

FPDR FUNDAMENTALS

Volume 20 / Issue 2

Catherine MacLeod brings over 30 years of actuarial experience. Since 2008 she has focused on post-employment benefits for public sector clients.

Recently she cofounded the actuarial firm of MacLeod Watts. The firm provides public sector actuarial services to states, counties, cities and other public agencies.



Catherine Macleod

DIRECTOR'S MESSAGE

Happy New Year!

Trustee Catherine MacLeod was recently reappointed to the FPDR Board of Trustees for another three years. Trustee MacLeod was originally nominated trustee by Mayor Hales in January 2017. Her present term will end December 31, 2022.

The other four members of the Board of Trustees are Jason Lehman, fire representative; Brian Hunzeker, police representative; Elizabeth Fouts, citizen trustee and Josh Harwood, Mayor Wheeler Designee and Board Chair.

If you want to talk with me, Sam Hutchison, Director, 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.

A handwritten signature in black ink, appearing to be 'SH' with a flourish.

Sam Hutchison

FPDR Fund Director

sam.hutchison@portlandoregon.gov

503-823-5500

ALMOST TIME TO FILE TAXES!

Your 2019 1099-R for FPDR benefits will be mailed to you by January 31, but we know some of you like to be prepared! Here are some reminders to get you started. Please see the next page for a sample 1099-R.

Deducting insurance premiums: If FPDR deducted insurance premiums from your pension payments in 2019, 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; this amount will show your total gross pension payments before any deductions. Your November 29, 2019 deposit advice shows the total amount of insurance premiums deducted from your pension payments in 2019. If you have lost your November 29 deposit advice, you may download it at <https://fpdrportal.portlandoregon.gov/portal> or contact us for a copy. Refer your tax preparer to the Form 1040 instructions for more information on insurance premiums for retired public safety officers.

Different amounts in Boxes 1 and 2a: Those of you who were still working prior to 1991 may see different amounts in Box 1, Gross Distribution, and Box 2a, Taxable Amount. Box 1 represents the total gross benefit you received in 2019. 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 (ranging from 160 months to 360 months).

Box 7, the Distribution Code, should be 2 or 7. Code 2 is for those who have not reached 59½ years of age. Code 7 is for those who have already attained age 59½. If you reached 59½ in 2019, 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 tax questions, please consult your tax preparer or the IRS at 1-800-829-1040. Please keep in mind that if you are receiving the additional Oregon state tax offset pension benefit, the easiest way to continue to qualify in 2021 is to file your 2019 Oregon tax return.

VOID CORRECTED

PAYER'S name, street address, city or town, state or province, country, ZIP or foreign postal code, and phone no. Fire & Police Disability & Retirement 1800 SW First Ave, Suite 450 Portland, OR 97201		1 Gross distribution \$ 10,000.00	OMB No. 1545-0119 2019 Form 1099-R		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.
		2a Taxable amount \$ 9,000.00			
PAYER'S TIN	RECIPIENT'S TIN 000-00-0001	3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	Copy 1 For State, City, or Local Tax Department	
RECIPIENT'S name Bruce Banner		5 Employee contributions/ Designated Roth contributions or insurance premiums \$ 1,000.00	6 Net unrealized appreciation in employer's securities \$		
Street address (including apt. no.) 123 SW Ezra Ave		7 Distribution code(s) 7	8 Other \$ %		
City or town, state or province, country, and ZIP or foreign postal code		9a Your percentage of total distribution %	9b Total employee contributions \$		
10 Amount allocable to IRR within 5 years \$	11 1st year of desig. Roth contrib.	FATCA filing requirement <input type="checkbox"/>	12 State tax withheld \$	13 State/Payer's state no.	14 State distribution \$
Account number (see instructions)		Date of payment	15 Local tax withheld \$	16 Name of locality	17 Local distribution \$

Form **1099-R** www.irs.gov/irm1099H Department of the Treasury - Internal Revenue Service

WHAT DOES MY SPOUSE GET WHEN I DIE?

As promised in our last newsletter, this article discusses the FPDR pension benefits your spouse will receive when you pass away after retiring. Our next newsletter will address survivor benefits in the case of pre-retirement death.

FPDR One (Old Plan) Retirees

Members who retired or became disabled before January 1990 are generally FPDR One members. Your spouse's benefit will be based on the age difference between you and your spouse. If the two of you are the same age, or your spouse is older than you, she or he will receive 56% of your benefit at your death. For each year younger your spouse is than you, that percentage drops by 1%. For example, if your spouse is one year younger, she or he will receive 55% of your benefit; if two years younger, 54%; and so on.

FPDR Two (New Plan) Retirees

Members who retired or became disabled after December 1989 are generally FPDR Two members. Your spouse's benefit was chosen by you at retirement, and may be 25%, 50%, 75%, or 100% of your benefit at your death. A majority of current retirees elected 25%. If you don't remember your selection, please call Beth (see below).

What about the Oregon Tax Offset Benefit?

If you qualify for the tax offset benefit – meaning you had at least ten years of service and were sworn before July 15, 1995 – your spouse will also receive the tax offset benefit if she or he is an Oregon resident.

Who is a Spouse? And What if I Don't Have One?

If it seems obvious who a spouse is, you must not manage a pension plan! To qualify for survivor benefits, your spouse must have been legally married to you for at least one year at your death. (Note that in our plan legal separation is treated the same as divorce, and will disqualify your spouse for survivor benefits.) Both opposite-sex and same-sex spouses qualify, but domestic partners do not. If you don't have a spouse at your death your pension benefit will end, unless you still have children under age 18.

Please don't hesitate to contact our Pension Coordinator, Beth Lloyd, at 503-823-5502 if you have any questions. The better you and your spouse understand your spouse's future benefits, the better you can plan ahead and minimize surprises and confusion at a distressing time.

Contact Us

FPDR

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