

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, 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 The Board occasionally receives mail that is returned by the postal service due to an outdated address.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

The Pension Plan generated a return of 3.95% for the quarter ending September 30, 2016.

Equity Markets

The equity markets produced a positive return during the third quarter of 2016. Much of the gains during the quarter came in the month of July following the Brexit-induced sell-off that we experienced in the second quarter. Tech stocks like Apple, Microsoft, Amazon, Facebook and Alphabet were the top five contributing stocks to the S&P 500, representing nearly half of the S&P 500's return. The S&P 500 Index gained 3.9% and the Dow fell 1.24% for the third quarter.

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%.

Fixed Income, Commodities and Currencies

After bottoming out in the beginning of July, yields began to rise as market concerns about the impact of

Brexit eased. Steady economic growth, as well as discussions by policymakers around the timeline of a potential rate increase contributed to returns moving somewhat higher. Particularly, while the Fed kept short-term rates steady during the quarter, officials indicated that the US economy was strong enough to suggest an increase in short-term rates by the end of this year. The Barclays US Aggregate Bond Index generated 0.46 % during the third quarter of 2016, the 1-3 year U.S. Government Bond Index declined 0.10 %, and the Credit-Suisse High Yield Bond Index generated 7.05%.

Commodities were mixed for the third quarter of 2016. The Bloomberg Commodity Index Total Return fell 3.86% during the quarter. Energy fell, with natural gas declining 8.02%, Brent crude oil down 2.22%, and WTI crude oil falling 4.96%. The U.S. Dollar strengthened against the Yen as commodity prices continued to spiral lower during the third quarter.

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



We Make Retirement Simple

Not sure how to plan for a secure retirement? Need help understanding investment language and figures? Your City of Philadelphia 457 Plan is here to help make it easy to save and plan for your future, starting today!

New to all this? Enroll now!

If you're not enrolled in the 457 Plan yet, 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, 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 Plan Specialist, at 215-568-1982 or bnyce@icmarc.org; or **Sabrina Wilks**, Retirement Plan Specialist, at 215-568-1964.

Already enrolled? Save more!

A key to building a secure retirement is increasing your contribution amount. To change your amount, simply log into your account at www.Philly457.com, click Contributions, then Change My Contribution Amount. Enter the dollar amount you'd like set aside from each paycheck. (See the handy calculator on the side to help you decide on an amount). Click Submit, and you're done!

FYI, the IRS contribution limits for 457 plans are the same for 2017 as they were for 2016: \$18,000 is the normal annual limit; if you're 50 or over, you may contribute an additional \$6,000 if you're within three years of retirement age, you may contribute an additional \$18,000. More details are at www.irs.gov.

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! If you enrolled in the plan while working for the City, your City of Philadelphia 457 Plan will continue to work for you throughout your retirement. Take advantage of plan offerings such as your Retirement Plan 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."
- 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.



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

Declare Your Retirement Independence
PHILADELPHIA
www.philly457.com 457 Deferred Compensation Plan

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 nearly 33,000 pensioners who have chosen to receive their monthly payment via direct deposit. You can rest assured that no matter how deep the snow gets this winter, your monthly pension will be in the bank.

If you are still receiving a paper check each month, it's never too late to sign up. If you are tired of waiting 2 to 3 extra days for your money, call 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>.

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 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

The Board bids a fond farewell to Investment Analyst **Aubrey Hassan**; and is pleased to welcome Clerk 3 **Christine Moffitt** back to its staff; and greet newcomers: **Aundria Johnson**, Clerk Typist 1; **La'Quatta Jordan**, Pension Counselor Trainee; **Bridget McGettigan**, Pension Counselor Trainee; and **Natasha Colquitt**, Clerk 3.

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)

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 |
| Sheron McLean | 215-686-0614 | Sheron.McLean@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. 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 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.

Winter/ Spring 2017 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 24 (PLAN Y)
FEBRUARY 28 (PLAN J)
APRIL 11 (PLAN Y)
MAY 23 (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 7 (PLAN J)
MARCH 21 (PLAN Y)
MAY 2 (PLAN J)
JUNE 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.

2017 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 JULY 31
FEBRUARY..... 28 AUGUST..... 31
MARCH..... 31 SEPTEMBER... 29
APRIL..... 28 OCTOBER..... 31
MAY 31 NOVEMBER 30
JUNE..... 30 DECEMBER..... 19