



# DCRB Report

Police Officers' and  
Firefighters' Edition

WINTER 2019

CHAIR'S CORNER

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**The mission of DCRB is to prudently invest the assets of the District of Columbia Police Officers and Firefighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund for the exclusive benefit of the members of the District of Columbia Police Officers and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan and to provide Plan members with total retirement services.**

## From the Chair of the Board

In December 2018, the Board voted to accept its actuary's report on the actuarial valuations of the District of Columbia Police Officers and Firefighters' Retirement Plan (the Police/Fire Plan or Plan) and the District of Columbia Teachers' Retirement Plan at the Board's December meeting. These actuarial valuations were prepared as of October 1, 2018, for Fiscal Year (FY) 2020. Please find below some statistics from the Police/Fire Plan that you may find of interest:



**Joseph W. Clark**

The market value of the assets of the Police/Fire Fund grew 6.2% during FY 2018, from \$5.7 billion at the end of FY 2017, to \$6.0 billion at the end of FY 2018. The Plan's funded ratio (its ability to pay benefits over the long term) was 111.96%, meaning that the Plan is very capable of paying benefits to eligible members and their survivors and beneficiaries. At the end of FY 2018, Plan membership totaled 9,105, which included: 5,349 actives, 3,441 retirees and survivors receiving benefits, and 315 terminated-vested members entitled to a deferred benefit. There were also 4,825 retirees and survivors receiving or entitled to a benefit under the frozen Police/Fire Plan (funded by the U.S. Department of the Treasury).

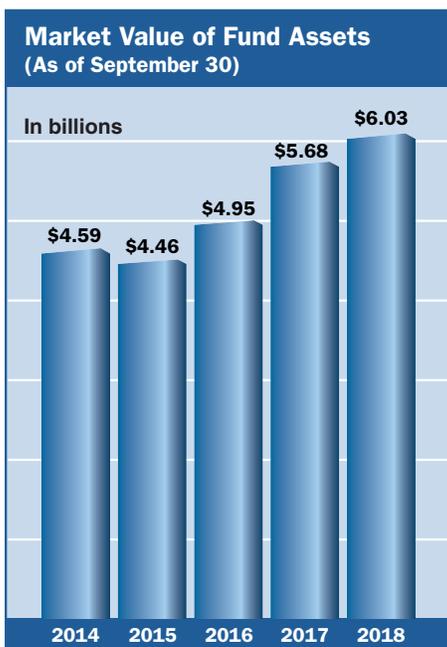
### Benefit Statements

In late summer and early fall of 2018, DCRB's Benefits Department issued benefit statements (Statements) to active members of the Police/Fire and Teachers' Plans. The Board worked diligently to address many issues, such as service interruptions, to produce statements that fairly and accurately reflect member service, pay, and both earned and projected benefits. We appreciate the input from those of you who participated in pilot groups, as well as the feedback many of you provided after receiving your first Statement. We will provide you with an update regarding the 2019 Statements in the spring 2019 newsletter.

### Benefit Increases Due to Retroactive Salary Increases

Also in 2018, bargaining units of both FEMS and MPD completed collective bargaining agreements with the District. Due to the retroactive nature of the agreements, MPD members who retired on or after October 1, 2017, and FEMS members who retired on or after October 1, 2015, are entitled to salary increases payable during a portion of their active service. Those increases serve to raise the average salary amount used in their retirement benefit calculation. Consequently, there are two steps in this process: 1) the salary of record in the District's PeopleSoft system for active employees needs to be adjusted to reflect the increase(s), with the appropriate deductions (including retirement contributions) withheld, and 2) based on the results of step 1, DCRB can then recalculate the retirement benefit using the adjusted average salary.

As you might suspect, this process will take a little time and DCRB must wait until preliminary work is completed by other District offices before we can



*Continued on page 2*

## From the Chair of the Board

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begin recalculating the benefits. Please be aware that DCRB has placed a priority on recalculating these payments. We expect that all adjustments will be completed on or before May 1, 2019.

### Useful

#### Contacts



DCRB Member  
Services Center **(202) 343-3272**  
Toll Free **(866) 456-3272**  
[dcrb.benefits@dc.gov](mailto:dcrb.benefits@dc.gov)

DC Department of Human  
Resources **(202) 442-9700**

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

Department of Fire and Emergency  
Medical Services Human  
Resources Office **(202) 673-7580**

Police and Firefighters Retirement  
and Relief Board **(202) 442-9622**

Office of Personnel Management  
**(202) 606-1800**  
Toll Free **(724) 794-2005\***  
<https://www.opm.gov>

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

\*for health and life insurance only

# Taxation of Disability Retirement Annuity Payments

**A**round this time each year, DCRB receives questions from members about tax issues. One of the more prevalent questions is the tax treatment of disability retirement annuity payments. Although DCRB sent a curtesy letter on this subject to members who are receiving disability retirement payments, we thought it might be helpful to share this information with all Police/Fire Plan members.

Whether disability benefit payments are taxable or not is determined as follows:

**For Tier 1 retirees**, who are receiving disability retirement payments incurred in the performance-of-duty (POD), your annuity is non-taxable to the extent that it does not exceed 66-2/3% of your average pay when you retired. Also non-taxable is the portion of your annuity that represents any post-tax employee contributions that you made to the Plan.

**For Tier 2 and 3 retirees**, who are receiving disability retirement payments incurred POD, your payments are 100% non-taxable. The payments are excludable from gross income, the same as workers' compensation payments, as are survivor

annuities that may be paid upon your death.

**For retirees receiving a non-POD disability retirement annuity**, the only portion of your annuity excludable from your gross income for tax purposes is that amount that represents any post-tax employee contributions.

You can find the above information in IRS Revenue Ruling 85-104 (1985-30 IRB 11, 7/29/85), which is available on [www.irs.gov](http://www.irs.gov) or on DCRB's website [www.dcrb.dc.gov](http://www.dcrb.dc.gov).

Whatever your status when you retired, DCRB would have provided you with a report that states the "percentage ratio of monthly excludable benefit to monthly annuity at retirement." You should include a copy of that report with your tax return each year. If you did not receive it or you have misplaced that report, you can request another copy by contacting DCRB's Member Services Center at (202) 343-3272 or toll-free at 1 (866) 456-3272. Further, you can determine the taxability of your disability retirement payments by looking at your IRS 1099-R form that DCRB distributes to you and find the taxable portion amount in box 2a.

## 2019 Cost-of-Living Adjustment

On February 7, 2019, a notification was issued by the DC Human Resources Office indicating a 1.9% cost-of-living adjustment (COLA) for eligible District of Columbia Police Officers and Firefighters' Retirement Plan retirees and survivors. This increase, which was effective March 1, 2019, will be included in annuity payments starting April 1, 2019.

Members who retired after March 1, 2018 and before March 1, 2019, are entitled to a prorated COLA equal to 1/12th of the above increase for each month or partial month (for a maximum of 12 months) for which their annuity was effective prior to March 1, 2019. Police officers and firefighters who retired before February 15, 1980, are under equalization rather than COLAs, and receive annuity adjustments based on pay increases granted to active members.



# Recognized Domestic Partners are Eligible for Survivor Benefits Under the Plan

**T**echnical amendments are not used to introduce new benefits, but rather, to correct or clarify existing plan provisions. “The Teachers’, Police, and Firefighters Retirement Benefits Technical Amendments Act of 2018 (the Act),” was submitted to the District Council for, among other things, to clarify the survivor provisions of the Police/Fire Plan related to domestic partners.

Since the District Government recognizes domestic partners, DCRB’s enabling statute was amended to include domestic partners in 2008. Although an amendment was also proposed for the Police/Fire Plan, because the Federal Government does not recognize domestic partners, and the 1957 Policemen and Firemen’s Retirement and Disability Act (the Retirement and Disability Act) includes federal Park Police and Secret Service officers, the District amendment was subject to congressional enactment, which has not occurred. The purpose of this provision of the Act is to amend the Retirement and Disability Act to expressly state that domestic partners are eligible for survivor benefits only under the District’s Police/Fire Replacement Plan, which is applicable to service accrued after June 30, 1997. For service accrued on or before June 30, 1997, covered under the frozen Police/Fire Plan, domestic partners are not recognized as eligible survivors because the Federal Government does not recognize domestic partners for survivor benefits.

Some examples of how the Act affects the frozen Police/Fire Plan and the District’s Replacement Plan are as follows:

**District-only Service:** John, a

retired police officer, was hired June 1, 1998, and retired December 3, 2005 under disability. If John is survived by an eligible domestic partner, he/she will receive a full survivor annuity under the District’s Police/Fire Replacement Plan.

**Federal-only Service:** If John was hired June 1, 1980, and retired under a disability on December 3, 1996, because his service was on or before June 30, 1997, and funded by the U.S. Treasury, if John is survived by a domestic partner, he/she will not receive a survivor annuity, since the Federal Government does not recognize domestic partners.

**Split Service:** If John was hired April 1, 1990, and retired March 5, 2015, because he has split service, his surviving domestic partner will

receive a partial survivor annuity under the District’s Replacement Plan, based on John’s service after June 30, 1997.

This legislation became District law on February 22, 2019 (22-0215). A link to the legislation is available on DCRB’s website.

Because we consider this an important change to the Plan, DCRB is required to issue what is referred to as a Summary of Material Modifications (SMM) to Plan members. The SMM, which is printed on page 4, describes the change and its impact on members, and should be kept with your Summary Plan Description (SPD) that was updated last year. Together the SPD and the SMM constitute the up-to-date description of the provisions of your Plan.

## Active Police Officer Trustee Election Results

The election process for an Active Police Officer Trustee to serve on the DCRB Board began in August 2018 with the distribution of election notification packets to qualified voters by DCRB’s election official, Election-America, Inc. Ballots were sent to qualified voters on November 2, 2018, and on December 7, 2018, Election-America tabulated the ballots that were cast and certified the results of the election. At its regular meeting on December 20, 2018, the Board certified Gregory J. Pemberton as the Active Police Officer Trustee for the term beginning January 28, 2019 and ending January 27, 2023. Trustee Pemberton succeeds former Trustee Darrick O. Ross, who served as the Active Police Officer Trustee to the Board since 1999.

Trustee Pemberton, a Chicago native, is a resident of Ward 4. He has been with MPD for over 14 years and is currently a Detective Grade 1. Also, he is now serving his third term as Treasurer of the DC Police Union.



# District of Columbia Police Officers and Firefighters' Retirement Plan

## Summary of Material Modifications

February 22, 2019

The Teachers, Police, and Firefighters Retirement Benefits Amendment Act of 2018 (the Act; D.C. Law 22-0215) resulted in an important change to the District of Columbia Police Officers and Firefighters' Retirement Plan (the Plan). This change, which was effective February 22, 2019, is summarized below:

### **Domestic Partners Treated as Survivors**

The Act amends the Plan to expressly recognize domestic partners of District of Columbia police officers and firefighters, who are members of the Plan, as survivors. If eligible, your surviving domestic partner will be entitled to survivor benefits upon your death, just as if he/she were a surviving spouse. This change only applies to your service accrued after June 30, 1997.

### **Impact on Active Members**

If you are an active police officer or firefighter who is a member of the Plan and you have a domestic partner with whom you have registered under the District's Health Care Benefits Ex-

pansion Act of 1992 (D.C. Code §§ 32-701 et seq.), your domestic partner, if eligible, is automatically covered under the Plan as a survivor in the event of your death.

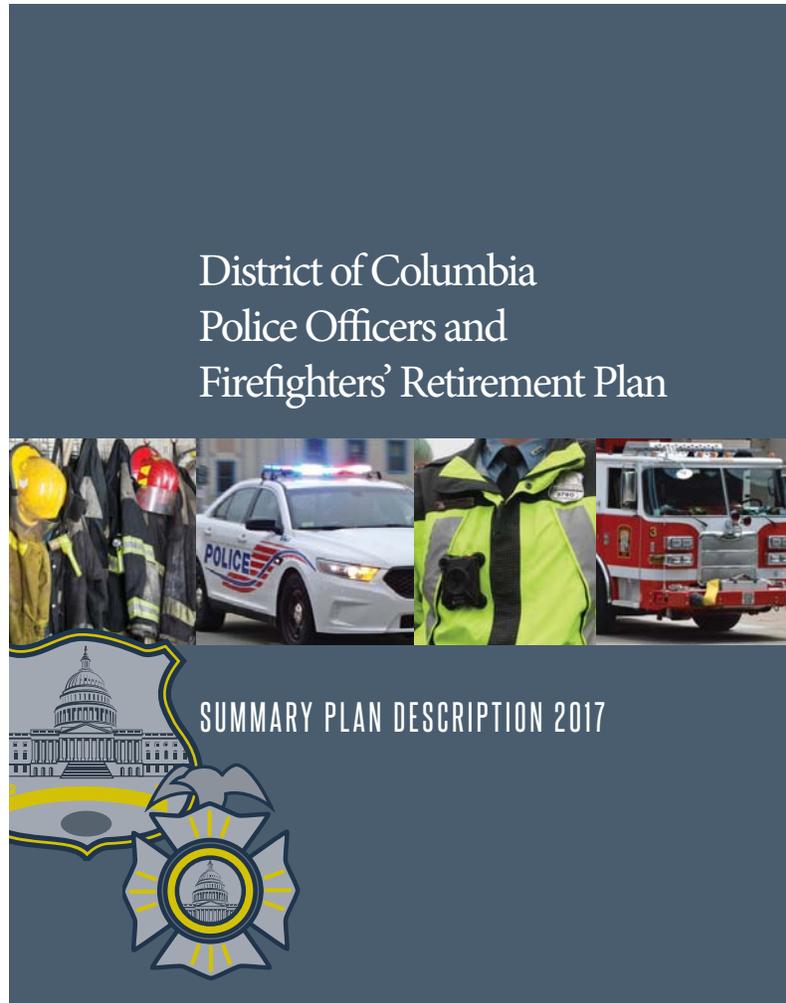
### **Impact on Current Retirees**

If you are retired and you had a domestic partner, or you enter a recognized domestic partner relationship after your retirement, upon your death, your domestic partner, if eligible, will be considered your survivor for pension purposes.

Please keep this document with your copy of the Plan's Summary Plan Description (SPD) for future reference. This change will be incorporated into the SPD when it is next updated.

If you have any questions or you would like additional information, active police members should contact MPD's Office of Human Resources at (202) 727-4261 and active firefighters should contact DCHR at (202) 442-7627. Retired members should contact the DCRB Member Services Center at (202) 343-3272 or toll-free at 1 (866) 456-3272.

**This page has been intentionally left blank. Please insert the SMM into your Summary Plan Description (SPD) booklet (cover shown below) for future reference.**



## DC Retirement Board

900 7th Street, NW  
Second Floor  
Washington, DC 20001



### Inside this DCRB Report 2019 COLA, Active Police Officer Election Results, and more

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## Our Member Services Center Can Help You

- **Electronic Funds Transfer (EFT):** New annuitants must use EFT to receive annuity payments. For an enrollment form for Electronic Funds Transfer Authorization, please visit the DCRB website at [www.dcrb.dc.gov](http://www.dcrb.dc.gov). You may also contact the Member Services Center to request an enrollment form or ask any questions you may have.
- **Beneficiary Updates:** It is important to keep your Plan beneficiary information current, especially if you have divorced. To update your beneficiary information related to your pension benefits, you can print out forms from the DCRB website (address indicated above) or you may contact the Member Services Center.
- **Life Event Changes:** Changes in your status may have an effect on your pension benefits or those of your family members. If you get married, divorced, become widowed, or if you have a change in your child student status, you must report such events to DCRB. Information on our website can also answer many of your questions. Visit us at [www.dcrb.dc.gov](http://www.dcrb.dc.gov) and click on the “Retirement” tab to view and print useful forms, view the Summary Plan Descriptions (SPDs), and read helpful brochures regarding special topics. Also, for your information and convenience, there is a retirement calculator and a glossary of benefits terms.

If you are an active member, please call your Human Resources office to inquire about services, such as: **changing your beneficiary information, changing or correcting payroll information, and updating your address.**

### 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](mailto:dcrb.benefits@dc.gov)

### TRUSTEES

Janice M. Adams  
*Mayoral Appointee*  
Lyle M. Blanchard  
*Treasurer  
Council Appointee*  
Joseph M. Bress  
*Council Appointee*  
Joseph W. Clark  
*Chair  
Mayoral Appointee*

Mary A. Collins  
*Elected Retired  
Teacher*  
Denise D. Daniels, PhD  
*Elected Active  
Teacher*  
Gary W. Hankins  
*Vice Chair/Secretary  
Elected Retired  
Police Officer*

Greggory J. Pemberton  
*Elected Active Police  
Officer*  
Edward C. Smith  
*Elected Active  
Firefighter*  
Thomas N. Tippet  
*Elected Retired  
Firefighter*

Michael J. Warren  
*Council Appointee*  
Lenda P. Washington  
*Mayoral Appointee*  
Bruno Fernandes  
*Ex Officio,  
Non-Voting*

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