

**PROCUREMENT DEPARTMENT**  
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# CITY OF PHILADELPHIA

Hugh Ortman  
Procurement Commissioner

July 8, 2010

**BID NUMBER:** S1WH4560  
**TITLE:** Philadelphia's Board of Pensions Newsletter  
**DEPARTMENT:** BOARD OF PENSIONS AND RETIREMENT  
**DATE TO OPEN:** July 26, 2010 at 10:30 AM

## ADDENDUM # 1

**TO ALL BIDDERS:**

**You are hereby notified of the following changes to the above mentioned bid:**

**Attached is the sample newsletter as referenced in Section 2.2.2.**

Please sign, date and return this addendum with your bid to the Procurement Department, 1401 J.F.K Boulevard, Bid Room 170A, Philadelphia, PA 19102-1685 as it now becomes a part of the proposal.

\_\_\_\_\_  
Buyer, K. Hanagan

\_\_\_\_\_  
AUTHORIZED SIGNATURE

\_\_\_\_\_  
FIRM NAME (PRINT)

\_\_\_\_\_  
DATE

KH/cs

# BPR Report



Newsletter of Pensions and Retirement

Vol.6, No. 1 • Summer 2004

## Pension Fund News

# HAPPY DAYS ARE HERE AGAIN!

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"Who Will Get Your Pension" Probably Not Your "Common Law" Spouse

\$4.1 billion. The last time the fund earned over 20% was in 1991, when it also happened to deliver the same return. The pension fund's percentage gain from investments and contributions translated into approximately \$872 million. The plan completely recouped the investment losses it suffered in 2001 and 2002 while still paying out approximately \$427 million in retirement benefits. Our net gain was \$445 million. All asset classes earned positive returns in 2003, and stocks performed extremely well. It was the Board's allocation to both domestic and international stocks that lifted the fund to double-digit returns.

*See below for the plan's asset allocation.*

The year 2003 also ushered in fresh ideas for the Pension Fund. In June, the Board elected to invest up to 5% of the total plan assets in hedge funds (\$200 million). Research on these supposedly risky strategies revealed that many offer lower risk and better long-term returns than our traditional investing methods. Because the Board is keenly aware that hedge funds require intense research, they will hire a dedicated hedge fund

consulting firm to conduct thorough interviews of potential hedge fund managers.

In a continued move to infuse new ideas into the pension plan, the Board hired two new consultants for the pension fund:

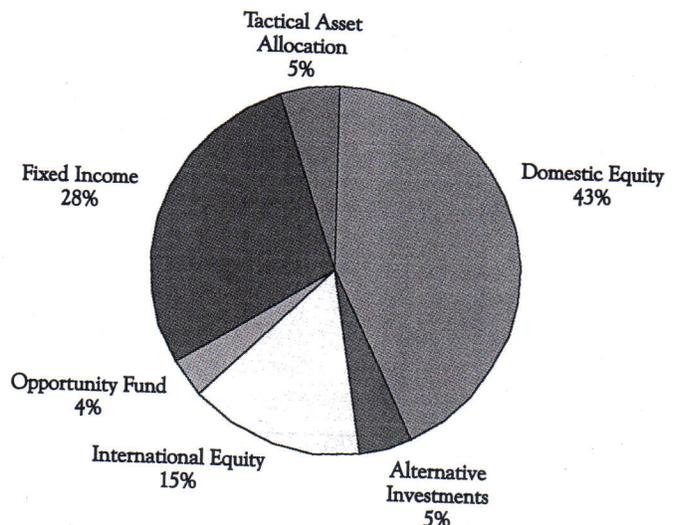
• **Franklin Park, LLC.**

The Board hired Franklin Park in June 2003 to consult on its private equity portfolio. Private equity investments currently

Franklin Park has developed a comprehensive plan to restructure the Board's portfolio to achieve the Board's target allocation of 7.5%.

• **Fiduciary Investment Solutions, Inc. (FIS)**

The Board hired Philadelphia-based FIS in January 2004 to be the pension fund's general consultant on the entire fund, with some input on the private equity and hedge



represent 5% of the total portfolio (\$200 million). This firm consists of six professionals who left the Board's former consultant to start their own firm.

fund portfolios. CEO Tina Poitevien, a graduate of Harvard University's Kennedy School with a Masters in public policy, (continued on page 2)

The year 2003 was the best year the pension fund has experienced in more than 10 years. The Fund earned approximately 23.7% for the calendar year ending December 31, 2003 and had a total value of

was the Board's first official Chief Investment Officer from 1990 through mid-1994. FIS will present its proposed enhancements to the fund early this year.

### *The Board is listening to you...*

The Board heard the outcry by the Deferred Compensation Plan participants and started an evaluation of the entire program. The evaluation includes conducting a search to determine whether or not to retain the current record keeper of Great-West Retirement Services. The result of that search will initiate a major overhaul of the fund lineup currently available to participants. It is very important to the Board that participants are satisfied with their savings plan, and the Board are working toward accomplishing that goal.

One benefit the Board has already offered is a loan program. Active participants are allowed to borrow up to 50% of their account balances as long as it does not exceed \$50,000. Active participants may take either a general-purpose loan or a primary residence loan. For more information regarding loans, please visit [www.philly457.com](http://www.philly457.com).

## FEDERAL WITHHOLDING

We registered several thousand calls regarding the changes in Federal Withholding that resulted from sending out new tax withholding forms. The Board of Pensions was required to change the way that we withheld taxes from your pension checks. One of the major changes was that the Internal Revenue Service Code did not allow you to designate a fixed dollar amount for federal withholding. All federal withholding must be authorized on a form W-4P by selecting a filing status and choosing a number of allowances. What this meant to each of you was that the amount withheld from your checks had to change. Those of you who did not return the forms were defaulted to a standard deduction of married with 3 exemptions. This may have resulted in no Federal Income Tax being withheld from your pension checks. By now most of the questions have been answered, and we are currently withholding the selected deduction you have on file. Keep in mind that the last changes to the withholding tables went into effect July 2003. If this is unclear to you please contact a staff person at the Board of Pensions.

## *moving news* 2 PENN CENTER

The Board of Pensions and Retirement is pleased to announce the completion of its move to the 16th floor of 2



Penn Center.

- Staff telephone numbers have not changed. Most frequently called Board telephone numbers are located elsewhere in this newsletter.
- Deferred Compensation has also moved to the 16th floor and now has its own separate entrance and has been assigned new telephone numbers. The new Deferred Compensation telephone numbers are (215) 568-1960, (215) 568-1964 and (215) 568-1984.
- If you have an appointment scheduled to meet with a

Pension Counselor, please go directly to the reception area for the Counseling /DROP Unit, which is located at the opposite end of the hallway from the main entrance.

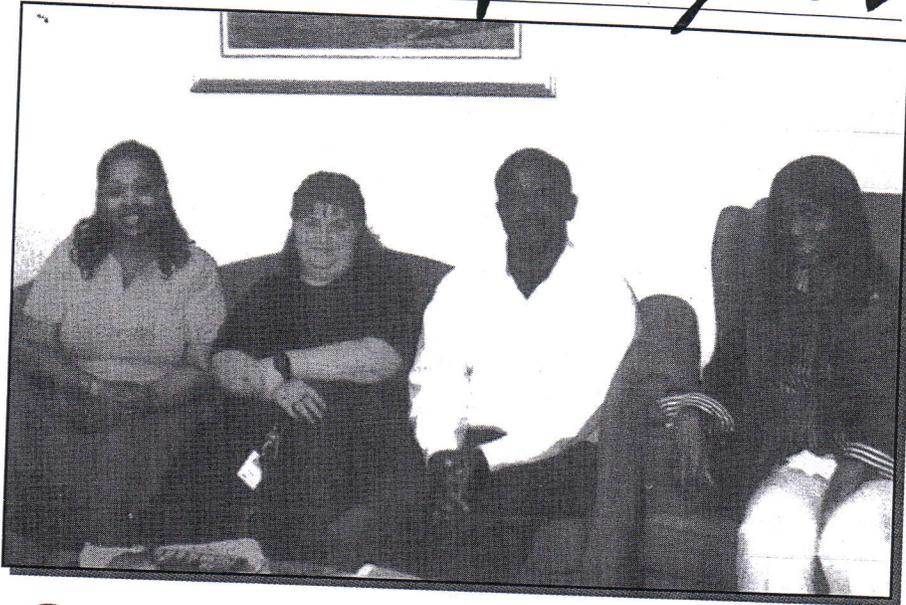
• The Board's Training Facility which host Retirement Planning Seminars, Deferred Compensation Presentations and other educational programs is now located on the 17th floor of 2 Penn Center. If you are scheduled to attend a seminar, please go directly to the 17th floor.

## BOARD'S RETIREMENT PLANNING SEMINARS

With its recent move to a larger facility, the Board's Retirement Planning seminars can now accommodate over 50 attendees per session. With the addition of two more seminars the Board can now host over 750 employees each year. The fall seminar schedule will be distributed to your department's training office this summer. Seminars are now held on the 17th floor of 2 Penn Center. There has been an overwhelming response to these sessions and we encourage you to register early if you are close to retiring.

# Staff News

## NEW employees



*The Board* recently welcomed Clerk 3 Dorretha Early, Clerk 3 Latanya Brown, Service Representative Carlyne Gray, Clerk Typists 1 Christina Seher and Reginald Benson to its staff.

### *In other staff news:*

- Stacey White, Theresa Devine and Sharon Fulton have promoted to Pension Counselor Trainee
- Pamela Earland and Renita Newkirk have promoted to Clerk Typist 2
- Daina Stanford has promoted to Administrative Assistant
- Sheila Barnhill has promoted to Data Services Support Clerk
- Pat Chappelle, Ruth Erenberg and Steve Martin have promoted to Pension Counselor 1
- Shirley Walker retired in September 2003
- Pamela Edge resigned in December 2003 to pursue outside interests.

## Board of Pensions and Retirement Trustees BOARD OF PENSIONS AND RETIREMENT TRUSTEES

Janice D. Davis  
Chair, Finance Director  
Philip Goldsmith  
Managing Director  
Charles Johnson  
Employee Representative  
Lynda Orfanelli  
Personnel Director  
Pedro Ramos, Esq.  
City Solicitor  
John A. Reilly  
Employee Representative  
Johnathan A. Saidel, Esq.  
City Controller  
Carol G. Stukes  
Employee Representative  
Serena W. Tenant  
Employee Representative

## Promotions

## NEW COUNSELORS



*In Memory of...* The Board regrets to note the loss of Pension Counselor Eleanor M. Scully, who passed away on December 30, 2003. Ms. Scully joined the Board in 1999 as a Clerk 3 and was promoted to Pension Counselor Trainee in 2001. Eleanor left an indelible mark during her tenure and is missed by all.

# direct deposit news



Every month over 25,000 of the Board's pensioners have their pension payments directly deposited into their bank or credit union.

That leaves less than 7,000 retirees who receive their check almost 24 hours after others have funds available in their checking or savings accounts.

This service eliminates the possibility of your check being lost in the mail or the time spent waiting for the mail delivery and realizing the bank had closed by the time it arrives. Call the Board of Pensions today at (215) 496-7416 to request a direct deposit application form.

## Payment dates

Regular monthly pension payments in 2004 are scheduled for the dates listed below. Direct deposit payments will be in your account on these dates. For non-direct depositors, the dates below are the dates on which checks will be mailed. Except for December, these payment dates are always the final working day of the month.

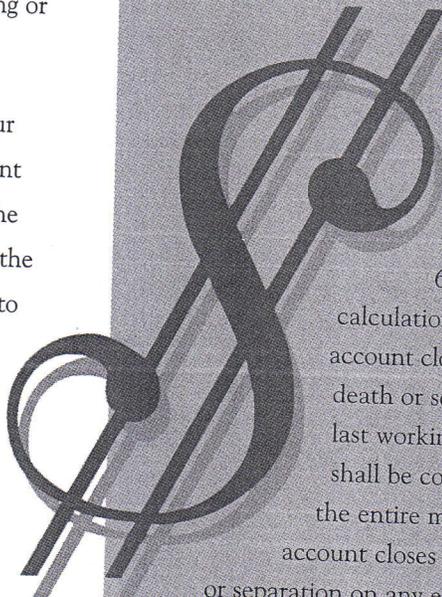
June 30	October 29
July 30	November 30
August 31	December 22
September 30	

# 2004

# DROP

## INTEREST CALCULATION REVISED

The Board has amended Regulation #6 to credit DROP accounts with interest for partial months at separation. Prior to this amendment, DROP members leaving DROP before the end of the month received no interest on their DROP account for that month. This amendment will be applied retroactively to the beginning of the DROP Plan. The full text of the amendment is as follows:



6.4 Retirement out of DROP – calculation of interest. Where a DROP account closes through the employee's death or separation on the last day or last working day of a month, interest shall be compounded and credited for the entire month. Where a DROP account closes through the employee's death or separation on any earlier day of a month, interest shall be calculated and credited as compounded based on the fraction of the month up to the date the account closes.

The addition of Paragraph 6.4 shall be retroactive to the inception of the DROP on June 28, 1999, and the Board will make payments to retirees who would have received a greater DROP distribution based upon this Paragraph, to correct any underpayment. These adjustments will be made over time. All payments are anticipated to be made by the end of the year.

# MESSAGE

*from the* **DIRECTOR**

*Since starting* as Executive Director in July 2002 my goal has been to provide a focus on client service. To that end we have moved forward with the following initiatives:

- The Board of Pensions and Retirement moved to the 16th floor of 2 Penn Center and has dedicated space on the 17th floor to accommodate 15 to 20 more participants for each retirement planning seminar.
- We have reviewed feedback from seminar participants and we are currently making changes to add speakers who will address concerns that are not financial. For example, we have added Beverly Richards, a noted psychotherapist to the line up. We are phasing out those speakers you have indicated are not effective. We encourage comments on our questionnaires to hear from members what would be of interest.
- The death audit procedure has been finalized and we have

referred cases of fraud to the District Attorney's Office, and have reclaimed more than \$300,000 in payments made to deceased members.

- We anticipate that about a dozen of our staff members are in DROP we have begun to formally train and transfer existing Board of Pensions employees.
- We are in the process of identifying widows of police and firemen who will be made whole, by providing them with of the cost of living increases their spouses received prior to their deaths. These projects will take some time, but we anticipate that any retroactive payment will be made by year's end.

We encourage you to keep in contact with the Board of Pensions with any concerns you may have.

## Quarterly Statements QUARTERLY STATEMENTS

*The Board wishes* to thank all of its Direct Deposit recipients for their extreme patience during the transition from monthly to quarterly direct deposit statements. As with many new initiatives, it took a while to get these statements from the drawing board to your mailbox. The Board hopes you like the finished product.

## IMPORTANT TELEPHONE NUMBERS

Pension Estimate/Drop Appointments 215-496-7430	DROP Applications 215-496-7412	City Administered Keystone Health Plan East - Retirees 215-496-7423	Police Law Enforcements Health Benefits (LEHB) 215-763-8290
Pension Withdrawal Applications 215-496-7407	Direct Deposit Application 215-496-7416	District Council #33 Health & Welfare 215-895-3351	Firefighters Local #22 215-440-4400
Purchase of Service Applications 215-496-7451	Board's Fax Number 215-496-7420	District Council #47 Health & Welfare 215-893-3775	
	City Administered Blue-Cross Retirees 215-496-7422		

# Who Will Get Your Pension?

## PROBABLY NOT YOUR "COMMON LAW" SPOUSE

As you probably know, upon your death, either as an active employee or after retiring, a benefit will be paid to your beneficiary/survivor. You may also know that in many cases, you get to determine who those beneficiaries are by naming them on a form that is filed at the Pension Board. In some other cases the beneficiary is determined automatically by the Pension Code (usually meaning that your spouse is first in line). What you may not know is that difficult issues are created when the person named on the form is not eligible for the benefit. Or when the spouse who has been counting on a survivorship benefit does not meet the legal requirements of the Retirement Code.

So the most important piece of advice I have for you is this: make sure your beneficiary designation is on file with the Pension Board, that it is up-to-date, and that the beneficiary is valid. If you have any questions, please call the Counseling Unit at 215-496-7430. (Though if you have already retired or entered DROP, your choice of beneficiary is irrevocable and cannot be changed.)

If you are counting on your spouse receiving any benefit under one of the "automatic" provisions, the rest of this article is for you. The most common benefit here is the Option 4 survivorship for members who retire (or enter DROP) in Plans D, J, or X. In order to qualify for an Option 4 survivorship benefit after you retire and then die, your spouse must have been married to you for 2 years prior to your retirement (or prior to your entry into DROP if you participate in DROP). **IMPORTANT:** *No member should ever retire or enter DROP selecting an Option 4 retirement if they want their spouse to get the survivorship benefit and*

*they cannot prove that they have been married for 2 years!* Anyone can count for two years, but what does "married" mean?

There has been a change in the law in this area. Previously, there were 2 ways to be "married" in Pennsylvania: (1) ceremonial marriage (blood tests, marriage license, ceremony performed by judge or clergy); or (2) common-law marriage (considering yourself to be married, living together as husband and wife, telling others you are married, etc.). However, on September 17, 2003, a major legal event occurred: the Commonwealth Court of Pennsylvania abolished common law marriage. From now on, the only recognized form of marriage in this state is a ceremonial marriage. Now, what does "from now on" mean? The Court said its decision applied in the future only. Exactly what this means will require the Board and its attorneys to address particular cases. This article is intended to give you some general guidelines. It is not an official ruling of the Board and is not legal advice.

*"From now on"*

The Court said that its opinion should be applied only in the future. But that does not mean that an application for a survivorship that depends on a common-law marriage will not be considered if it was received by the Pension Board the day after the Court's decision. So here are some guidelines. *Please note that even for cases that will be considered, the applicant must still prove that the parties met the legal requirements for a common-law marriage.*

### 1. What date determines the rule?

- This has not been determined yet, but for now you should figure that the date of the court opinion, September 17,

2003, is the date that the law changed. After that date, there is no common-law marriage. We will evaluate whether any "grace period" can extend the deadline.

### 2. What must occur before that date for a common-law marriage to exist?

- If an irrevocable event occurred before that date that makes it too late to enter into a ceremonial marriage and affect your beneficiary/survivor, it is still possible that you have a valid common-law marriage. That is, if you retired or entered DROP before September 17, 2003, or if the Board had already approved your application to be certified as being in a common-law marriage prior to that date, a beneficiary who can prove the requirements of a common law marriage existed by the proper date will be considered by the Board.

- But if you are currently in a relationship that you think is a common-law marriage, even if it has been going on for 20 years, and you have not yet retired or entered DROP, it is too late to consider that you are married by common law. If you want to protect the rights of the person you think of as your "spouse," you are well advised to get a marriage license and a ceremonial marriage. Then, if you are in Plan D, J, or X, and you want to select an Option 4 survivorship, wait 2 years before retiring or entering DROP.

## *The Board's Advice*

The Board's advice is: If you are an active employee in a relationship with a person and you want this person to be eligible for any spousal benefits upon your death, it is strongly suggested that you arrange for a ceremonial marriage in compliance with state law. Common law marriage has been abolished.