

FPDR FUNDAMENTALS

Volume 21 / Issue 2



❄️ **Happy 2021 from FPDR!** ❄️

All of us at FPDR send you our best wishes for the new year. We hope 2021 will be happy and healthy!

Your FPDR Benefit Is Safe

We know these are doubtful times, which makes FPDR all the prouder to be a source of security and certainty for our members and their families. Some of you have called with concerns that your pension benefit could be reduced in the current political climate. Others have questions about the financial health of FPDR during the COVID-19 pandemic. Please be assured that your pension benefit is safe!

FPDR Pension Benefits Cannot be Reduced

Outside of bankruptcy, the City of Portland cannot legally change the FPDR pension benefits of those currently receiving them. The FPDR pension is a form of deferred compensation – your pension benefit, including a benefit for your spouse after your death, was earned while you were working. Those earnings cannot now be taken from you. Similarly, FPDR pension benefits already earned by police officers and fire fighters still working cannot be altered. However, if you are an FPDR Two beneficiary please do bear in mind that your annual cost-of-living adjustment may vary from year to year. This has always been the case, as the FPDR Plan grants the FPDR Board of Trustees discretion over that adjustment.

FPDR's Financial Resources are Secure

Uniquely, FPDR pension benefits are funded on a pay-as-you-go basis with a separate, dedicated property tax levy. FPDR property tax revenue is held in its own fiduciary fund, where it can only be spent on FPDR plan benefits and FPDR administration; it cannot be redirected to other City of Portland needs. Numerous laws and accounting standards protect FPDR's resources. The property tax levy is also a highly stable funding source, even in an economic downturn. FPDR has already received the property taxes it needs for the current fiscal year and will adjust next year's levy so it can absorb a high tax default rate, should such an unfortunate situation come to pass.

ALMOST TIME TO FILE TAXES!

Your 2020 1099-R for FPDR benefits will be mailed to you by January 31, but we know some of you like to get prepared! Here are some reminders to get you started:

Deducting insurance premiums: If FPDR deducted insurance premiums from your pension payments in 2020, 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 December 1, 2020 deposit advice shows the total amount of insurance premiums deducted from your pension payments in 2020. If you have lost your December 1 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 pension benefit you received in 2020. 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 2020, you will receive two 1099-Rs: one with Code 2 and the other with Code 7.

If you receive the additional Oregon state tax offset benefit, the easiest way to continue to qualify is to file your 2020 Oregon state tax return. 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.

<input type="checkbox"/> VOID <input type="checkbox"/> CORRECTED		OMB No. 1545-0119		Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc.	
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	2a Taxable amount \$ 9,000.00	2019 Form 1099-R	
PAYER'S TIN	RECIPIENT'S TIN 000-00-0001	2b Taxable amount not determined <input type="checkbox"/>	Total distribution <input type="checkbox"/>		Copy 1 For State, City, or Local Tax Department
RECIPIENT'S name Bruce Banner		3 Capital gain (included in box 2a) \$	4 Federal income tax withheld \$	5 Employee contributions/ Designated Roth contributions or insurance premiums \$ 1,000.00	
Street address (including apt. no.) 123 SW Ezra Ave		6 Net unrealized appreciation in employer's securities \$	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 \$	