



FPDR FUNDamentals

A quarterly newsletter for
Fire and Police members

July 2009
Volume 10, Issue 1

DIRECTOR'S MESSAGE

Greetings! I hope that you are enjoying the beautiful weather. FPDR staff is busy with fiscal year-end activities and the City's new human resource and payroll system. I would like to thank those of you who provided feedback in our recent survey. It was really meaningful to us to know what our audience thinks about the newsletter and how we're doing.

One of the questions we received was "Who is Linda Jefferson, and what does she do?" I don't know if it's a good or bad thing, but I had to stop to think about that one! I am the administrator of the FPDR program and charged with implementing the provisions of Chapter 5 of the City Charter and the FPDR Administrative Rules that are adopted by the Board of Trustees.

To give you a little background, I began my career in the group and individual health insurance business. For over 27 years, I administered Oregon workers' compensation benefits to injured workers for insurers and self-insured employers. I also worked as an Employee Benefits Administrator in the timber and wood products industry and as Personnel Administrator for a health insurance company. I began

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EDITOR'S NOTE

Thank you to everyone who returned the survey from the last newsletter. If you still have it and want to give us feedback, it is not too late. 233 surveys were returned with 85% giving a "thumbs up" rating and 12% choosing nothing at all. We noted that several of you rated the question about the newsletter being interesting or helpful lower than the attractiveness and easy to read question. Many suggestions were made for articles to include in future editions. This issue highlights the most requested suggestion on Page 2:

Define FPDR One, Two, & Three plans. The Disability Update also comes from survey comments. While most people who responded want the newsletter to be mailed and a few do not want it at all, several requested a link emailed to them. We are doing that with this issue. To find it online, go to www.portlandonline.com/FPDR, and choose the What's New link on the front page. Please continue giving us suggestions of information you would like to see by giving us a call or sending an email. Happy reading!

PENSION UPDATE

The last newsletter's article "Cost of Living Adjustment" raised some questions about what we mean by FPDR One, FPDR Two and FPDR Three. Here's the answer!

- ☞ FPDR One is the original FPDR plan. It has also been called the Old Plan but was renamed when FPDR Three was created.
- ☞ FPDR Two is the plan that was created in 1990. It has also been called the New Plan but was renamed when FPDR Three was created. Members who were active when FPDR Two was created could choose between FPDR One and FPDR Two.
- ☞ FPDR Three was created by the November 2006 ballot measure for members first sworn in the City of Portland beginning January 1, 2007.

FPDR Two Pension Cost of Living Adjustment and the CPI Carryover

The Oregon Public Employees Retirement System (PERS) has announced a 2.00 percent cost of living adjustment (COLA) that FPDR Two members will receive effective July 1, 2009. But we know we're in a time of relatively low inflation – or even deflation – and the FPDR Two pension COLA cannot exceed the PERS COLA. The PERS COLA is based on changes in the Consumer Price Index (CPI), with an annual cap of 2.00 percent. What would your pension COLA be if the CPI increased by less than 2.00 percent?

FPDR Two members who retired before 7/1/98 or after 6/30/04 have only seen increases of 2.00 percent. Members who retired between those dates, however, have seen some increases of less than 2.00 percent. Here's how it worked for a member who retired 6/30/02:

COLA Date	CPI Increase	COLA	CPI Carryover
7/1/02	2.47%	2.00%	0.47%
7/1/03	0.77%	1.24%	0.00%
7/1/04	1.36%	1.36%	0.00%
7/1/05	2.58%	2.00%	0.58%

- ☞ The CPI increase for the 7/1/02 COLA was 2.47 percent. Since the COLA is a maximum of 2.00 percent, the member got a 2.00 percent COLA, and the difference of 0.47 percent was carried over.

- ☞ For 7/1/03, however, the CPI increase was only 0.77 percent, and the member got an increase of 1.24 percent: 0.77 percent from the CPI increase plus 0.47 percent in the carryover from the previous year.
- ☞ By 7/1/04, the member only received the CPI increase of 1.36 percent because the carryover was zero.
- ☞ The CPI increase for the 7/1/05 COLA was 2.58 percent. The member got a 2.00 percent COLA, and 0.58 percent was carried over.

The longer you have been retired, the more carryover has built up, and the more likely you are to get the maximum 2.00 percent COLA even if there's low inflation or deflation.

Reminder: The FPDR One COLA effective July 1, 2009 will be 2.80 percent.

LIAISON'S CORNER



Brett Williamson

Police Bureau Liaison

Brett Williamson insists he is a native Oregonian even though he was born in Longview, WA because that was the closest hospital to where his parents lived. He graduated from Gladstone High and is married with one daughter. His hobbies include riding motorcycles and playing guitar, and his favorite book is *Call of the Wild*. Brett has worked for the Police Bureau for 17 years, and his goal was to retire after a long career as a police officer. Unfortunately he was injured, and his career took a different path, but he found that it is a positive one. As the Police Liaison, he knows he can be of service to his fellow police officers as he helps them through their injuries. His challenge is to think of

new and innovative ways to bring people back into the workforce so they will be happy and content. He advises new police officers to always remember they need to take care of themselves both physically and mentally while taking care of others in their work. If you would like to talk to Brett, give him a call at 503.823.0605.

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working for the City of Portland in 1988 as the Workers' Compensation Manager while also managing the City's Benefits Program for three years (1997 – 2000) prior to my appointment as Director of the Bureau of FPDR. In recent years, I have been actively involved in legislative activities and in organizations that advocate the return to work of injured and disabled workers.

The opportunity to work with FPDR members, the Fire and Police Bureaus and the FPDR Board has been interesting and, for the most part, very rewarding. I am very proud of our many accomplishments in the past two years. Our work is far from over, and we will continue to look for opportunities to improve the overall quality of our services.

Hope that you all have a fun and safe summer.

DISABILITY UPDATE

Disability Packet Changes

Effective July 1, 2009 you will notice changes in the “Purple” Disability Packets. Although the changes are few, we want you to be aware of them:

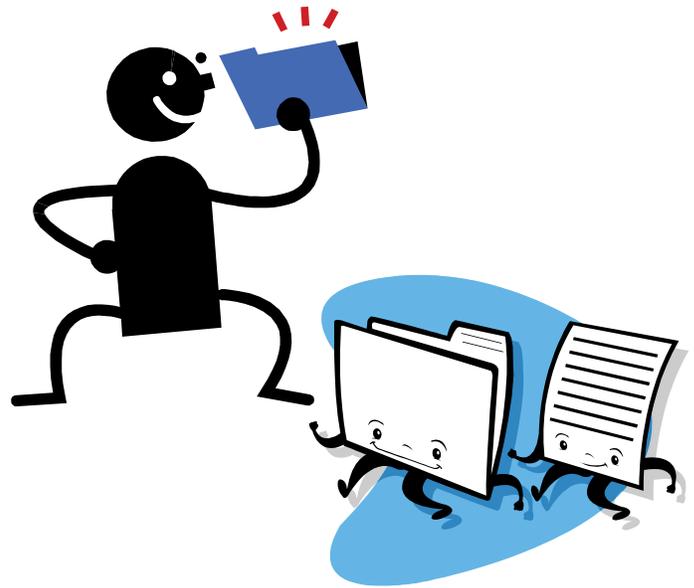
Noted Changes:

- ☑ We added a *claim filing to-do list*. This is a brief instruction sheet to help with claim filing.
- ☑ The Attending Physician Report (Yellow form) is *now located* in your packet. The envelope entitled “Give to your attending physician” has been **discontinued**.

Please remember: **The Attending Physician Report form is still required**, and you still need to complete the “Member” section, sign it, and provide it to your physician at the time of your first treatment. This report establishes your “attending physician requirement.”

- ☑ Some of the forms have been reformatted so they may look different.

As always, our disability staff and your Bureau Liaison are available to answer any questions you may have regarding claim filing.



Pension Protection Act

We received a number of calls asking for further explanation of just what the Pension Protection Act is, who it covers and how to access it. We thought it might help to give more detail how the program works.

What it is:

A federal program that allows a public safety officer retiree, who is paying a medical or long-term disability insurance premium, to reduce the amount of taxable pension income by up to \$3,000 per

year on their federal tax returns.

Who it applies to:

The Pension Protection Act applies to sworn Police and Fire retirees who are drawing a FPDR pension. It does not apply to active working members.

How it works:

To qualify for the Pension Protection Act tax exclusion, the insurance premium **must be** withheld from the retiree's pension benefit and sent by FPDR directly to the insurance company on behalf of the retiree.

For those retirees covered under the City of Portland group benefits:

Retirees who are covered under the City of Portland group benefit plans, and who have their premiums deducted from their pension benefits and paid by FPDR directly to City Benefits, can apply the Pension Protection Act provisions when filing their tax returns.

For those retirees who have private insurance policies through other companies:

FPDR must make arrangements with the insurance companies to allow FPDR to withhold the premiums out of the retiree's pension benefit and send the pre-

mium payments directly to the insurance company.

Companies that FPDR has made arrangements with so far:

AARP United Health Care; Secure Horizons; Kaiser Permanente; Providence Health Plans; Regence Blue Cross Blue Shield; Care Oregon; Continental Casualty; Equitable Life; Met Life. We are working with numerous additional companies to include them in our program and will keep you updated as these companies are added.

To claim the tax exclusion or for answers to tax-related questions, please contact your tax professional

If you have further questions about this program, please contact Chloe Oliver, PPA Program Manager, at 503.823.5503.





FPDR

The Bureau of Fire and Police Disability and Retirement administers disability, death and retirement benefits to Portland firefighters, police officers and their survivors.

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