

Pension Update

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A Publication of the Dallas Police and Fire Pension System



DALLAS
POLICE & FIRE
PENSION SYSTEM



Election Results

At a special Board meeting on April 2, the Board certified the following results in the Pension System's Trustee election.

Police Trustee Place 2

Steven G. Shaw
unopposed

Police Trustee Place 3

Rector C. McCollum
by 74% of the vote

Fire Trustee Place 2

Gary W. Edge
unopposed

Fire Trustee Place 3

George Tomasovic
unopposed

Electronic Voting

Members cast their votes electronically during the Trustee Election in March.

A total of 787 Active Police Members voted in the election for Police Trustee Place 3, that was 27% of the 2,963 Active Police Members. Members voted either by telephone (75%) or Internet (25%).

Rector McCollum received 583 votes (74%), and Mark Stallo received 204 votes (26%).

Financial Planning

Most of us wonder if we are saving enough to support ourselves through 10, 20, or even 30 or more years of retirement. Whether you are approaching your prime earning years or nearing retirement, proper planning can help you make the most of your retirement assets. By using some simple calculations, you can get a good idea of how much income you will need to live comfortably in retirement and what steps are necessary to reach your goals.

Retirement Planning

Whatever your goals, your top investment priority should almost certainly be retirement. You can borrow to help finance a house or a child's education, but no one is going to lend you money to finance your retirement.

How much should you save for retirement? Many people assume the answer to that question is zero because their retirement money will come from an employer-sponsored pension plan and Social Security, if eligible. Unfortunately, both these options combined may not provide a sufficient retirement income.

Retirement Costs

Retirement today does not mean just sitting in a rocking chair. It can mean having the freedom to live your life the way you want to, enjoying:

- Leisure activities
- Time with family
- Living where you want to
- Helping others
- Travel

But having an active retirement takes planning. An active retirement that includes leisure activities, such as travel, costs more than one that does not. So you will need to save more for this.

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Financial Planning, continued from page 1

One of the most important steps you can take as a retirement saver is to figure out how much money you will need. Many people do not know—or significantly underestimate—the amount of money they will need to live comfortably in retirement. Make an estimated retirement budget by writing down all your expenses and adding them up for each year of expected retirement.

Income Sources During Retirement

How much of your retirement income will come from your Police and Fire Pension benefit, your Spouse's benefits, Social Security, and from other sources, such as a retirement nest egg? Estimate how much retirement income will come from the following sources:

- Your pension
- Employer-sponsored retirement savings plans
- Social Security benefits from other employment
- Savings and investments
- Other sources of income, such as salary from work that you continue after retirement

Set Your Savings Goals

Basically, you must look at how much you expect to spend in retirement and compare that to your income sources. Then you will find out if you have enough money to last through retirement or not. To make a nest egg calculation:

- Estimate how long you will live—possibly until age 90 or longer.
- Estimate your annual expenses in retirement.
- Estimate your total retirement savings (nest egg)—Assume that you will continue to save at the same rate you are currently saving until retirement.
- Estimate your savings surplus or shortfall.
- Estimate your annual savings needed—if you need more money to fund your retirement, calculate how much you need to save per year.

Start Saving More Today

You are responsible for making your future happen. Start saving now, whether you are age 24, 34, or 44, even 54! One of the easiest ways to save money is to take advantage of account builder programs that automatically withdraw funds from your paycheck or bank account and invest them automatically. Do not wait until you can “afford it” to save for retirement. Start now, even if you can only set aside small amounts. Your savings will add up faster than you think—and you will have a tremendous feeling of accomplishment!

Pension System Calendar

- **May 8**—Board of Trustees meeting
- **May 11**—Mother's Day
- **May 15**—PREP (full)
- **May 17**—Police Headquarters Open House for Active and Retired Police Officers
- **May 17**—Armed Forces Day
- **May 26**—Memorial Day, Pension System office closed
- **June 12**—Board of Trustees meeting
- **June 18**—PREP (full)



Look Who Retired This Month... Congratulations!

Police Department

Chipmon G. Bulin

Daniel L. Cannon

George E. Eaton

Olin R. Heifner

Gerald E. Luther

Jeffrey P. Pruett

Anthony L. Risner

Gwendolyn Sargent



Fire Department

Bobby J. Cockrell

Domenic N. Taraborelli

Bobby L. Yarberry



Selecting a DROP Beneficiary, continued from page 4

The complications of having the probate court establish a guardian for your child can cause delays and cost money. Bonds cost money. Annual accountings require the assistance of a lawyer and likely an accountant. The guardian cannot take any action without court permission to act. Each request to act requires a verified report of the status of the guardianship estate. An attorney ad litem, an officer of the court, must be paid. All of these costs come straight off the top of the heir's award and are paid first, before heirs receive anything.

To avoid the costly result of leaving your DROP account directly to a minor (child), you could include a direction in your Will to provide for a custodian under the Uniform Transfers to Minors Act (free of court supervision); however, the child would be entitled to the funds at age 21. Another

option would be for you to create a trust in which you would name a trustee in case your child was too young to manage the trust. You also can designate the age(s) at which the child controls the funds.


Failure to Designate a Beneficiary

If you fail to designate a beneficiary for your DROP account before your death or if your designated beneficiary dies before you, the balance of your DROP account will be distributed to your Spouse, or if none, to your estate.

Thanks to Evy Davis for providing information for this article. You can meet Evy in person at a PREP session for which she provides detailed information about estate planning.

News Briefs

- ***Keep Your Address Current***—Be sure you get all the Pension System information, including your annual report, your annual statements, and newsletters. You can update your own address on the Lawson HRIS system when you record your weekly time. In addition, you may want to contact your Payroll Department to be sure they also have your correct address. When you update your information in the Lawson HRIS system, the City will send your new address to the Pension System through the payroll reporting process every two weeks.
- ***Seminars Prove Popular***
 - The Financial Planning Seminars for April 23 and July 23 filled so quickly that we added a third session for September 24, which also is full. Look for more sessions to be added in 2004.
 - PREP sessions in May, June, August, and September are full. To reserve space in the November 6th PREP session, call the Pension System office at 214.638.3863.
- ***Read Your Paystub***—Your pension benefit is based on your pay and service credit. Review your paystub for accuracy each pay period, and contact the City if you have any questions or corrections.






*Our sincerest condolences to
the family, friends, and coworkers of*

Police Officer

William J. "Bill" Carollo,

*who recently died
in an off-duty accident.*





D A L L A S
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PENSION SYSTEM



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"Serving Those Who Protect the Dallas Community"

May 2003

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Selecting a DROP Beneficiary

If you have a DROP account, you are required to select a beneficiary (or beneficiaries) for that account.

Designating Someone Other Than Your Spouse as a Beneficiary

Your DROP beneficiary and the person eligible to receive your survivor pension benefits do not have to be the same person. If you are married, you can designate someone other than your Spouse as the beneficiary(ies) of your DROP benefits, but only if your Spouse consents to the designation in a notarized statement.

You might, for instance, choose a child as one of your beneficiaries. This choice can sometimes have unintended consequences for both your child and the money you intend for that child to receive.

As a child, a person younger than age 18, your designated beneficiary will be considered legally incapacitated by the probate court. The probate court must protect the rights of incapacitated persons. Therefore, the court will require that a guardianship be opened for the incapacitated person to receive the inheritance.

Guardianships require bonds, annual accountings, and court permission to act. And guardianships last as long as the incapacity. If your beneficiary receives an award from your estate at age two, the guardianship lasts 16 years. The costs of the guardianship will be paid from the child's award.

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Board of Trustees

Gerald Brown, Chairman

Gary W. Edge

Donald W. Hill

John M. Mays

Rector C. McCollum

Steven G. Shaw

Maxine Thornton-Reese

George Tomasovic

Steven H. Umlor

Richard H. Wachsman

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Call us at 214.638.3863 or 1.800.638.3861. Visit our Web site at www.dpfp.org, or e-mail us at info@dpfp.org.