



A Publication of the DC Retirement Board for Active and Retired Police Officers, Firefighters and Teachers

DCRB Report

FALL 2008

Fund and Technology Updates

The mission of the District of Columbia Retirement Board is to invest, control, and manage the assets of the Teachers' Retirement Fund and the Police Officers' and Firefighters' Retirement Fund.

At this time last year, my comments to you began with the announcement of the arrival of our new Executive Director, Eric Stanchfield, and ended with information regarding DCRB's plans to upgrade our technology and automate our records. I also indicated that the Board would continue to diversify fund assets to reduce risk associated with volatile and uncertain markets. I must admit, we did not expect to see the kind of volatility we are currently experiencing. Given the importance and gravity of recent market changes, I'd like to address that subject first.

The bad news, of course, is that the market has fallen since the beginning of 2008 and, like other retirement systems, the Funds that DCRB manages on your behalf have experienced a reduction in value. As of September 30, 2008, the assets in the Funds totaled \$3.73 billion, a reduction of 15.4% since the Funds' valuation of September 30, 2007.

As I indicated in my letter to you of October 14, 2008, however, since the District of Columbia Police Officers' and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan (the "Plans") are defined benefit plans, the market turmoil will not affect your pension benefits. This is because your benefit is determined by a formula that uses your average base pay and years of service to calculate your pension payment. This means that retirees and survivors will continue to receive their payments each month, unaffected by changes in the market, and that active members will continue to accrue their benefits under the provisions of the Plans.

Even though investment results do not

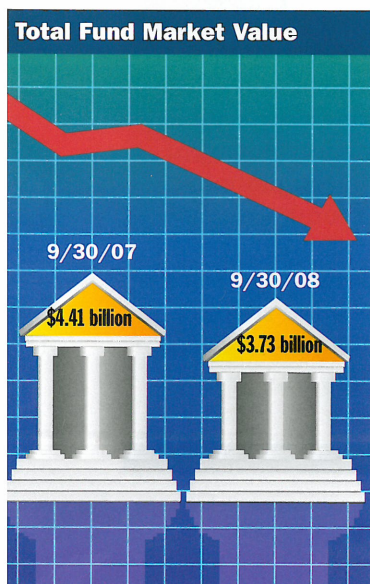
affect your benefits, you should know that it is the Board's policy to diversify the assets of the Plans so that investment performance does not hinge on any one investment type or on any one firm's success or failure.

In addition, the Board is cautious to hire skilled money managers and to monitor them to assure that the investment opportunities they select meet the Board's objectives and standards. The bottom line is that your pensions are secure.

With respect to our technology and automation initiatives, DCRB's Benefits Department began a scanning project earlier this year that will result in our digitizing all retiree folders by the end of December. The purpose of this project is to protect these one-of-a-kind documents from loss or damage, and to make them more readily available to our staff when you call for information. In addition, DCRB is working closely with the District's Office of the Chief Technology Officer on a project that will ultimately allow us to receive retirement materials from other District agencies electronically. Once that project is completed, the time that it takes to provide retirees with their first pension payments should be reduced significantly.

Please feel free to e-mail me personally at briank.lee@dc.gov if you have concerns about the impact of the economy on your benefits or questions on the direction the Board is taking regarding the Plans.

Chairman's Corner



Year-End Information for Retirees and Survivors

As in the past, as we near the end of a tax year, we want to remind you of three items that will make your tax filing easier:

1. Address Changes

Since most of you receive your pension payments via direct deposit, if you move, your pension payment will continue to be sent to your bank account whether DCRB is advised of your new address or not. Since your 1099-R Form is sent to your home address, however, that important tax form will not reach you unless you contact us about your move. To notify us of a change in your mailing address, all you need to do is visit the DCRB web site at www.dcrb.dc.gov and click on DCRB Forms at the upper left hand side of our home page under the heading of Services (the Change of Address Form is right at the top of the list of forms). Then click on that form, print it out, and send the completed form to:

Member Services Center
DC Retirement Board
900 7th Street, NW, 2nd Floor
Washington, DC 20001

If you do not have access to our web site, you can call the Member Services Center at (202) 343-DCRB (202-343-3272) and one of our customer service representatives will be happy to mail a copy of the form to you.

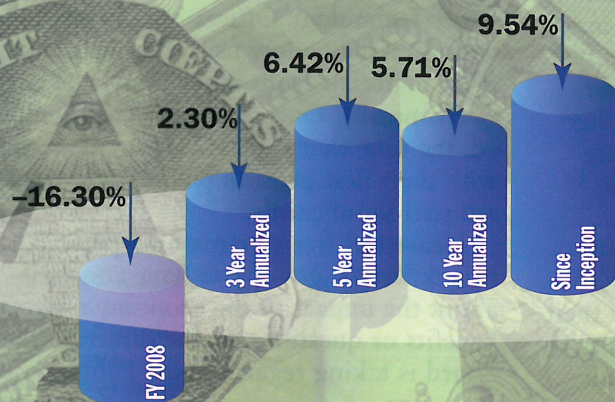
2. The Distribution of 1099-R Forms

As required by law, in January of each year, 1099-R Forms are distributed by the U.S. Treasury Department's Bureau of the Public Debt (BPD) to anyone who received a payment from the District of Columbia Police Officers' and Firefighters' Retirement Plan or the District of Columbia Teachers' Retirement Plan during the prior tax year. Consequently, BPD will mail 1099-R Forms for tax year 2008 by January 31, 2009. Most annuitants will receive one multipart 1099-R Form to use in filing their taxes for the 2008 tax year. However, if you receive a benefit payment as a retiree and also as a survivor, you will receive more than one 1099-R, and you will need to file both of those forms with your tax returns.

3. Review of Your Tax Withholding

Finally, although you do not need to have taxes withheld from your pension payments, you do need to pay taxes on them. To assure that you will be able to pay the appropriate amount of taxes for the next tax year, it is always a good idea to make sure that your withholdings are adequate to cover your tax obligation. Consequently, if you find that you have to pay an additional amount to cover your 2008 taxes or you discover that you have a refund coming to you, you may want to adjust the amount you are currently having withheld. Withholding forms for Maryland, Virginia, the District of Columbia, and Federal income taxes can be printed from the DCRB web site (as indicated above) or you can contact the DCRB Member Services Center to have copies of what you need mailed to you. All completed tax withholding forms should be returned to the DCRB Member Services Center at the address indicated above.

Total Fund Returns (gross of fees)



Confirmation Requests

As the Administrator of the police officers', firefighters', and teachers' retirement plans, DCRB is required to verify that annuitants are receiving their pension payments. Consequently, we may periodically send you a Confirmation Statement. To avoid any interruption in your receipt of future benefit payments, you should complete the form and return it to us as soon as possible. No action is required of you unless we send this form to you.

Technology Project

In his letter to you on the cover of last fall's DCRB Report, Board Chairman, Brian Lee, announced that DCRB had retained a firm, MTG Management Consultants ("MTG"), to assist the Board in mapping out a strategic course for DCRB to follow in upgrading the services we provide to you and identifying

and implementing the technology needed to deliver those services. This is an update on our progress with that strategic plan.

In December 2007, the Board approved a multi-year plan, consisting of several projects, that will culminate in transforming DCRB's Benefits Department into a full service entity for members

of the District of Columbia Police Officers' and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan (the "Plans"). These projects will include:

- the scanning of retiree folders and other materials currently housed in DCRB's file room and those we receive in the future;
- the automation of workflow to enable DCRB to receive retirement materials from other District agencies electronically;
- upgrading and expanding DCRB's web site to make it interactive and to provide tools that will allow active members to estimate their own benefits by entering their own relevant data;
- expanding the current retirement calculation system to build a data base of information for active members, so that the time required to begin pension payments for new retirees is reduced significantly, and to permit DCRB to provide active members with an annual benefits statement.

We are pleased to tell you that we will be finished with the Document Scanning Project in December of this year. In addition, we are currently working with the District's Office of the Chief Technology Officer on their Electronic Content Management Project that will allow the transfer of documents electronically among the various agencies (for example, DCRB currently receives paper documents from OPRS, the Retirement and Relief Board, and from your human resources offices). And finally, next year, we will upgrade our web site, and we will begin the process of building our data base for active member information. As these projects conclude, the services we will be able to provide to you will rise to the level of "best practices" and the quality and timeliness of those services will be "world class" as well.

Direct Deposit—Prompt and Automatic

Direct deposit of your pension benefits is the way to go. Over 92% of your colleagues think so. Here's why:

■ **It's easier and more convenient.** All you need to do is fill out a form to get it started, and after that your payments are deposited directly into your checking, savings, or credit union account on the first business day of each month.

■ **It's safer and more predictable.** You don't need to worry about your mail being stolen or being delayed due to storms or holiday volume. Your payment is automatically deposited into the account you designated on the first business day every month.

■ **It's more economical.** It costs the pension funds less to send you your pension payment electronically each month than to print and mail checks to you. You also avoid a trip to your bank.

To get started, just visit the DCRB web site at www.dcrb.dc.gov and click on DCRB Forms under the Services headline on the upper left hand side of our home page, then click on Direct Deposit Form (second from the top) to print out the form yourself. Or, you can call the DCRB Member Services Center at (202) 343-DCRB (that is, 202-343-3272) and ask one of our customer service representatives to mail a copy of the form to you. Whichever method you choose, you should mail the form to us at the following address:

Member Services Center
DC Retirement Board
900 7th Street, NW, 2nd Floor
Washington, DC 20001

And, if you get the completed form to us by the 10th of the month, we should be able to activate it in time to get your next benefit payment safely into your designated account. Go ahead and try it. If you find that you don't want to continue, you can always go back to receiving a paper check — but, we'll bet that you'll like the convenience and peace of mind of knowing that your money is in your account on the first business day of each month, even when you are visiting family or friends, or you're away on vacation when benefit payments are issued.

2008 Health Care Open Season

The Office of Personnel Management (OPM) and the D.C. Department of Human Resources (DCHR) have announced health care open seasons that will take place between November 10 and December 8, 2008. During that time, members of the District of Columbia Police Officers' and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan who are eligible to participate in the health plans available to District and Federal employees and retirees will have an opportunity to change their health plans.

Packets containing information about the plans and health fairs that are scheduled to take place

during the respective enrollment periods were mailed to eligible members in early November. In addition, this year OPM has enhanced its web site with software that allows eligible participants to select up to four health plans they are interested in and to compare the plans' provisions, costs and premiums. You can access that new program at www.opm.gov/insure.

Active members should submit their completed change forms to their human resources office. Retirees and survivors should forward their completed change forms to the DCRB Member Services Center. The cut-off date for changes is December 8, 2008.

Useful Numbers

D.C. Public
Schools Human
Resources Office
(202) 442-4080

Metropolitan Police Department
Human Resources Office
(202) 727-4286

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

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

DCRB Member Services Center
(202) 343-DCRB
(toll free) (866) 456-3272
TTY (800) 877-8339
Fax: (202) 566-5001
Email: dcrb.benefits@dc.gov

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Barbara Davis Blum
Mayoral Appointee

Diana K. Bulger
Mayoral Appointee

Joseph W. Clark
Mayoral Appointee

Mary A. Collins
Treasurer
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Council Appointee

Brian K. Lee
Chairman
Elected Active Firefighter

Judith C. Marcus
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Darrick O. Ross
Parliamentarian
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Elected Retired Police Officer

Thomas N. Tippet
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Lasana K. Mack
Ex Officio, Non Voting

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Open Enrollment
Year End Information

Inside DCRB Report this month:



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