

Pension Update

A Publication of the Dallas Police and Fire Pension System

Volume 2002.02, February 2002



D A L L A S
POLICE & FIRE
PENSION SYSTEM



Due Diligence and Investing

In the last issue of the *Pension Update*, Fire Trustee George Tomasovic explained that the Board of Trustees had voted to make several changes in the management of the System's investment portfolio. Some of the changes require us to do business with companies we have not worked with previously.

The Board considered several companies for changes in three areas: real estate investment consulting, international investment management, and energy investment management. Once a "short list" of three companies was determined in each of the categories, it was time to begin our due diligence research.

The Board and staff have a fiduciary responsibility before investing your pension dollars to ensure that the firms with which we do business are capable of performing the services we require from them. Part of that responsibility requires us to physically visit the companies at their facilities. This research is called due diligence.

From early September to late December 2001, Board Trustees and staff members of the Pension System have been busy conducting due diligence



*Rector McCollum,
Police Department
Board of Trustees
Member*

meetings across the country—literally from Boston to Los Angeles and several points in between.

At each site, we looked at the candidate company's office, its personnel, and its general ability to carry on business. We met with management to learn details about investment and reporting policies. We also looked at client-manager accessibility, data back-up, security, and privacy concerns.

Once those issues were covered, we took a comprehensive tour of the company. We watched its operations in progress, observed the systems, and asked its staff members questions while they performed their job duties.

All that done, we took coach seats back to the Pension System office to decide which of the companies would provide the best returns and service.

The Board then chose The Townsend Group as our real estate consultant, added Clay Finley and Fidelity Investments as international managers, and selected The Mitchell Group to manage investments in the energy sector.

If you have any questions about the Pension System or how we choose investments, please call me at 214.671.0161.

—Rector McCollum,
Police Department Trustee



Board Member Profile—Gary Edge

Gary Edge was elected to the Pension System Board of Trustees in 1995. He currently serves as Deputy Vice-Chairman and Chairman of the Investment Advisory Committee, which researches investment opportunities and makes recommendations to the Board.

Gary has served the citizens of Dallas as a firefighter since 1978. On January 9, 2002, he completed his 24th year with the Fire Department. He currently holds the rank of Driver on the C Shift at Station 55.

Gary also is active in the Dallas Fire Fighters Asso-



*Gary Edge,
Fire Department
Deputy Vice
Chairman of the
Board of Trustees*

ciation (DFFA) Local 58 for which he has held the position of Senior Trustee since 1987.

He is affiliated with the Texas Association of Public Employee Retirement Systems (TEXPERS) and the National Conference on Public Employee Retirement Systems (NCPERS).

Gary received the Chartered Pension Trustee (CPT) designation in March 2001 through the Society of Pension Professionals. He has an associate of science degree from Grayson County Community College.

When asked about his role with the Pension System, Gary said, "My goal is to continue to improve our Pension System. I would like to maintain our present benefits and enhance future benefits for our active Members and Pensioners."

Federal Tax Changes Help You Save for Retirement

Last year's federal tax bill made significant changes to income tax rules that included several provisions that may affect your retirement planning. The City has adopted provisions to implement the most notable feature of the new rules. Now, if you are buying Pension Service under provisions in the *Combined Pension Plan Document*, you can transfer funds from your City 457 deferred compensation account to the Pension System as payment toward the purchase. The tax bill also allows DROP participants to spread payments from their DROP accounts over a longer period of time.

Several additional changes may affect your participation in the City's 401(k) and 457 plans. Consult your 401(k) and 457 plan representatives for details on the following:

- Increases the amount you can contribute to the City 401(k) and 457 plans
- Removes restrictions when contributing to both 457 and 401(k) plans
- Increases make-up deferrals by members of a 401(k) plan who are over age 50
- Applies tax rules regarding divorce situations to 457 plans

Congratulations Retirees!

Fire Department

*Clifford C. Gladney
Robert E. Jackson
Edgar C. Laney
Ronnie L. Roberts*



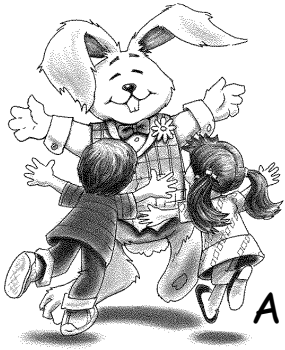
Police Department

*Tommy Q. Akins
Melvin H. Bell
Curtis L. Goodwin, Jr.
John D. Hancock III
Gregory F. Holliday
Robert L. Maxam
Robert J. McGovern
Maria T. Sullivan*

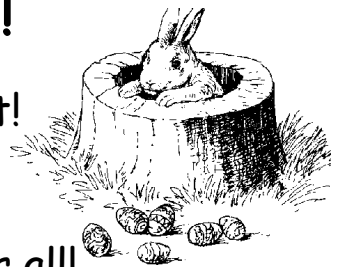


The Auxiliary to the Dallas Fire Fighters Association is hosting the

Easter Eggstravaganza 2002!



There will be an Easter Egg Hunt!
Lots of games and prizes!
The Easter bunny will be there!
A free hot dog lunch will be provided for all!



Date: Saturday, March 23, 2002
Time: Easter Egg Hunt will begin promptly at 11 a.m.
Place: Dodd Miller Maintenance & Training Center
5000 Dolphin Road, Dallas, Texas 75223

*** Age Groups ***

- Toddlers: 1-3 years old
- Pre-School: 4-6 years old
- Elementary: 7-10 years old



All children and grandchildren, ages 10 and under, of active and retired firefighters are welcome.

Preregister to avoid long lines on the day of the event. Mail completed form(s) to:
Auxiliary to the DFFA, P.O. Box 225437, Dallas, Texas 75222-5437.

Or fax completed form(s) to: 214.941.1373.

Contact Kay Howard for additional information: 214.536.2092 or 903.896.1916.

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Easter Egg Hunt & Eggstravaganza Registration Form

(please print)

Child's Name _____	Age _____
Child's Name _____	Age _____
Child's Name _____	Age _____
Child's Name _____	Age _____
Child's Name _____	Age _____

Responsible party _____ Telephone _____
Relationship to child _____

I, the undersigned, do hereby release the Dallas Fire-Rescue Department, the City of Dallas, The Dallas Fire Fighters Association, and the Auxiliary to the Dallas Fire Fighters Association of any and all liability and/or damages to persons and/or property resulting both directly and indirectly from my or the above listed person's participation in the Auxiliary to the DFFA Easter Egg Hunt Eggstravaganza. I have the authority to sign this release for the participant(s) listed above.



Signature _____
Date _____





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2301 North Akard Street, Suite 200
Dallas, Texas 75201

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News Briefs

- Watch the mail at your home address for your *Member Handbook* and annual Benefit Statement or DROP Statement. If you do not receive your annual statement by March 7, contact the Pension System office.
- March calendar
 - *March 14*—Board of Trustees meeting
 - *March 23*—DFFA Easter Egg Hunt and Eggstravaganza
- Register for the next PREP (pre-retirement education program) session on May 16 by calling 214.638.3863. The PREP session in May is already filling up. Call now to make reservations for you and for your spouse, if applicable.
- The 100% joint and survivor annuity option is now available when you leave active service. Ask about it in your counseling session.
- Check the Pension System Web site for more pension information, including DROP (Deferred Retirement Option Plan). If you have suggestions or experience any problems with the Web site, contact Communications Manager Pat Vawter at p.vawter@dppf.org.
- For all types of IRS (Internal Revenue Service) forms and answers to your questions about tax returns, go online at www.irs.gov.

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