



DCRBReport

FALL 2013

CHAIRMAN'S CORNER

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The District of Columbia Retirement Board's mission is to prudently invest the assets of the Police Officers, Firefighters, and Teachers of the District of Columbia, while providing those employees with total retirement services.

From the Chairman of the Board

The past year at the District of Columbia Retirement Board (DCRB) has been filled with many changes. As Chairman of the Board of Trustees (the "Board"), I look forward to telling you, the members, including survivors and beneficiaries of participants, in the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan ("the Plans"), about some of these changes.



Joseph M. Bress

FY 2013 Investment Results:

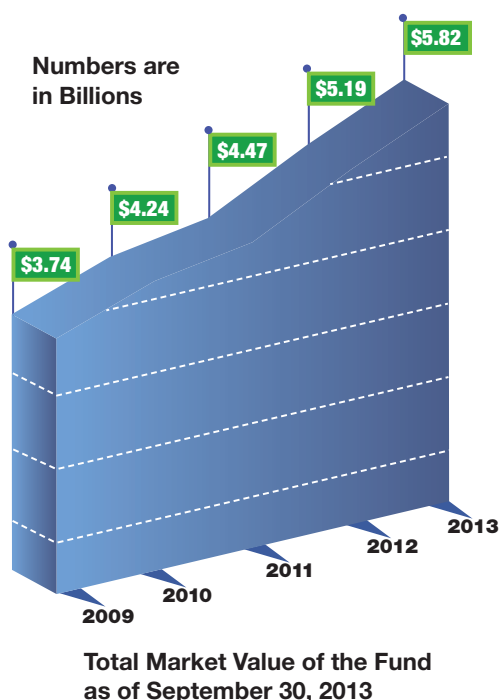
First, I am very pleased to announce that the performance of the D.C. Police Officers and Firefighters' Retirement Fund and the D.C. Teachers' Fund (collectively referred to as "the Fund"), has continued to improve. In fact, you will notice in the chart at the bottom right corner of this page that the total market value of the Fund has steadily increased with the close of each fiscal year (FY) since 2009.

As of September 30, 2013, the Fund's total net assets were \$5.82 billion, an increase of approximately \$600 million since the FY 2012 year end. The Fund has generated a gross return of 11.5%, outperforming the actuarial return target of 6.5% by 5% for the fiscal year. Outperformance was driven by moderate overweight to U.S. equities and underweight to absolute return strategies. Manager selection in U.S. equities, non- U.S. developed equities, and U.S. fixed income markets added to relative performance. The Fund managers in these asset classes significantly outperformed their passive benchmarks. Over the three, five, and ten year annualized time periods, the Fund has outperformed the actuarial return target of 6.5% (see chart on page two for more information). Since inception in 1982, the Fund has exceeded the actuarial return target, returning an annualized average of 9.2%.

Trustee Changes:

The Board has undergone some changes over the past few months. First, I would ask that you join me in remembering Trustee James E. Bunn, who passed away while serving the participants and beneficiaries in August 2013. Mr. Bunn was in the midst of serving a new term after being appointed by the Mayor in 2012, having served on the Board previously as a Council Appointee from 1991 through 1995. We will greatly miss Mr. Bunn and appreciate his devotion to serving as a member on the Board. Secondly, I would like to acknowledge and thank Mr. George R. Suter, who resigned from the Board after serving as the Retired Police Officer Representative since January 1997. While on the Board, Mr. Suter served as Chair of the Benefits Committee for more than ten years. Mr. Suter's consistent leadership contributed to the stability in the growth of the Fund through the turbulent time of the recession. In the wake of Mr. Suter's departure, the Board conducted a special election to seat a new Retired Police Officer Representative. As a result, we now have a new member of the Board: Mr. Gary W. Hankins. Please join me in welcoming Mr. Hankins!

Continued on next page



Chairman of the Board continued from page 1

Office Changes:

I would like to remind you that we have temporarily relocated to the 4th floor in our current building facility while the agency's office undergoes a renovation that is expected to take several months. Our goal remains to provide quality service members as seamlessly as possible during this period. If you have retirement questions, we encourage you to contact our Member Services Center to speak with or schedule an appointment to meet with a Benefits Specialist. Be sure to bring government issued photo identification (ID) and check in with the security personnel on the ground floor of our offices. You will be properly escorted to the correct floor for your appointment.

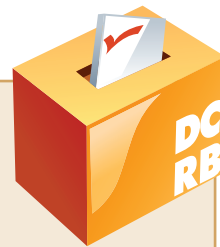
We look forward to serving you and keeping you informed about future changes and updates at DCRB!

Trustee Elections

On September 19, 2013, the Board certified the results of the Special Election for a Retired Police Officer Trustee and declared the winner to be Gary W. Hankins. Mr. Hankins has served his fellow officers for 33 years as the Chairman of the Fraternal Order of Police/Metropolitan Police Labor Committee; as a Member of the Board and President of the Association of Retired Police Officers; and, as a Member of the Board and Vice-Chairman of the Police.

Additionally, an election for the Retired Teacher Trustee is being conducted. DCRB anticipates that the results of this election will have been certified and posted on DCRB's website by the time you have received this newsletter.

For more information on DCRB's Board of Trustees, including elections, Trustee biographies, Board minutes, and Board Rules, visit the "Board of Trustees" section of DCRB's website, which is located at www.dcrb.dc.gov/page/dcrb-board-trustees.



Calendar Year 2013 Tax Information

Distribution of 1099-R Forms:

The U.S. Treasury Department's Bureau of the Fiscal Service will issue 1099-R Forms prior to January 31, 2014, for payments received by retirees, survivors, and beneficiaries in the Plans during tax year 2013. Most annuitants will receive only one 1099-R Form, but those members who, for example, are both a retiree themselves and a survivor of a retiree will receive more than one 1099-R. This is not a mistake, and in the case that you receive two 1099-R Forms, both must be filed with your 2013 tax return.

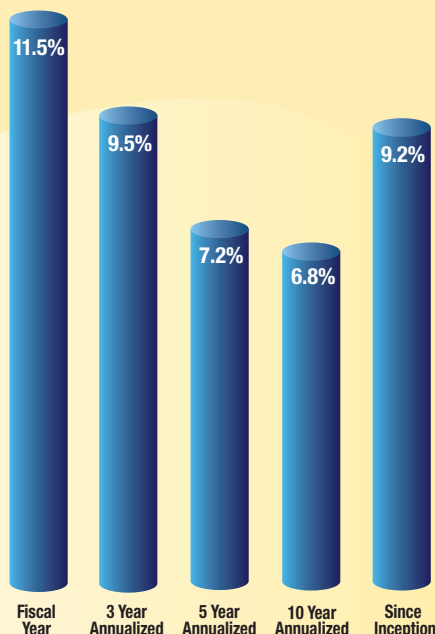
Planning to Move? If you have recently moved or have plans to move in the future, please remember to notify the DCRB Member Services Center of your updated address and contact information.

To ensure that important notices, 1099-R documents, newsletters, and other DCRB mailings reach you, it is important that you provide updated address information to us. Additionally, please consider sharing your email address with DCRB so we may send E-News update emails and email versions of our Newsletter to you. Your email information will be kept secure, and you will only receive email directly from DCRB.

To report updates to your address and other contact information, please complete and return the *Change of Address* form, located under the Retirement tab in the "Member Forms" section on DCRB's website. Our website is located at www.dcrb.dc.gov.



Total Gross Fund Returns as of September 30, 2013



Useful

Contacts

D.C. Public Schools Human Resources Office
(202) 442-4090
dcps.hranswers@dc.gov

Metropolitan Police Department Human Resources Office
(202) 727-4261

Department of Fire and Emergency Medical Services Human Resources Office
(202) 673-6443

Police and Fire Retirement and Relief Board
(202) 442-9622

Office of Personnel Management (OPM)
(202) 606-1800
<http://www.opm.gov>

Social Security Administration
(800) 772-1213
<http://www.ssa.gov>



I Am Turning 65, Now What?



You may want to consider enrolling in Medicare Part A and/or Part B if you are not automatically covered by Medicare. At age 65, Medicare becomes the primary payer of your health care expenses and your retiree health insurance plan becomes the secondary payer. If you do not have Medicare at 65, your retiree health insurance plan will still act as the secondary payer and you will be responsible for paying expenses not covered by your retiree health insurance plan. For retiree health plan purposes, you are considered eligible for Medicare if you are covered under the program; refused to be covered under the program; terminated coverage under the program; or, failed to enroll in the program.

If you are not automatically covered by Part A (Hospital Insurance) or Part B (Medical Insurance), you may buy coverage. You will be required to make monthly premium payments for Parts A and/or B. In many cases, if you choose to buy Part A, you must also buy Part B. These premium payments will be in addition to your premium payments for your retiree health insurance coverage. You may want to consider changing to a low cost health plan since you will be receiving Medicare benefits.

1. Sign up for Medicare — You can first sign up for Medicare during a seven month window beginning three months before your 65th birthday. You may call the Social Security Administration (SSA) at 800-772-1213, or visit your nearest Social Security office to file for Medicare Parts A and/or B. Sign up during the months leading up to your 65th birthday if you want your coverage to begin the month you turn 65. If you don't sign up for Medicare Part B during this Initial Enrollment Period, you can sign up during the General Enrollment Period between January 1 - March 31 of each year and your coverage will start July 1. Please note that your premiums may increase by 10 percent for each 12-month period that you delay enrollment. You can also find more information about Medicare by calling at 1-800-MEDICARE (1-800-633-4227) or at **www.medicare.gov**.

2. Inform DCRB — Let DCRB know that you have signed up for Medicare so we may update your records. You may visit our website to obtain a *Health Benefits Registration* form, where you should indicate your current insurance and that you are also covered by Medicare. You will be required to provide DCRB a copy of your Medicare Card. You may mail or fax a copy of your card and Health Benefits Registration form to us. When you enroll in Medicare, your benefits will be coordinated. If you don't enroll in Medicare Part B, your health insurance plan will not pay benefits in full. Your DCEHB or FEHB health insurance would function as the secondary payer.

Please visit **<http://www.ssa.gov>** and **<http://www.medicare.gov>** for more information about enrollment and call your health plan with any questions.

How Can a Pension Check Cost Me Money?

Although receiving a pension check by mail can offer a sense of pride in receiving a well-deserved reward for your work, the time it takes for the check to reach your mailbox may actually cost you money in the long run.



When your pension check is mailed to you, it can take between seven to ten mailing days to reach you, and there is always the possibility that it could be lost in the mail. If you add up the amount of days it could take for you to receive your check each month, over the course of the full year, you could be missing out on two to four months of interest — interest you could be earning on those funds.

Using direct deposit, also known as Electronic Funds Transfer (ETF), can help you earn more money! If you do not already have direct deposit and would like to enroll, please visit the “Member Forms” section of our website, which is located at **www.dcrb.dc.gov**, and complete and return the *Electronic Funds Transfer Authorization* form, which can be found under the “Member Forms” section under the Retirement tab. New annuitants must sign up to use EFT to receive annuity payments.

Please note that payment posting procedures vary by financial institution. Therefore, it is important that you become familiar with your bank's process for posting payments that have been directly deposited to your bank account. For details concerning your bank's posting process, please consult your financial institution.

Health Care 2014 Open Enrollment/Open Season

District of Columbia 2014 Open Enrollment



The District of Columbia Human Resources Office (DCHR) has announced the 2014 Open Enrollment period. The period opens on Monday, November 11, 2013, and closes on Friday, December 13, 2013. During this period, members who are eligible to participate in the health, dental, vision, and life insurance plans available to District employees and retirees will have an opportunity to make changes to their plans.

Packets containing information about the plans were mailed to eligible members in November. Please see the “2014 District Open Enrollment” page on DCRB’s website, linked through our homepage at www.dcrb.dc.gov, for more information on District of Columbia health care plans. There, you will find 2014 premiums, links to information on DCHR’s website, and a schedule of health fairs sponsored by DCHR that will take place during the enrollment period.

Active District employees should submit their changes online through their PeopleSoft Employee Self-Service accounts. Please contact your Human Resources office if assistance is needed. Retired and survivor members of DCRB’s Plans who wish to change their elections should forward their completed change forms to the DCRB Member Services Center (see address on the last page of this newsletter).

DCRB Word Search

Can you find the following acronyms commonly used at DCRB in the puzzle? Search for the acronyms going up, down, forward, backward, and diagonally.

S K H M P O C B R R H	ARC
M A R J Z M S P C D Q	CAFR
E E M I Q A H Z S V N	COLA
F D O E D W L S I P X	DCHR
Z M Z P I T N O O D D	DCPS
H X M Y M C O N C M A	DCRB
V G E S R Q C R F A C	FEMS
Q O C E R O I R R A E	MPD
U I I A K D V N A D J	MSCI
I F V H D C H R E M T	NCREIF
V L F N T P D C R B S	ODCP
	RRB
	SPD

2014 Open Season for Federal Benefits



The Federal Government’s Office of Personnel Management (OPM) has announced their 2014 Open Season time frame. The 2014 Open Season for health, dental, and vision benefits will be held from Monday, November 11, 2013, through Monday, December 9, 2013. During this period, members who are eligible to participate in health, dental, and vision plans available to Federal employees and retirees will have an opportunity to make changes to their plans.

Please see the “2014 Open Season for Federal Benefits” page on DCRB’s website, linked through our homepage at www.dcrb.dc.gov, for more information on Federal health care plans. There, you will find more information on each insurance category, useful forms, and additional resources. Retired and survivor members of DCRB’s Plans who wish to change their elections should forward their completed change forms to the DCRB Member Services Center (see address on the last page of this newsletter).

Information for Medicare Eligibility Retirees

Once a retiree, spouse, or domestic partner covered under a Federal or District healthcare plan reaches age 65, they may want to apply for Medicare when first eligible. Once enrolled in Medicare, coordination of benefits rules determine which insurance will pay first, Medicare or the healthcare provider. However, failure to enroll in Medicare will result in a lack of coverage and out-of-pocket healthcare expenses, which individuals will be responsible for paying to their healthcare provider.

For additional information about this topic, visit the Medicare website at www.medicare.gov or contact your healthcare provider for more information on the coordination of Medicare with your health plan benefits coverage.

The Defense of Marriage Act (DOMA)

On June 26, 2013, the Supreme Court ruled that Section 3 of the Defense of Marriage Act (DOMA) is unconstitutional. The United States Office of Personnel Management (OPM) will now be able to extend healthcare benefits to Federal employees and annuitants who have legally married a spouse of the same sex, regardless of the employee’s or annuitant’s state of residency. Prior to the Court’s ruling, this provision was available to annuitants covered under the District of Columbia healthcare plans.



Investments Glossary

The Fund is composed of various groups of financial assets.

What do the terms in the asset allocation graph on this page mean? Find out here!

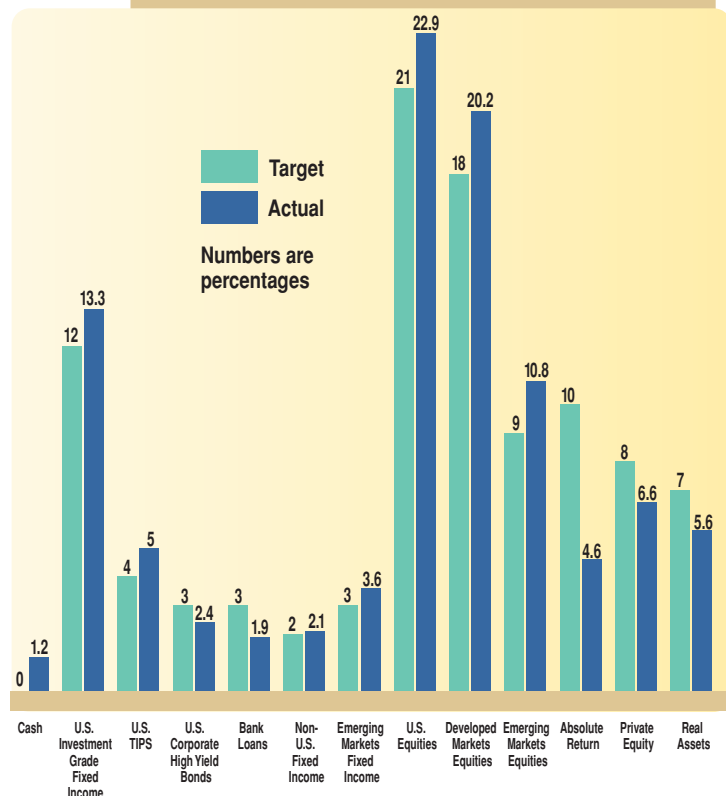
Cash — The most liquid assets in the portfolio, includes United States Dollars (USD), money market mutual funds, and other short term treasury securities that are quickly and easily converted into USD.

Fixed Income — A type of investment under which the borrower/issuer is obliged to make payments of a fixed amount on a fixed schedule.

- **U.S. Investment Grade Bonds** — A bond is considered investment grade if its credit rating is BBB- (medium credit quality) or higher by Standard & Poor's or Baa3 (lowest rating) or higher by Moody's. Generally, these bonds have a high probability of meeting payment obligations.
- **U.S. Treasury Inflation Protected Securities (TIPS)** — Inflation-indexed bonds are issued by the U.S. Treasury. The principal is adjusted to the Consumer Price Index (CPI), the commonly used measure of inflation. When the CPI rises, the principal adjusts upward. If the index falls, the principal adjusts downwards. The coupon rate is constant, but generates a different amount of interest when multiplied by the inflation-adjusted principal, thus protecting the holder against the official inflation rate.
- **U.S. Corporate High Yield Bonds** — Bonds that are rated as below investment-grade (see definition above) are known as high yield bonds.
- **Bank Loans** — A financing obligation issued by a bank or similar financial institution to a company. The loan is considered senior to all other claims against the borrower, which means that in the event of a bankruptcy, the senior bank loan is the first to be repaid before all other interested parties receive repayment.
- **Non-U.S. Fixed Income** — Developed markets or developed economies are those countries that are thought to be the most developed and therefore less risky.
- **Emerging Markets Fixed Income** — An emerging market is a nation with social or business activity in the process of rapid growth and industrialization. Debt issued by governments and companies within emerging markets are included in this category.

Equity — Shares of ownership issued by companies in order to finance their operations or growth.

Asset Allocation as of September 30, 2013



- **U.S. Equity** — Registered equity shares listed on a stock exchange in the United States or traded over the counter.
- **Developed Markets Equity** — Registered equity shares listed on the stock exchanges of developed countries outside of the United States, such as United Kingdom, Germany, or France.
- **Emerging Markets Equity** — An emerging market is a nation with social or business activity in the process of rapid growth and industrialization. Equity shares listed on the stock exchanges of emerging market countries are included in this category.

Alternative Investments — Alternative investments are broadly defined as investments that fall outside of the traditional asset classes such as stocks and bonds.

- **Absolute Return** — Investments employing various strategies to invest in a mix of traditional public securities and derivatives in order to achieve returns that are not highly correlated to the stock and bond markets.
- **Private Equity** — Investments in operating companies that are not publicly traded on a stock exchange.
- **Real Assets** — Real estate, energy, and infrastructure assets.

DC Retirement Board

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Washington, DC 20001



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Inside this DCRB Report

District and Federal Health Care Enrollment Information, Trustee Elections, Fiscal Year End Updates, Investment Glossary, and more

Our Member Services Center Can Help You

- **Electronic Funds Transfer (EFT):** New annuitants must use EFT to receive annuity payments. For an enrollment form (*Electronic Funds Transfer Authorization*), please visit the DCRB website at www.dcrb.dc.gov. You may also contact the Member Services Center to request an enrollment form or to ask any questions.
- **Beneficiary Updates:** In the event that something may happen to you, it is important that you ensure beneficiary information is current. To update your beneficiary information related to your pension benefits, please contact the Member Services Center.
- **Life Event Changes:** Changes in your status may have an effect on your pension benefits. If you get married, divorced, widowed, or if you have a change in your child student status, you should report these events to DCRB.

Our website can also answer many of your questions. Visit us at www.dcrb.dc.gov under the “Retirement” tab to view and download useful forms, Summary Plan Descriptions (SPDs), and helpful brochures regarding special topics. Also for your convenience, we have provided a retirement benefits calculator and a glossary of benefit terms. Check out our website to learn more!

DCRB Member Services Center

900 7th Street, NW • Second Floor • Washington, DC 20001 • (202) 343-3272
Toll free: (866) 456-3272 • TTY (800) 877-8339 Fax: (202) 566-5001 • Email: dcrb.benefits@dc.gov

If you are an active member, please call your Human Resources office to inquire about services such as, but not limited to: changing your beneficiary information, correcting any current payroll information, updating your mailing and email addresses, and receiving pre-retirement counseling.

TRUSTEES

Lyle M. Blanchard <i>Treasurer</i> <i>Council Appointee</i>	Gary W. Hankins <i>Elected Retired Police Officer</i>	Thomas N. Tippet <i>Parliamentarian</i> <i>Elected Retired Firefighter</i>
Barbara Davis Blum <i>Mayoral Appointee</i>	Judith C. Marcus <i>Elected Retired Teacher</i>	Michael J. Warren <i>Secretary</i> <i>Council Appointee</i>
Joseph M. Bress <i>Chairman</i> <i>Council Appointee</i>	Darrick O. Ross <i>Elected Active Police Officer</i>	Jeffrey Barnette <i>Ex Officio, Non-Voting</i>
Diana K. Bulger <i>Sergeant-at-Arms</i> <i>Mayoral Appointee</i>	Nathan A. Saunders <i>Elected Active Teacher</i>	
	Edward C. Smith <i>Elected Active Firefighter</i>	

D.C. Retirement Board

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