

Chattanooga Fire & Police Pension Fund

**Serving Those That
Serve Our Community**

**December
2018**



Letter from the Fund Administrator

Hello Everyone,

I hope everyone has had a blessed holiday season!

I would like to take this time to remind everyone about the upcoming changes in the processing of your benefit payments. As my previous letter stated, effective January 1, 2019, U.S. Bank will begin providing benefit payments to our participants. Your payment will still be issued on the 15th of every month. However, if the 15th of the month falls on a weekend or holiday, your payment will be issued the next business day. Your benefit payments will be issued the next business day three times during 2019: June 17, September 16, and December 16. Also, please keep in mind if you have a credit union deduction from your benefit, those deductions will be deposited the next business day as well.

There were some concerns with the possibility of a slight change in your tax withholding from Wells Fargo to U.S. Bank. There may be a slight difference of a few cents due to rounding issues. In addition, please keep in mind that IRS tax tables tend to change every January. Your tax withholding could increase or decrease as a result. Your 2018 1099-R forms will still be issued by Wells Fargo no later than January 31, 2019. Should you need a duplicate IRS 1099-R form for 2018 and/or prior tax years, please contact Wells Fargo Retirement Service Center at 1-877-877-1207. U.S. Bank will issue IRS 1099-R forms for subsequent tax years.

I would also like to remind participants that the 2019 Cost of Living Adjustments (COLAs) will be implemented with the January 2019 monthly benefit as well. The COLA will be calculated as an average increase of 1.5% across all participants who are eligible to receive a COLA effective January 1, 2019. The percentage increase will be higher for those participants whose monthly benefit is lower than average, while the percentage increase will be lower for those participants whose monthly benefit is higher than average. Please refer to the table below if you are eligible to receive a COLA for 2019:

# Participants	% of COLA	Range of Dollar Amount of COLA	2018 Monthly Benefit Range that will receive this COLA
239	2%	\$15.74 to \$49.95	Those making \$2,500.80 and below
479	Between 1% and 2%	\$49.85 to \$49.95	Those making between \$2,500.80 and \$5,025.21
17	1%	\$50.25 to \$81.92	\$5,025.21 and above

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Please keep in mind that the COLA is the increase in your monthly benefit to compensate for an increase in the cost of living; such as increases in taxes and healthcare premiums. Again, tax tables will likely change in January, as will the medical and dental premiums for those that are Medicare eligible. When looking at your monthly advice statements to see the increase in your monthly benefit, please refer to the gross benefit amount, not the net.

The Board and Staff have been working to develop a notice that provides participants with pertinent information regarding the status of the Fund. Enclosed in this newsletter is the 3Q State of the Pension Summary. This summary provides the most recent information available regarding investment performance, funding information, and participant information. An updated summary will be provided on a quarterly basis going forward, with the first included in this newsletter.

We have also had a lot of interest in the quarterly newsletter being delivered electronically. If you would like to receive your newsletter electronically, please contact the Fund office at info@cfppf.org and ensure that we have an updated email address on file. Up to date information can also be found on our Facebook page as well. (www.facebook.com/cfppf)

Sincerely,

Katrina Abbott
Fund Administrator

Congratulations New Retirees

Master Police Officer **Michael A. Tilley** retired on October 31, 2018 with 28 years of service.

DO YOU NEED TO UPDATE INFORMATION?

If you would like to have someone ask questions for you regarding your pension benefits, we will need you to fill out an Authorized Contact form. If you have a change in your marital status, you need to provide the Fund with a copy of your divorce decree or marriage certificate and complete a new Beneficiary form. If you have named a Power of Attorney, please provide us with a copy if you have not already done so. Contact the office if you have any questions. Thank you.

STATE OF THE PENSION SUMMARY

As of 9/30/2018

This notice includes summary information about the Chattanooga Fire and Police Pension Fund regarding investments, funding and participant information.

Investment Returns as of 9/30/2018

Plan Assets 6/30/2018:	\$222,908,455			
Plan Assets 9/30/2018:	\$226,642,140			
	Q3 2018	YTD	1 Year	3 Year(Annualized)
CFPPF Portfolio - Before Fees	2.6%	-0.1%	7.2%	5.6%
Diversified Assets - Before Fees	0.0%	2.7%	5.9%	5.4%
HFRI Hedge FOF Index	0.2%	0.9%	3.0%	3.3%
Equity - Before Fees	3.5%	3.6%	8.7%	11.6%
MSCI World Index	4.4%	4.3%	10.4%	14.0%
Real Assets - Before Fees	1.8%	7.5%	12.5%	9.7%
Real Asset Index	0.4%	2.3%	5.1%	4.1%
Fixed Income - Before Fees	0.3%	-0.7%	0.0%	4.7%
Bloomberg Agg Index	0.0%	-1.6%	-1.2%	1.3%
CFPPF Portfolio - After Fees	2.5%	2.7%	6.2%	7.5%
Benchmark Index	2.9%	2.9%	6.6%	7.5%

Index returns presented are broad benchmarks considered representative of each asset class in which the performance of the asset class can be measured against.

1/1/2018 Actuarial Valuation Data

Funding Information	
Estimated Actuarial Unfunded Liabilities	\$210,627,789
Market Value Funded Ratio	51.99%
Required City Contribution	\$18,823,113
Required City Contribution as % Payroll	45.56%
Required Employee Contribution as % Payroll	11%

Participant Information	
Active Participants	858
Retired Participants and Beneficiaries	788
Terminated Vested Participants	13
Total Monthly Pension Benefits for 2017	\$27,113,348
Total Lump Sum Payments for 2017	\$2,698,829

This summary notice is also available online at www.cfppf.org.

Board Members:

Charlie Thomason President

Kelly Simmons Vice President

Mark Coffman Secretary

Phillip McClain

Joe Shaw

Nathan Vaughn

Chris Hopkins

Fund Administrator:

Katrina Abbott

Deputy Administrator:

Christina Culpepper

Administrative Assistant:

Doug Kelley

Board Attorney:

William E. Robinson

CONTACT INFORMATION

Help us maintain your file by notifying the Fund of any changes to your mailing address, phone number or email. You can phone the Fund at (423) 893-0500 or email info@cfppf.org. Correct mailing addresses are important so that our members can receive federal tax forms and other documents in a timely manner. Your assistance is appreciated.

Thank you.

**Chattanooga Fire & Police
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