



FPDR FUNDamentals

*A newsletter for
Fire and Police retirees*

July 2015
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DIRECTOR'S MESSAGE

I am excited to share with you two projects that FPDR has been working on over the past year.

First, we completed a major rewrite of the FPDR Continuity of Operations Plan. This plan provides guidance and direction to ensure that FPDR is able to continue operations and issue your retirement benefits in the event of a City-wide emergency or disaster. Over the next year, we will run some simple exercises and simulations to test and improve our plan.

Second, we will be using a vote-by-mail election process for the Fire and Police Trustees. No more ballot boxes! We will mail ballots to the active police officers and firefighters in November. The terms of Jason Lehman and Robert Foesch, the present Fire and Police Trustees, will expire at the end of this year. Both can run for reelection if they choose to do so.

If you want to talk with me about any issue, share a problem or compliment the FPDR staff, please give me a call at 503.823.5500 or send me an email at sam.hutchison@portlandoregon.gov.

BENEFIT UPDATES

FPDR One ("Old Plan") Benefit Adjustment

AS stated in Charter Section 5-120, FPDR One benefits vary annually at the beginning of the fiscal year (July 1) and are based on the current salary of either a First Class Fire Fighter or First Class Police Officer. The pay for both of these positions will increase by **2.1%** effective July 1, 2015. FPDR uses the new hourly rates of pay for First Class Fire Fighters and First Class Police Officers, multiplies by 2088 hours per year and divides by 12 to get the monthly pay amounts for a First Class Fire Fighter and a First Class Police Officer that determine FPDR One benefits.

FPDR Two ("New Plan") Benefit Adjustment

Charter Section 5-312 gives the FPDR Board of Trustees discretion in the amount and timing of FPDR Two benefit adjustments, except that the percentage rate of change cannot exceed the rate that the Oregon Public Employees Retirement System

(PERS) applies to police and fire retirement benefits. While not directly applicable to the FPDR plan, at its May meeting the FPDR Board of Trustees considered the Oregon Supreme Court's decision in *Moro v. State of Oregon* and what PERS has announced regarding its plan to implement the *Moro* decision.

In *Moro*, the Court determined that the statutes regarding PERS providing a cost of living adjustment (COLA) can be amended for benefits earned for service after October 8, 2013 but not for service prior to the October 8, 2013 effective date of the legislation (SB 861). The PERS implementation plan appears to be a 2.00% COLA for all of its participants effective July 1, 2015 while they determine how to calculate blended COLA rates for people with some service prior to October 2013 and some service after.

The FPDR Board approved a **2.00%** benefit adjustment effective July 1, 2015; the adjustment rate(s) for 2016 will be considered after PERS's new methodology is known. The Board also approved increasing adjustments for the prior two years: the 1.50% 2013 adjustment (required by SB 822) will be increased to 2.00%, and the 1.25% 2014 adjustment will be increased to 2.00% without taking into account what portion of the FPDR retiree's service was before October 8, 2013. Retro payments for the increases through the June 1 payment will be made the end of June.

Tax Offset Benefit

The *Moro* decision also upheld the 2013 legislative change to eligibility for the additional tax offset benefit that requires participants to be subject to Oregon personal income tax. Out-of-state retirees are not eligible for an additional tax offset benefit.

If you are domiciled in Oregon, keep filing your Oregon tax returns!

WE NEED TO KNOW

The time following the death of a loved one can be overwhelming and complicated by a seemingly endless number of tasks. However, it is very important that you contact the FPDR as soon as possible. There may be paperwork to complete and process in order for benefit payments to be made to a survivor. In addition, we also need to stop the decedent's monthly benefits to avoid an overpayment. Please call us at 503.823.6823 or contact Beth Baisch, Pension Benefits Coordinator, directly at 503.823.5502. We're here to help.

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