

# City of Philadelphia Board of Pensions and Retirement

December 2017 Edition

## TOP 10 REASONS to stick with your Deferred Comp Plan

### 10. A PLACE FOR LUMP SUM CONTRIBUTIONS.

Lump sum payments you accrue with your employer can be deferred into your deferred comp account to help you avoid current taxation and potentially build your account. Check with your Retirement Specialist to see what is eligible and discuss options with your tax advisor before making any decisions.

### 9. REQUIRED MINIMUM DISTRIBUTIONS.

Nationwide will make sure you receive the payment required by law after you reach age 70½.

### 8. NO SALES COMMISSIONS.

Rolling out of the Plan will likely cost an up-front sales commission. The Plan doesn't charge sales commissions.

### 7. COMPETITIVE FEES.

Due to the large number of assets in the Plan, we're generally able to negotiate lower fees than individuals may be able to get on their own.

### 6. QUALITY INVESTMENT OPTIONS.

The Plan's well-known mutual funds and investment offerings are periodically reviewed and changed when necessary.

### 5. PLAN OVERSIGHT.

The Plan is governed by a Board whose sole purpose is to provide a Plan for the sole benefit of the participants and their beneficiaries — meaning participants and their beneficiaries are the only shareholders they answer to!

### 4. YOUR PLAN WEBSITE.

Provides online education and tools, investment information and account access in a simple, easy to navigate site tested by users like you.

### 3. FLEXIBLE PAYOUT OPTIONS.

Receive money at regular intervals and amounts, or just when you need it. Keep in mind that withdrawals are taxable income to you in the year the payments are made.

### 2. RETIREMENT SPECIALISTS.

Provide in-person help and education about your deferred comp account.

### 1. ACCOUNT CONSOLIDATION.

Your deferred compensation account allows you the ability to rollover outside assets. There are generally several considerations relevant to evaluating whether you might rollover outside assets or leave the money where it is currently invested. Talk to your Retirement Specialist for more information.



To help us to serve you more effectively, when contacting this Board by mail, please provide your payroll/pension number or the last four digits of your Social Security number and your printed name.

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## Direct Deposit

Over 33,000 pensioners have chosen to receive their monthly payment via direct deposit. You can too! Just call Chris Powell at 215-496-7416 and ask for a direct deposit authorization form. Or you can access a direct deposit authorization form on the Board's website at <http://www.phila.gov/pensions/reports>.

Monthly pension payment is mailed on the last working day of each month. Direct deposit payments are usually in your account before you wake up on the last working day of each month. Call now and stop waiting for your money!

## Attention Direct Depositors: Changing Banks?

Please remember to notify the Board if you are changing the bank to which your monthly payment is deposited. To do so, call at 215-496-7416 and request a direct deposit authorization form. This form can also be accessed on the Board's website at <http://www.phila.gov/pensions/reports>.

## Need A Verification Letter?

Letters verifying that you receive a monthly payment from the Board can be obtained by contacting:

**(215) 496-7416** (for last names beginning with the letters A-L)

or

**(215) 496-7447** (for last names beginning with the letters M-Z)

## Adjustment of Payments

Although the Board makes every effort to ensure that all benefit payments are accurate and timely, in the event any benefit payment is more or less than the recipient is entitled to receive, upon discovery the Board shall correct such error and adjust the payments in such a manner that the benefit to which the person was entitled shall be made. The Board is also authorized to recover any excess payment including the right to make deductions from future benefits.

## Public Employees Pensions Forfeiture Act

Although unfortunate, you may have read media reports from time to time of City employees being convicted of, or pleading guilty to crimes. What may not be noted as frequently in those reports is the potential pension implications for such employees. When certain crimes are involved, such employees will forfeit their pensions. This article briefly summarizes the law in this area.

There are two laws that govern when a government employee will lose their pensions, one is a Pennsylvania statute, the other is part of the Philadelphia Code of Ordinances. The Pennsylvania law, known as the Public Employees Pensions Forfeiture Act (abbreviated as "PEPFA"), 43 P.S. § 1311-1315, requires that a government employee lose his or her right to collect a pension if the employee is convicted of, or pleads guilty to, one or more of certain listed crimes in the course of or related to their employment. Such crimes include, for example, bribery, perjury, forgery, theft and obstruction of justice.

While there is some overlap between the PEPFA and the Philadelphia law, codified at Section 22-1302 of the Philadelphia Code, the Philadelphia Code goes even further, and requires the City to disqualify an employee from receiving their pension for a conviction or plea to most crimes involving their jobs. This includes offenses related to perjury, acceptance of a bribe for the performance (or non-performance) of their official duties, theft or embezzlement or other illegal taking of funds, engaging in graft or corruption involving an employee's official position, or malfeasance (defined as a wrongful or unlawful act, especially wrongdoing or misconduct by a public official).

Under both the PEPFA and the Philadelphia Code, a conviction or plea to the disqualifying crimes requires that the Board of Pensions revoke an employee's right to receive a pension. As for an employee's contributions to their pension, those will generally be returned, interest free, unless there is a court-ordered fine or restitution, in which case, the City will use a member's contributions to pay the fine or restitution. Additionally, the Board may order contributions held if there has been a calculable monetary harm to the City that can be repaid. Employees have the right to appeal any decision by the Board to forfeit a pension or to retain contributions.

## Board of Pensions & Retirement Trustees:

<b>Rob Dubow</b>	Chairperson, Finance Director
<b>Alan Butkovitz, Esq.</b>	City Controller
<b>Sozi Pedro Tulante, Esq.</b>	City Solicitor
<b>Matthew Stitt</b>	City Council Representative
<b>Pedro Rodriguez</b>	Director of Human Resources
<b>Michael DiBerardinis</b>	Managing Director
<b>Brian P. Coughlin</b>	Elected Employee Representative
<b>Ronald Stagliano</b>	Vice Chairperson, Elected Employee Representative
<b>Veronica M. Pankey</b>	Elected Employee Representative
<b>Carol Stukes-Baylor</b>	Elected Employee Representative

## Retiree Medical and Life Insurance

Retiree medical and life insurance benefits are now administered by the Benefits Unit of the City's Office of Human Resources. All inquiries about retiree medical and life insurance benefits should be made directly to Benefits Unit staff as noted below.

Contact information for retiree medical and life insurance is:

<b>Leontyne Freeman</b>	215-686-0612	<a href="mailto:Leontyne.Freeman@phila.gov">Leontyne.Freeman@phila.gov</a>
<b>Sheron McLean</b>	215-686-0614	<a href="mailto:Sheron.McLean@phila.gov">Sheron.McLean@phila.gov</a>
<b>Stephanie Hill</b> (Retiree Personal Choice)	215-686-0616	<a href="mailto:Stephanie.Hill@phila.gov">Stephanie.Hill@phila.gov</a>
<b>Kym Stubbs</b> (Retiree Keystone)	215-686-0618	<a href="mailto:Kym.Stubbs@phila.gov">Kym.Stubbs@phila.gov</a>

## Frequently Asked Questions:

This question and answer piece is designed to assist our members and retirees by listing the types of questions pension counselors and staff receive on a regular basis. You can also contact one of our friendly and knowledgeable employees with questions specific to your situation.

**Q: For the past five years I worked at the University of Delaware and have recently taken an exempt position with the City. May I purchase credit for the time I spent working at the University?**

A: Yes. Prior employment with a state University is eligible for purchase. You should note, however, that as an exempt employee, your time cannot be used to meet your initial vesting requirement. You will need to work for the City for five years before you are eligible to receive a pension at retirement age. Furthermore, you may only purchase time for prior government service that does not entitle you to a pension from that employer.

**Q: I spent eight years in the Army and am currently a member of the Philadelphia Police force. I am eligible to receive a pension based on my time in the Army. Can I purchase this service credit?**

A: Yes. You may purchase up to ten years of eligible credited service. If you are receiving or entitled to receive a military pension, as long as your eligibility for a military pension is not the result of full-time service it may still be purchased.

**Q: I'm a former firefighter that separated from employment six months ago, and I suffered an injury for which I am currently receiving workers compensation. How long do I have to file an application with the Board**

**for a service connected disability pension?**

A: The Retirement Code provides that an application must be filed within one year of separation. After that, and pursuant to Board regulations, permission to apply late must be granted by the Board.

**Q: I'm 57 years old, a member of pension plan J, and currently receiving a pension from the City. Recently, I was offered the opportunity to return to the City as a full time employee in the Finance Department. If I accept, will I continue to receive my pension while I am working?**

A: No. The Retirement Code provides that your pension benefits will be suspended while you are working again for the City.

**Q: I've seen reminders from the Pension Board encouraging members to keep their beneficiary forms updated. Won't my retirement benefits go to the person(s) I specify in my will?**

A: No. By law, the Board must administer benefits to that person(s) listed on the form(s) on file with the Board. Keep your form(s) updated so that your benefits can be left to the person(s) of your choosing.

**Q: I'm interested in saving additional money for my retirement. Are there other programs available to me beyond the defined benefit pension?**

A: Yes. You may make voluntary contributions (directly from your paycheck) to a deferred compensation plan which is currently administered by ICMA-RC. Visit [www.philly457.com](http://www.philly457.com) for additional details and registration materials.

## DID YOU KNOW... *City of Philadelphia employees can join a plan to help you have a more secure retirement?*

The City of Philadelphia 457(b) Deferred Compensation Plan was created to be your plan before, during and after retirement.

- Optional tax-deferred retirement plan
- Dedicated resources, education and individual attention
- Automatic payroll deduction
- Low administrative fees
- Variety of investment choices
- Pension Board oversight
- Any Investment growth is tax deferred
- Eligible 457(b) withdrawals are not subject to an additional 10% tax withholding prior to 59 1/2
- Withdrawals are taxable in the year you take them
- Assets may be used to purchase service credit on a pre-tax basis
- Loan provision and unforeseeable emergency assistance
- Access to your account.
- Anywhere. Any time. Any device at [www.philly457.com](http://www.philly457.com).
- Local Office: 2 Penn Center, Suite 1701
- Comprehensive Retirement Planning with a Nationwide Personal Retirement Consultant

## Spring 2018 Retirement Education Seminars

The Retirement Planning Seminars are targeted toward active employees within five years of retirement and cover retirement benefits, retiree health & welfare benefits, deferred compensation, and financial education. Seminars are scheduled for the following dates:

**FEBRUARY 13 (PLAN Y)**  
**MARCH 20 (PLAN J)**  
**APRIL 24 (PLAN Y)**  
**MAY 29 (PLAN J)**

The one-day F.U.T.U.R.E. seminar is designed for vested employees 35-49 years old who want to get a head start on planning for their retirement. Topics covered include pension benefits, deferred compensation, legal considerations and financial education. Seminars are scheduled for the following dates:

**JANUARY 23 (PLAN Y)**  
**MARCH 6 (PLAN J)**  
**APRIL 10 (PLAN Y)**  
**MAY 8 (PLAN J)**  
**JUNE 19 (PLAN Y)**

### How to sign up:

1. See your department's training officer for a registration form.
2. Your training officer will send your form to the Board of Pensions.
3. The Board will return approved forms to your training officer, who will return the approved form to you.

All seminar registration forms must be submitted through your department's Training Officer. The Board cannot accept registration forms directly from employees.

## 2018 PAYMENT DATES CLIP AND SAVE

Regular monthly pension payments for the remainder of 2017 are scheduled for the dates listed below. Direct deposit payments will be in your account on these dates. For non-direct depositors, the dates below are the dates on which checks will be mailed. Except for December, these payment dates are always the final working day of the month.

**JANUARY ..... 31**  
**FEBRUARY ..... 28**  
**MARCH ..... 29**  
**APRIL ..... 30**  
**MAY ..... 31**  
**JUNE ..... 29**  
**JULY ..... 31**

## Structure of The Board of Pensions & Retirement

The City of Philadelphia Board of Pensions & Retirement was created by the City Charter and is charged with administering the Fund for more than 65,000 active and retired members. As of May 31, 2017, over 34,000 people were receiving some type of benefit from the Fund. The task of ensuring the accuracy and timeliness of benefit payments is among the duties of the Board's staff.

The Board is composed of Trustees. The Trustees include four (4) people elected by employees of the civil service, the Director of Finance, Managing Director, City Controller, City Solicitor, Personnel Director, and a non-voting member appointed by the President of City Council. The Director of Finance acts as the Chairperson for the Board.

The administration of the Fund on a daily basis is delegated by the Board to the Pension Board staff. The Executive Director of the Pension Board reports directly to the Board and is assisted by a knowledgeable and dedicated staff.

The Deputy Director and Chief Investment Officer provide expertise in the areas of benefits and investments respectively. The organization also includes four (4) benefit administrators and staff who work directly with the Deputy Director and Executive Director to ensure the proper evaluation and processing of benefits. A Deputy Chief Investment Officer, along with Investment Officers and staff, work with the Chief Investment Officer to monitor the Fund's investments, work with the Fund's outside consultants and makes investment recommendations to the Board.

The staff also works closely with the City of Philadelphia Law Department in order to comply with all federal, state and local regulatory requirements of the Fund.

## Keep in Touch When You Move

If you are retired and planning to move, please remember that you must make sure to notify the Board of Pensions of your address change. The Board occasionally receives mail that is returned by the postal service due to an outdated address. If the Board determines that you cannot be located, monthly payments may be discontinued until you contact the Board. To prevent your payments from being stopped, keep the Board up to date on your moves.

## Quarterly Performance

### *COP Pension Plan*

The Pension Plan generated a net return of 3.50% for the quarter ending September 30, 2017

### *Equity Markets*

The equity markets produced a positive return during the third quarter of 2017. During the month of September, the S&P 500 produced a return of 2.06% and closed above 2,500 for the first time. The International markets generated strong returns, rallying from the June sell-off. Emerging markets continued strong performance during the quarter caused by the low interest rate environment post Brexit. The MSCI Europe Index ended the quarter at 6.43% and the MSCI Emerging Markets Index at 4.05% as expected economic and earnings momentum remain positive headed into 4Q17.

The Plan's domestic equity managers returned 4.4% for the quarter, while the Fund's developed international stock portfolio returned 6.0%. Emerging market returns were also strong for the quarter, as the Plan's sole manager, an index fund, produced 8.5%.

### *Fixed Income*

The announcement by the President of a proposed tax plan in late September helped 10 year Treasuries rally; this rally was also due, in part, to other events during the quarter, including hurricanes and the continued geo-political tensions arising from North Korea. The Bloomberg Barclay's Aggregate Index returned -0.5% in September. For the quarter, the Plan's investment grade fixed income managers returned 1.3%, ahead of the target benchmark by fifty (50) basis points.

### *Alternatives*

From a diversification standpoint, asset classes like Open-End Real Estate and Infrastructure have contributed to the Pension Plan since their relatively recent inception in the portfolio. Given their uncorrelated nature to equity markets, these have become attractive during these times of uncertainty.

## Personal Retirement Statements

Several years ago, The Board of Pensions and Retirement discontinued the distribution of Personal Retirement Statements. However, members may still receive an estimate of their retirement benefits by calling 215-496-7430.

## IMPORTANT TELEPHONE NUMBERS

### Board's Main Number

215-496-7400

### Board's Fax Number

215-496-7420

### City Administered Life Insurance

215-686-2327

### Deferred Compensation

215-568-1960

### District Council #33 Health & Welfare

215-895-3300

### District Council #47 Health & Welfare

215-893-3775

### DROP Applications

215-496-3149

215-496-7470

### Firefighters Local #22

215-440-4400

### FOP

215-629-3600

### Pension Estimate Appointments

215-496-7430

### Pension Withdrawals

215-496-7408

### Police Law Enforcements Health Benefits (LEHB)

215-763-8290

### Purchase of Service Applications

215-496-7451

215-496-7452

### Retiree Direct Deposit Application

215-496-7416

