



# FPDR FUNDamentals

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*A newsletter for  
Fire and Police retirees*

January 2019  
Volume 19, Issue 2

## DIRECTOR'S MESSAGE

**H**appy New Year! This January, FPDR will have a new Commissioner in Charge, Jo Ann Hardesty. Commissioner Hardesty will take over this role from Commissioner Saltzman, who is retiring at the end of this year. I will miss working with Commissioner Saltzman and am looking forward to working with Commissioner Hardesty.

In January, Jason Lehman and Brian Hunzeker, the present Fire and Police Trustees, will begin serving another three years on the FPDR Board of Trustees! Their terms were scheduled to expire at the end of this year. In preparation for the Trustee elections, FPDR sent out notices to the Fire and Police active members seeking nominations for candidates for the Fire and Police Trustee positions. Since Trustees Lehman and Hunzeker were the only members nominated, they were declared elected.

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](mailto:sam.hutchison@portlandoregon.gov).

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## TAX WITHHOLDING

**A**s members file their 2018 tax returns, some of you may discover that you are having too much or too little federal tax withheld from your pension benefit following implementation of the 2017 Tax Cuts and Jobs Act.

Previously, most members established their federal tax withholding level by selecting a filing status (married, single, etc.) and a number of exemptions. While you can still use this method, it will no longer produce accurate withholding for many members. Instead, the Internal Revenue Service has developed a new tax withholding calculator: <https://apps.irs.gov/app/withholdingcalculator/>. The calculator estimates the total amount of federal tax you will owe, which can then be divided by 12 and entered as a fixed dollar amount on FPDR withholding forms.

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## TAX SEASON IS COMING UP!

Your annual 1099-R for tax filing will be mailed by January 31, 2019, but here's a preview for those who like to think ahead.

If FPDR deducted insurance premiums from your pension payments in 2018, you may be able to deduct up to \$3,000 of those premiums from your taxable income. Please note that this amount will NOT be deducted from Box 1 on your 1099-R; the amount in Box 1 will show your total gross pension payments before any deductions. Your November 30 deposit advice shows the total amount of insurance premiums deducted from your pension payments in 2018. If you have lost your November 30 deposit advice, you may download it from the portal or contact us for a copy. Refer your tax preparer to the Form 1040 instructions on lines 16a and 16b, where insurance premiums for retired public safety officers are discussed.

Those of you who were still working prior to 1991 may see different amounts in Box 1, Gross Distribution, and Box 2a, Taxable Amount on your 1099-Rs. Box 1 represents the total gross pension benefit you received in 2018. The amount in Box 2a is the Box 1 amount less the amount in Box 5, Employee Contributions. Prior to 1991, members made after-tax contributions to the FPDR plan from their paychecks. Box 5 shows the total amount you contributed during your career, divided by an IRS-specified factor.

Box 7, the Distribution Code, should be 2 or 7; a few surviving spouses may have 2B or 7B in this box. Code 2 is for those who have not yet reached 59½ years of age. Code 7 is for those who have already attained age 59½. If you reached 59½ in 2018, you will receive two 1099-Rs: one with Code 2 and the other with Code 7.

Please note that FPDR staff cannot provide tax advice. If you have any questions on your taxes, please consult your tax preparer or the IRS at 1.800.829.1040.

Form 1099-R (2018) with annotations:

- 1**: Gross distribution: \$10,000.00
- 2a**: Taxable amount: \$9,000.00
- 5**: Employee contributions/Designated Roth contributions or insurance premiums: \$1,000.00
- 7**: Distribution code(s): 7

Other form details: Payer: Fire & Police Disability & Retirement, 1800 SW First Ave, Suite 450, Portland, OR 97201. Recipient: Clark Kent, 123 SW Ezra Ave, Smallville, KS 66100. Form 1099-R, Cat. No. 14438Q, www.irs.gov/Form1099R, Department of the Treasury - Internal Revenue Service.

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**We're on the Web!**  
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