

PENSION UPDATE



Volume 2006.02 February 2006
Dallas Police & Fire Pension System



Board Creates Health Savings Plan

The Membership overwhelmingly passed Amendment #1 in the 2005 Plan Amendment election to permit the Board to create a program to allow active Members to save funds while working to help pay medical expenses after retiring. The Board has researched several options and has authorized staff to develop the alternative that appears to best meet the needs of our Members.

Under the program, active Members with five (5) or more years of Pension Service may elect to have part of their pay -- through payroll deduction -- put into a medical expense account maintained by the Pension System.

Members also may choose to have a lump sum payout of vacation and sick time transferred to their account. However, federal regulations limit the total contributions that may be made in any year. Because

the program is voluntary, all contributions will be made on an after-tax basis.

Account funds will be co-invested with System assets and will receive the System's investment return, less necessary fees and administrative expenses. Earnings on account balances will accrue tax free to Member accounts.

After retiring, payments made by the Member and earnings to the account may be withdrawn tax-free to pay authorized medical expenses, including health insurance premiums.

Many details remain to be worked out and staff is negotiating with a third party to administer payments from the program. We hope to complete preparations and open the program to participation in the next few months.

Pension System Benefits Counselor Retires

Don McMillan, our Senior Benefits Counselor at the Pension System, retired on February 14 after serving the Pension System for 15 years.

If you have attended one of our PREP or Financial Planning Seminars, or have visited our office for Benefits Counseling, you have probably met him.

Don was named Employee of the Quarter for the first quarter of 2005, and was recently awarded the William G. Baldree Employee of the Year Award for 2005.

Don is a member of the International Foundation for Retirement Education (INFRE) through which he holds the designation of Certified Retirement Counselor (CRC). Don says he has always enjoyed working with our members, and added "It has been a wonderful experience working for the Dallas Police and Fire Pension System."



Don McMillan

Distribution From a DROP Account

Amounts credited to your DROP account become payable when you leave Active Service, or if you die, upon the Board's approval of payment, to your designated beneficiary.

To the extent permissible under federal tax laws, payment from your DROP account can be made in the following forms:

- Substantially equal payments made for a specific period of time
- An annuity payable on a monthly basis for your life
- A joint and survivor annuity payable on a monthly basis for your life and the life of your designated beneficiary
- A rollover of all or part of your DROP account balance into another eligible retirement plan or IRA in a single distribution
- A regular amount added to your monthly pension payment
- Withdrawal of monies as needed, minimum of \$1000 per withdrawal
- A lump sum distribution of all or part of the balance of the amounts credited to your DROP account

IRS rules require that most withdrawals from your DROP account are subject to a mandatory federal income tax withholding of 20%. In addition, if you leave Active Service before the calendar year in which you turn age 55, your distribution also may be subject to a 10% early distribution penalty if the distribution is not rolled over. We strongly advise that you discuss any withdrawal from your DROP account with your financial advisor before making your request.

You also may continue to leave your balance on deposit with the System instead of taking payments from the account when you leave Active Service. Interest will continue to accrue to the account while on deposit with the System.

You can change your DROP Distribution schedule in accordance with System procedures to:

- Change the form of your distribution
- Receive an additional distribution (or distributions)
- Accelerate or delay any distribution (other than

required minimum distributions under federal law).

However, you cannot revoke or modify your election to receive a life annuity or a joint and survivor annuity once payments have begun.

Requests for lump sum distributions received the first two days of the week normally will be paid at the end of the week.

A participant's request to defer all or part of a participant's benefit into DROP, stop or change an existing deferral, or make a change to the amount the participant receives as an added amount to the monthly pension amount will be made effective on the next regular monthly pension payroll when feasible. If the request is received too late to be processed with the next payroll, the transaction will become effective with the following month's pension payments.

Help Us Help You Call and Make an Appointment with a Benefits Counselor

Before you retire, a Benefits Counselor can meet with you to answer any questions you might have.

You should schedule your counseling session two to three months before you plan to retire.

In the session, a Benefits Counselor will provide a Pension Benefit Application Form and explain your retirement options, estimates of your benefits, survivor benefits, and increases after you retire.

To make an appointment with a Benefits Counselor, call the Pension System Office at (214) 638-3863.

Pension System Calendar

March 9	Regular Board Meeting
March 15	Financial Planning Seminar
April 2	<i>Daylight Savings Time</i> begins
April 13	Regular Board Meeting
April 27	PREP Seminar

New Member Handbook to be Sent With Annual Statements

The brand new edition of the Member Handbook has been completed and will be sent out to all Active Members with the annual statements at the end of this month.

This edition replaces the version that was distributed in 2002, and has been updated to include the changes that resulted from the 2005 Plan Amendment Election.

If you do not receive your Annual Statement and Member Handbook by March 6, please call the Pension System office. We may not have your current address.

We receive addresses from the City of Dallas Payroll Department in the bi-weekly payroll. If you have moved, it is important that you notify your Department, and the City Payroll Department.

Congratulations Retirees!



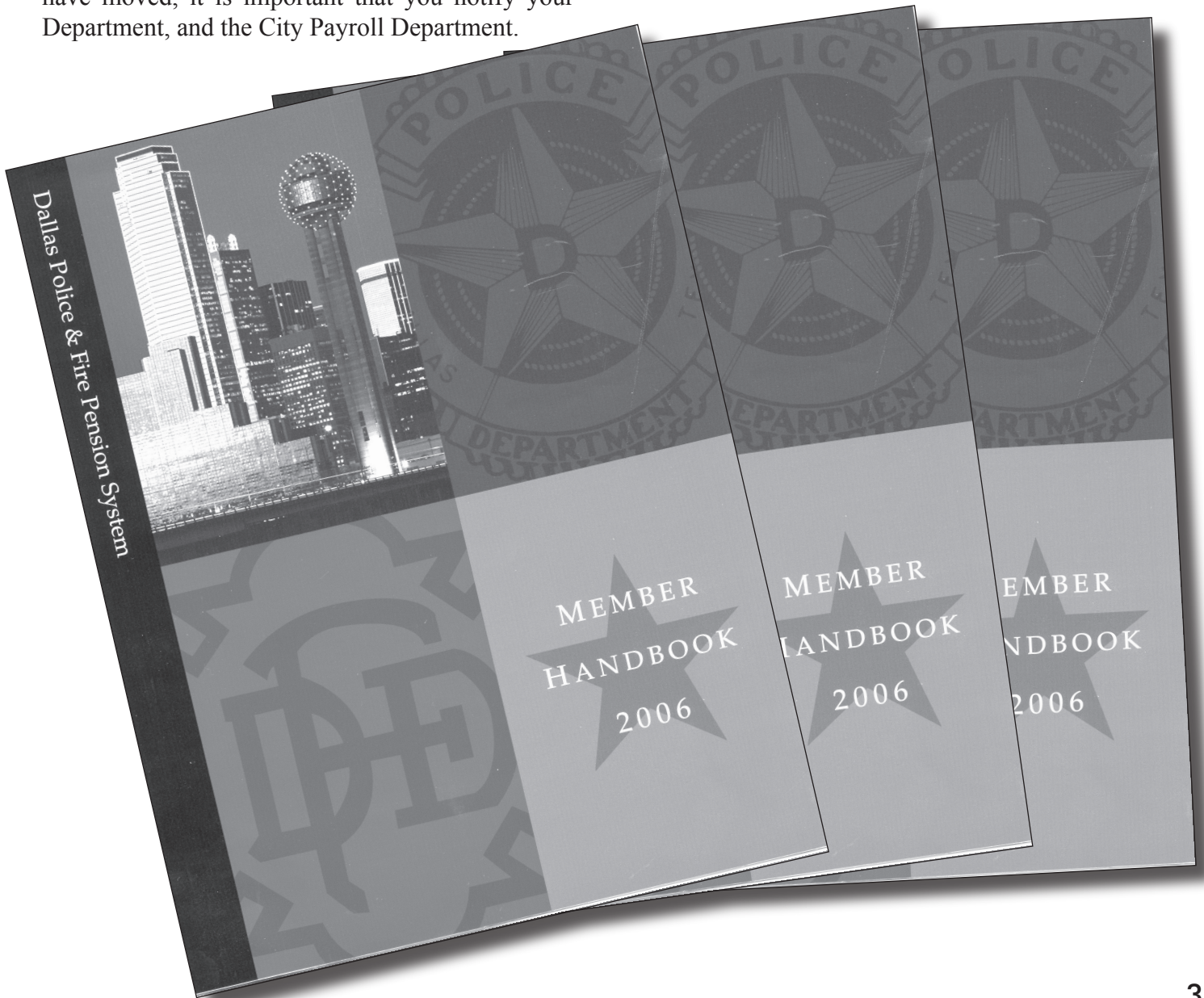
Police

David W. Belk
Roosevelt Benjamin
Anthony O. Black
Joe A. Decorte
Kenneth P. LeCesne
James N. Stacy
Robert J. Worth



Fire-Rescue

Ronnie D. Binion
Fletcher D. Dahman
Kenneth L. Dorsett
Gordon L. Hamesley
Don D. Scarborough



INSIDE

February 2006

- **Health Savings Program**
- **DROP Distribution**
- **New Retirees**
- **Pension System Calendar**

FIRST CLASS MAIL

Serving Those Who Protect the Dallas Community

2006 Easter Eggstravaganza



On Saturday April 1, The Auxiliary to the Dallas Fire Fighters Association is hosting the 2006 Easter Eggstravaganza at the Dallas Fire-Rescue Maintenance and Training Center, 5000 Dolphin Road, Dallas, TX 75223.

The event will feature an Easter egg hunt, an appearance by the Easter Bunny, an inflatable slide, a free hot dog lunch, and great games and prizes.

Registration begins at 10 a.m., with the Easter egg hunt at 11. All children and grandchildren of active or retired Dallas firefighters are welcome. Pre-registration is encouraged to avoid long lines on the day of the event. For a registration form or more information, contact Donna Chumley at (972) 636-9328.



Gerald Brown, Chairman
Steven G. Shaw, Vice-Chairman
Gary W. Edge, Deputy Vice-Chairman

Donald W. Hill
John M. Mays
Rector C. McCollum
Maxine Thornton-Reese
George J. Tomasovic
Steven H. Umlor
Richard H. Wachsman

Richard L. Tettamant,
Administrator

Brian F. Blake
Assistant Administrator

Donald C. Rohan,
Assistant Administrator

Published by the
**Dallas Police and
Fire Pension System**

2301 North Akard Street, Suite 200
Dallas, Texas 75201

Call us at **214.638.3863**
or **1.800.638.3861**

Visit our web site at
www.dpfp.org

e-mail us at
info@dpfp.org