

# City of Philadelphia Board of Pensions and Retirement

Spring 2019 Edition



Information provided by retirement specialists is for educational purposes only and is not intended as investment advice.

## A little guidance can help you feel more confident.

Investing wisely in your 457 deferred compensation plan starts with good information. So **take advantage of the insights, guidance and educational resources** available to you.

To learn more, meet with your Nationwide Retirement Specialist at our next event.

NRM-10084AO.2 (11/15)

Investing involves market risk, including possible loss of principal, and there is no guarantee that investment objectives will be achieved.

### Medicare Seminar

April 11th  
12:00 p.m.

Board of Pensions  
Seminar Room  
2 Penn Center  
Plaza, 17th Floor

### Preparing for Retirement

May 9th  
12:00 p.m.

Board of Pensions  
Seminar Room  
2 Penn Center  
Plaza, 17th Floor

### Managing your Money Seminar

June 13th  
12:00 p.m.

Board of Pensions  
Seminar Room  
2 Penn Center  
Plaza, 17th Floor

### Education Planning Seminar

July 11th  
12:00 p.m.

Board of Pensions  
Seminar Room  
2 Penn Center  
Plaza, 17th Floor

### Investing 101 Seminar

August 8th  
12:00 p.m.

Board of Pensions  
Seminar Room  
2 Penn Center  
Plaza, 17th Floor



Contact your Nationwide Retirement Specialist:  
Brad Nyce  
215-568-1960  
nyceb1@nationwide.com



Contact your Nationwide Retirement Specialist:  
James Stretch  
215-568-1960  
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The Nationwide Group Retirement Series includes unregistered group fixed and variable annuities and trust programs. The unregistered group fixed and variable annuities are issued by Nationwide Life Insurance Company. Trust programs and trust services are offered by Nationwide Trust Company, FSB, a division of Nationwide Bank. Nationwide Investment Services Corporation, member FINRA. Nationwide Mutual Insurance Company and Affiliated Companies, Home Office: Columbus, OH 43215-2220. Nationwide and the Nationwide N and Eagle are service marks of Nationwide Mutual Insurance Company. © 2017



Philadelphia  
Deferred  
Compensation

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.

## In This Edition...

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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 215-685-3432 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 215-685-3432 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) 685-3432 (for last names beginning with the letters A–L)

or

(215) 685-3453 (for last names beginning with the letters M–Z)

## Two New Board Members

The Board would like to welcome its newest members, Managing Director Brian Abernathy and Acting OHR Director Christine Derenick-Lopez.

## E-Mail the Board of Pensions!

Did you ever have a question about your pension after office hours have ended? Do you prefer to communicate via email instead of on the phone? Have you ever had difficulty calling the Board during high call volume periods?

Would you like to be able to provide detail and attachments in your communications with the Board? If you answered yes to any of these questions, you can now email the Board at [Pensions.Inquiry@Phila.gov](mailto:Pensions.Inquiry@Phila.gov).

## Reminder:

Effective 2019 you will see an increase in your contributions to the pension fund. Those increases are an important step in improving the fund's health. All members of DC33, DC47, and Deputy Sheriffs, as well as non-represented and exempt employees are subject to the additional pension contributions shown in the tiered chart below. The tiered contribution is based on your annual salary and is in addition to your current deduction.

ANNUAL SALARY RANGE	ADDITIONAL PENSION CONTRIBUTION
\$45,000 or less	No Change
\$45,001 to \$55,000	Increase of .5%
\$55,001 to \$75,000	Increase of 1.5%
\$75,001 to \$100,000	Increase of 2%
More than \$100,000 (\$100,001+)	Increase of 2.75%

All municipal employees hired on or after January 1, 2019 are mandated to enter Pension Plan 16. Plan 16 is a defined benefit plan with a benefit cap of \$65,000 per year. Employees in Plan 16 are subject to a base contribution rate, as well as the tiers, but only pay contributions on their earnings up to the pensionable cap of \$65,000. The chart below applies to members of Plan 16.

ANNUAL SALARY RANGE	ADDITIONAL PENSION CONTRIBUTION
\$45,000 or less	No Change
\$45,001 to \$55,000	Increase of .5%
\$55,001 to \$65,000 (cap)	Increase of 1.5%

## Board of Pensions & Retirement Trustees:

Rob Dubow	Chairperson, Finance Director
Brian P. Coughlin	Employee Representative
Michael DiBerardinis	Managing Director
Veronica M. Pankey	Elected Employee Representative
Marcel Pratt, Esq.	City Solicitor
Rebecca Rhynhart	City Controller
Christine Derenick-Lopez	Acting Director of Human Resources
Ronald Stagliano	Vice Chairperson, Elected Employee Representative
Matthew Stitt	City Council 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 is:

Leontyne Freeman	215-686-0612	Leontyne.Freeman@phila.gov
Sheron McLean	215-686-0614	Sheron.McLean@phila.gov
Stephanie Hill (Retiree Personal Choice)	215-686-0616	Stephanie.Hill@phila.gov
Kym Stubbs (Retiree Keystone)	215-686-0618	Kym.Stubbs@phila.gov

Contact information for retiree Life Insurance 215-686-0859

## 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 Nationwide. 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

### 2019 PAYMENT DATES CLIP AND SAVE

Regular monthly pension payments for the remainder of 2019 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.

APRIL .....	30
MAY .....	31
JUNE .....	28
JULY .....	31
AUGUST .....	30
SEPTEMBER .....	30
OCTOBER .....	31
NOVEMBER .....	29
DECEMBER .....	17

## 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.

## Pension Fund Performance & Market Commentary

### Equity Markets

US equity markets produced the first negative calendar year return in a decade and the S&P 500 experienced the worst December in 87 years as volatility returned during the final three months of 2018. For the quarter, the Russell 3000 index was down 14.3%, the Dow Jones was down 11.3%, and the S&P 500 lost 13.5%. The International markets were not insulated from the market downturn. The MSCI EAFE Index lost 12.5% and the MSCI Emerging Markets Index lost 7.5% in the fourth quarter.

Several factors led to the sharp declines in Q4 2018: a fourth interest rate hike and continued hawkishness from the Federal Reserve, concerns about slowing economic growth and corporate earnings, worries about the possibility of an economic recession in the next 12-24 months, geopolitical tensions (e.g., Brexit), and renewed trade tensions between the U.S. & China.

Fortunately, the decline was short-lived. Hawkish sentiment abated and equity markets rebounded sharply in early 2019, recapturing most of fourth quarter losses. The S&P 500 was up 11.02% year-to-date through February 15.

### Fixed Income

Fixed income provided some gains during the 4th quarter of 2018. The Barclays Aggregate index returned 1.6%. Yields on 10-year U.S. Treasuries dropped from 3.01% to 2.69% in December, and the Federal Futures market was projecting zero (0) rate hikes in 2019.

### Pension Fund Returns

Through February 19, 2019, estimated returns for the Pension Fund ("Fund") are +0.44% for the fiscal year and +6.49% for calendar year to date (2019).

For actuarial purposes, the Fund is measured on a fiscal year (July 1, 2018-June 30, 2019) basis, and the Fund returned over 13% and 9%, respectively, during the past two (2) fiscal years. The Trustees and Staff continue to maintain a balanced, well-diversified portfolio that includes over ½ of the Fund (inclusive of cash) being invested in low-cost index funds. We will continue to carefully seek the best investments available on behalf of our 64,000+ members and retirees.

For the fiscal year ending on June 30, 2018, the Pension Fund returned 9.01%, increased its funding percentage from 45.3% to 46.8%, and realized a positive annual cashflow. The Fund's performance, along with recent plan design changes, project cost stability and funding improvement for the Philadelphia Pension Fund.

## IMPORTANT TELEPHONE NUMBERS

The Board of Pensions has new telephone numbers. The most frequently used numbers are shown below:

<b>Board's Main Number</b> 215-685-3480	<b>District Council #33 Health &amp; Welfare</b> 215-895-3300	<b>Pension Estimates</b> 215-685-3441
<b>Board's 800 Number</b> 800-544-1173	<b>District Council #47 Health &amp; Welfare</b> 215-893-3775	<b>Pension Withdrawals</b> 215-685-3427
<b>Board's Fax Number</b> 215-496-7420	<b>DROP Applications</b> 215-685-3473	<b>Police Law Enforcements Health Benefits (LEHB)</b> 215-763-8290
<b>City Administered Life Insurance</b> 215-686-2327	<b>Firefighters Local #22</b> 215-440-4400	<b>Purchase of Service Applications</b> 215-685-3456 215-685-3479
<b>Deferred Compensation</b> 215-568-1960	<b>FOP</b> 215-629-3600	<b>Retiree Direct Deposit Application</b> 215-685-3432

