearly all new hires are in that category. (For the handful of us in PERS Tier 2, there are some quick notes at the end.) The retirement is broken into two separate parts, and you will literally get two checks from the different sources.

Part A: Standard Pension (Defined Benefit)

This is similar to the FPDR pension. It's called defined benefit because it's a simple, set-in-stone formula that's funded by City money going into a huge state fund. You have to be 53 years old with 25 years of service or 60 years old to receive the full benefit.

Take the number of years you have worked, and multiply by 1.8%. Multiply that number by your average monthly salary for your best 36 months working here. Some of your overtime will factor in (how much exactly will be clearer in the future); your sick leave or vacation payouts are not included. That's your main pension with no survivor benefit, and it will usually increase by 2% every year for cost of living. If you select a survivor benefit, the monthly benefit will be actuarially adjusted and you'll receive a lesser amount during your life. Here are two examples.

A fire fighter hired at 23 years old in 2007 turns 53 in 2038 and earned \$88,000, \$90,000 and \$92,000 in the last three years: average monthly salary (\$90,000 divided by 12 is \$7,500) times months of service (30 years times 12 is 360) times 1.8% = \$48,600 annual base pension.

A fire captain hired at 42 years old in 2009 retires at 60 years old in 2027 with an average final salary of \$100,000: average monthly salary (\$100,000 divided by 12 is \$8,333) times months of service (18 years times 12 is 216) times 1.8% = \$32,400 annual base pension.

Part B: Individual Account Program (Defined Contribution)

This is similar to a 401(k). The Individual Account Program (IAP) is called defined contribution because the amount the City puts into it is set in stone, but everything after that depends on the market. There are no real management options (aggressive, conservative, etc.), and everyone gets the same gains and losses. Most employers contribute 6%, but the City of Portland contributes 9% of all your income into your account because we aren't in Social Security. Here's an example.

A fire fighter has 30 years of service and an average overall salary of \$70,000 including overtime. City contributions total \$189,000 (30 years times \$70,000 times 9%). Let's estimate that the balance is \$300,000 with earnings at retirement. The payout structures are too many and too confusing to go into here: annuities, full payouts, five-year payouts, 20-year payouts, etc. As this is market based, it's also too unpredictable to get a real idea of how much we'll have when it's time to hang it up.

Summary

As PERS/OPSRP retirees, we'll have one stable, predictable side of our pension, and one side that's market based. Unlike the FPDR system, we aren't able to say precisely what we can expect until we get much, much closer. Everyone's personal situation is different, but I try to approach my pension as one part of a bigger plan. Deferred compensation, real estate, other employment, old 401(k), VEBA, partial Social Security from other employment, stocks, IRAs, etc. are all part of the broader picture.

Special note to PERS Tier 2 employees (you know who you are): There are some key details that are different for us, but the general idea is very similar to what I described above. In a nutshell, the multiplier is 2%, sick leave payouts will average in, there is no cap on overtime factoring in (for now), and retirement eligibility is 50 years old with 25 years of service or 55 years old.

As the years progress, I will make every attempt to stay on top of issues and information regarding PERS. Please feel free to contact me or PERS/OPSRP with any questions or concerns.

503.752.7849, SeanFogarty@gmail.com

PERS/OPSRP

503.598.7377, www.oregon.gov/pers



FPDR

The Bureau of Fire and Police Disability and Retirement administers disability, death and retirement benefits to Portland firefighters, police officers and their survivors.

City of Portland, Oregon
Fire & Police Disability & Retirement
1800 SW First Avenue, Suite 450
Portland, OR 97201
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

STAFF INTRODUCTIONS

LINDA JEFFERSON, Director

Sheri Miller, Senior Management Analyst

Kathy Kakesako, Senior Legal Assistant

SUZANNE BATES,

FPDR Operations & 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

Mika Obara, Financial Analyst

Robert Klimek, Office Support Specialist

Kita Montgomery, Office Support Specialist

Bureau Liaisons:

Paul Corah – Fire Bureau

Brett Williamson – Police Bureau