



DCRBReport

**Police Officers' and
Firefighters' Edition**

WINTER 2017

CHAIR'S CORNER

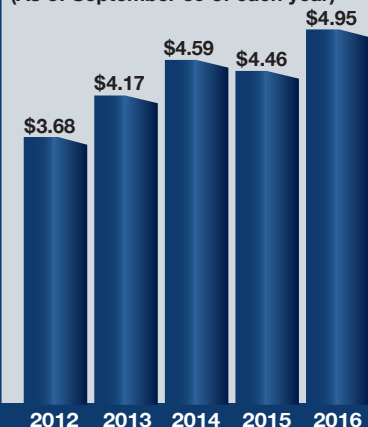
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The District of Columbia Retirement Board's mission is to prudently invest the assets of the Police Officers, Firefighters, and Teachers of the District of Columbia, while providing those employees with total retirement services.

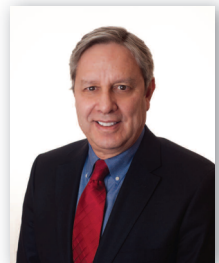
Market Value of Police Officers and Firefighters' Plan Assets

(As of September 30 of each year)



From the Chair of the Board

At its December 2016 meeting, the Board of Trustees certified the reelection of two trustees from the ranks of the District's police officers and firefighters: Gary W. Hankins (Retired Police Officer) and Edward C. Smith (Active Firefighter). Two other trustees, Darrick O. Ross (Active Police Officer) and Thomas N. Tippet (Retired Firefighter) also serve on the Board. It seems only fitting to introduce all of them (in alphabetical order) to you in this edition of your newsletter.



Joseph M. Bress

Gary W. Hankins



Trustee Hankins, a retired District police officer, first joined the Board following a special election in October 2013. As noted above, he was reelected in 2016 and began his second term on January 28, 2017. In addition to serving as Chair of the Audit Committee, he is also a member of both the Investment and Operations Committees. Trustee Hankins joined the MPD in 1970, where he served until his retirement in 1992.

Darrick O. Ross



Trustee Ross, an active District police officer, who began his first term on the Board in 1999, is currently serving his fifth term as a Board trustee. Trustee Ross served as Board Chair in 2004, 2005, 2009 and 2010. He also served as Sergeant-at-Arms in 2006 and Parliamentarian in 2007 and 2008. In addition, during his tenure on the Board, Trustee Ross has chaired several of the Board's standing committees, and is currently a member of the Board's Investment and Operations Committees. Trustee Ross has been with MPD since 1991.

Edward C. Smith



Trustee Smith, an active District firefighter, was first elected to the Board in 2009 and began his third term on January 28, 2017. Trustee Smith, who served as President of the DC Fire Fighters Association from January 2011 until his promotion to Battalion Fire Chief in September 2016, has chaired the Board's Benefits Committee since 2013. He is also a member of the Investment and Legislative Committees. Trustee Smith joined the District's Fire and EMS Department in 1992.

Thomas N. Tippet



Trustee Tippet was first elected to the Board as its Active Firefighter Trustee in 1996. After retiring in 2000 as the Fire Department's Acting Fire Chief, he was reelected to the Board in 2005 as its Retired Firefighter Trustee. He is currently serving his fifth term. Trustee Tippet is a member of the Board's Investment Committee.

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Post-1956 Military Service

The Plan allows members to receive credit in their retirement benefit for military service performed prior to joining MPD or FEMS. However, prior military service performed after December 31, 1956 (“post-56 military service”) must be purchased before retirement to avoid a reduction in your retirement benefit if you are or will be eligible to receive Social Security retirement benefits when you reach Social Security Full Retirement Age (“SSFRA”) (D.C. Code § 5-706(h)).

Why Must I Purchase My Post-56 Military Service?

Under the Plan, if you retire under optional or deferred retirement, your eligible prior military service is credited and included in your retirement benefit. Due to an amendment to the Plan on November 22, 2003, by the District of Columbia Military Retirement Equity Act (Pub. Law 108-133), if you are or will be eligible for Social Security retirement benefits when you reach SSFRA, you are required to purchase your prior post-56 military service before retirement to retain the service credit in your retirement benefit. If you fail to purchase your post-56 military service before you retire, and you are or will be eligible to receive Social Security retirement benefits at your SSFRA, DCRB is required to reduce your retirement benefit to exclude your credited military service. For this purpose, post-56 military service means honorable active service in the U.S. Army, Navy, Air Force, Marine Corps, or Coast Guard performed after December 31, 1956, excluding service covered by military leave with pay from a civilian position. National Guard or Reserve service is included only when ordered to active duty. Military service performed before January 1,

1957, is not required to be purchased.

If you are not or will not be eligible for Social Security retirement benefits when you reach your SSFRA, no service retention purchase is required and your retirement benefit will not be reduced. Generally, you need 40 quarters, 10 full years of Social Security covered work, to be eligible for Social Security retirement benefits. You will need to provide DCRB with an original verification letter or other document from the Social Security Administration (“SSA”) showing your ineligibility when you reach your SSFRA. See page 4 for Social Security contact information.

Note: If you are receiving, or you are eligible to receive, a military pension that was earned prior to your joining MPD or FEMS, you cannot receive credit for that service, unless your military pension is for a disability incurred in combat or in the line of military duty.

What Does this Mean for Me?

If you are an active or terminated vested member (you left MPD or FEMS with at least 5 years of service, did not take a refund of your Plan contributions, and will be eligible for a deferred retirement benefit at age 55), you must purchase your post-56 military service before your retirement benefit begins to avoid a reduction at your SSFRA. If you fail to make the required purchase, shortly before you reach your SSFRA, DCRB will notify you of your benefit reduction and opportunity to submit proof of your ineligibility for Social Security retirement benefits.

If you are already retired under optional or deferred retirement, your post-56 military service was credited in your retirement benefit calculation. If you fail to make the required purchase, your retirement benefit

will be recalculated to exclude your post-56 military service credit when you reach your SSFRA, unless you submit proof to DCRB that you are not eligible for Social Security retirement benefits. DCRB will notify you of your benefit reduction shortly before your SSFRA.

For members who retired before November 22, 2003, only: to avoid a reduction in your retirement benefit, you may purchase your post-56 military service at any time up until you reach your SSFRA. DCRB will notify those retired members who need to purchase their prior service or provide proof of ineligibility for Social Security retirement benefits.

How Much is the Purchase?

The amount of your purchase is determined by the base pay you received while you were in the military (“basic military pay”) and the percentage of your contribution to the Plan. For instance, if you joined MPD or FEMS prior to November 10, 1996 (Tier 2), your contribution rate to the Plan is 7% of your base pay; if you joined on or after November 10, 1996 (Tier 3), your contribution rate is 8%. Your service deposit amount is calculated by multiplying your Plan contribution rate (7% or 8%) by your basic military pay during the time that you served, then adding interest for each of your years of MPD or FEMS service to the date of your service purchase. The interest rate used is the current annual rate of return for the Police Officers and Firefighters’ Retirement Fund.

For example: If you were hired by MPD or FEMS prior to November 10, 1996, your contribution percentage to the Plan is 7%. If your earnings during the time of your military service were \$10,000, your purchase of service amount would

Continued from page 2

be approximately \$700, plus applicable interest.

Because interest applies to the purchase cost, the sooner you complete your purchase, the lower your service deposit will be.

How Do I Pay for my Purchase?

You will need to submit a Post-56 Military Service Credit Election form to your human resources office if you are an active member or to DCRB Member Services if you are a terminated vested member. The form is available from your human resources office or from DCRB's website at dcrb.dc.gov.

Upon receipt of all required documents, DCRB will notify you of your service deposit amount and your available payment options (lump-sum or monthly payroll deductions). Failure to complete your purchase before your retirement benefit begins will result in your receiving only partial service credit for your post-56 military service.

If you leave MPD or FEMS before retirement with less than 5 years of service, your service deposit amount will be refunded to you, along with your Plan contributions. If you are vested when you leave, and you do not take a refund of your Plan contributions, your service deposit amount will remain in the Plan along with your Plan contributions. If you did not complete your service deposit before you left MPD or FEMS, you must complete your service deposit before your deferred retirement benefit begins.

If you are an active member and you decide you do not need the additional service credit in your retirement benefit, or if you retire under disability retirement, your service deposit amount will be refunded to you at retirement.

For additional information, please contact the DCRB Member Services Center (see page 4).

Windfall Elimination Provision



Social Security's Windfall Elimination Provision (WEP) applies to individuals who earned a pension from a job (usually a public-service job) that is not covered by Social Security, and also worked in a Social Security-covered job for at least 10 years (40 quarters). In such situations, the person's Social Security benefit is offset to a maximum of 50% due to the existence of a pension benefit under a plan where no Social Security taxes were paid.

Congress created the WEP in 1983 so that Social Security could distinguish between workers who earn substantial pensions from primary jobs in non-covered employment, but whose low wages or short work records make them appear to be low-wage workers, and workers who were actually low-wage workers. Essentially, Congress did not want the first group to unfairly ben-

efit from Social Security's progressive formula that pays benefits that are a greater portion of a low-wage earners income than a high-wage earners income. The WEP was intended to prevent people from "double dipping."

In essence, a regular Social Security benefit is calculated in three segments, where the first portion of covered earnings is multiplied by 90%, the second by 32%, and the third by 15%. Under the WEP, the first segment is reduced to 40% for retirees who worked in Social Security-covered employment less than 20 years. There is a sliding scale for those who worked in Social Security-covered employment between 20 and 30 years, and the WEP is eliminated at 30 years or more. The maximum amount of the reduction is equal to 50% of the non-covered pension.

2017 Cost-of-Living Increase

On February 2, 2017, a notification was issued by the DC Human Resources Office indicating a 2.1% cost-of-living (COLA) increase for District of Columbia Police Officers and Firefighters' Retirement Plan ("the Plan") retirees and beneficiaries. This increase, which is effective March 1, 2017, will be included in annuity payments starting April 1, 2017. Members who retired after March 1, 2016, and before March 1, 2017, 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, 2017. Police officers and firefighters who retired before February 15, 1980, are under equalization rather than COLAs, and they receive annuity adjustments based on pay increases granted to active members.

DC Retirement Board

900 7th Street, NW
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Washington, DC 20001



Inside this DCRB Report Post-1956 Military Service, Windfall Elimination Provision, and more

Chair's Corner

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Updates

DCRB is currently putting the finishing touches on a Request-For-Proposal (RFP) for a Pension Information Management System (PIMS) that will be released before mid-2017. Following our review of the responses we receive (which should take several months to complete), the Board will select a vendor that will work with DCRB to design and implement a new system. Under the new system, which will take a few years to fully deploy, DCRB will become responsible for the upkeep and maintenance of the system, which is a task that is currently performed by the U. S. Department of the Treasury.

I am also pleased to announce

that DCRB has begun a project that will result in the distribution of benefit statements during calendar year 2017 for all active members of the Police/Fire Plan. We began this process in late 2016 with a pilot group of 192 active firefighters. They received preliminary copies of their statements and were asked to provide feedback on both the descriptive information in the statement, as well as their benefit estimate. After we reviewed the comments we received, we made some adjustments and we expect to mail statements to all active firefighters this spring. We will follow this same process for active police officers, who should receive their statements later this year. Of course, since retired members already know their benefit amounts, no statements will be sent to them.

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Contacts



DCRB Member Services

(202) 343-3272

Toll Free (866) 456-3272

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) 673-6443

Police and Fire Retirement and
Relief Board

(202) 442-9622

Office of Personnel Management
(OPM)

Toll Free (724) 794-2005

Social Security Administration

(800) 772-1213

<http://www.ssa.gov>

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*Treasurer
Council Appointee*

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*Elected Retired
Teacher*

Nathan A. Saunders
*Elected Active
Teacher*

Michael J. Warren
Council Appointee

Barbara Davis Blum
Mayoral Appointee

Gary W. Hankins
*Elected Retired
Police Officer*

Edward C. Smith
*Elected Active
Firefighter*

Lenda P. Washington
Mayoral Appointee

Joseph M. Bress
*Chair
Council Appointee*

Darrick O. Ross
*Elected Active
Police Officer*

Thomas N. Tippet
*Elected Retired
Firefighter*

Jeffrey Barnette
*Ex Officio,
Non-Voting*

Joseph W. Clark
*Vice Chair/Secretary
Mayoral Appointee*

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