



# FPDR FUNDamentals

*A mini-newsletter for  
Fire and Police retirees*

January 2012  
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## DIRECTOR'S MESSAGE

**H**appy New Year! As we begin another year, I would like to extend best wishes to you and your loved ones.

This past year has not been without controversy. From recoupment of overpaid pension benefits to discussions on annual adjustments, we do understand the concerns raised by many of you. I truly apologize for any dismay this may have caused you. I assure you, we really strive to do our very best to follow the intent of the plan and our mission as an organization.

The Board of Trustees will start the new year off with a new and, as I write in mid-December, yet to be named citizen trustee. Pursuant to Chapter 5 of the City Charter, the citizen trustee is required to be a citizen of the City of Portland and have relevant experience in pension or disability matters. I expect that Mayor Sam Adams will be making a nomination soon. His nominee must then be approved by City Council.

You can keep up to date on meetings of the Board of Trustees at [www.portlandonline.com/fpdr](http://www.portlandonline.com/fpdr). If you have any questions, don't hesitate to let us know.

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## PENSION UPDATE

### 2011 Tax Forms

**W**ith the end of the calendar year 2011, you may have already started thinking about filing your taxes. FPDR will send out your tax forms during the week of January 25, 2012.

- If you received pension benefits in 2011, you will receive a 1099-R form.
  - If you received non-service disability benefits, you will receive a W-2 form for these taxable benefits.
  - If you received service or occupational disability benefits, you will not receive any tax form as these are nontaxable benefits.
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If you would like your form sent to an address other than the one at which you receive your pension check or direct deposit statement, please contact us to set up an alternate 1099/W-2 address. If you have previously arranged an alternate address, there is no need to call. Our phone number is 503.823.6823 or toll-free 1.800.773.5744.

Please note that neither FPDR nor its staff can provide tax advice. If you have any questions on your taxes, please consult your tax preparer or the Internal Revenue Service (IRS) at 1.800.829.1040.

### Special Notes on 1099-Rs

Some of you have different amounts in Box 1, Gross Distribution, and Box 2a, Taxable Amount. Box 1 represents the total gross pension benefit you received in 2011. The amount in Box 2a is the Box 1 amount less the amount in Box 5, Employee Contributions. As you may recall, prior to 1991, members made after-tax contributions to the FPDR retirement plan from their paychecks. The Box 5 amount is the total amount you contributed during your career divided by a factor specified by the IRS. This IRS formula is provided in the IRS Simplified General Rule.

Box 7, the Distribution Code, should be 2 or 7; a few surviving spouses may have 2B or 7B in this box. Code 2 is for those who have not yet reached 59-1/2 years of age. Code 7 is for those who have already attained 59-1/2 years of age. If you reached 59-1/2 years of age during 2011, you will receive two 1099-R forms: one with Code 2 and the other with Code 7.

### Pension Protection Act

If you have had your health or long-term care insurance premium deducted from your pension benefit by FPDR in 2011, please note that these deductions will not be shown on your 1099-R for the year. However, these deductions were shown on your December pension check stub or direct deposit statement. The December statement shows the total for the year of insurance deductions. You may take this statement to your tax preparer to show the total of your insurance deductions through 2011 for the Pension Protection Act tax provision. For instructions on how to use the Pension Protection Act tax provision on your tax return, please refer to the IRS Publication #575.

Many insurers change their premiums effective January 1. You may notice a change in your non-city insurance deduction for this month.

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**We're on the Web!**  
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