



FPDR FUNDamentals

*A newsletter for
Fire and Police retirees*

July 2013
Volume 14, Issue 1

DIRECTOR'S MESSAGE

Greetings! I hope that all is well with you and your loved ones. We have been off to a very busy start for this first half of this year updating procedures and orientating new staff. I hope that you will join me in welcoming Police Trustee, Bob Foesch. I would also like to introduce the newest FPDR team members, Yuliya Pathammavong and Darina Christensen. Both Yuliya and Darina are on the Disability Management Team. FPDR is now fully staffed, except for one position.

In case you haven't previously heard, I decided it was time to move on to the next phase of my life and retired the end of May. I figured forty-seven years (twenty-five with the City) was long enough. Now it is time to play! The recruitment and selection process to find my replacement is in full swing, and my successor should be named in the very near future. I will stay on board to ensure a smooth transition, however.

It has truly been my pleasure and an honor working for FPDR for the past six years. I can hardly believe that it has been that long, though. We have had our ups and downs, but I want you all to know that it was with the best interest of this program, its members and beneficiaries in mind that I drew my motivation and inspiration.

I had the honor of meeting many of you over the years and would like to thank you for your support and courtesies to me and my staff. Best wishes to you in the future.

Inside this issue:

Overpayment Recovery Legal Ruling	2	Benefit Adjustments	3
Legislative Update	2	Let Us Hear From You	4

New Service !

FPDR has been issuing paper checks to reimburse members for their out-of-pocket medical expenses on approved claims. Direct deposit of member reimbursements is now available! We will use your deposit instructions for your pension benefit.

BENEFIT UPDATES

Overpayment Recovery Legal Update

In the last newsletter, we noted that a Multnomah County Circuit Court judge had ruled that FPDR cannot recoup overpaid benefits paid to retirees through the IRS-approved “COLA Holdback” method that FPDR has been using. Since then FPDR, plaintiffs and counsel attended a mediation session that led to a proposed settlement. The proposal has been submitted to the IRS. If the IRS approves the proposal, the court would still need to approve it. Should that occur, affected participants would then receive a mailing from the court. Preserving FPDR’s tax-qualified status remains a priority, so the overpayment recovery will continue in the meantime.

Legislative Update

Senate Bill 822 was signed by the Governor in May, making two changes to the Oregon Public Employees Retirement System that also affect FPDR benefits. As of this writing, the Legislature is still in session. We will let you know if there are any further changes.

FPDR Two Benefit Adjustments

SB 822 limits the PERS 2013 benefit adjustment to 1.5%. Since Charter Section 5-312 limits FPDR benefit adjustments to the PERS adjustment percentage rate, FPDR Two 2013 benefit adjustments are also limited to 1.5%. After 2013, PERS will have a tiered adjustment, from 2% on the first \$20,000 of annual base benefit down to 0.25% on amounts above \$60,000. The FPDR Board will again have discretion up to 2% for benefit adjustments after 2013 because the PERS sworn participants will be receiving 2% adjustments on at least part of their benefits.

Additional Tax Offset Benefits

SB 822 also eliminates additional tax offset benefits for people who are not subject to Oregon personal income tax. FPDR’s only authority for paying these benefits is in the Oregon Revised Statutes: ORS 237.635 and 237.637. SB 822 changes both of those. New retirees will declare whether or not they reside in Oregon and pay Oregon income taxes. For FPDR participants now receiving benefits, FPDR will work with the Department of Revenue each year to determine who is not subject to Oregon personal in-

come tax and to eliminate the tax offset benefits effective January 1 for the February 1 payment. The tax offset benefit can be restarted in subsequent years if you become subject to Oregon personal income tax. We will contact you when we know if your tax offset benefits status is going to change January 1.

FPDR used to show base benefits and additional tax offset benefits separately on deposit advices but stopped doing so to show overpayment recovery information. We are preparing letters to be sent in July to all participants whose benefits include tax offset benefits so that you can see how much of your gross benefit is the tax offset benefit.

Benefit Adjustments for 2013

FPDR One ("Old Plan") pension benefits are based on the current salary of a "First Class Fire Fighter" or a "First Class Police Officer" as the case may be. The Fire adjustments will be effective July 1, 2013 for the August 1, 2013 benefit payments.

Fire Adjustment

If you are a Fire FPDR One member or beneficiary, you will receive an adjustment to your monthly benefit of **1.80%**.

Police Adjustment

The Portland Police Association collective bargaining agreement expires June 30, 2013. We will not know the adjustment for Police FPDR One members and beneficiaries until the successor contract is finalized. Stay tuned!

FPDR One ("Old Plan") is the original FPDR plan

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

FPDR Two ("New Plan") pension benefits are adjusted at the discretion of the FPDR Board of Trustees, except that the percentage rate of adjustment cannot exceed the percentage rate applied to PERS sworn retirement benefits. At their May meeting, the Board approved the maximum adjustment permitted for 2013 under SB 822, which is 1.5%. The adjustment will be effective July 1, 2013 for the August 1, 2013 benefit payments.

Let Us Hear From You

In the last newsletter, we asked for your input about changing our pension payment date from the first business day to either the first of the month or the last business day of the previous month if the first is not a banking day. A significant number of members contacted us to object, because the change would have meant having 13 months of payments included in the 2013 1099-Rs (January 1 is always a holiday).

We listened to you and developed a revised approach: the pension payment date will change to the first of the month or the last business day of the previous month if the first is not a banking day ***except for January 1***. The first time you will see a different payment date will be August 30 instead of September 3. Your payment will reach your account ***on or before*** it would under the current process, and your 1099-R amount will ***not*** be affected.

If you see any financial or other harm to you from this new approach, please send us an email or call us by July 19. We will make the change unless we hear of some harm to a member.



City of Portland, Oregon
Fire & Police Disability & Retirement
1800 SW First Avenue, Suite 450
Portland, OR 97201

We're on the Web!
www.portlandoregon.gov/fpdr

Phone: 503.823.6823
1.800.773.5744
Fax: 503.823.5166
fpdr@portlandoregon.gov
