

Pension Update

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A Publication of the Dallas Police and Fire Pension System



DALLAS
POLICE & FIRE
PENSION SYSTEM



Message From the Chairman

The Administrator and I were in Austin at a meeting of the Pension Review Board (PRB) on November 5, 2003. The PRB again discussed the financial condition of the Employees' Retirement Fund. Various elected and appointed officials on the PRB made statements indicating that the state government is very concerned about the financial condition of public pension plans in general. These officials want quick action to rectify the funding issues.



*Gerald Brown,
Chairman of
the Board
& Fire Trustee*

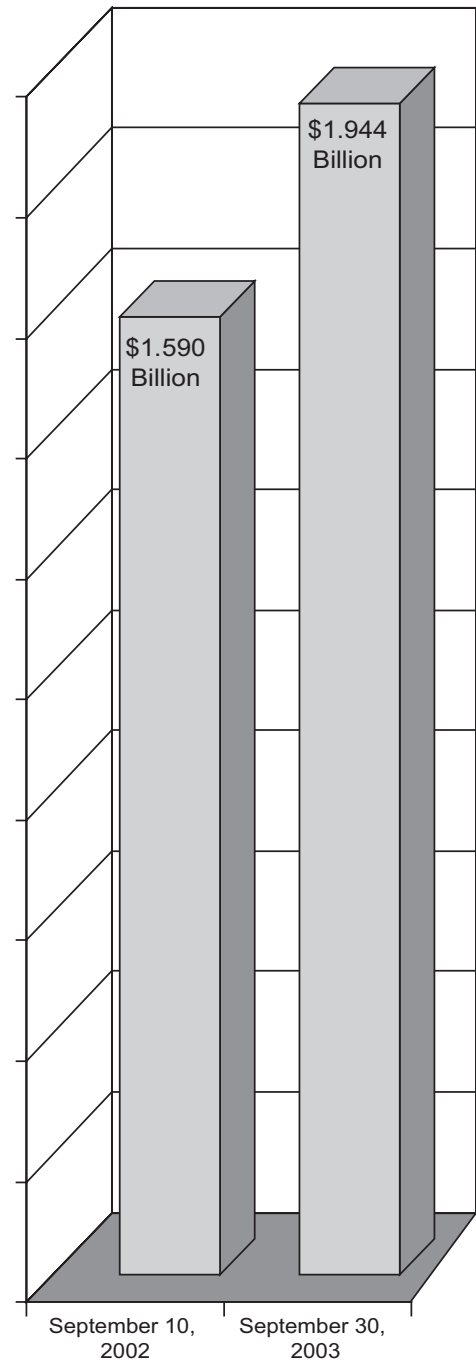
Your Board also is concerned and is looking at new ways to assure the continued health of your pension plan. I will report more on this in the future as a plan of action is determined.

On another note, recently, the news media shined a spotlight on pay raises granted to a few City employees. Six of those who received a raise are City employees of the Pension System. (Most of the Pension System staff are employees of the System and NOT City employees.)

Though a reporter from *The Dallas Morning News* talked to me about the

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Market Value of System Assets



The Board is pleased to announce that the System's year-to-date return exceeds 18%. The return over the last 12 months is 24.75% (as of September 30, 2003). The market value of assets grew from \$1.590 billion on September 10, 2002, to \$1.944 billion, as of September 30, 2003. See chart above.

Chairman's Message, continued from page 1


raises, the reporter did not report all that I said. What the media failed to point out is that the City does not pay the wages and salaries of the City employees of the Pension System. These employees are on the City payroll, but the expense is charged back to the Pension System, which then reimburses the City for wages, salaries, and benefits. The System also reimburses the City for other services, such as data services.

The salaries paid to System employees, including the raises granted to the six City employees, were budgeted in advance through a process open to Members and the public and requiring Board approval.

The Board feels that the System staff does an outstanding job administering our retirement plan and deserves to be paid fairly. The wage and salary increases reflected our faith and confidence in the staff.

As always, we on the Board do our best to manage the Pension System's assets. We have the welfare of our active and retired Members in mind when we make decisions regarding the administration of the pension plan.

Please call one of your Trustees if you have any questions about the information in this message.


—Gerald Brown,
Chairman of the Board & Fire Trustee



Police Detective Paul Ronyak and his wife, Dede, at the PREP session in October 2003.

Retirement Training, continued from page 4

In 1993, Dede was a stay-at-home mom with two girls. After the girls reached fifth grade, Dede went back to college, graduated, and became an elementary school teacher. Now, both girls are in college. All the different family expenses through the years have made it difficult to put aside extra money for retirement.

However, Paul and Dede did join DROP in 1993. During the past 10 years, they have saved a nice nest egg account for retirement. With the DROP account, Paul estimates that he will not have to get another job after he retires from the Department. The Ronyaks plan to spend their retirement in Mineola, which is in the piney woods of east Texas, or the "pine curtain."

Paul's advice for other Members is to "Get in DROP as soon as you can," and "Take PREP so you can understand it." He also said that he appreciated the opportunity to bring his Spouse to PREP so that she would understand his retirement options.

Financial Planning

In addition to PREP, the Pension System now offers a class in Financial Planning. Both PREP and Financial Planning training can be used for TCLEOS credit (for Police Officers). The Financial Planning seminar differs from PREP in that it focuses on financial planning issues and presents this information in more detail.

You will learn how to calculate your net worth, review your income sources, and set new financial goals. You also will learn about various investment instruments, such as bonds, stocks, and mutual funds. You will learn how to read and interpret stock market information and other information to help you meet your investment goals. For post-retirement, you will learn about Medicare, Social Security benefits, long-term care, survivor benefits, and estate planning. Finally, you will be briefed on health insurance and life insurance issues.

Make Your Reservations

Reserve space in one of the 2004 PREP or Financial Planning sessions. Seating is limited. These sessions are very popular and fill quickly, so do not delay. To attend, you must have five or more years Pension Service. The Pension System provides all materials and lunch, and we encourage you to bring your Spouse. To attend, you must send a \$20 refundable registration deposit. If you attend the full day, your check will be returned. Because of the demand for participation, if you reserve a space and do not attend, you will have to wait 12 months before you can sign up again. For reservations, call the Pension System at 214.638.3863 or 1.800.638.3861. See the "Pension System Calendar" on page 3 for dates.

Pension System Membership

In the last issue of the Pension Update, we highlighted information from the System's January 1, 2003, actuarial valuation regarding the System's funding status.

In this issue, the Board of Trustees and staff of the Pension System are pleased to present membership data from the actuarial valuation. This data also will appear in the *2002 Condensed Annual Report*. The actuarial valuation shows that the number of Members and Qualified Survivors participating in the System has grown from approximately 5,000 to more than 7,500, an increase of approximately 2,500 participants, during the past 20 years. See the chart, "Pension Plan Participants."

Pension Plan Participants	
As of December 31, 2002	
Active Members	4,665
Pensioners & Survivors	2,648
Disabled Pensioners	222
Total	7,535

The Pension System serves 7,535 public safety Members and their families.

In December 2002, there were 4,665 active Members of the System. The average Firefighter is 42.66 years of age with 16.92 years of service with the City of Dallas. The average Police Officer is 40.27 years of age and has 14.11 years of service. The chart below provides an analysis of the membership by length of service.

Active Membership of the System			
As of December 31, 2002			
Years of Service	Fire	Police	Total
5 or fewer	306	642	948
5-9	184	369	553
10-14	163	673	836
15-19	345	419	764
20-24	187	284	471
25-29	51	80	131
30 or more	6	5	11
DROP Members	<u>443</u>	<u>508</u>	<u>951</u>
Total	1,685	2,980	4,665

The chart above shows the total number of Active Firefighters and Police Officers and how many in each age group.

Pension System Calendar

- **December 11**—Board of Trustees meeting
- **December 25**—Christmas holiday, Pension System office closed
- **January 1**—New Year's Day, Pension System office closed
- **January 8**—Board of Trustees meeting
- **January 15**—Board of Trustees meeting
- **January 28**—Financial Planning (full)
- **PREP Sessions in 2004**—
 - February 19 (full)
 - April 27
 - June 16
 - August 24
 - September 16
 - November 4
- **Financial Planning Sessions in 2004**—
 - January 28 (full)
 - March 25 (full)
 - May 5 (full)
 - July 29
 - November 17

Look Who Retired... Congratulations!

Fire Department



Jimmy L. Flanagan

Jack S. Thrasher



Police Department

Richard T. Creighton

Gary L. Godsey

Donald W. Marks

David Torres

John E. Westphalen





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FIRST CLASS MAIL

"Serving Those Who Protect the Dallas Community"

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- *New Retirees*

Training Helps You Plan for Retirement

PREP

Fifty-four Police Officers, Firefighters, and Spouses attended the PREP (Pre-Retirement Education Program) session held at the Pension System building on October 22, 2003. This year, the Pension System has held seven PREP sessions with a total of 349 attendees—almost 50 Members and Spouses per session. Our lineup of informative topics included Pension System benefits, City of Dallas 401(k) and 457 plans, wills and estates, Social Security benefits, survivor benefits, health insurance, and retirement investing. Going to PREP gives you tools for retirement planning and points to sources for more in-depth financial and legal analysis of your personal finances.

Detective Paul Ronyak and his wife, Dede, attended PREP in October. Paul and Dede agreed to share a little information about themselves so that you will know who goes to PREP and what they are learning.

Paul works in Police Headquarters at 1400 Lamar St., and Dede is a school teacher. Paul is within 12 months of retirement. So this was not his first PREP session. He and Dede previously attended PREP in 1993, when they learned more about DROP (Deferred Retirement Option Plan).

When asked if they changed their savings strategy after attending the first PREP, Paul and Dede had to say, "No." This is because of their family expenses.

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