



Fire & Police Disability & Retirement

Understanding Your FPDR Two Pension Estimate

You're an FPDR Two Member if you were first sworn at the City of Portland between 1990 and 2006 or you were sworn before 1990 and elected to be an FPDR Two member.

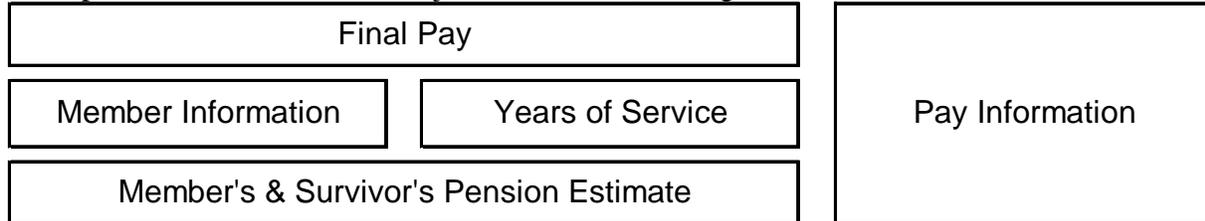
Calculating Your FPDR Two Pension

Your initial monthly FPDR Two retirement benefit is the product of three numbers:

- Your monthly Final Pay as of your last day of employment
- Your Years of Service as of your last day of employment
- The accrual rate you select when you sign your pension application

$$\text{Final Pay} * \text{Years of Service} * \text{Accrual Rate} = \text{Initial Pension Benefit}$$

Your pension estimate – and it *is* just an estimate, not a guarantee – has five sections:



Pay Information – PPA

The section on the right is the pay information section for Portland Police Association members for the contract period beginning July 1, 2010. The bolded lines are used in the Final Pay section of the estimate. The top part shows the job class and the base pay rates for your job class and top-step officer pay in different years. Cost of living adjustments (COLAs) are shown for each year. Past the current fiscal year, the COLA is an assumption.

The middle section shows any premium pay that is calculated as a percentage of top-step officer pay, such as the new fitness and bachelor's degree premiums.

The bottom part shows your longevity pay and any premium pay you may have that's a percentage of your base pay, such as the PPA 3% or 6% premiums.

If you would like us to use different assumptions, please let us know.

The following table shows pay assumptions used in this estimate. Please notify us if you would like to use different assumptions.			
Date	Police Sergeant	Top-Step Police Officer	COLA
Biweekly Base Pay:			
1-Jul-12	\$3,379.20	\$2,938.40	3.30%
1-Jul-13	\$3,470.40	\$3,017.60	2.70%
1-Jul-14	\$3,567.20	\$3,102.40	2.80%
1-Jul-15	\$3,656.00	\$3,180.00	2.50%
Premium Pay at Top-Step Officer Rate:			1.00%
<i>Fitness:</i>			<i>1.00% Degree: 0.00%</i>
1-Jul-12	\$29.38		1.00%
1-Jul-13	\$30.18		1.00%
1-Jul-14	\$31.02		1.00%
1-Jul-15	\$31.80		1.00%
Longevity/Premium Pay at Base Rate:			9.00%
<i>Longevity Dt: 5-Aug-87 Rate:</i>			<i>6.00%</i>
<i>Premium: PPA 3%</i>			<i>3.00%</i>
1-Jul-12	\$236.80		7.00%
5-Aug-12	\$304.00		9.00%
1-Jul-13	\$312.00		9.00%
1-Jul-14	\$320.80		9.00%
1-Jul-15	\$328.80		9.00%

Pay Information – PFFA

The section on the right is the pay information section for Portland Fire Fighters Association members, based on the contract effective July 1, 2012. The bolded lines are used in the Final Pay section of the estimate.

The top part shows the job class and the base pay rates for your job class and top-step fire fighter pay in different years. Cost of living adjustments are shown for each year. Past the current fiscal year, the COLA is an assumption.

If you would like us to use different assumptions – job class, COLAs, premium pays – please let us know.

The middle section shows any premium pay that is calculated as a percentage of your base rate, like hazardous materials or marine operations.

The bottom part shows your longevity pay plus your premium pay that’s based on top-step fire fighter pay. These are fixed amounts in SAP and depend on your standard hours. Future years’ amounts are calculated as a percentage of top-step fire fighter pay.

For a given fiscal year’s rate, add the base pay, the base rate premium pay and the longevity and top-step fire fighter premium pay.

The pay information section is much simpler for non-represented members. Pay information for members of the Portland Police Command Officers Association looks like PPA information.

The following table shows the pay assumptions used in this estimate. Please notify us if you would like to use different assumptions.

Date	Lieutenant	Top-Step Fire Fighter	COLA
Biweekly Base Pay:			
1-Jul-12	\$3,327.17	\$2,893.76	3.30%
1-Jul-13	\$3,417.00	\$2,971.89	2.70%
1-Jul-14	\$3,512.68	\$3,055.10	2.80%
1-Jul-15	\$3,600.50	\$3,131.48	2.50%
Base Rate Premium Pay:		PFFA 6%	6.00%
1-Jul-12	\$199.63		6.00%
1-Jul-13	\$205.02		6.00%
1-Jul-14	\$210.76		6.00%
1-Jul-15	\$216.03		6.00%
Longevity/Top-Step Fire Fighter Premium Pay:			
Longevity Date:		5-Aug-87	6.00%
Apparatus Operator 3%, Dive Team 6%			9.00%
1-Jul-12		\$375.90	13.00%
5-Aug-12		\$434.05	15.00%
1-Jul-13		\$445.78	15.00%
1-Jul-14		\$458.27	15.00%
1-Jul-15		\$469.72	15.00%

Final Pay

The upper left section calculates your Final Pay for your selected first day of retirement benefits, which is September 5, 2013 in this example. If your first day of retirement benefits is September 5, your last day of employment is September 4, and your lookback period is September 1, 2012 through August 31, 2013, along with a part of the last pay period in August 2012 to include pay received for 365 days. If the lookback period includes February 29, there would be pay for 366 days.

Estimated Final Pay:						
From	To	Hours	Biweekly Pay	Pay Dates	Days	Amount
1-Jul-13	31-Aug-13	80	\$3,812.58	3.21	45	\$12,254.72
1-Sep-12	30-Jun-13	80	\$3,712.58	22.79	319	\$84,593.79
Last Pay Date of Aug 2012 Prorated			\$3,712.58	0.07	1	\$265.18
Total:				26.07	365	\$97,113.69
Monthly:						\$8,092.81

The first line shows your earnings at the most recent fiscal year's biweekly pay rate. The column titled Pay Dates shows the number of pay dates in which you received that biweekly pay. If this estimate includes a line with the current fiscal year's pay rate, please compare it to your regular and premium pay on a recent paystub. Let us know if there are any significant differences!

Notice that the pay dates are rarely whole numbers: at least part of one July paycheck includes time worked in June at the prior year's pay rate. We calculate the number of days in the pay period at the lower rate and divide that number by 14 days in a pay period and add the result to the number of pay dates at the prior year's pay rate. Depending on the days you worked at the end of the fiscal year, your actual pay received for that pay period may differ from our estimate.

Pensionable pay includes base and premium pay but excludes overtime and leave payouts. If you receive other types of pensionable pay – standby pay, coach's pay, shift differential, work-out-of-class pay or the pensionable portion of a retro payment – in this lookback period, they will be shown in the Final Pay section, too. Hours-based pay like standby pay is estimated using the average number of hours per pay period that you have received that pay in SAP in the last year. If you want us to use different assumptions about this pay for future periods, please let us know. Other types of pay, like retro payments, are shown as a lump-sum amount. Retro payments are included in a lookback period only to the extent the retro payment is for work done in the lookback period.

Estimated Final Pay:						
From	To	Hours	Biweekly Pay	Pay Dates	Days	Amount
1-Jul-13	31-Aug-13	80	\$3,812.58	\$3.21	45.00	\$12,254.72
1-Sep-12	30-Jun-13	80	\$3,712.58	\$22.79	319.00	\$84,593.79
Last Pay Date of Aug 2012 Prorated			\$3,712.58	0.07	1.00	\$265.18
Work out of Class Pay						\$571.89
Total:				26.07	365.00	\$97,685.58
Monthly:						\$8,140.47

When you have chosen your retirement date, we ask Central Accounting to provide us verification of your actual pensionable pay received in the lookback period. This verified Final Pay will be used to calculate your actual pension benefit. The actual and estimated Final Pay amounts should be very close. When you get close to your retirement date, we can request a preliminary verification report that captures all but the last month or two of your lookback period, as a check that the estimate accurately captured your pensionable pay.

Estimated Final Pay:						
From	To	Hours	Biweekly Pay	Pay Dates	Days	Amount
1-Jul-13	31-Aug-13	80	\$3,812.58	\$3.21	45.00	\$12,254.72
1-Sep-12	30-Jun-13	80	\$3,712.58	\$22.79	319.00	\$84,593.79
Last Pay Date of Aug 2012 Prorated			\$3,712.58	0.07	1.00	\$265.18
Work out of Class Pay						\$571.89
Total:				26.07	365.00	\$97,685.58
Final Pay Report:		\$97,695.25				
Difference from Estimate:		\$9.67		Monthly:		\$8,141.27

Member Information and Years of Creditable Service

The middle portion of the estimate has two sections that determine your Years of Service at your estimated retirement date: Member Information and Years of Creditable Service.

Member Information:	
Date of Appointment:	5-Aug-87
Date of Birth:	1-May-54
Age at Retirement:	59.3
Time Adj. Pre91(Days):	0
Time Adj. Post91(Days):	0
Adj. Appointment Date:	5-Aug-87
Earliest Retirement Date:	2-May-09

Years of Creditable Service:		
	Total	Prior to 1-Oct-91
Years	26	
Months	1	
	= <u>26.08333</u>	<u>4.156057</u>
		15.93%

Member Information shows your appointment date and birth date, which are used to calculate your earliest retirement date and your age at your estimated retirement date. It also includes any time adjustment you have, broken by before October 1991 and after (so that it can be used for the additional tax offset benefit calculation).

Time adjustment is time you weren't being paid as a full-time member by your bureau, except for military leave and FPDR-paid disability time. It makes your adjusted appointment date later than your appointment date. If you worked part-time, took an unpaid leave or had a suspension or a break in your service, you'll have a time adjustment. If you were on FPDR disability and received less than 75% of base pay as your disability benefit, you'll have a time adjustment. If you were a PERS member and bought into FPDR by transferring your PERS accrued benefit to FPDR, you'll have a negative time adjustment, and your adjusted appointment date will be earlier than your appointment date.

Your appointment date plus your time loss is your adjusted appointment date that is compared to your estimated retirement date to calculate your completed years and months of service in the Years of Creditable Service section. Years of Service are your years plus the number of completed months divided by 12, up to a maximum of 30 years of service. Also in this box is the number of years, if any, that you served prior to October 1991, and below that is the percentage of your service that was prior to October 1991. This percentage is used in the tax offset calculation.

Member's and Survivor's Pension Estimate

The final section shows your estimated base pension benefit at the different accrual rate choices, your base pension plus additional tax offset benefits, your survivor's percentage for that accrual rate and the survivor's base pension and base pension plus tax offset benefits.

Estimated Initial Pension Amount:						
Accrual Rate	Percent of Final Pay	Member's		Survivor's		
		Base Monthly Pension	Base Plus Tax Offset	Survivor's Percentage	Base Monthly Pension	Base Plus Tax Offset
2.20%	58.85%	\$5,076.27	\$5,279.32	100%	\$5,076.27	\$5,279.32
2.40%	64.20%	\$5,537.75	\$5,759.26	75%	\$4,153.31	\$4,319.44
2.60%	69.55%	\$5,999.23	\$6,239.20	50%	\$2,999.62	\$3,119.60
2.80%	74.90%	\$6,460.71	\$6,719.14	25%	\$1,615.18	\$1,679.79

When you retire, you make an *irrevocable* election of an accrual rate that determines what benefits your surviving spouse, same-sex domestic partner or minor child or children will receive on your death.

Accrual Rate	Survivor's Benefit
2.2%	100%
2.4%	75%
2.6%	50%
2.8%	25%

The Percent of Final Pay column is the product of the accrual rate and your Years of Service. It provides a proportion of pay replacement that your base pension will provide.

The Base Monthly Pension is the product of the accrual rate, your Years of Service and your Final Pay. The Base Plus Tax Offset column includes your base pension and your additional tax offset benefits, if any. For the long story on tax offset benefits, turn the page. The short story is that the tax offset benefit for most active Members is a pretty simple percentage of your base pension.

If you:	Your tax offset benefit probably is:
Were sworn July 14, 1995 or later	0%
Retire with fewer than 10 Years of Service	0%
Retire with 10 up to 20 Years of Service	1.0%
Retire with 20 up to 25 Years of Service	2.5%
Retire with 25 or more Years of Service	4.0%

Below the Initial Pension Amount section, you may see a box with the same fields but increased by a benefit adjustment effective the July 1 following your last day of employment. When shown, this box can help you compare, for example, retirement dates in June and August.

Where FPDR Two Retirement Benefits Are Defined

FPDR Two retirement benefits are defined in Chapter 5 of the City Charter. See Sections 5-302 (Years of Service), 5-303 (Base Pay and Final Pay), 5-304 (Retirement Benefits), 5-310 Benefits on Death After Retirement – for accrual rates) and 5-312 (Benefit Adjustments). Also see FPDR's Administrative Rules. Links to both the Charter and the Administrative Rules are available at <http://www.portlandonline.com/fpdr>. See Oregon Revised Statutes 237.635, 237.637, 238.362, 238.364 and 238.366 for definition of the additional tax offset benefit and the requirement that it be added to FPDR benefits.

Additional Tax Offset Benefits – The Long Story

Additional pension benefits were mandated by the Oregon State Legislature in 1991 and 1995 as a result of the State of Oregon's decision to tax state and local pension benefits. By statute, the offset is only available to Members who began their service prior to July 14, 1995.

The benefits are a percentage of your base pension that is calculated as the greater of:

- 0% to 4.0%, based on Years of Service (0-9 years, 0%; 10-19 years, 1.0%, 20-24 years, 2.5%; 25 or more years, 4.0%)
- 9.89% times the proportion of creditable service prior to October 1, 1991

The 9.89% figure is the result of a calculation that is:

$$1 / (1 - 9\% \text{ Oregon personal income tax rate}) - 1$$

If you retire with 25 or more Years of Service, your offset percentage is at least 4.0%. If you have at least 40.5% of your service prior to October 1991, the 9.89% times the proportion of creditable service prior to October 1991 will be a greater percentage than the 4.0% based on your years of service. The greater percentage is multiplied by your base pension amount to get the offset amount.

The 2011 Oregon State Legislature changed the calculation for some few Members who retire after 2011. If you retire after 2011 and are not subject to Oregon personal income tax (either at the time you retire or at some later date), the only tax offset benefit you are eligible for is the one based on your Years of Service. The Years of Service benefit is better than the percentage of service prior to October 1991 benefit for almost all active Members.

As the examples below show, 4.0% is probably your offset percentage if you have 25 or more Years of Service – regardless of where you live after retirement. Only if your service began by early August 1979 and you do not have any time loss prior to October 1991 will the other calculation be greater. For those Members who are affected by the 2011 change about being subject to Oregon personal income tax, the effect is still fairly minor.

Examples: Two Members retired June 5, 2012 with the maximum 30 years of creditable service.

- One was appointed June 5, 1982 and had exactly 30 Years of Service. The 9.32 years of service that were before October 1991 are 31.07% of total service. Multiplying 31.07% times 9.89% yields 3.07%. Since this is less than the 4.0% for 25 Years of Service, the offset amount is 4.0% times the base pension amount.
- The other was appointed June 5, 1979. The 12.32 years of service that were before October 1991 were 41.08% of total service. Multiplying 41.08% times 9.89% yields 4.06%. Since this is greater than the 4.0% for 25 Years of Service, the offset amount is 4.06% times the base pension amount. However, if this Member is not subject to Oregon personal income tax, the offset amount is only 4.0% times the base pension amount.