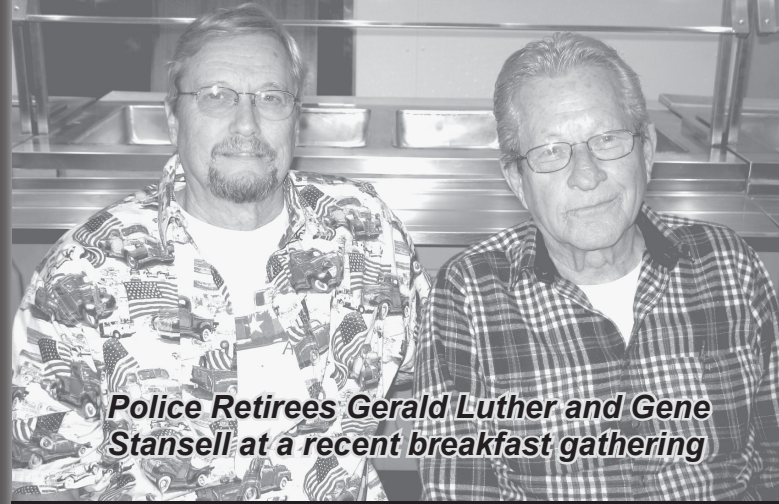




PENSION NOTES



Police Retirees Gerald Luther and Gene Stansell at a recent breakfast gathering

*Dallas Police and Fire Pension System
Volume 2006.02, February 2006*

New Flexible Rules for DROP

The Board has adopted new DROP rules that give you more control and flexibility with your DROP account. Four major changes now in effect include:

- 1. Deferring pension payments to Retiree DROP:** You now may enter Retiree DROP, stop deferral and again reenter DROP at any time prior to age 70 ½. You can start deferring your monthly benefit payments into DROP when you retire or any time thereafter (before age 70 ½). At any time you want, you can stop your deferral to DROP and again take monthly benefit payments. If you wish, you can again restart deferring payments to DROP (before age 70 ½). You must start receiving payments from your DROP account when you reach age 70 ½. Members on disability retirement are not eligible for DROP.
- 2. Taking a distribution at the same time you are deferring benefits to Retiree DROP:** If you are deferring your monthly pension into Retiree DROP, you now can take a lump sum distribution from your DROP account and continue to defer your regular monthly benefit into DROP. This may be helpful if you do not need to take payment of your monthly benefit amount, but want a lump sum amount from your DROP for some purpose. Any lump sum distribution must be in a minimum amount of \$1,000.
- 3. Partial Deferral:** If you do not need all of your monthly benefit, but also do not want to defer the entire amount into Retiree DROP, you may choose to defer just a part of your monthly benefit and take payment of the remainder of your monthly benefit. You still have the option to take monthly payment of your full benefit

and take an installment from your DROP added to your monthly payment.

- 4. Weekly lump sum distributions:** If the Pension System receives your request for a lump sum payment by end of the day on Tuesday, we normally will process the request for payment on the following Friday. The schedule will be changed if the Friday is a holiday.

See "New DROP Rules" on page 3

Benefits Counselor Retires

Don McMillan, our Senior Benefits Counselor at the Pension System, retired on February 14. Don has served the Pension System for 15 years.



Don McMillan

If you have attended one of our PREP or Financial Planning Seminars, or have visited our office for Benefits Counseling, you have probably met him.

Don was named Employee of the Quarter for the first quarter of 2005, and was recently awarded the William G. Baldree Employee of the Year Award for 2005. He is a member of the International Foundation for Retirement Education (INFRE) through which he holds the designation of Certified Retirement Counselor (CRC).

Don says he has always enjoyed working with our members, and added "It has been a wonderful experience working for the Dallas Police and Fire Pension System."

Understanding IRS Form 1099-R

By now you should have received your 1099-R from the Pension System. This form reports distributions from the Pension System, and is used in your income tax reporting.

The mock-up below shows the IRS Form 1099-R and illustrates parts of the form on which Pensioners often have questions.

Please contact a Benefits Counselor if you have any questions about your Form 1099-R.

Congratulations Retirees!



Police

David W. Belk
Roosevelt Benjamin
Anthony O. Black
Joe A. Decorte
Kenneth P. LeCesne
James N. Stacy
Robert J. Worth

Fire-Rescue

Ronnie D. Binion
Fletcher D. Dahman
Kenneth L. Dorsett
Gordon L. Hamesley
Don D. Scarborough

| | | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--|--------------------------------------------------------------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Copy B -- Report this income on your federal tax return. If this form shows federal income tax withheld in box 4, attach this copy to your return. | | Distributions From Pensions, Annuities, Retirement or Profit-Sharing Plans, IRAs, Insurance Contracts, etc. | | OMB No. 1545-0119 2005 Form 1099-R |
| Account number (see instructions) | | | CORRECTED (if checked) <input type="checkbox"/> | |
| PAYER'S name, street address, city, state, and ZIP code | | | | |
| PAYER'S Federal identification number | | | RECIPIENT'S identification number | |
| RECIPIENT'S name, street address (including apt. no.), city, state, and ZIP code | | | | |
| 1 Gross distribution | | 2a Taxable amount | | |
| \$ | | \$ | | |
| 2b Taxable amount not determined | | 3 Capital gain (included in box 2a) | | 4 Fed. income tax withheld |
| Total distribution | | \$ | | \$ |
| 5 Employee contributions or insurance premiums | | 6 Net unrealized appreciation in employer's securities | | 7 Distribution code(s) |
| \$ | | \$ | | IRA/SEP/SIMPLE <input type="checkbox"/> |
| 8 Other | | 9a Your percentage of total distribution | | 9b Total employee contributions |
| \$ | | % | | \$ |
| \$ | | \$ | | \$ |
| \$ | | \$ | | \$ |
| 10 State tax withheld | | 11 State/Payer's state no. | | 12 State distribution |
| 13 Local tax withheld | | 14 Name of locality | | 15 Local distribution |
| \$ | | \$ | | \$ |
| \$ | | \$ | | \$ |

Form 1099-R Department of the Treasury - Internal Revenue Service 39-1908647
This information is being furnished to the Internal Revenue Service.

Box 2a - Amount subject to Federal income tax

Box 1 - Total gross amounts paid to you

Box 4 - Amount of Federal income tax withheld and paid to the IRS for you

Box 5 - Amount not subject to income tax (the proration of the after tax contribution over your life-expectancy); Box 1 minus Box 2a = Box 5

Box 7 - Indicates whether the distribution is subject to the 10% penalty (generally, code 1 is subject to the "penalty tax"; codes 2 and 7 are not)

In Memoriam:



Bobby R. Allen
Fire - Retired

Travis E. Bollier
Fire - Retired

Dorothy M. Collins
Widow of Houston M. Collins
Police - Retired

Raymond L. Cargile
Police - Retired

Suzanne Cranford
Widow of Charles Petty
Police - Retired

Alma L. Holcomb
Widow of D.E. Holcomb
Police - Retired

Eugene L. Jones
Police - Retired

Bobby D. Moorehead
Police - Retired

Owen T. Northcutt
Police - Retired

Peggy Pitts
Wife of Mill B. Pitts
Police - Retired

Roland O. Sullivan
Fire - Retired

Nancy C. Vineyard
Wife of Ronnie J. Vineyard
Police - Retired



Joe Williams
Fire - Retired



New DROP Rules (continued from page 1)

The new rules were made possible in the 2005 Plan Amendment Election. Active Members approved an amendment to the Plan Document to permit the Board to adopt a more flexible DROP policy.

Under the old rules, a Pensioner could enter DROP only once, either at retirement or some time after retirement. You could only defer your entire benefit into DROP or take the entire amount as a monthly payment. Lump sum distributions were made only at the end of the month and, if you were deferring your benefit into DROP, you were required to stop the deferral in order to get the lump sum distribution.

The new rules can have significant tax consequences for you if you left Active Service before age 55 and take a distribution or change your distribution schedule before age 59 ½. Please contact a Benefits Counselor for more information.

Events for You:

- Retired Firefighters will meet at Furr's Cafeteria, Northwest Hwy. and Saturn Road in Garland, Tuesday, March 14, at 11 a.m.
- The Young at Heart Group (Police and Fire widows and widowers) will meet at the Casa Linda Cafeteria, located at Buckner and John West Pkwy, Wednesday, March 22 from 11 a.m.- 1 p.m.
- DPD officers (active and retired) will meet for breakfast at the Circle Grill, I-30 and Buckner, Thursday, March 30 at 9 a.m.
- On Saturday, April 1, the Auxiliary to the Dallas Fire Fighters Association is hosting the 2006 Easter Eggstravaganza at the Dallas Fire-Rescue Maintenance and Training Center, 5000 Dolphin Road, Dallas, TX 75223. Pre-registration is encouraged to avoid long lines on the day of the event. For a registration form or more information, contact Donna Chumley at (972) 636-9328.
- The Dallas Fire and Police 2006 Health Fair features low cost and free health screenings, as well as wellness and safety information. It will be held April 18-20 at the Fire Training Center.
- The annual John Traphagan Fire Retirees picnic will be held at the Fire Training Center on Friday, April 28.
- The annual Dallas Fire-Rescue Awards Banquet will be held Saturday, April 29, at the World Trade Center.

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Vice-Chairman

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Assistant Administrator



Published by
**Dallas Police and Fire
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e-mail us at
info@dpfp.org

Retired Police and Fire Fighters Association

Sixty members and spouses enjoyed potluck lunch and fellowship at our February meeting. New members joining our Association included Ardyce Mentzl, Winnie Slaughter, and Wilma Westphal. Kathy Graham and Marion Hobbs attended as guests of James and Odell Hobbs.



*Dick Langran
President*

The following members were elected as officers of the Retired Police and Fire Fighter Association for the 2006 term: Fred Sexauer, President; Leslie Warnock, 1st Vice President; Don Green, 2nd Vice President; Taimi Leavelle, Secretary; Herb Steele, Treasurer; Richard Breon, Chaplain; Glenn Moore, Membership Chairperson; Betty Fannin, Sunshine Chairperson; Odell Hobbs, Telephone Chairperson; and Paul Bentley, House Chairperson. They will be installed at our March meeting.

It has been a pleasure serving this past year as Association President and I look forward to supporting our new slate of Officers.

Herb Steele, Treasurer, is accepting membership dues for 2006. Our Association's treasury is running low and we need the financial support of all of our members. The dues are \$5 per person. Please mail your dues check to:

Herb Steele
1018 W. Collins Street
Denton, TX 76201

Come and join us at our next luncheon and meeting on March 5th at 1PM at the Salesmanship Club, Tenth and Beckley in Oak Cliff.

A handwritten signature in black ink that reads 'Dick Langran'.

Dick Langran, President
(214) 553-9511

Pension System Calendar

| | |
|----------------|---------------------------------------------------|
| March 5 | Retired Police & Firefighters Association meeting |
| March 9 | Regular Board Meeting |
| March 14 | Quarterly Board Meeting |
| April 2 | <i>Daylight Savings Time</i> begins |
| April 2 | Retired Police & Firefighters Association meeting |
| April 13 | Regular Board Meeting |