



DCRB Report

SPRING/FALL 2020

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The mission of the District of Columbia Retirement Board is to serve the interests of the District's Police Officers, Firefighters, Teachers and their Survivors and Beneficiaries by prudently investing Fund assets and delivering accurate and timely benefit payments with excellent member service.

From the Chair of the Board

The need to move our office activities to a remote process interrupted our newsletter operations after the fall 2019 newsletter was distributed to you in December of last year. We apologize for being out-of-touch with you since that time, but we are back now and we have a lot of information for you. This combined spring/fall 2020 newsletter is a catchup edition, which provides you with the open enrollment and year end tax-related information that we usually give you in the fall, as well as the financial/investment information (see pages 4 and 5) for the fiscal year that ended September 30, 2019, which we normally send to you in the spring. The following will bring you up-to-date on activities that have occurred over the past year.



Gary W. Hankins

Board Elections and Trustee Elections/Appointments

During its meeting on February 20, 2020, the Board conducted elections to determine which Trustees would serve as Board officers for 2020. I am happy to report that my colleagues elected me to serve as Chair of the Board for this year. They also elected Trustee Joseph W. Clark to serve as Vice Chair/Secretary, and Trustee Tracy S. Harris to serve as Treasurer/Audit Committee Chair. Each of us will serve a one-year term which ends at the time of the next officer election in February or March of next year.

I am also pleased to advise you that the District Council reappointed Trustees Joseph M. Bress and Michael J. Warren to the Board. Their terms will continue through January 27, 2024 and January 27, 2023, respectively. In addition, Mayor Bowser reappointed Trustee Janice M. Adams to a term that ends on January 27, 2025.

In addition to their DCRB Board service, Trustee Denise D. Daniels was appointed by the National Council on Teacher Retirement to serve on their 2020 Teacher Education Committee, and Trustee Gregory J. Pemberton was elected Chairman of the DC Police Union.

Finally, due to personal reasons, Trustee Thomas N. Tippet resigned from the Board in July of this year. Consequently, in addition to the regularly scheduled Trustee elections for the Board's Active Firefighter, Active Teacher, and Retired Police Officer representatives, DCRB is holding a special election this fall to fill its Retired Firefighter seat (see page 2). Trustee Tippet served on the Board as the Active Firefighter representative from 1996 to 2000, and as the Retired Firefighter representative from 2005 to July 2020. We appreciate Trustee Tippet's long tenure and his valuable contributions to the Board over those many years.

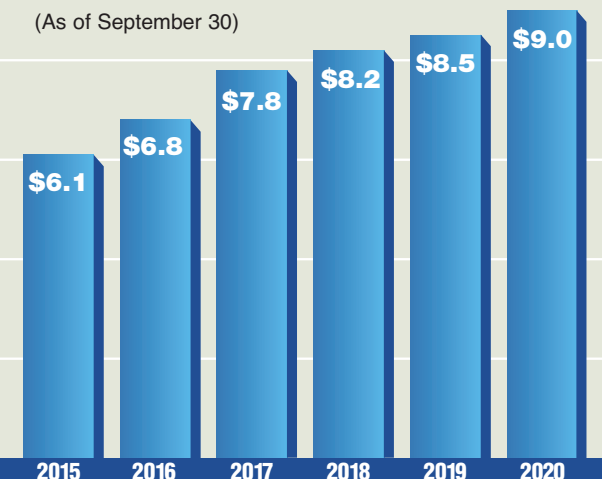
Investment Returns

During the twelve months ending September 30, 2020, the District of Columbia Police Officers and Fire Fighters' Retirement Fund and the District of Columbia Teachers' Retirement Fund (collectively referred to as the Fund) grew by \$440 million to a total market value of \$9.0 billion (see chart to the left). The growth is net of all benefit payments and administrative expenses.

The Fund's 5.5% gross rate of return for the fiscal year was led by U.S. and developed international equities, which saw strong rebounds following the COVID-19 shutdown-related lows in March. Other positive contributors were real estate and infrastructure investments, while absolute return investments

Total Market Value of Plan Assets

(As of September 30)



Continued on page 6

Year End Information

Tax Information for Calendar Year 2020

In January 2021, the U. S. Department of the Treasury’s Bureau of the Fiscal Service will issue 1099-R forms for the payments that retirees and survivors received from the District of Columbia Police Officers and Firefighters’ Retirement Plan and the District of Columbia Teachers’ Retirement Plan (the Plans) during tax year 2020. Although most recipients receive only one 1099-R form to file with their tax return, some individuals may receive more than one. To assure timely receipt of your 1099-R form(s), please advise us of any changes of address as soon as possible.

Federal Tax Withholding Amounts

To make certain that the amount of Federal taxes being withheld from your benefit payments will be adequate to cover your tax obligations for next year, this might be a good time to review your earnings statement. You should consult with your tax advisor on this matter. Under Federal law, you may have taxes withheld or not. The amount of taxes withheld does not, of course, affect the amount of taxes that you owe. You may change the amount of your tax withholding at any time. To change your Federal tax withholding amount, you should submit a Form W-4P to DCRB’s Member Services Center (MSC).

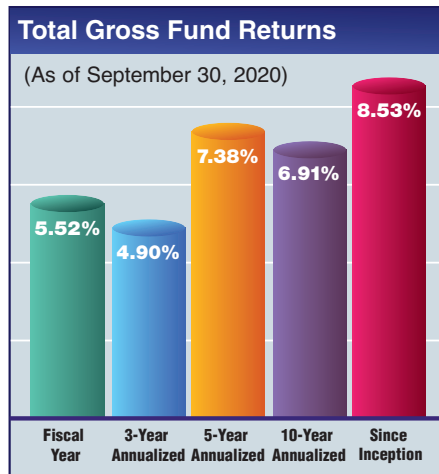
You may send the form via U.S. mail to: District of Columbia Retirement Board, Member Services Center, 900 7th Street, NW, Second Floor, Washington, DC 20001; by fax at (202) 566-5001; or you may call DCRB’s MSC at (202) 343-3272 (or toll free at 1-866-456-3272) or visit DCRB’s website, under Ask Member Services, to request a secure upload link. You can also call the above

numbers to request W-4P forms, and separate state tax forms (for MD, VA and DC only), or you can print forms from the DCRB website at www.dcrb.dc.gov or the IRS website at www.IRS.gov. Active

members who wish to make withholding changes should file a Form W-4 with their payroll office.

Changes of Address or Direct Deposit Information

If you have moved or soon plan to do so, you should contact the DCRB MSC (see number above) with your new address and bank change information, if necessary, as soon as possible to assure that you continue to receive your benefit payments and tax information promptly. As an alternative, you can print out forms for making address or direct deposit changes from DCRB’s website (see address in prior paragraph). The completed form(s) should be sent to the MSC at the address noted above.



Trustee Elections

Regular Elections

The terms of the Board’s Active Firefighter representative, Active Teacher representative, and Retired Police Officer representative will expire on January 27, 2021 and, consequently, elections are in progress to fill those seats. The Board will certify the winner of each of those elections at its meeting on December 17, 2020. The terms of the winners will be from January 28, 2021 through January 27, 2025. DCRB will announce the winner of the elections on its website at www.dcrb.dc.gov under the News Room, Press Release section following the December Board meeting, and the results will subsequently be published in the DC Register.

Special Election

Also, due to a resignation, a special election is in progress to fill the Retired Firefighter seat on the Board. The results of this election will also be certified by the Board at its December 17, 2020 meeting. As with the regular elections, DCRB will issue a press release on its website (under the News Room, Press Release section) following the December Board meeting, and the results will be published in the DC register. The winner of this election will serve the remainder of the current term, from January 28, 2021 through January 27, 2024.

Materials related to each of the four elections were distributed to eligible voters by DCRB’s election official (YesElections, Inc.) on September 11, 2020. The final day for eligible voters to submit a ballot is December 14, 2020. Press releases related to the elections were published on DCRB’s website (address noted above) on September 1, 2020.

Health Care Open Enrollment

Each year, you have an opportunity to review your District and Federal health care coverage and determine whether you wish to make a change. This year, the District of Columbia Human Resources Office (DCHR) and the Federal Government's Office of Personnel Management (OPM) have indicated that their respective health care open enrollment's will take place from Monday, November 9, 2020 through Monday, December 14, 2020.

Open Enrollment packets, containing detailed information about the plans being offered and premium amounts, were distributed to eligible members during the second week of November. Due to COVID-19 concerns, no health fairs are being held by DCRB this year.

Members seeking more information on the Plans, the Open Enrollment process, or how to enroll in either the District or Federal plans, may do so by visiting DCRB's website at www.dcrb.dc.gov via the homepage announcement labelled "Health Benefits Open Enrollment." That informational link will direct you to both the District and the Federal Open Enrollment programs.

As you think about whether to change your coverage, you may want to review those you currently have listed as dependents. If your dependents have changed, or reached age 26 (and are not considered under your Plan as an adult dependent), that may influence your decision on what coverage is best for you. You should also advise DCRB of any changes in dependents, so our records are up-to-date. In addition, should you decide to change your coverage, to preclude any delays in effecting the change, please review the change form before sending it to us to ensure that you have used the correct cov-

erage code and other requested information, and that you have signed and dated the form.

As in prior years, the OPM website (www.opm.gov) has a feature that allows participants to enter their zip code to locate health plans that have medical facilities near their homes. That feature lets participants select plans they are interested in and displays the provisions, costs and premiums of those plans on a comparison chart.

Once you have received and reviewed the information you need for your health care decision, you can submit applicable forms for any changes you wish to make for either the District or Federal plans via any of the following methods:

- Call Member Services Center: (202) 343-3272 or 1 (866) 456-3272 (toll free) to request a secure upload link

- Fax: (202) 566-5001
- U.S. Mail: District of Columbia Retirement Board
Attn: Member Services Center (Open Enrollment)
900 7th Street, NW, 2nd Floor
Washington, DC 20001

Forms and applications submitted via fax requesting changes in coverage must be dated no later than 5:00 p.m. (ET) on December 14, 2020. Documents sent by U.S. Mail must be postmarked by that date.

Active members, who are eligible for District health care coverage, should submit any changes online using the District's PeopleSoft employee self-service portal, and should direct any questions they may have to the District's Human Resources Office at (202) 442-7627.

DCRB Operations Changes Due to COVID-19

To assure the safety of our members, staff, trustees, and stakeholders, and in compliance with the Mayor's COVID-19 order, DCRB suspended all in-person services in mid-March 2020, and our administrative operations and Board meetings are now being performed remotely. Since that time, benefit payments have continued to be issued to existing retirees and survivors, new retirees have been processed for payment, and a cost-of-living adjustment of 2.3% was added to the benefit of eligible retirees (Police, Firefighters, and Teachers) in April. We will continue to deliver accurate and timely benefit payments with excellent member service.

If you need to contact DCRB's Member Services Center, you can do so as follows:

Phone: (202) 343-3272, or toll-free at (866) 456-3272, Monday through Friday, 8:30 a.m. to 5:00 p.m., Eastern Time

Secure Fax to the Benefits Department: (202) 566-5001

Website: "Ask Member Services" inquiry form.

Active members should contact their human resources office to change their address, receive retirement counseling, correct payroll information, etc.

We will keep you advised of any changes via our website and our newsletters.

Fiscal Year (FY) 2019 Investment Commentary

Following the payment of benefits and administrative expenses, the Fund’s assets totaled \$8.5 billion as of September 30, 2019, an increase of \$320 million from the end of FY 2018. During FY 2019, the Fund generated a gross return of 3.9%, slightly below the policy benchmark return of 4.4% for the same period.

Global Market Review

The fiscal year started with global equity markets falling sharply during the fourth quarter of 2018. Investors felt a growing sense of uncertainty given a multitude of issues, such as rising U.S. interest rates, a slow-down of growth in China, the ongoing trade dispute between the U.S. and China, and ongoing drama over Brexit negotiations. U.S. equity markets declined 14%, developed international equity markets dropped 13%, and emerging markets equities fell 7%. It was one of the worst quarters for the global equity markets in recent history.

Equity markets rebounded strongly in the first quarter of 2019,

driven by U.S. and European central banks putting a hold on further rate increases and improved prospects of a U.S.-China trade resolution. U.S. equity markets experienced their best quarter since the second quarter of 2009, gaining 14%. Developed international and emerging markets equities each increased 10%.

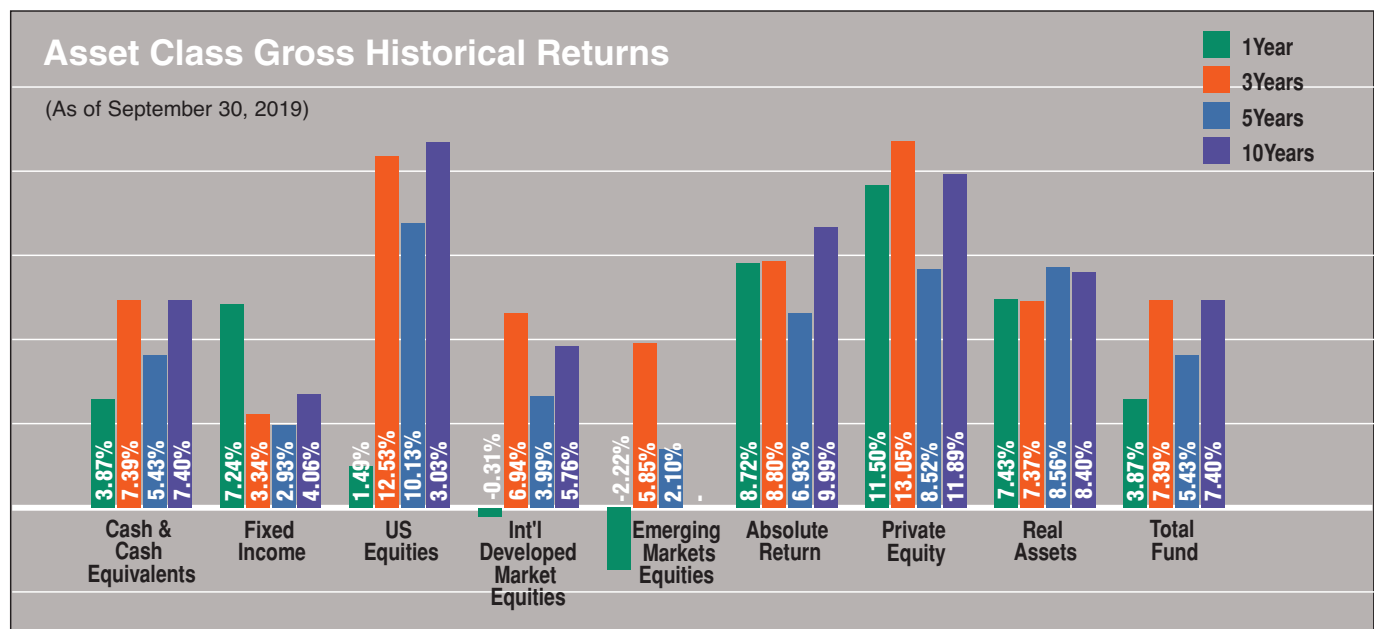
Developed markets extended their gains during the second quarter of 2019, with U.S. stocks increasing 4% and developed international markets advancing 3%. Emerging markets equities were flat, despite much volatility. Investors gravitated to the perceived safety of defensive stocks during much of the quarter, until central banks indicated further monetary easing, at which point markets gained strongly.

After a strong first half of the year, the third quarter generated additional gains, leading U.S. stocks to new record levels. Investors continued to pursue the perceived safety of low volatility stocks and new economy growth stocks. This dynamic changed abruptly in Sep-

tember, when markets experienced the largest rotation out of high-momentum stocks and into value stocks since the Financial Crisis. The Russell 3000 gained 1%, developed international market stocks declined 1%, and emerging market stocks dropped 4%.

Investment Results for FY 2019

As noted above, at the close of FY 2019, the Fund held assets of \$8.5 billion and generated a gross return of 3.9% for the fiscal year. Over the intermediate term, the Fund generated an annualized gross return of 7.4% over the last three years, 5.4% over the last five years, and 7.4% over the last ten years. Since inception (October 1982), the Fund’s gross return was 8.6% per year, exceeding the actuarial target return by 2.1%. The Fund’s slight underperformance during the fiscal year was driven by an underweight to U.S. fixed income, which outperformed U.S. equities by a significant margin, and the Fund’s active U.S. equity managers lagging their benchmarks.



DCRB Financial Statements for Fiscal Year 2019

For FY 2019, the Board once again received an unmodified, clean opinion from its independent auditor. The following schedules compare the FY 2019 financial statements with those of FY 2018.

Statements of Net Position (in \$000s) for the Fiscal Years ending:

	September 30, 2019			September 30, 2018		
	Teachers' Retirement Fund	Police Officers and Fire Fighters' Retirement Fund	Total	Teachers' Retirement Fund	Police Officers and Fire Fighters' Retirement Fund	Total
Assets						
Cash and short-term investments	\$20,298	\$56,136	\$76,434	\$15,735	\$43,599	\$59,334
Receiveables & Prepaid expenses	\$3,959	\$4,812	\$8,771	\$4,038	\$4,619	\$8,657
Investments at fair value	\$2,244,990	\$6,208,612	\$8,453,602	\$2,159,823	\$5,984,412	\$8,144,235
Total Assets	\$2,269,247	\$6,269,560	\$8,538,807	\$2,179,596	\$6,032,630	\$8,212,226
Liabilities						
Other payables	\$1,848	\$5,129	\$6,977	\$2,329	\$5,644	\$7,973
Investment commitments payable	\$2,917	\$8,068	\$10,985	\$1,161	\$3,216	\$4,377
Total Liabilities	\$4,765	\$13,197	\$17,962	\$3,490	\$8,860	\$12,350
Net Assets Held in Trust For Pension Benefits	\$2,264,482	\$6,256,363	\$8,520,845	\$2,176,106	\$6,023,770	\$8,199,876

Statements of Changes in Net Position (in \$000s) for the Fiscal Years ending:

	September 30, 2019			September 30, 2018		
Additions						
District government contributions	\$53,343	\$91,284	\$144,627	\$59,046	\$105,596	\$164,642
Employee contributions	40,432	38,243	78,675	40,324	34,478	74,802
Total contributions	93,775	129,527	223,302	99,370	140,074	239,444
Net investment income	85,047	232,987	318,034	94,129	316,842	410,971
Other income	883	2,435	3,318	1,038	2,356	3,394
Total additions	179,705	364,949	544,654	194,537	459,272	653,809
Deductions						
Benefit payments	81,471	121,342	202,813	78,430	106,794	185,224
Refunds	6,418	1,533	7,951	6,126	1,580	7,706
Administrative expenses	3,440	9,481	12,921	4,474	11,570	16,044
Total deductions	91,329	132,356	223,685	89,030	119,944	208,974
Increase in net position	88,376	232,593	320,969	105,507	339,328	444,835
Net position restricted for Pensions beginning of year	2,176,106	6,023,770	8,199,876	2,070,599	5,684,442	7,755,041
End of year	\$2,264,482	\$6,256,363	\$8,520,845	\$2,176,106	\$6,023,770	\$8,199,876

DC Retirement Board

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Inside this DCRB Report

Year End Information, Health Care Open Enrollment, FY 2019 Financial information, and more

From the Chair *continued from page one*

and emerging markets equities were both negative return drivers. Since its inception in October 1982, the Fund has achieved an annualized gross rate of return of 8.5%, substantially exceeding the Board's actuarial return target of 6.5% (see chart on page 2).

Annual Benefit Statements

Due to issues related to COVID-19, we have delayed the issuance of the annual Benefit Statements to next year. As an active employee and plan member, please make sure your mailing address is up-to-date in the District's PeopleSoft system, since we plan to mail paper copies of your statement to you.

Improvements Benefiting Our Members

In 2018, DCRB's Benefits Department began discussions with the U.S. Department of the Treasury's

Office of DC Pensions (Treasury) about a self-service function that will provide our members with the ability to view their pension documents (e.g., monthly earnings statements, health and life insurance information, direct deposit, tax withholdings, etc.) and to eventually make changes online. A decision has since been made to enhance Treasury's pension system for this purpose, and the work required to make this happen has begun. We anticipate the completion of the first component of the new functionality to be available around May 2021. We will provide you with updates on this project in subsequent newsletters.

Awards

We are pleased to advise you that once again, DCRB has received the Public Pension Coordinating Council's (PPCC) Recognition Awards for

2020 for both Funding and Plan Administration. These awards are for meeting professional standards set forth in the Public Pension Standards. PPCC is a confederation of the National Association of State Retirement Administrators (NASRA), the National Conference on Public Employee Retirement Systems (NCPERS), and the National Council on Teacher Retirement (NCTR).

DCRB has also received the Government Finance Officers Association's Certificate of Achievement Award for Excellence in Financial Reporting for FY 2019, an award we have received for the past twelve consecutive years.

These awards reflect DCRB's commitment to its members and its adherence to the required professional standards and maintenance to best practices expected of public retirement systems.

TRUSTEES				DC Retirement Board
Janice M. Adams <i>Mayoral Appointee</i>	Mary A. Collins <i>Elected Retired Teacher</i>	Tracy S. Harris <i>Treasurer Mayoral Appointee</i>	Michael J. Warren <i>Council Appointee</i>	900 7th Street, NW, 2nd Floor Washington, DC 20001 Voice (202) 343-3200 Fax (202) 566-5000 www.dcrb.dc.gov Sheila Morgan-Johnson <i>Executive Director</i> Joan M. Passerino <i>Editor</i>
Lyle M. Blanchard <i>Council Appointee</i>	Denise D. Daniels <i>Elected Active Teacher</i>	Greggory J. Pemberton <i>Elected Active Police Officer</i>	Vacant <i>Elected Retired Firefighter</i>	
Joseph M. Bress <i>Council Appointee</i>	Gary W. Hankins <i>Chair Elected Retired Police Officer</i>	Edward C. Smith <i>Elected Active Firefighter</i>	Bruno Fernandes <i>Ex-Officio, Non-Voting</i>	
Joseph W. Clark <i>Vice Chair/Secretary Mayoral Appointee</i>				