

Retirement Is for Everyone: 457 Plan News

Your City of Philadelphia 457 Deferred Compensation Plan has something for everyone, whether you're just starting out, currently retired, or somewhere in between.

Not enrolled yet, or just starting to save?

Check out the new Your Starting Point section of the plan website, www.Philly457.com. Here you'll find answers to questions such as: "Why should I save with a 457 plan?" "How does the 457 Plan work?" "How do I start?" You'll also see quick steps to get you started, handy tips for setting aside more from each paycheck for your retirement, plus information and resources to help you choose your investments.

- Enrollment is just one click away! Visit the website and click "Enroll" to start saving today.

- Your local plan representatives are here to help! Contact **Brad Nyce**, Retirement Plans Specialist, at 215-568-1982 or bnyce@icmarc.org; or **Sabrina Wilks**, Retirement Plans Specialist, at 215-568-1964.

Need to consolidate outside assets into your City of Philadelphia 457 plan?

If you have retirement assets from a previous employer or another source that you'd like to consolidate into your City of Philadelphia 457 Plan, we're here to help! Visit the plan website and click "Forms" to download the Direct Rollover/Transfer to ICMA-RC Packet. (ICMA-RC is the third-party record keeper for the plan.) If you have questions along the way, feel free to contact your plan representative.

Currently retired?

Congratulations! Your City of Philadelphia 457 Plan will continue to work for you throughout your retirement. We encourage you to take advantage of plan offerings such as your Retirement Plans Specialists for plan-related discussions and questions, as well as your CERTIFIED



FINANCIAL PLANNER™ professional, **Steven Taylor**, who can help you out with financial planning beyond your retirement plan. You may contact Steven at 866-838-6661 or staylor@icmarc.org.

Other services and resources for retirees include:

- Local education seminars on a variety of retirement and financial-planning topics – visit the plan website and click "Register for a group seminar or individual appointment" in the lower-left corner.
- One-on-one appointments with your rep – click the same link as above.
- Guided Pathways® Advisory Services for assistance choosing your investments.
- Online webinars and interactive calculators to explore at your convenience – visit the plan website and click on the Education page.



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

Attention all ACTIVE EMPLOYEES!! WHAT'S YOUR NEW YEAR'S RESOLUTION?

Some people make a New Year's resolution to quit smoking, join the gym or find a better job. Why don't you make UPDATING YOUR BENEFICIARIES part of yours?

In the event of your death as an active employee, Ordinary Death benefits are paid to your most recently named beneficiary. For some people, recent is when they were first hired years ago. Is this you?

Considering life-changing events such as births, adoption, marriage and divorce, many people may intend to update their records but never get around to it. Unfortunately, the Board of Pensions does not recognize this precious intention. Ordinary Death benefits are payable to the party

named on the most recent form on file with the Board of Pensions. If no form is on file, benefits are paid out in the order as prescribed in the Philadelphia Municipal Retirement Code under §22-701 (Permissible Designations) – which may not be in the order you would prefer.

So for 2016, make a resolution to take action by updating your beneficiaries. It is not only helpful for the Board to know – but it is more comforting for loved ones when the benefit distribution is based upon your preference.

*****Contact your Human Resources Department for a BENEFICIARY DESIGNATION CHANGE form*****

TO HR DEPARTMENTS: Please make sure to immediately forward a copy of the form to the Board of Pensions. *Thank you.*

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 32,000+ 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://citynet.phila.gov/pensions/Forms.html>.

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://citynet.phila.gov/pensions/Forms.html>.

Staff News

Congratulations to:

- **Erica Mouzon**, who has been promoted to Pension Counselor Trainee.
- **Lori Greeby**, who has been promoted to Clerk Typist 2.

A warm welcome to:

- **Daina Stanford**, who has returned to the Board from the Law Department.
- **Tabitha Cobb**, who has joined the Board from PPD as a Service Representative.
- **Brian Torres, Erica Marable, and Dominique McCrae**, who have been hired as Clerk Typist 1's.

A fond farewell to:

- **Mark Murphy**, who has left City employment.
- New retirees **Renita Newkirk and Donna Darby**.
- **Marcella Bratcher**, who has taken a position with the Free Library.

Need A Verification Letter?

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

Amber Chaney at 215-496-7416

(for last names beginning with the letters A–L) or

Pamela Earland at (215) 496-7447

(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.

Tax Information

In late January 2016, the Board of Pensions and Retirement will be printing and mailing the 2015 tax statements. The 1099-R, a federally mandated information return, contains important withholding information that you will need to file your federal taxes.

Board employees are available to answer questions about the contents of your 1099-R; however tax-related questions should be directed to a professional tax advisor. The contact information for the IRS is 1-800-829-1040 and the Pennsylvania Department of Revenue is 1-888-PATAXES. Additionally, both organizations have websites: www.irs.gov and www.revenue.state.pa.us.

Many organizations offer special services for retirees, including IRS publications and IRS counseling options. Additional information about these resources is available by calling the IRS or by visiting www.irs.gov/Individuals/Seniors-&-Retirees.

Please note that if you are the recipient of a Service-Connected Disability, you will not receive a tax statement.

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

Board of Pensions and Retirement Trustees:

Rob Dubow	Chairperson, Finance Director
Alan Butkovitz, Esq.	City Controller
Shelley Smith, Esq.	City Solicitor
Folasade Olanpekun-Lewis	City Council Representative
Albert D'Attilio, Esq.	Director of Human Resources
Richard Negrin, Esq.	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

Preparing for your Retirement - BY MAIL OR IN PERSON

Once you have made the decision to retire, you must notify your HR department since your appointment with the Board of Pensions can only be scheduled by them. **You have the option of applying for retirement in person or by mail.** Your department will notify you of your appointment date and/or time. If you select the mail option, the date is when your documents will be mailed to you. You will receive a confirmation letter from the Board of Pensions.

Before your appointment date, there are several requested documents you will need to gather. **Please note that failure to bring/submit all required documents will delay processing of your benefit.** If applicable, the following documents are required.

1. Proof of age for yourself and anyone you will name as a survivor (one of the following)
 - a. Birth Certificate
 - b. Passport
 - c. DD-214
 - d. Baptism Record
2. Marriage/Life Partnership Certificate
3. Medical & Prescription Cards
4. Your Social Security card
5. Voided check/ Savings Account # (for direct deposit)
6. Divorce Settlement Agreement and Decree
7. DROP Distribution form (if retiring from DROP)
8. IRA rollover documentation (if retiring from DROP)
9. Documentary proof of all name changes

If you are applying for retirement by mail, copies of #1 and #2 must be notarized. If you are in DROP, it is highly suggested you contact your financial institution in advance of your DROP end date to get the necessary IRA rollover documentation.

In general, it takes 45 days from file completion to receive your first pension check. Thereafter, you will receive your payment on the last business day of each month except December (see payment dates in this issue). Your file is not considered complete until all paperwork and verification is received.

Once you retire, your benefit amount is what you will receive for the rest of your life. There are no cost-of-living adjustments. Therefore, if you wish to know what you are eligible for prior to making this life-changing decision, you may personally call 215-496-7430 and request an estimate. This estimate provides your monthly benefit and will enable you to make a more informed decision. All estimates are mailed and determined based on information on file as of the date you contact our office. We do not perform projections.

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 are 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, and 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.

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.

Winter/Spring 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:

January 12	(Plan Y)
February 23	(Plan J)
April 5	(Plan Y)
May 17	(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:

February 2	(Plan J)
March 15	(Plan Y)
April 26	(Plan J)
June 7	(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.

JANUARY	29
FEBRUARY	29
MARCH.....	31
APRIL	29
MAY.....	31
JUNE	30
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 October 31, 2015, 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 in the month of October, but did experience a decline through the end of the 3rd quarter. The Pension Plan generated a return of -6.04 % for the quarter ended September 30, 2015.

Equity Markets

The equity markets produced negative returns for the third quarter 2015. The downfall in the equity markets resulted in part from the Chinese decision to devalue the Yuan which fueled fears of a global growth slowdown, in conjunction with the indecision of the Fed to raise rates. Nearly every sector declined during the quarter, with the worst performers being Energy and Materials as oil prices fell 24% for the quarter. Healthcare sectors were also hurt in the quarter due to the steep losses among biotech companies. The S&P 500 Index declined -6.44% and the Dow fell -7.6% for the third quarter.

The International markets were hit hard in the third quarter. Emerging markets also declined significantly amid concerns over the slowing Chinese economy and the devaluation of their currency. The MSCI Europe Index ended the quarter at -10.23% and the MSCI Emerging Markets Index declined by -17.90%.

Fixed Income, Commodities and Currencies

The third quarter was extremely challenging as the Federal Reserve elected to stand down on initiating the first interest rate hike in almost 10 years. Global market events along with continued speculation around short term interest rate moves prompted volatility in the third quarter. Traditional flight to quality safe havens performed well during the quarter's market turmoil, but credit sensitive spreads continued to widen. The Barclays US Aggregate Bond Index was up 1.2% during the third quarter of 2015, the 1-3 year U.S. Government Bond Index returned 0.29%, and the Credit-Suisse High Yield Bond Index was down -5.17%.

Commodities continued to decline during the third quarter 2015, weighed down by the increasing value of the dollar, paired with the slowing growth around the world. The U.S. Dollar weakened against the Yen as the stocks plummeted during the third quarter. Commodities were mostly negative during the third quarter with the energy sector leading the decline, with crude oil dropping -27.39% and natural gas declining -15.03%.

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

