

**AS THE WORLD  
TURNS....**



***SO DOES FPDR***

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***PRESENTATION TO  
THE FPDR BOARD OF TRUSTEES***

***SEPTEMBER 27, 2016***

# Disclaimer

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*Opinions expressed in this presentation are solely my own and do not express the views or opinions of FPDR, FPDR staff, FPDR Board of Trustees or the City of Portland.*

*Sam Hutchison  
Director  
FPDR*

*September 27, 2016*

# TAXES

# Tax Reform

Income tax



Property  
tax

Sales  
tax

**Property Tax Reform  
2016 Legislative Session  
SJR 201**

Resolution to send an Oregon Constitutional amendment to voters to modify Measure 50 (1977) to require property taxes to be assessed on real market value of property.

## Impact of SJR 201 on FPDR

1. Would have imposed a permanent fixed rate equal to a tax entity's 2016 tax rates. This means FPDR tax rate would have been permanently frozen at 1.30%. This rate is much less than our \$2.80 limit. Essentially, it would have cut the maximum FPDR rate in half.
2. The increased tax base could be more than offset by an allowable homestead exemption.
3. Would have struck out the section of the Constitution that considers FPDR a separate tax entity from the City of Portland. Eliminating that explicit provision could have negative impacts for FPDR and the City.

## Legislature

SJR 201 was put on the table in 2016 to test the waters for property tax reform. It was not expected to pass.

City of Portland Government Relations says there is no interest in revisiting the resolution in the 2017 legislative session.

# **PENSION REFORM**



It is still happening  
across the country



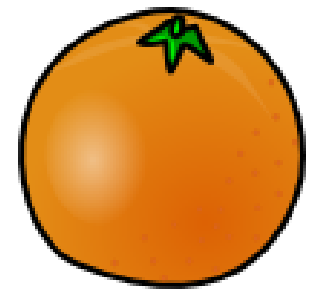
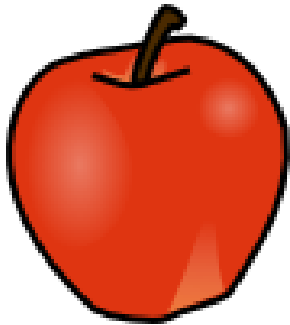
# Oregon

Due to the Moro decision and lower than expected investment returns, employer PERS contributions for non-school entities will increase 30-35%.

This will impact FPDR Three PERS contributions.

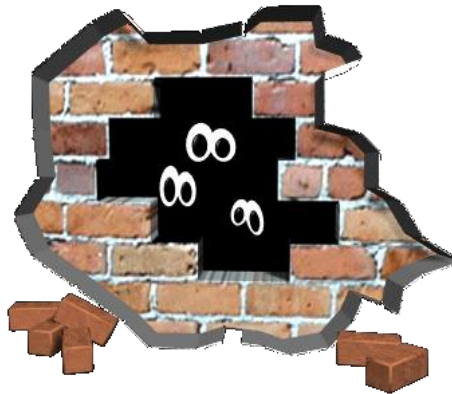
# FPDR is 99.2% “Unfunded”

\$3.0 Billion



# Others are looking

IRS



GASB

FASB

US Dept. of Treasury

ASB

Moody's

Pension Benefit Guaranty Corp

US Dept. of Labor (ERISA)

Pew Research Center

Employee Benefits  
Security Administration

US Senate Finance Committee

# **WORKERS COMP**

## Consolidation

State opt out options

Private sector insurers

TPAs

**Cost of specialty drugs**

Vendors

## Trends / Issues

**Opioid use**

**Marijuana**

**Medical – Recreational**

ACA

Medicare Set Asides

# OTHER

Affordable Care Act

Aging Workforce

# **THE CHANGING LOOK OF FPDR**



# 2016

No. of Retirees	1,814
No. of active FPDR Two members	1,055
No. of active FPDR Three members	464

# 2024

No. of active FPDR Two members	675
No. of active FPDR Three members	925

\* Active FPDR Three members will hold many officer and management positions in the Police and Fire Bureaus and in their unions. They may hold one or both of the elected FPDR Board of Trustees positions.

# 2034

No. of FPDR One & Two Retirees      1,900

No. of active FPDR Two members      150

No. of active FPDR Three members    1,450

\* Active FPDR Three members will hold all officer and management positions in their unions and in the Police and Fire Bureaus. They will hold both of the elected FPDR Board of Trustees positions.

\* Total annual pension payments will start decreasing.

# WHY IS ALL THIS IMPORTANT?

Taxes

Pension Reform

Workers Comp

Other

Changing Look of FPDR