

# PENSION UPDATE



Volume 2006.03, March 2006  
Dallas Police & Fire Pension System



DALLAS  
POLICE & FIRE  
PENSION SYSTEM



## **NCPERS Legislative Conference Report**

*By Richard Wachsman, Fire Pensioner Trustee*



*Richard  
Wachsman  
Fire Pensioner  
Trustee*

The National Conference on Public Employee Retirement Systems (NCPERS) held its annual Legislative Conference February 6-8, 2006. Public sector pension trustees and administrators from across the country met in Washington, DC, to hear from members of Congress, experienced congressional staffers, research professionals and government agency representatives about issues affecting public pension plans. I attended the conference along with Fire Trustees

Gerald Brown, Board Chairman, and Gary Edge and Police Trustees Steve Shaw, Rector McColum, Steve Umlor and John Mays, Police Pensioner Trustee, along with Richard Tettamant, System Administrator.

The conference speakers and panels focused on pending legislation and regulations, with emphasis on Social Security issues, health care for public employees, and pension reform.

A special program was presented entitled, "Delivering the DB Message." The program was intended to help attendees prepare for anticipated assaults on

*See "NCPERS Conference" on page 2*



*Meeting elected officials at the NCPERS Legislative Conference (From left, Don Rohan, Assistant Administrator of the Pension System; Gerald Brown, Chairman of the Board of Trustees; John Mays, Police Pensioner Trustee; U.S. Congressman Gene Green, 29th Congressional District; Texas State Senator John Whitmire, Dean of the Texas Senate; and Gary Edge, Fire Trustee.*

## Pension System Calendar

April 2 ..... *Daylight Savings Time* begins  
April 13 ..... Regular Board Meeting  
April 27 ..... PREP Seminar  
May 11 ..... Regular Board Meeting  
May 16 .... NEPC Quarterly Financial Meeting

### NCPERS Conference (continued from page 1)

public pensions around the country. This program presented information on how to communicate with elected officials, the media, and the public on the benefits of traditional pension plans like ours.

On Monday, members of our group followed up on due diligence of one of our timberland investments by touring a saw mill operated by the Potomac Supply Corporation in Kinsale, Virginia. The mill processes trees from one of our properties with Forest Investment Associates. It was interesting to see Potomac's manufacturing facilities, which are among the most modern in the world, take cut trees to finished lumber. The mill also manufactures pallets used all over the world. If you see a wooden pallet painted blue, it probably is from this mill.

Wednesday was spent on Capitol Hill. We met with twelve members of the Texas Congressional delegation, or members of their staff, from Dallas and East Texas to discuss priorities for the second session of the 109th Congress. Our primary topic was on pension reform bills recently passed by both the House and Senate. Our message was to assure that provisions important to public pensions are included in the final bill passed by Congress. The most important part of the bills for us is the measure to allow Retirees to deduct health insurance premiums from taxable income, as reported in earlier System newsletters. This provision was in the House bill, but not in the Senate version.

All of those with whom we met were supportive of the pension provisions we discussed. A direct outcome was that Senator John Cornyn signed on to what is called a "Dear Colleague" letter to urge

the Senate to include the health insurance provision in the final bill.

We will continue to voice our concerns to our elected officials, both in Washington and Austin, and we will keep you informed of the progress that is made.



*Richard Wachsman*  
Fire Pensioner Trustee

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## Dallas Fire and Police Health Fair

The 2006 Dallas Fire and Police Health Fair will be held Tuesday through Thursday, April 18 -20, 7 a.m. until 12 noon at The Dallas Fire Training Center, 5000 Dolphin Road in Dallas. Many free and low-cost services will be offered.

This event is open to all members of the Dallas Fire-Rescue and Dallas Police Departments, department retirees, (uniform and civilian) and extended family members. For more information, Call Carol Lawrence RN at 214-670-7331 or by cell at 469-323-5775.

## Congratulations Retirees!

### Fire-Rescue

Henry C. James  
Robert Lopez  
L.C. Rinderknecht  
Anthony L. Rolater  
Larry C. Smith  
James A. Southard  
H.C. Stinson, Jr.



### Police

Richard D. Bridges  
Richard W. Camarata  
John L. Dagan  
Thomas K. Elliott  
Lester C. Hammond  
Dan A. Reynolds  
James R. Smith



# See How Your Pension Plan May Play Out

The headline above is the title of an article you may have seen in the March 6, 2006 issue of the *Dallas Morning News*. The article posed several thoughtful questions that a pension plan member should ask about the health of his or her pension plan. The questions are intended to help you gauge the strength of your traditional defined-benefit pension plan and the chances of your pension being cut back. The answers to the questions provided below demonstrate that your pension plan is sound. The Board will continue to work diligently to keep it that way.

**1. Is your plan underfunded?** Yes, however, we are on track to fully fund the plan. The chart to the right (Figure A) illustrates the Pension System's funding progress.

**1.a. Is the employer contributing what the required annual contribution is?** Yes. See the employer contributions chart (Figure B).

**2. Are you still working, or are you retired and already receiving benefits?** The article suggests that members who are already receiving benefits are less likely to see a benefit reduction. In Texas, retiree benefits are protected by the Texas Constitution. Active Member benefits already earned also are protected. Future benefits for Active Members could be changed by legislative action.

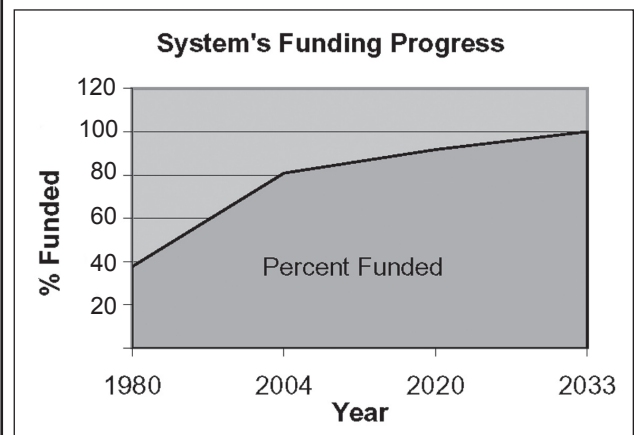
**3. Have your elected officials increased benefits without providing new funding?** No. The Plan document provides that System benefits are changed through election by vote of the membership. Also, before a Plan change can be put to the membership, we must obtain certification that the change is actuarially sound.

**4. Have your elected officials delayed pension contributions in order to spend on other programs and avoid tax increases?** No.

**5. Is the government entity you work for in an area where the population is growing or decreasing?** Growing. The article indicates that in an area where the population is declining is more likely to have a pension funding problem.

We will discuss why we are seeing more of this kind of article in newspapers and on TV in future issues of the System newsletter. Make no mistake about it, defined benefit plans such as the System are under attack across the nation. We will all have to stay vigilant to protect our pension plans.

**Figure A**



*The System is on track to be fully funded in 29 years*

**Figure B**

## Employer Contributions

Year ended December 31	Annual required contribution	Percentage contributed
1997	\$57,039,000	100%
1998	60,843,000	100%
1999	63,441,000	100%
2000	66,691,000	100%
2001	75,592,000	100%
2002	77,085,000	100%
2003	78,323,000	100%
2004	83,291,000	100%

*The percent contributed may vary from the legally required rate as the term "Annual Required Contribution" is based upon covered payroll as of the actuarial valuation date, January 1, whereas contributions are calculated and paid based upon actual payrolls throughout the year.*



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## **Police Trustees Meet With Senator**

Trustees Steven Shaw and Rector McCollum met with U.S. Senator John Cornyn to discuss current legislation that would allow retired Police officers and Firefighters to use \$5000 per year in pre-tax income to pay for health insurance premiums.

The Board and staff have worked on this legislation in Washington, D.C. for the past year. Senator Cornyn has signed a “Dear Colleague Letter” supporting the legislation.



*Left to Right: Sgt. Steven Shaw, Vice Chairman and Police Trustee, U.S. Senator John Cornyn, Sgt. Rector McCollum, Police Trustee*

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