



FPDR FUNDamentals

*A newsletter for
Fire and Police retirees*

December 2012
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DIRECTOR'S MESSAGE

As we approach the end of 2012, I would like to extend best wishes to you and your loved ones. This has been a year of changes. We've been very busy at FPDR rebuilding our benefits database in current technology and haven't been able to send out a newsletter in a while. We said goodbye to Fire Trustee Bob Lemon and welcomed Jason Lehman in his place. Elections for both the Fire and Police trustees take place this month. We are also saying farewell to Board Chair Yvonne Deckard, who has graciously continued on the Board after her retirement from the City of Portland until the end of this year. Claims Analyst Nancy Hendricks retired in June, and Claims Manager Suzanne Bates is leaving us for retirement the end of this month. We extend our heartfelt thanks for the service all of these trustees and staff have given FPDR and the members. Kimberly Mitchell is the new claims manager, and we are recruiting for a new claims analyst to replace her.

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Public Records Requests

In 2011, the Public Employees Retirement System of Oregon settled a lawsuit with two newspapers regarding what was public information about member benefits. As a result of that settlement, FPDR has begun responding to public records requests by releasing a member's gross pension, pension start date, final pay and years and months of service. We have not yet received a request for that information for all members but may do so in the future.

Ballot Measure Passes

Portland voters approved Ballot Measure 26-145 in November. The changes, which take effect January 1:

- ☑ Alter the final pay definition used to calculate FPDR Two pension benefits for future retirees, such that final pay will never include more than 366 days of wages, will include contract increases applicable to those 366 days regardless of when the wages are received, and will be calculated at the full-time rate for part-time members (whose pension is already reduced for part-time service)
- ☑ Create a new six-month service requirement before sworn employees become FPDR members
- ☑ Reduce service time required to claim nonservice death benefits from ten years to five
- ☑ Eliminate a provision that allows pension benefits following vested termination to be increased if the member was subsequently employed in a position covered by PERS
- ☑ Allow interim disability benefits to be paid while a claim is being reviewed
- ☑ Allow service-connected/occupational disability and nonservice-connected disability benefit payments on a biweekly or monthly basis
- ☑ Allow the FPDR Administrator to settle claims with the approval of the FPDR Board of Trustees

Fire FPDR One Adjustment

Fire FPDR One participants will see a 3.3% increase in their gross benefits for the January payment. Retro payments for the change effective July 1, 2012 will be issued in mid-December.

FPDR One (“Old Plan”) is the original FPDR plan

FPDR Two (“New Plan”) is the plan that started in 1990

Overpayment Recovery Ruling

In July, a Multnomah County Circuit Court judge ruled that FPDR cannot recoup overpaid benefits paid to retirees through the IRS-approved “COLA Holdback” method that FPDR has been using. Stopping the IRS-approved recoupment of the overpayments jeopardizes the FPDR’s tax-qualified status, so FPDR decided to appeal the judge’s decision and will move for a Stay of the Judgment to permit the recovery process to continue during the appeal process.

Preserving the FPDR’s tax qualified status is a priority. In the event that the COLA Holdback recovery method is stopped, we could not rely on the compliance statement previously issued to FPDR by the IRS – and the FPDR’s tax-qualified status would be in jeopardy. FPDR will continue to work with the IRS to preserve the Fund’s tax-qualified status during the appeal process. We will keep you advised on developments regarding this issue.

2012 Taxes

Save your December 1 deposit advice or check stub if you have insurance deductions – this payment has the 2012 total for your income tax filing. 1099-Rs are coming late January.

Fire & Police Disability & Retirement

		Pension Monthly	
XXXX – YOUR NAME		11/1/2012	
Message Field			
		<u>This Period</u>	<u>Year to Date</u>
Payments -	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
	Net:	\$X,XXX.XX	
Total Overpayment to Recover:		\$X,XXX.XX	<i>Note: These lines only appear if you are currently part of the recovery of the additional tax offset benefit overpayment.</i>
Total Recovered to Date:		\$X,XXX.XX	
-- or, for FPDR One participants --			
Your gross benefit was reduced by:		\$X.XX	

2012 Member Survey

Thanks to all of you who responded to our member survey in May! The response rate of 14% was more than double that of 2010, with a higher response rate from active members than retirees. You can find a link to the summary of the survey results on our home page.



Let Us Hear From You

For many years, payments have been deposited to your bank account on the first business day of a month. Some members have asked us to change our pension payment date from the first business day to the first of the month or the last business day of the previous month. If we make the change after January 1, 2013, you would have **13** months of payments included in your 2013 1099-R because January 1 is always a holiday. The first time you would see a different payment date would be May 31 instead of June 3. If you **do not** want us to make the change, please send us an email or call us.

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