

Your 457 Plan - Serving You Even Better

Friendly in-person service, plus new office computer kiosk

Come and knock on our door! Your City of Philadelphia 457 Deferred Compensation Plan reps are here to help you plan and save for retirement. Retirees – if you have a 457 account, we'll help you manage your withdrawals and make sure your savings are on track to help you live the life you want in retirement.



**Stop by and see us at 2 Penn Center Plaza, on the 17th floor
– and make sure to check out our new computer kiosk!**



Sabrina Wilks
Retirement Plans
Specialist
215-568-1964
swilks@icmarc.org



Bradley Nyce
Retirement Plans
Specialist
215-568-1982
bnyce@icmarc.org

Local ICMA-RC Office

2 Penn Center Plaza, 17th Floor
Philadelphia, PA 19102-1712
215-568-1960



Board Of Pensions Web Site

Did you know the Board of Pensions has a web site?

If you are interested in learning more about various aspects of your Pension Fund, the Pension web site is available through phila.gov. Information including investments, annual reports, actuarial valuations, Plan 10, deferred compensation, and the Pension Code governing all aspects of the Fund can be accessed through our web site.

For those who would like to see how the Fund's investments have performed from 2007-2015, simply access the Investment Unit tab to review the performance summaries.

Interested in learning about the City of Philadelphia 457 Deferred Compensation Plan? The deferred compensation tab will provide access to the 457 web site administered by ICMA-RC. The site provides a wide array of information, including a description of the Plan and registration information.

The rules governing all aspects of Plan benefits can be reviewed by accessing the Public Employees Pension Code link. The Code is updated on a regular basis and can answer many questions you may have regarding your benefits.

In the months ahead, the Pension Board will continue to work with the City of Philadelphia Office of Innovation & Technology to enhance the web site by providing access to commonly used forms and documents.

Personal Finances

Most everyone knows that saving money can be a challenge. Even after a new job or a promotion, we inevitably seem to “adjust to our income,” and finding ways to set funds aside never seems to get easier. The more time that goes by, however, means less time to accumulate money for your goals. With this in mind, the following tips and ideas may be useful.

1. Set a schedule and work towards paying off debts, especially items that tend to have higher interest rates (credit cards, car loans, etc). Many financial experts advise setting aside a little bit of extra money each month, however much you can afford, and applying it towards your smallest outstanding debt. Adding this extra money to the minimum payment due will allow you to pay the debt off more quickly. Once the first debt is wiped out, you can apply all of the money you spent on the smallest debt to the next largest bill, and so on, until your high interest debts have been cleared away. The money you have been spending on this “revolving debt” can then be put into savings or deducted automatically from your paycheck and put into the City’s deferred compensation plan.

2. Examine your insurance policies (home, auto, life, etc) on a yearly basis to make sure you are getting all of the coverage you and your family need at the best possible price.

3. Have defined goals and work towards them. It is often easier to save money when you are doing so for a specific purpose. For example, is your goal to put away \$1,000 into an emergency fund? Or perhaps to take a vacation you have always wanted when you retire? Knowing what you are saving for, how much it will cost and how long it might take can be motivational.

4. Take a look at expensive items each month (cable, cellular phone plans, etc). Are your providers giving you the best possible deal? Is there a specific service (or portion of the service) you could do without? Shop around and see if a better option is available to you.

5. Remember to have fun! Sometimes thinking about saving, budgeting and debt can seem boring or intimidating. And some financial articles and blogs can be very scary when discussing the seemingly huge numbers they suggest having in your bank account or 401(k) plan. Always remember that saving even a little is better than saving nothing at all, and remember to treat yourself as you achieve a specific savings goal or pay off a debt.

If one of your goals is saving more for retirement, you should contact ICMA-RC’s knowledgeable and helpful retirement planning specialists, Sabrina Wilks (215-568-1964) or Brad Nyce (215-568-1982), to learn more about the deferred compensation plan and the option(s) that may best fit your needs.

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

Congratulations to the 32,600 pensioners who have chosen to receive their monthly payment via direct deposit.

If you are still receiving a paper check each month, it's never too late to sign up. Call Amber D'Agostino at 215-496-7416 and ask for a direct deposit authorization form today. Or you can access a direct deposit authorization form on the Board's website at <http://www.phila.gov/pensions/reports>.

Remember, your monthly pension payment is mailed on the last working day of each month. If you receive your monthly pension payment through direct deposit, your money is usually in your account before you wake up on the day the paper checks are mailed.

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 Amber D'Agostino 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>.

Staff News

A warm welcome to three new additions in the Board's Investment Unit:

- **Michael Donatucci**, Chief Investment Officer
- **Bernard Buckley**, Deputy Chief Investment Officer
- **Tyrone Jordan**, Senior Investment Officer

A fond farewell to:

- Chief Investment Officer **Brad Woolworth**
- Senior Investment Officer **Dan Falkowski**

Need A Verification Letter?

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

Pamela Earland at (215) 496-7447 (for last names beginning with the letters A–L) or

Amber D'Agostino at 215-496-7416 (for last names beginning with the letters M–Z)

Summary of Sick Leave Conversion

1. The IRS has notified the City that any Sick Leave time that is converted to extend retiree health care coverage is a non-cash taxable fringe benefit; and the City must:
 - a. Impute this benefit as a non-cash taxable earning on employee's terminal leave check and withhold taxes accordingly.
 - b. Include those earnings and withholdings on the employee's W-2.
2. Therefore, beginning 1/1/2016, any Sick Leave time that is converted to extend retiree health care coverage will be considered a taxable fringe benefit, imputed on an employee's terminal leave check and W-2, and taxes will be withheld accordingly. All taxes (federal, state, and local) will be applicable.
3. The amount imputed will simply be the number of hours converted divided by 8 hours to obtain the numbers of days converted. Then the number of days converted is multiplied by the employee's daily pay rate.
4. Per IRS regulations, if the imputed taxes owed on the terminal leave check are greater than the net amount available, the entire net amount will be withheld and remitted to the appropriate taxing authorities. In addition, the entire taxable amount will be reported on the employee's W2; and the employee may owe additional taxes when they file their annual tax returns, depending on their individual tax situation.
5. It is important to note that employees who converted Sick Leave time prior to 1/1/2016 will not be responsible for any tax liability. Any tax liability accruing due to Sick Leave conversion prior to this date will be the responsibility of the City.

Background Information/Example

In 2014, 153 employees took advantage of the Sick Leave conversion option, purchasing an average of 5 years of additional health care coverage. The average amount of hours converted was 1,057, which represented an average taxable benefit of approximately \$38,300. If an employee's federal tax withholding rate is 25%, the average employee would have \$9,575 withheld for federal taxes from the balance of their terminal leave check. Other applicable taxes would be withheld as well.

As noted above, if the terminal leave check is less than the taxes due on the imputed amount, the entire terminal leave amount will be withheld. When the employee is issued a W-2 for the year, the W-2 will show the imputed value of the purchased benefits as earnings and the actual taxes that were deducted. Whether the employee will ultimately owe additional taxes when they file will depend on their individual situation.

Board of Pensions & Retirement Trustees:

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

Leontyne Freeman	215-686-0612	Leontyne.Freeman@phila.gov
LaTanya Brown	215-686-0614	LaTanya.Brown@Phila.gov
Stephanie Hill (Retiree Personal Choice)	215-686-0616	Stephanie.Hill@phila.gov
Sandra Renee Ancrum (Retiree Keystone)	215-686-0618	Sandra.Ancrum@phila.gov

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, and in the case of military time, it does not matter if that time entitles you to a separate pension.

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 for additional details and registration materials.

Solicitation of City of Philadelphia Employees

It has come to the attention of the Board of Pensions and Retirement (the Board) that certain financial institutions have solicited certain City of Philadelphia employees, claiming to be affiliated with the Board.

The Board does not endorse solicitations by any financial institution, nor does the Board have any arrangement, contractual or otherwise, with any financial institution regarding our members. The Board has demanded that any financial institution soliciting members cease and desist from any and all misleading solicitations.

If any employee or retiree receives any further solicitations from a financial institution stating that they are working with the Board, please contact the Board. The Board will forward the matter to the City Solicitor's Office and to the Pennsylvania Attorney General Bureau of Consumer Protection.

Note: ICMA-RC is the Board's administrator for the deferred compensation plan. Communications from ICMA-RC as your deferred compensation administrator should not be categorized as solicitations as outlined above. As part of the services provided to the Board, ICMA-RC has a no fee financial advisor available to answer any questions you may have regarding your finances or retirement plan. Please call 215-568-1960 if you would like to schedule an appointment with the ICMA-RC financial advisor.

Fall 2016 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, DROP, and financial education. Seminars are scheduled for the following dates:

SEPTEMBER 13 (PLAN J)
OCTOBER 18 (PLAN Y)
NOVEMBER 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:

SEPTEMBER 27 (PLAN Y)
NOVEMBER 8 (PLAN J)
DECEMBER 13 (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.

2016 PAYMENT DATES CLIP AND SAVE

Regular monthly pension payments for the remainder of 2016 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.

JULY 29
AUGUST..... 31
SEPTEMBER 30
OCTOBER 31
NOVEMBER 30
DECEMBER..... 19

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, 2016, over 35,000 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.

Divorce and Retirement

If you are applying for your pension benefits or you are currently receiving a pension benefit and you get divorced, your benefits could be affected. If you mandated to provide a portion of your pension to your spouse, a domestic relation order is the legal document that outlines how your pension benefit will be divided between you and your former spouse. If you do not timely provide the domestic relations order to the Board of Pensions, your benefits could be delayed.

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

Markets began to recover mid-February after experiencing a decline in the first half of the quarter. The Pension Plan generated a return of -0.15 % for the quarter ended March 31, 2016.

Equity Markets

After a challenging start to the year, the market found stability and investor attitudes shifted sharply in mid-February turning negative performance into a much needed rebound for the first quarter of 2016. The Dow Jones led the way during the first quarter, returning 2.2%; while the S&P 500 managed to gain 1.3%, the Nasdaq was unable to overcome its poor start, finishing the quarter down 2.4%. Eight of ten S&P 500 sectors reported positive results for the quarter, led by telecommunications and utilities, rising 17% and 16% respectively; health care and financials finished the quarter in the red, declining by more than 5% each.

International markets suffered a shaky first quarter while emerging markets snapped back after a slow start to the year. These gains were fueled by a rebound in commodity prices, incentives from central banks, coupled with the anticipation for a slower pace of the Federal Reserve rate hike. The MSCI Europe Index ended the quarter at -3.01% and the MSCI Emerging Markets Index rose 5.71%.

Fixed Income, Commodities and Currencies

The start of 2016 was extremely volatile, with interest rates and spread products reacting to investors' concerns about another market downturn. The falling oil prices found a bottom and the European Central Bank offered more support to the markets, thus subsiding the fears of the investors by the end of the quarter. The performance in the first quarter was led by the notable rally in the Treasury market. The rally was led by the 5-year where Treasury rates were 54 bps tighter on the quarter. The 30-year Treasury returned 8.93% for the first quarter. Credit-Suisse High Yield Bond Index returned -0.43% and the Barclays U.S. Aggregate Bond Index returned -3.03%

U.S. energy companies were challenged in the first quarter as low oil and natural gas prices continued to fall. Crude oil decreased to \$38.34 per barrel from the \$39.98 per barrel seen in the fourth quarter of 2015. Gasoline has also significantly dropped from approximately \$1.80 to \$1.45. The U.S. dollar has weakened, declining 4.1% for the quarter, enabling commodities to recover. Typical of this trend, gold rose 16%.

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 Withdrawal Applications

215-496-7407

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

