



GENERAL EMPLOYEES' RETIREMENT SYSTEM

2020 NEWSLETTER

Our mission is to ensure the proper management and investment of the Retirement System assets in order to protect the benefits of the members and beneficiaries of the Retirement System, and to provide them with the highest level of administrative services.

CHAIRMAN'S MESSAGE

George Mitchell, Chairman

The past year is one we'll always remember, even if we'd prefer to forget it: a global pandemic, economic disruption, and a Presidential election like no other in recent memory. It was a year that changed the way we live and clarified the important priorities in our lives. The New Year starts with encouraging news about vaccines and the hope that we will begin to move past the turmoil of 2020 and settle into a new normal in the near future.

This has been an eventful year for your pension plan too. The most painful effect has been the loss of many plan participants to the coronavirus. Our heart-felt condolences go out to the family and friends of our co-workers and retirees who passed away too soon. To those who have been infected, we wish you a full and speedy recovery.

Your pension office has made changes to fight the spread of the virus and safeguard the continued operation of the plan. For the time being, we are limiting walk-in access to the office. All in-person visits to the office are by appointment only. Face coverings are required for all visitors to the office. Many routine matters can be handled at a distance – by phone, email, US mail or intraoffice delivery. (See the next page for contact information.) Forms to change your beneficiary, adjust your tax withholding, change direct deposit instructions or update your mailing address are available for download from our website: www.PompGERS.org. We are committed to providing you with a high level of service during these challenging times and look forward to the day when we can lift these restrictions.

The health crisis has disrupted the economy too, and that has an impact on the pension plan. The daily financial news is full of stories about historically low interest rates, stock markets that surge on hopeful news or plummet on new-found worries, disruptions to real estate and other investments. The pension plan has a very long-term investment horizon, one that contemplates both bad and good times. It has been a challenging time for our money managers, but through this year's twists and turns, the plan ended the fiscal year with a positive 6.1% overall return.

For retirees and beneficiaries, the good news is that investment volatility does not affect your monthly benefit payments. Your benefit is based on your years of service with the city and your earnings while working, not on investment returns. The guaranteed nature of your benefits is the primary advantage of being covered by a Defined Benefit plan. For many active employees, the city has recognized your efforts to continue working under challenging circumstances. The city's Covid-related bonus pay is considered "pensionable compensation". This temporary pay increase will count in the calculation of your benefits when you eventually retire.

On behalf of the Board of Trustees and pension office staff, I wish you a very safe and healthy 2021.

AT A GLANCE

As of September 30, 2020

PLAN PARTICIPANTS

◆ Active Employees	520
◆ Terminated & Vested	26
◆ DROP Participants	44
◆ Disability	14
◆ Retirees	346
◆ Beneficiaries	51

PLAN ASSETS
\$ 200,648,066

BENEFIT PAYMENTS MADE IN FY2020
\$ 14,559,767

CONTRIBUTIONS TO PLAN IN FY2020

◆ Employees	\$ 3,104,113
◆ City	\$ 9,910,087
◆ BSO & County	\$ 220,492

NET INVESTMENT INCOME FY2020
\$ 11,092,521

VISIT US ONLINE AT

WWW.POMPGERS.ORG

Forms, Reports, Agendas & more

The Board of Trustees meets on the 3rd Tuesday of each month at 1:30 p.m. at the Pension Office, unless otherwise posted. All meetings are public and anyone may attend. Ten days prior to each meeting, notices are sent to all departments throughout the city. Meeting agendas are posted 48 hours prior to each meeting on our website.

BOARD OF TRUSTEES

George Mitchell, chair	Employee elected
Leeta Hardin, vice-chair	Employee elected
Frankie Chevere	Employee elected
Mark Darmanin	Commission appointed
Mark Eddington	Board appointed
Greg Eickhorn	Commission appointed
Michael Miller	Commission appointed

STAFF

Madelene Klein	Executive Director
Bob Oelke	Assistant Administrator

**2255 S.W. 2nd Street
Pompano Beach, FL 33060
(954) 782-2660**

BOARD ATTORNEY

Rice, Pugatch, Robinson, Storfer & Cohen
PLLC

PLAN ACTUARY

Cavanaugh Macdonald Consulting, LLC

PLAN AUDITOR

Kabat, Schertzer, De La Torre, Taraboulos
& Co LLC

PLAN CUSTODIAN

Regions Bank

ASSET CONSULTANT

Southeastern Advisory Services

TRANSITIONS 2020

RETIREMENT

STEPHEN COCHRANE

STEVE MC DONOUGH
JOHN PARKER

TERESA PASHA

VESTED TERMINATION

TABENSKY JOHNSON

CYNTHIA DICINTIO

DROP ENTRY

DOMINIQUE ALEZI
THOMAS BENNETT
CHARLES DERICO
PETEY DOBYE

LORRAINE FRUND
DONALD JACKSON
JENNIFER JOHNSON
THOMAS MOHORN

CLARENCE MORGAN
OCTAVIAN ONUC
ROSS ROEBUCK

DROP EXIT

RAWN BERRIAN
WILLIAM COLLINS
THOMAS CURRAN
BARBARA GLASS

BELINDA GRAHAM
KYLE MC PHAIL
ROGER MC PHERSON

HOWARD NADLER
ANGELINA RAMOS
DOROTHY ROBINSON
STEVEN YURESKO

DISABILITY

DAWNSON CHARLES

PRE-RETIREMENT DEATH

LISA WIGGINS

POST-RETIREMENT DEATH

ROBERT CALLAHAN
PARRISH COOPER
JAMES DAHLIN
GUS DANIELS
REGINA DOWNS
LOIS ELLIS

DARLA FAYE
THERESA GROSHEIM
INNOCENT GUILLAUME
ALBERT HANSBERRY
MARVIN HUNTER
MONTIE MORGAN

KLAUS REINHARD
ALBERT SMALL
ORLANDO SOTO
WILLIAM TAYLOR
MARJORIE VAN JAARSVELD
REGINA WYNN

HELP US KEEP YOU UP-TO-DATE

Have there been any changes in your life lately? Did you move, change your phone number or email? Did you change your name recently? For your protection, all requests for address changes must be in writing. A **Change of Address Form** can be found at our website. For name changes we need a copy of a marriage license, divorce settlement or other official documentation.

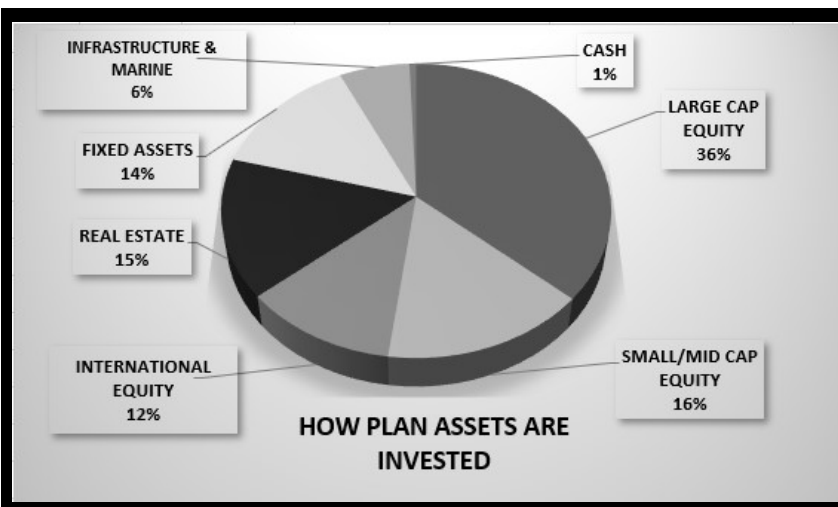
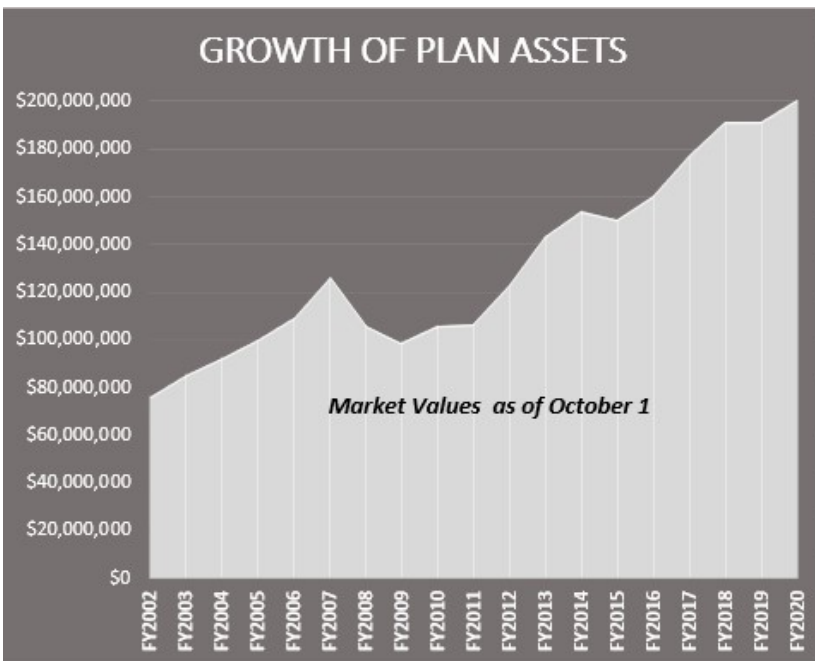
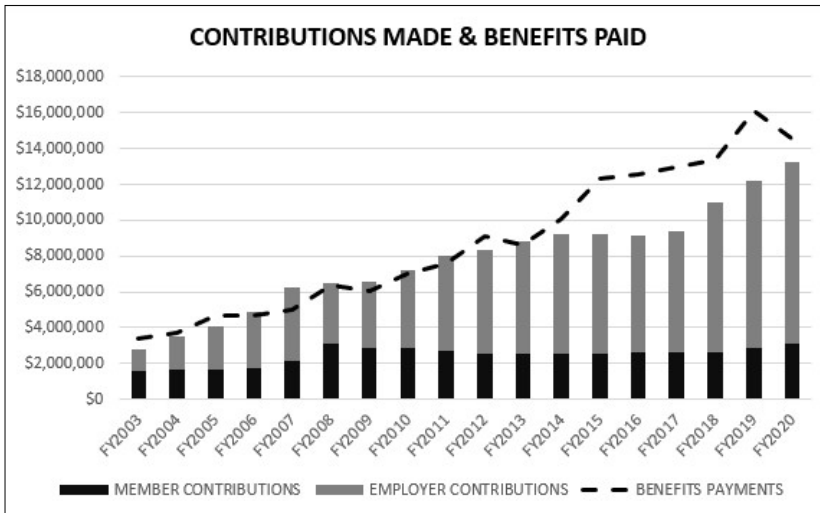
Need to change the amount being withheld for tax purposes? Please complete **Form W4-P**.

Changed banks lately? Please complete an **Authorization for Direct Deposit** and return it to the Pension Office with a voided check for the new account.

POMPGERS.ORG

follow the "Forms" link to find these forms online.

FINANCIAL STRENGTH



BOARD NEWS

An election was scheduled for November 19th to elect one member of the Retirement System (active or retired) to serve on the Board of Trustees for the term expiring December 2023. Trustee Frankie Chevere was the only person nominated as a candidate. As a result, no election was held and Trustee Chevere will serve his first full three-year term on the Board.

On December 8, 2020 the City Commission re-appointed Trustee Mark Darmanin to the Board to serve his second full term, which will expire December 2023.

We are very fortunate to have dedicated, experienced and knowledgeable Trustees serving your pension plan.

Due to Covid precautions requiring physical distancing, the Board has been meeting by teleconference. These meetings are open to the public on the 3rd Tuesday of each month. The meeting's agenda and instructions for remote attendance or participation will be posted online 48 hours prior to each meeting. PompGERS.org.

PORTFOLIO MANAGERS

Large Cap Value
Small/Mid Cap Value
Index Fund
Fixed Income
Core Real Estate
Strategic Value Real Estate
Infrastructure & Global Marine
International Funds

DePrince Race & Zollo
 Atlanta Capital
 Rhumblin Advisers
 Richmond Capital Management
 Principal Global Investors
 American Realty Advisors
 JPMorgan
 American Funds
 Invesco / Oppenheimer

RECENT CHANGES TO YOUR PENSION BENEFITS

The Federation of Public Employees and the City negotiated a new collective bargaining agreement in 2020 that significantly changed retirement benefits for active employees in two ways: Tier 2 employees will upgrade to Tier 1 status for future service, and the period an employee can participate in the Deferred Retirement Option Plan (DROP) is extended from 5 years to 8 years for certain members.

TWO TIERS

Since 2011, the pension plan has offered a two-tiered system of benefits. Employees hired before June 8, 2011 (Tier 1 employees) contribute 10% of their pensionable earnings to the plan and their benefit is calculated by multiplying the number of years of service by a 2.75% accrual rate times their average monthly salary. For Tier 1 employees, the average monthly salary is the average of their highest 78 pay periods (the equivalent of 3 years of pay). Employees hired after June 8, 2011 (Tier 2) contribute 7% of their pensionable earnings to the plan and their benefit is calculated using an accrual rate of 2.00% times their average monthly salary. The average monthly salary for Tier 2 employees is the average of their highest 130 pay periods, or the equivalent of 5 years of pay. One other difference relates to the Cost of Living Adjustment (COLA). For Tier 1 retirees, a 2% COLA is effective on the first anniversary of their retirement; for Tier 2 retirees a graduated COLA based on the retiree's age is effective on the fifth anniversary of retirement.

AUTOMATIC CHANGES

When the changes are implemented, all employees will be entitled to the higher Tier 1 benefits and subject to the higher Tier 1 contribution rate. Employees currently in Tier 1 will see no immediate changes to their bi-weekly contributions or eventual retirement benefits. Employees hired after June 2011 will see an approximate 3% reduction in their take home pay (reflecting the higher 10% contribution rate versus the current 7%). Benefits based on future service credits will be calculated using the higher accrual rate of 2.75% applying 3-year income averaging. Benefits based on past service credits earned while in Tier 2 continue to be calculated at the lower 2.00% rate, using 5-year income averaging.

VOLUNTARY UPGRADE

Employees currently in Tier 2 may upgrade their past service to Tier 1 benefits. Employees who elect to upgrade past service must contribute the difference between the 7% they have contributed to the plan while in Tier 2 and the 10% they would need to contribute to be entitled to higher Tier 1 benefits. Employees must pay that 3% difference to the plan as a biweekly payroll deduction, unless they choose a lump-sum option. The payment period is the same length of time that they participated in Tier 2. Employees who separate from service (terminate employment, die, retire or enter DROP) before this amount is fully paid are entitled to Tier 2 benefits for their past service credits and will be refunded the upgrade contributions they have paid. (All employees earn Tier 1 benefits for service credits earned after the implementation date of the new ordinance). The collective bargaining agreement allows an employee to shorten the payroll deduction period for the upgrade by paying a lump-sum to the plan. The plan will accept lump-sum rollovers of before-tax dollars from an employee's retirement account such as 457 plans, Traditional IRAs or 401ks. Employees may also contribute after-tax personal savings or convert unused sick and vacation time as an after-tax contribution with specific restrictions. Employees may want to discuss these options and possible tax consequences with their financial advisors. **To upgrade, employees must elect to do so on the form provided by the Pension Office no later than January 31, 2021.**

For example, assume an employee has earned five years of Tier 2 service and has been contributing 7% of pay to the plan. If the employee earned \$50,000 per year, he or she has earned a total of \$250,000 for time in Tier 2. To upgrade benefits to Tier 1 levels, this employee would need to pay 3% of \$250,000 or \$7,500 within 5 years. This results in a \$57.69 payroll deduction (\$7,500/130 pay periods) The total amount of \$7,500 must be paid in full prior to the end of the buy-back period, retirement, or entry into DROP, in order for this employee to receive the higher Tier 1 benefits at retirement.

DROP EXTENSION

The pension plan currently allows employees who are eligible for normal retirement to participate in DROP for a maximum of 60 months (Tier 1 and Tier 2 employees). The new collective bargaining agreement extends the DROP period to 96 months for those retiring with at least 20 years of credited service. Any employees currently in DROP who had at least 20 years of credited service before entering DROP may elect to participate for an additional three years. **Existing eligible DROP participants wishing to extend their DROP periods must elect to do so in writing no later than January 31, 2021 on the form provided by the pension office.** Employees entering DROP who do not have 20 years of credited service (or current DROP participants who did not complete 20 years of credited service before entering DROP) may participate in DROP for a maximum of five years.

RETIREE NEWS

Benefit Verifications: To ensure that benefit payments go only to recipients who are rightfully entitled to receive them, we ask each retiree and beneficiary to complete a verification form each year. This form must be signed in the presence of a Notary Public. Please return your complete, notarized form to the Pension Office as soon as possible. For your convenience, Notaries Public at the Pension Office are available to help you complete your form. **Please note: all visits to the Pension Office are BY APPOINTMENT ONLY.** Please call the Pension Office to confirm our availability.

Please remember, the Pension Office has moved to 2255 SW 2nd Street.

The Tax Man Cometh:

1099-R Our plan custodian — Regions Bank — will be mailing a Form 1099-R to all retirees and beneficiaries who received benefit payments during calendar year 2020. Anyone who received a distribution of their DROP account will receive a separate 1099-R for that distribution. Forms should be mailed no later than January 31, 2021. Please call or email the Pension Office if you did not receive your 1099-R by mid-February.

What is in Box 5? Some retirees may notice that some income on their 1099-R is listed in Box 5 as “Employee contributions”. If you see an amount in Box 5 on your 1099-R, this represents return of after-tax contributions that you made to the plan. In effect, this portion of your benefit is not taxable — you have already paid taxes when you contributed to the plan.

New IRA Rules Earlier this year Congress passed the CARES Act, designed to stimulate the economy. One provision allows retirees to forgo taking Required Minimum Distributions (RMDs) from IRAs or other defined contribution plans, such as 401(k)-type plans for 2020. Congress also amended some rules affecting IRAs and 401k plans late last year. Among the changes that went into effect in 2020: workers with earned income can continue to contribute to their IRAs regardless of age (previously, no IRA contributions were permitted after age 70), and there are changes to the way inherited IRAs are taxed. Congress also expanded payout options from IRAs to include a lifetime annuity (guaranteed lifetime income). You may want to discuss recent changes with your tax preparer to see how these might affect your pension benefits, other retirement income and your taxable income.

Withholding: The IRS will be issuing new tax withholding tables in January. You may see a small difference in your monthly benefit deposit once the new tables are issued, but usually the difference is only a few cents.

If you wish to adjust the amount of federal taxes being withheld from your monthly retirement benefits in the future, you must complete a new Form W4-P. You can print a copy of that form from our website: POMPGERS.ORG. The form is also available from the Pension Office, the IRS (irs.gov) or your tax preparer. Simply complete the form and return it to the pension office. It takes about 10 business days to update your withholding instructions. If you submit a new W4-P to the pension office by the middle of the month, we will be able to adjust your withholding for the next benefit deposit.

Beware of Scams: A sophisticated phone scam targeting taxpayers has been making the rounds throughout the country. Callers claim to be IRS employees, using fake names and bogus IRS identification badge numbers. They may know a lot about their targets, and they usually alter the caller ID to make it look like the IRS is calling. Victims are told they owe money to the IRS and it must be paid promptly through a gift card or wire transfer. Victims may be threatened with arrest, deportation or suspension of a business or driver's license. In many cases, the caller becomes hostile and insulting. Victims may be told they have a refund due to try to trick them into sharing private information. If the phone isn't answered, the scammers often leave an “urgent” callback request. Note that the IRS does NOT:

- Call to demand immediate payment using a specific payment method such as a prepaid debit card, gift card or wire transfer. Generally, the IRS will first mail you a bill if you owe any taxes.
- Threaten to bring in local police or other law-enforcement groups to have you arrested for not paying.
- Demand payment without giving you the opportunity to question or appeal the amount they say you owe.
- Ask for credit or debit card numbers over the phone.