

FPPA

In Addition To Your Pension...

Miscellaneous Information & Auxiliary Programs of Interest for FPPA Members

Your Retirement Goals & How To Reach Them

Retirement Income Needs

Most financial planners project that you will need at least 85% of your working income *throughout* your retirement in order to maintain your standard of living.

Your personal retirement goals may be much higher! FPPA staff can run a calculation* to see how much “replacement income” you are projected to receive based on your:

- pension (and SRA, if applicable),
- DROP and/or
- 457 Deferred Compensation Plan.

* If your pension plan does not have a cost-of-living-adjustment, you will want your calculation to show a replacement income percentage of well over 100% so that you may have extra funds to “give yourself a raise” in retirement to help keep pace with inflation.

The earlier you start planning, the easier it is to reach your retirement income goals!

FPPA's 457 Deferred Compensation Plan

Participating in the FPPA 457 Deferred Compensation Plan is a great way to save for retirement while lowering your current income taxes.

FPPA together with Fidelity Investments offers an excellent 457 Deferred Compensation Plan with a variety of investment options including life cycle funds and a Brokerage Link Account. This plan may be offered to police officers, firefighters or civilian staff who provide direct support to the fire or police department. For more information about adopting FPPA's 457 plan or about participating as an individual, contact FPPA.

DROP

(Deferred Retirement Option Plan)

When you leave DROP, you are *not* required to take distribution of your DROP account or move your assets to another carrier.

Many members are under the false impression that you must move your money out of FPPA when you exit DROP. This is not the case. You may continue to invest your DROP assets in the funds offered by FPPA. In fact, this may be a very good choice. FPPA, through Fidelity Investments, offers a variety of funds and very low administrative and money management fees. Since FPPA is a non-profit organization, no sales fees, commissions or loads are charged. As a retiree, you have the same access to Fidelity services that you did as an active member. And you can still reallocate your assets at any time.

FPPA Seminars

Each year FPPA offers FREE seminars on topics to help you plan your life and retirement!

FPPA seminars have included topics such as wills and estate planning, financial planning, Social Security and Medicare, adjusting to retirement, health care and long-term care, basic investing, identity theft, etc. If you haven't attended, please do! Invitations to our seminars are emailed or mailed to your home or office. Or check our website at www.FPPAco.org for upcoming seminars. You will not be solicited for any services or products. The seminars are presented by professionals in the field and are informational only!

A \$10 deposit is required at registration and then refunded upon attendance.

Expanded FPPA Membership

Part-time Members

Some part-time police officers and firefighters, may participate in FPPA.

Prior to August 5, 2003, FPPA's definition of member excluded part-time police officers and firefighters. Legislation was enacted to allow employers to cover part-time police officers and firefighters, in the Statewide Money Purchase Plan and the Statewide Death and Disability Plan, if a department covers its full-time members for pension in the Statewide Defined Benefit Plan, Statewide Hybrid Plan or the Statewide Money Purchase Plan. Local plan employers may also elect to cover part-time members in the Statewide Death & Disability Plan. For more information, contact FPPA.

Clerical & Support Staff

In some cases clerical staff and other personnel may participate in FPPA.

This provision applies to Fire Protection Districts, Fire Authorities or County Improvement Districts providing fire service. If an employer covers its firefighters under the Statewide Defined Benefit Plan, Statewide Money Purchase Plan or Statewide Hybrid Plan, the full-time clerical staff or other personnel whose duties are auxiliary to fire protection may participate in the pension plan. Part-time clerical or other personnel may be covered by the Statewide Money Purchase Plan only. The clerical staff or other personnel may *not* participate in the Statewide Death and Disability Plan.

Pension Portability

FPPA now offers a Statewide Hybrid Plan under the FPPA Defined Benefit System.

Being a member of the Defined Benefit System brings along added portability for retirement benefits within the statewide programs.

For example: if you are a member of the Statewide Defined Benefit Plan or Statewide Hybrid Plan and you change employment from one FPPA retirement covered employer to another and do not take a refund of contributions from either the Statewide Defined Benefit Plan or the Statewide Hybrid Plan through your old employer, all years of service you have with successive employers that cover their members under the FPPA

Defined Benefit System (which includes the Statewide Defined Benefit Plan and Statewide Hybrid Plan) may be aggregated for determining retirement benefits.

**Departments that offer a local money purchase pension plan or the Statewide Money Purchase plan are eligible to elect coverage under the FPPA Defined Benefit System, which includes the Hybrid Plan. Contact FPPA for more information on this process.*

Keeping Your Beneficiary Information Updated

For Members of the:

- **Statewide Defined Benefit Plan**
- **Statewide Hybrid Plan**

It is essential to keep your beneficiary current!

Keeping your beneficiary designation updated is very important. If your situation has changed or you never elected a beneficiary, please visit our website to download a *FPPA Membership Form*. Once the form is complete and signed by a witness, please return the form to FPPA.

Having a beneficiary designated allows FPPA to better serve our members' families, particularly in the following situations:

1. An active member who dies and leaves no surviving spouse or dependent children eligible for benefits under the Statewide Death and Disability Plan.
2. An inactive vested member who dies prior to distribution of benefits.
3. An active member who dies and is eligible for a Normal Retirement and is not participating in DROP.

A contingent beneficiary may also be designated on the *FPPA Membership Form*. Benefits are calculated on the life expectancy of one person so only one contingent beneficiary may be listed.

If you have questions regarding a beneficiary designation or wish to verify your current beneficiary, please contact FPPA.

For Members of the:

- **FPPA 457 Deferred Compensation Plan**
- **Statewide Hybrid Plan - Money Purchase Component**
- **Statewide Money Purchase Plan**
- **DROP**
- **or SRA**

Beneficiary information for these plans are kept by Fidelity Investments. You may designate or update your beneficiaries one of two ways.

1. Complete a Beneficiary Designation Form available on the "Quick Links: Find Form" menu at www.Fidelity.com/atwork.
 - For a 457 Deferred Compensation Beneficiary Form select "457(b) Beneficiary"
 - For a Money Purchase Account Beneficiary Form select "401(a)(k) Beneficiary".
2. Or designate beneficiaries through your online account on the your Profile tab. This is simple and easy as Fidelity Investments provides a step by step guide to updating primary and contingent beneficiaries.

You will need dates of birth and Social Security numbers for each beneficiary when updating this information online. Each account you have at Fidelity will require a designated beneficiary.

Legal Matters

Legal Seatbelts

If you don't have a health care power of attorney, a living will, and a financial power of attorney, you are leaving your loved ones at risk.

By having these documents you determine who will handle your affairs in the event you become incapacitated. The next time

you review your will or estate plan, see if you have these documents in place and if they are current. If you don't have a will or estate plan, consider having one prepared for you. They are not just for the wealthy! They are for anyone who wants to determine where their assets go upon their death.

Information From The Feds

IRS Early Distribution Penalty

For members in a Defined Benefit Plan:

Leaving the job before age 50 may cost you money!

If you have a DROP and/or SRA and you leave the public safety job before the calendar year in which you will turn age 50, you may be subject to a 10% IRS penalty on any funds you withdraw from that account prior to age 59 ½. There are a couple ways you may be able to avoid this penalty: 1) you could defer taking receipt of funds until age 59 ½, or 2) you could elect to take the IRS minimum required distribution until the later of 5 years or age 59 ½. However, the easiest way to avoid this penalty is to continue working and participating in your department's retirement plan until the calendar year in which you turn age 50.

For members in a Money Purchase Plan:

Leaving the job before age 55 may cost you money!

If you have a 401(a) Money Purchase Plan and you leave the public safety job before the calendar year in which you will turn age 55, you may be subject to a 10% IRS penalty on any funds you withdraw from that account prior to age 59 ½. There are a couple ways you may be able to avoid this penalty: 1) you could defer taking receipt of the funds until age 59 ½, or 2) you could elect to take the IRS minimum required distribution until the later of 5 years or age 59 ½. However,

the easiest way to avoid this penalty is to continue working and participating in your department's retirement plan until the calendar year in which you turn age 55.

This information should not be considered tax advice. For more information and for tax advice, contact your tax advisor.

Reduction in Social Security Benefits

Your Social Security Benefit may be reduced because you are paying into a public pension plan.

For more information see the FPPA handout "Social Security Questions & Answers" and the Social Security Fact Sheets entitled "The Windfall Elimination Provision" and the "Government Pension Offset". These fact sheets can be found at www.ssa.gov (under Resources, click on publications).

Public Safety Officers' Benefit (PSOB)

This Federal benefit is provided for public safety officers throughout the country.

The PSOB Program provides death benefits in the form of a one-time payment to the eligible survivors of public safety officers whose deaths are the direct result of a traumatic injury sustained in the line of duty. As of October 1, 2011, the benefit amount is \$323,035. The PSOB Program provides disability benefits for public safety officers who have been permanently and totally disabled by a catastrophic personal injury sustained in the line of duty if that injury permanently prevents the officer from performing any substantial and gainful work. Please see FPPA's handout "Questions & Answers about the PSOB" and contact PSOB directly for more information.

PSOB Contact Information:

Bureau of Justice Assistance
Office of Justice Program
810 Seventh Street NW
Washington, DC 20531

contact information continues

Phone (202) 616-6500
 Toll Free (866) 859-2687
 FAX (202) 305-1367
 Website
www.ojp.usdoj.gov/bja/grant/psob/psob_main.html
 Email askpsob@usdoj.gov

Insurance Matters

Health Care Costs

Retiree health care is one of our members' greatest concerns and for good reason. According to a study performed by Fidelity Investments*, a 65 year old couple will need approximately \$225,000 in savings to cover their health care expenses. This includes insurance premiums and out-of-pocket costs but does not include long-term-care. For those eligible to participate in Medicare, it is estimated that Medicare only covers approximately 48%** of medical care costs due to the fact that there is not a cap on out-of-pocket expenses as there is in most employer sponsored health care plans. People retiring earlier or not eligible for Medicare will need even more in savings to cover their health care expenses.

* https://powertools.fidelity.com/healthcost_intro.do#

** http://www.aarp.org/research/medicare_coverage.the_medicare_program_a_brief_overview.html

Individual Retiree Health Insurance

FPPA retirees may find assistance in locating individual health insurance by contacting HUB International Insurance Services Inc.

Because health insurance can be very difficult to obtain, FPPA contracts with a service agency, HUB International, to help retirees locate individual insurance policies. FPPA also offers optional dental, vision, long-term care and life insurance plans. For information about these

programs and to see if you qualify for coverage, please call HUB International at (303) 893-0300 or (888) 795-0300 toll free nationwide. You may also obtain an insurance quote on-line by going to www.FPPAco.org, click on Retiree Insurance, then click on the link to HUB International.

Group Health Plan for Medicare-Eligible Members

FPPA Medicare-eligible retirees living in the Denver-metro area may elect to participate in a group health insurance plan, United Healthcare, Secure Horizons, Medicare Advantage Group Retiree Plan.

Retirees may contact FPPA's Payroll Specialist for more information and an enrollment application.

From The State

Tuition Assistance

Tuition assistance may be available through the Colorado Commission on Higher Education.

This program provides tuition assistance for dependent children of firefighters and police officers who die in the *line of duty* or who become permanently or totally disabled in the *line of duty*. For more information contact the Colorado Commission on Higher Education at (303) 866-2723 or on the web at www.state.co.us/cche.

Contact Information

FPPA

Phone
 (303) 770-FPPA (3772)

Toll Free
 (800) 332-FPPA (3772)

Web Address
www.FPPAco.org

Mailing Address
 5290 DTC Parkway, Suite 100
 Greenwood Village, CO 80111

Fidelity Investments

Toll Free (800) 343-0860

Web Address
www.fidelity.com/atwork

Mailing Address
 PO Box 770002
 Cincinnati, OH 45277-0090

Social Security Administration

Toll Free
 (800) 772-1213

Web Address
www.ssa.gov

Medicare

Toll Free
 (800) MEDICARE

Web Address
www.medicare.gov

National Retirement Planning Coalition

Web Address
www.retireonyourterms.org

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