



# NYC Police Pension Fund



# THE PENSION PRESS

Volume 1, Number 2

A Newsletter Published for the Active & Retired Members of the New York Police Pension Fund

## POLICE PENSION FUND: WELCOMES NEW RECRUITS

**O**n July 1, 2003 Queens College hosted the hiring of our new recruits. With blue skies and a warm sun as the backdrop, over 1400 young men and women had their dreams realized as they were sworn in by Police Commissioner Raymond Kelly to become the newest and one of the most diverse classes of the New York City Police Department.

As last minute information was gathered from some of the recruits, 1,488 anxious faces had their future mapped out for them by representatives from Police Headquarters, the Police Academy and the Police Pension Fund. The Pension Fund was on hand to sign our newest members into the Fund and to stress the benefits of making contributions to the pension system, as well as to inform them of other services membership provides. Most important to all members is naming a beneficiary and being vigilant as the member's circumstances change through lifetime experience. Marriage, birth, divorce and death are determining factors which would precipitate making that change. As your time on the job turns from months to years you will be mindful of the benefits of the pension system as this will one day be a primary source of income. The theory about taking numerous pension loans throughout your career is no longer viable. Twenty years goes by in the blink of an eye and the more loans you take the greater a shortage you will create in your account. The last thing you'll want to think about when you have your twenty in is being short thousands of dollars. A shortage can also occur if

you cease contributing at any time during your career. If a member has 20 years or more and has an excess then application may be made for a refund, however, if no request is made by the time of retirement the excess will be factored in and your pension allowance will be increased for life.

There is so much information to retain that it's almost impossible to process and that is why we have made the pension press available on-line to keep all members, active and retired, abreast of newsworthy pension items. Remember, the Police Pension Fund is **YOUR** Fund and is there for all your pension needs as well as to provide sound advice for all future contributions.

Contact us directly if you have any questions, no matter how insignificant you might think they are every question is important. Congratulations to all our recruits on becoming members of the greatest police department in the world. Be safe.

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## Signpost Ahead: Don't Get Caught Short

All too often we get caught up with the business of living and forget to keep our eye on the prize. The prize in this case is our retirement fund.

Many members of the pension fund will have shortages for their required amount needed at retirement due to pension loans or lack of contributions. There is a way, however, of making up this shortage and it is called the Increase Take Home Pay waiver or ITHP waiver. ITHP was implemented in 1963 as a way to give uniformed members of the service a benefit without actually giving a raise but by increasing their take home pay. This was a hard fought victory that was part of contract negotiations between the City of New York and the police unions. For many years the ITHP value was 2½ % of each member's assigned rate but as of October 1, 2000 the rate was changed to 5%. Your assigned rate is based on your age at the time of appointment. If you are younger at the time of appointment the actuary assigns a higher rate with rates ranging from 4.30% to 8.65%. With ITHP in effect the member must contribute the assigned rate minus 5% with the City of New York assuming the 5% contribution for you, therefore you increase your take home

pay. Of course you may elect to waive the ITHP reduction and contribute your assigned rate as the City of New York is still contractually required to assume the additional 5%. This creates extra funds going into your pension account. This contribution would be in addition to your normal pension contribution and is federally tax deferred. (E.G.—A 20 year old with a rate of 8.05% will contribute 3.05% with ITHP in effect. However, if this member chooses to “waive” his ITHP he will contribute 8.05% (Federally Tax Deferred) in addition to the city assuming 5% of his contribution rate.)

So, members, don't get caught short—don't let pension loans or lack of contributions come between you and your retirement fund. Plan now for the future as we are only a moment away from attaining the prize we have worked so long an so hard for—RETIREMENT! ■



## PENSION LOAN UPDATE: IRS Regulation Changes

Effective January 1, 2004 there will be significant changes to the Police Pension Fund loan procedures due to new Internal Revenue Service regulations. These changes will affect members taking out multiple pension loans and utilizing a five year repayment schedule to preclude taxes and penalties.

The new regulations will no longer allow members to combine outstanding loan balances with new loans and extend the payment schedule beyond the original five year period. Loans which will extend beyond the original maturity date will require a separate repayment schedule (in addition to the existing loan repayment schedule).

There are meetings planned with the NYC Law Department, Office of Payroll Administration, the Comptrollers Office and other pension systems regarding implementation of these changes. As more information becomes available the members will be kept informed. ■

## ARE YOUR FINANCES HEALTHY?

**D**octors consistently recommend annual exams for early detection of health problems. So why not an annual exam for your personal finances? When's the last time you had a check-up to see if your bank account has the physique of an Olympic athlete or the shape of a slouching couch potato?

Just as millions of Americans avoid exercising, a nationwide survey conducted by NFO Research Inc. indicates that more than 70 % of Americans don't use a financial plan to keep their personal finances in tip-top shape. To get an idea about the state of your personal finances, IHateFinancialPlanning.com developed the following quiz. Take a few minutes to answer these questions, add up your score, and you'll get a snapshot of how healthy your finances really are. Just answer "yes" or "no" to the following:

1. Are you 30 or older?
2. Do you have at least \$3,000 or three months living expenses saved to cover emergencies.
3. Are you participating in your company's pension program?
4. Do you save or invest beyond your retirement plan and emergency fund?
5. Do you know how much you need to save each month to retire at the age you would like?
6. Do you have enough life insurance to cover funeral expenses?
7. Do you have adequate car insurance coverage?
8. Do you have health insurance?
9. Do you have insurance that covers disability (besides Social Security)?
10. Do you have a will?
11. Do you spend less 25% of your income on your rent or mortgage?
12. Are you investing or saving money with each paycheck in savings or money market account or mutual fund?
13. Are you paying your credit cards in full each month?

14. Are you paying all your bills in full each month?
15. Do you know the interest rates on your checking, savings and credit card accounts?
16. Have you reviewed your credit report lately?
17. Do you balance your checkbook each month?
18. Do you track your monthly expenses?
19. Do you regularly read about improving your personal finances?
20. Do you have a financial plan?
21. Are you saving at least 10% of your gross income each month?

### SCORING:

Give yourself five (5) points for each "yes" answer, zero (0) for each "no" answer.

#### 0-40 points: Financially Flabby.

You're seriously at risk for a variety of money-related maladies. Just one financial setback, such as a job loss or accident, could wipe out your chances for long term economic recovery. The best treatment: run, don't walk, to a financial professional and get started on financial fitness recovery plan.

#### 45-75 points: E for Effort.

You're definitely on the right track financially. You're developing some economic muscle power, having put some of the key financial planning elements in place. Now is not the time to rest on your laurels, however. Keep working out the details of your personal financial plan; the finish line is visible if you just keep plugging.

#### 80-105 points: In Great Shape.

Three cheers for you! Your hard work has paid off, and your personal financial plan has all the potential to keep you in great economic shape. But be sure to update your plan frequently, as your life's needs dictate. After all that work, you don't want to lose that great financial physique. ■

*Courtesy of ARA Content*



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**We're on the Web!**

**[www.nyc.gov/nycppf](http://www.nyc.gov/nycppf)**

**PBA Pension Seminar**

**Presented by Joe Maccone**

At

**Michael J. Petrides School  
715 Ocean Terrace, Building C  
Staten Island, NY**

**September 30, 2003 at 6pm**

To ensure seating, please call the PBA office at (212) 298-9248 or 9249, and indicate whether or not you will be bringing your spouse. (\$25.00 fee for non-members, payable at the door.)

**Police Pension Telephone Numbers**

**Main Telephone Number**

(212) 693-5100

**Pension Payroll and Death Benefits**

(212) 693-5100 (press 2)

**Retired Death Benefits**

(212) 693-5100 (press 2 then 1)

**EFT**

(212) 693-5100 (press 2 then 2)

**Retirement Counseling**

(212) 693-5100 (press 3)

**Buyback and Active Services**

(212) 693-5100 (press 4)

**ITHP**

(212) 693-5100 (press 4 then 1)

**Loans**

(212) 693-5100 (press 5)

**Forever Blue : Retiree Spotlight**

The Police Pension Fund would like to know what you have been up to since retiring from the NYPD. Please tell us so that we may publish it in our next issue of The Pension Press. Send your letters to Senior Editor, The Pension Press, NYC Police Pension Fund, 233 Broadway, 25th Floor, New York, New York 10279. Please include your name and tax/Social Security number so we can verify your membership in our system. Hope to hear from you soon.