2017 Retirement Planning Seminar Agenda
Fort Lauderdale City Hall, 100 N. Andrews Ave., First Floor Commission Chambers
Wednesday, December 6, 2017

8:30 – 8:45  Welcome
Michael Dew, P&F Board Chairman
Jon Stahl, GE Board Chairman

8:45 – 9:45  (Estate) Planning for Your Family’s Future
Shane Kelley, Kelley Law Firm.

9:45 – 10:30  Tax Mistakes to avoid in Retirement
Mitchell J. Margolies, CPA

10:30 – 10:45  Break

10:45 – 11:45  Social Security: Understanding your Retirement
Fred Nesbitt

11:45 – 12:00  Ready? Set, Go… Your Final Payout
Debi Donato, City of Fort Lauderdale

12:00 – 1:15  Deferred Comp Lunch Break-Out Sessions
Your 457 (b) Deferred Compensation Plan
Al Pinzon, Nationwide

I am nearing Retirement, Now What?
Yolanda Flores and Hortensia Perez, CFP, ICMA-RC

1:15 – 1:35  City Benefits at Retirement
Lloyd Rhodes, the Rhodes Insurance Group and Guy Hine, City of Fort Lauderdale

1:35 – 2:00  Medicare Insurance
David Gluckman, United Healthcare and Joe Mogavero, FOP

2:00 – 2:30  Police and Fire Pension Update and Questions
Lynn Wenguer, P&F Plan Administrator

General Employees Questions and Answers
Nicholas Schiess, GE Administrator

Presented by: City of Fort Lauderdale Police Officers and Firefighters’ Retirement System and General Employees’ Retirement System

TWO OR MORE FORT LAUDERDALE CITY COMMISSIONERS OR MEMBERS OF A CITY OF FORT LAUDERDALE ADVISORY BOARD MAY BE IN ATTENDANCE AT THIS MEETING.

IF A PERSON DECIDES TO APPEAL ANY DECISION MADE BY THE BOARD WITH RESPECT TO ANY MATTER CONSIDERED AT THIS MEETING OR HEARING, HE WILL NEED A RECORD OF THE PROCEEDINGS, AND FOR SUCH PURPOSE, HE MAY NEED TO ENSURE THAT A VERBATIM RECORD OF THE PROCEEDING IS MADE, WHICH RECORD INCLUDES THE TESTIMONY AND EVIDENCE UPON WHICH THE APPEAL IS TO BE BASED. FLORIDA STATUTES 286.0105

IN ACCORDANCE WITH THE AMERICAN WITH DISABILITIES ACT OF 1990, PERSONS NEEDING A SPECIAL ACCOMMODATION TO PARTICIPATE IN THIS PROCEEDING OR READING AGENDAS AND MINUTES SHOULD CONTACT LYNN WENGUER NO LATER THAN FOUR DAYS PRIOR TO THE PROCEEDING. TELEPHONE (954) 828-5595 FOR ASSISTANCE. IF HEARING IMPAIRED, TELEPHONE THE FLORIDA RELAY SERVICE NUMBERS (800) 955-8771 (TDD) OR (800) 955-8770 (VOICE) FOR ASSISTANCE.

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATIONS MEDIA TECHNOLOGY, SPECIFICALLY A TELEPHONE CALL. THE LOCATION, 100 N. ANDREWS AVE, FORT LAUDERDALE, FLORIDA, WHICH IS OPEN TO THE PUBLIC, SHALL SERVE AS AN ACCESS POINT.
(Estate) Planning for Your Family’s Future
Golden Years
Introduction

* Lifetime planning
* Estate planning
* Tax planning
Lifetime Planning

- Durable Power of Attorney
- Healthcare Surrogate
- Living Will
- Pre-need Guardian
- Trusts
Durable Power of Attorney

Caution: This is an important document. It gives the person whom you designate (your "Attorney in Fact") broad powers to handle your property during your lifetime, which may include powers to mortgage, sell or otherwise dispose of any real or personal property without advance notice to you or approval by you. These powers may continue to exist even after you become disabled or incompetent.

I, __________________________, of __________________________, Florida, revoke all powers of attorney previously issued by me and appoint my spouse, __________________________, as attorney-in-fact for me and to otherwise act for me and on my behalf, as provided herein.

If __________________________ is unable to serve, dies, resigns or becomes incapacitated, __________________________ shall serve as successor attorney-in-fact for me.

1. Grant of Power. I hereby give and grant to my said attorney-in-fact the full power and authority to exercise or perform all and any act, power, duty, right or obligation whatsoever that I now have or may hereafter acquire. I hereby ratify and confirm that my said attorney-in-fact shall lawfully have, by virtue of this durable power of attorney, the powers herein granted, and any powers reasonably necessary to give effect to the powers herein granted, in accordance with the Florida Power of Attorney Act:

(DIRECTIONS: Initial in the blank space to the left of your choice any one or more of the following lettered subdivisions as to which you WANT to give your attorney-in-fact authority. If the blank space to the left of any particular lettered subdivision is NOT initialed, NO AUTHORITY WILL BE GRANTED for matters that are included in that subdivision.)

[Initial here] a. To forgive, request, demand, sue for, recover, collect, receive, hold all such sums of money, debts, dues, commercial paper, checks, drafts, accounts, deposits, legacies, bequests, devises, notes, interests, stock certificates, bonds, dividends, certificates of deposit, annuities, pensions, profit sharing, retirement, social security, insurance and other contractual benefits and proceeds, all intangible and tangible property and property rights, and demands whatsoever, liquidated or unliquidated, now or hereafter owned by me, or due, owing, payable or belonging to me or in which I have or may hereafter acquire an interest.
1. **Grant of Power.** I hereby give and grant to my said attorney-in-fact the full power and authority to exercise or perform all and any act, power, duty, right or obligation whatsoever that I now have or may hereafter acquire. I hereby ratify and confirm that my said attorney-in-fact shall lawfully have, by virtue of this durable power of attorney, the powers herein granted, and any powers reasonably necessary to give effect to the powers herein granted, in accordance with the Florida Power of Attorney Act:

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**Durable Power of Attorney**

**Pros**
- Avoid guardianship
- Name a person you trust

**Cons**
- Effective immediately
- Broad powers
- Potential abuse
- Potential compensation
Designation of Healthcare Surrogate

DESIGNATION OF HEALTH CARE SURROGATE

If I am at any time incapable of making health care decisions for myself, and it is determined pursuant to Fla. Stats. §765.204, that I lack the capacity to make care decisions for myself or to provide informed consent, I designate:

Name:
Address:
Telephone:

and then

Name:
Address:
Telephone:

to serve as my health care surrogate to make all health care decisions for me, subject to the restrictions, if any, set forth herein and the statutory restrictions on a health care surrogate's powers, until such time as I regain the capacity to make such decisions or provide informed consent myself.

I further designate my health care surrogate as my personal representative under 45 CFR § 164.502(g), a portion of the regulations implementing the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), for all health care-related decisions, whose powers include the presently effective power to receive my protected health information and to authorize the disclosure and use of my protected health information as provided in 45 CFR 164.
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LIVING WILL

I, ___________________________, willfully and voluntarily make this declaration on this ___ day of __________, 2014. I recognize that death is natural and is but a phase in the cycle of life. I do not fear death as much as I fear the indignity and futility of deterioration, dependence, and hopeless pain. If there is no reasonable medical expectation of my recovery from a physical or mental disability, I do not wish to be kept alive by artificial means or heroic measures.

Therefore, if my attending or treating physician and another consulting physician determine that there is no reasonable medical probability of my recovery from any of the following conditions, I direct that life-prolonging procedures be withheld or withdrawn when the application of those procedures would serve only to prolong artificially the process of dying, and that I be permitted to die naturally with only the administration of medication or the performance of any medical procedure deemed necessary to provide me with comfort care or to alleviate pain, even if that hastens my death:

(mark desired choices)

— and I have a terminal condition (a condition caused by injury, disease, or illness from which there is no reasonable medical probability of recovery and which, without treatment, can be expected to cause death), or

— and I have an end-stage condition (a condition that is caused by injury, disease, or illness which has resulted in severe and permanent deterioration, indicated by incapacity and complete physical dependency, and for which, to a reasonable degree of medical certainty, treatment of the irreversible condition would be medically ineffective), or

— and I am in a persistent vegetative state (a permanent and irreversible condition of unconsciousness in which there is the absence of voluntary action or cognitive behavior of any kind, and an inability to communicate or interact purposefully with the environment).
Designation of Pre-Need Guardian

DECLARATION OF PRENEED GUARDIAN

I, pursuant to Fla. Stats. §744.3045, hereby designate my to serve as my guardian in the event a guardian is required to be appointed for me. It is my express desire that serve as both guardian of my person and property. If serve, cease to serve, or are unwilling or unable to serve as guardian of my person and property, I appoint my nephew, , as first alternate guardian of my person and property. This Declaration shall remain in effect until revoked by me in writing, my destruction of this Declaration, or the written declaration by me of a new preneed guardian.
IN THE CIRCUIT COURT OF THE 15TH JUDICIAL CIRCUIT IN AND FOR PALM BEACH COUNTY, FLORIDA
PROBATE DIVISION/MENTAL HEALTH DIVISION

IN RE: GUARDIANSHIP OF

Alleged Incapacitated Person.

/____________________/

NOTICE OF FILING DECLARATION OF PRENEED GUARDIAN

NOTICE IS HEREBY GIVEN by , by and through his undersigned counsel, of the filing of the Declaration of Preneed Guardian executed by 

, in connection with the above-referenced case. The original Declaration of Preneed Guardian is attached hereto.

Case No.

COPY

SOUTH COUNTY BRANCH OFFICE
ORIGINAL RECEIVED
MAY 31 2012

SHARON R. BOCK
CLERK & COMPTROLLER
PALM BEACH COUNTY
Designation of Pre-Need Guardian

744.312 Considerations in appointment of guardian.—
(1) Subject to the provisions of subsection (4), the court may appoint any person who is fit and proper and qualified to act as guardian, whether related to the ward or not.
(2) The court shall give preference to the appointment of a person who:
   (a) Is related by blood or marriage to the ward;
   (b) Has educational, professional, or business experience relevant to the nature of the services sought to be provided;
   (c) Has the capacity to manage the financial resources involved; or
   (d) Has the ability to meet the requirements of the law and the unique needs of the individual case.
(3) The court shall also:
   (a) Consider the wishes expressed by an incapacitated person as to who shall be appointed guardian;
   (b) Consider the preference of a minor who is age 14 or over as to who should be appointed guardian;
   (c) Consider any person designated as guardian in any will in which the ward is a beneficiary.
(4) If the person designated is qualified to serve pursuant to s. 744.309, the court shall appoint any standby guardian or preneed guardian, unless the court determines that appointing such person is contrary to the best interests of the ward.
Pros

- Alternative to guardianship
- Ability to name successor trustee
- Ability to define “incapacity” for financial purposes

Cons

- Expensive
- Potential to lose control of assets
- More complicated
Estate Planning

* Intestacy
* Wills and Trusts
* Other ways to pass property
* Homestead
* Elective Share
Estate Planning

* The preparation for the distribution and management of a person’s estate at death through the use of wills, trusts, insurance policies, and other arrangements.
Why Worry About It?

- Save your family members from having to deal with complicated property issues.
- Avoid disputes between family members.
Take advantage of tax laws and minimize taxes on death
Intestacy

* What is intestacy? Failure to plan

* Governed by Florida Statutes

* The law attempts to define what you would have wanted, had you done an estate plan
F.S. 732.102 and F.S. 732.103 control who the beneficiaries of your estate will be.

Depends on whether you are survived by a surviving spouse, lineal descendants, or both.

Also provides preferences as to who will be the personal representative of your estate: (1) Surviving Spouse, (2) Person selected by a majority in interest of the heirs, (3) The heir nearest in degree.
Intestacy

* If surviving spouse and no lineal descendants – ALL TO SPOUSE.

* If surviving spouse and lineal descendants *and* all the descendants are the descendants of both decedent and surviving spouse – ALL TO SPOUSE.

* If surviving spouse and lineal descendants *but* some or all of the descendants are not lineal descendants of the surviving spouse (2nd marriage situation) then: ½ to spouse and ½ to lineal descendants.
If no surviving spouse but lineal descendants:

- Equal shares to lineal descendants of decedent.

If no surviving spouse or lineal descendants:

- To decedent’s mother and father equally, or to the survivor of them.

- If no parents surviving, then to brothers and sisters and descendants of deceased brothers and sisters.
If minors then their share subject to a formal guardianship pursuant to Florida Statutes Chapter 744.
What is a will? A document by which a person directs his or her estate to be distributed upon death.

- Only effects property titled in the decedent’s name upon death.

- Can be changed at any time prior to incapacity/death.

- Ability to name guardian of your children.

- Can make specific gifts of tangible personal property or money.
Do-It-Yourself Wills: Cheap Now, Expensive Later?

By Gail Buckner / Your Money Matters / Published May 05, 2014 / FOXBusiness

In the words of Florida Supreme Court Justice Pariente, the outcome of Aldrich’s will illustrates “the potential dangers of utilizing pre-printed forms and drafting a will without legal assistance. [This] decision can ultimately result in the frustration of the testator’s intent, in addition to the payment of extensive attorney’s fees- the precise results the testator sought to avoid in the first place.”
Can be Revocable or Irrevocable
- Most common are revocable trusts.

Are effective immediately upon execution.

Control your property while you are still alive.
Pros:

- Privacy
- Good guardianship avoidance technique
- Avoids probate – especially multiple probates for out of state real property
Cons:

- Can be expensive to create and administer.

- No probate process – lengthened statute of limitations.

- Need to re-title all assets or not effective.

- No estate tax advantage.
Other Ways to Pass Property

- Joint Ownership
  - Tenants by the Entireties (TBE)
  - Joint Tenants with Right of Survivorship (JTWROS)

- Payable on Death (POD)

- Totten Trusts

- Beneficiary designations
  - Common in IRA’s and life insurance
Other Ways to Pass Property

**Pros:**
- Can be done without a lawyer (but be careful not to disrupt estate plan!)
- Ease of administration

**Cons:**
- May be a gift which requires that a gift tax return be filed.
- Payment of all expenses and exclusive use by one party may constitute further taxable gifts.
- May subject property to creditors of other joint owner.
- Passes outside terms of estate plan which may cause unintended results.
The devise of your home may restricted if you have a spouse or minor children.

May cause your estate plan to be frustrated.

3 types of homestead:
- Restrictions on devise
- Creditor protection
- Taxes
* Article X, §4 of the Florida Constitution. Homestead; exemptions

- The homestead shall not be subject to devise if the owner is survived by spouse or minor child, except the homestead may be devised to the owner's spouse if there be no minor child. The owner of homestead real estate, joined by the spouse if married, may alienate the homestead by mortgage, sale or gift and, if married, may by deed transfer the title to an estate by the entirety with the spouse.
F.S. § 732.401. Descent of homestead

(1) If not devised as permitted by law and the Florida Constitution, the homestead shall descend in the same manner as other intestate property; but if the decedent is survived by a spouse and one or more descendants, the surviving spouse shall take a life estate in the homestead, with a vested remainder to the descendants in being at the time of the decedent's death per stirpes.
Election for Spouse:

- In lieu of life estate the surviving spouse may elect to take an undivided ½ interest in the homestead as a tenant in common.

- Other ½ vests in the decedent’s descendants in being at the time of the decedent’s death per stirpes.

- Result is that surviving spouse has a present interest that can be partitioned. Before, spouse could not partition life estate and were being burdened with life estate he/she could not afford.

- Spouse will be entitled to ½ of proceeds upon sale.
If spouse dissatisfied with assets received, he or she can make an election to take **30% of elective estate**.

Almost all assets are subject to the elective share:

- Joint accounts, POD accounts, ITF accounts,
- Fractional interest in property,
- Revocable Trusts,
- Cash surrender value of any life insurance policy owned by the Decedent, and
- Annuities.
Exempt Property:

* Surviving spouse is entitled to:
  * Household furniture and appliances in the decedent’s usual place of abode up to $20,000.
  * Two motor vehicles which were used by decedent or family.
Family Allowance

* Surviving spouse entitled a reasonable allowance from the estate up to $18,000.

* Can be paid in a lump sum or in installments.
Marital Agreements

* Only way to completely avoid the elective share, exempt property and family allowance is a prenuptial or postnuptial agreement.
Tax Planning

- Estate taxes
- Annual Exclusion Gifts
- Other Tax Planning
The American Taxpayer Relief Act of 2012 (referred to as ATRA).

ATRA finally created a permanent estate tax exemption.

The prior tax act contained a “Sunset Provision.” This provision caused the Act to “sunset” on January 1, 2011.

Resulted in total confusion for families.
Confusion over the exemption amount:

Every estate is allowed a unified credit or “exemption amount” against the estate tax imposed upon one’s death. This is commonly referred to as the amount that one can pass “tax-free” upon death. I.R.C. § 2010(c).
Historical Exemption Amounts:

- 2002: $1,000,000
- 2003: $1,000,000
- 2004: $1,500,000
- 2005: $1,500,000
- 2006: $2,000,000
- 2007: $2,000,000
- 2008: $2,000,000
- 2009: $3,500,000
- 2010: Repeal
What happened if you died in 2010?

Value of estate estimated at 1.1 Billion - $1,100,000,000.00

Saved $385,000,000.00 in Estate Tax
Something had to change: American Taxpayer Relief Act of 2012.

- Signed into law in 2012.
- Created a permanent estate tax exemption of $5,000,000.

IMPORTANT TO NOTE: The law could always change!
2013 Estate Tax Exemption set at $5,000,000.

Tax rate set at 40% (was 55%). Any estates with assets totaling more than $5,000,000 will owe taxes (unless marital deduction).

Indexed for Inflation. Exemption in 2017 is $5,490,000.
Effect of $5,000,000 Exemption

- In 2013 only an estimated 3,800 estates owed tax.
- That is less than 1 in 700 tax returns filed.
- Only $14 Billion collected in estate taxes.
- Less than half of the revenue collected five years ago.
Portability of Exemption

* Helps people who did not do estate planning and have remaining exemption.

* If spouse 1 dies and only uses $2,000,000 in exemption. The remaining $3,000,000 can pass to the surviving spouse so that spouse 2 would then have $8,000,000 in exemption.
In order to utilize remaining exemption of Spouse 1, there needs to be a special election made at the time of the death of Spouse 1 called a “Portability Election”.

Election can only be made on an IRS Form 706 Estate Tax Return. So even if no estate tax return is otherwise required, need to file one to preserve portability of the unused exemption to Spouse 2.
If a decedent dies and has more than $5,000,000 in assets those assets will be subject to 40% estate tax.

Can avoid this result if married by utilizing marital deduction.

Any assets passing to spouse upon death of first spouse entitled to a deduction – NOT THE SAME AS EXEMPTION.
The only ways to obtain a marital deduction is if the surviving spouse obtains assets outright or in a special trust.

QTIP Trust - Internal Revenue Code Section 2056(b)(7).

Spouse must have the right to all of the income for life and no person other than the spouse can receive any property during spouse’s lifetime.
Benefits of QTIP Trusts

- Two major benefits of QTIP Trusts:
  - Second marriages – keeps money in family.
  - Creditor protection.
**Easy Estate Planning Tips**

- **Annual exclusion gifts - See IRC 2503(b)**
  - Annual exclusion gifts indexed for inflation and now it is $14,000 per year per person.
  - Gift splitting - $28,000 per year if married.
Other Tax Planning

* Payment of tuition or medical expenses - See IRC 2503(e)
  * Covers tuition payments directly to educational institutions.
  * Payment of medical care directly to medical provider. Includes amounts paid for medical insurance.
  * The unlimited exclusion from the gift tax does not apply to amounts paid for medical care that are reimbursed by the donee's insurance.
Other Tax Planning

* Remember, the payments must be paid directly to the school or medical provider. The payments cannot be a reimbursement to the person.
Section 529 Plans - Commonly referred to “Qualified Tuition Programs”

- Very effective way to pass money to children and grandchildren and reduce your taxable estate while saving income taxes.

Advantages:

- Earnings and growth are income tax free within the plan.
Estate planning tip - Go first class or your heirs will!

SHANE KELLEY, ESQ.
THE KELLEY LAW FIRM PL
3365 Galt Ocean Drive, Fort Lauderdale, Florida 33308-7090
WWW.ESTATELAW.COM
954-563-1400
CITY OF FORT LAUDERDALE RETIREMENT PLANNING SEMINAR

TAX MISTAKES TO AVOID IN RETIREMENT PLANNING

December 6, 2017

PRESENTED BY
MITCHELL J. MARGOLIES, CPA/PFS
MITCHELL J. MARGOLIES, CPA, PA.
MJMCPAPA@YAHOO.COM
City of Fort Lauderdale Police Officer’s and Firefighter’s Retirement System and General Employees Retirement System

**Issues to consider in 2017 and the future**

1. Certain dues dates of tax return have changed for tax years beginning after 12/31/15 (2016 Tax returns prepared during 2017 tax filing season. **Assuming calendar tax year below.**

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<th>Original due date</th>
<th>Revised due dates</th>
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<td><strong>Partnerships</strong></td>
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<td><strong>Trust and Estates</strong></td>
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<td><strong>Individuals</strong></td>
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2. As of today, even with a new administration, there has been no major overhaul of our current income tax system.

3. Effective after December 31, 2015 a new law passed in June 2015 which basically allows federal safety employees (e.g. federal and state law enforcement officers, firefighters, custom and border protection officers, emergency medical service providers and air traffic controllers) to make penalty free withdrawals directly from their government retirement accounts at age 50 instead of 55. Previously, this exception from the 10% penalty only applied to governmental defined benefit plans, but after 2015, governmental defined contributions are also included.
4. Beware of various tax scams
   a. Phishing – Unsolicited emails or a fake website to prompt one to provide valuable information. IRS will never send an email about a bill or refund.
   b. Phone scams - surge in these calls threatening liens, arrests, etc.
   c. Identity theft
   d. Return Preparer Fraud
   e. Masquerading as a legitimate charity

General planning topics

1. Sources of funds for retirement - Not all income sources are alike
   a. Social security benefits – When do I take?
   b. Taxable tax deferred accounts (401k, IRAs) taxable brokerage accounts
   c. Nontaxable accounts (Roth’s, nondeductible)
   d. Monitor interplay of taxable distributions and its impact on the taxability of your social Security benefits.

2. State income taxes- change of residency issue.
   a. If you are moving to a state that has an income tax and are considering converting to a Roth or triggering a significant income tax event, make sure you do it before becoming a resident of that state to avoid potential state income taxes.
   b. Withdrawals from traditional retirement accounts or other tax deferred retirement accounts are generally taxed at the federal level and may be taxed at the state level. One may assume that if you move to a state that has a state income tax that any withdrawals from a retirement account will also be taxed at the state level. Some states don’t tax retirement account withdrawals at all while others exempt a partial amount, so it is highly recommended before you change residences, you consult with a tax advisor to see if there are any potential state income tax implications.

3. U.S. Supreme Court rules that Inherited IRAs are not protected in bankruptcy under federal law.
   a. Generally, for retirement account owners, people are afforded a great deal of protection to Retirement funds, providing IRAs and Roth IRAs with an inflation adjusted exemption and Employer sponsored plans with an unlimited exemption.
   b. In the Clark Case, they ruled that an inherited IRA was not “retirement funds” and thus not protected in bankruptcy under federal bankruptcy rules.
c. **GOOD NEWS** – States are permitted to opt in or out of the federal bankruptcy exemption rules. Even if states opt out of the federal rules, protection for retirement accounts remains intact. That does not preclude states, however, from enhancing the bankruptcy protection available to certain assets including inherited IRAs under their state bankruptcy rules. In fact, to date seven states have adopted laws expressly exempting inherited IRAs under state bankruptcy statutes (Alaska, Arizona, Florida, Missouri, North Carolina, Ohio and Texas).

4. **Be aware of the 3.8% Medicare Surtax** – Even though the majority of the tax provisions pertain to higher income folks, there are a couple that one may confront.

   a. Trusts and estates whose taxable income threshold exceeds $12,500 (2017) may be subject to the highest tax rate of 39.6% on its ordinary income and 20% on its long term capital gains. Therefore, more trusts may be exposed to the tax. Need to address if a trustee or beneficiary of a trust.

   b. If you have lived in your home a long time and you sell your primary residence and the gain exceeds the exclusion amount ($250,000 – single, $500,000 – joint) you may have to consider whether the 3.8% tax applies to you.

**COMMON MISTAKES THAT CAN WRECK YOUR RETIREMENT**

1. IRS continues to crack down on common retirement errors and contribution or withdrawal errors.
   a. One must take required minimum distributions in the year that reach 70 ½ or no later than April 1 of the year after they turn 70 ½. If they wait until April 1 of the following year, one must take two distributions in the subsequent year. Failure to do so can result in a penalty of 50% of the amount that should have been withdrawn.
   b. Once you inherit an IRA, there are also required minimum distributions. There can also be a 50% excise tax on a distribution missed. Be careful in year of death, if the decedent has not taken their RMD, you are required to take it! (See below)
   c. Also don’t forget that if you inherit a Roth IRA, you are required to take a required minimum distribution no later than December 31 of the year following the year of death. Even though the decedent had no required minimum distributions pertaining to their Roth IRA, one is required for an “inherited Roth IRA”. Please see below.
   d. If you have multiple IRAs, one can take required minimum distribution out of just one account, but the calculation must be based on total values of all accounts. If you do this, please be aware if there are different beneficiaries of your IRAs.
   e. Also the IRS is starting to look at the contribution limits and whether taxpayers are secretly socking extra money in attempt to rack up tax free earnings. Refer to table below for income limitations for traditional and Roth IRAs. Penalty on excess contributions can be 6% of the excess contribution annually.
f. IRS is also making one prove that they rolled an IRA over within the 60 day limit.
g. One must be very careful if you borrow against a 401k or 403b as you must comply with loan terms or noncompliance can result in the loan being treated as a distribution and therefore treated as taxable income and possibly be subject to the 10% additional tax. One way to avoid this is to never borrow. In my opinion, borrowing against your retirement account should be the last resort.

h. Don’t forget to consider withholding federal income tax on retirement distributions.
i. The ability to defer paying income tax can create significant wealth over a period of time through the world of compounding.

2. Generally, taxable distributions from a qualified retirement plan or IRA are subject to a 10 percent additional tax if they are made before the participant reaches age 59 ½. Certain exceptions are as follows:

a. Distributions that are timely rolled over;
b. Distributions upon death or disability of the participant;
c. Distributions that are part of a series of substantially equal periodic payments over the life of the participant or the joint lives of the participant and the beneficiary;
d. Distributions after the participant’s separation from service, provided the separation of service occurred during or after the calendar year in which the participant reached age 55 (age 50 in the case of distributions from a government plan to a retired police officer, firefighter or emergency medical service provider); See above for new for 2016.
e. Distributions under a qualified domestic relations order;
f. Distributions from certain plans for first time home purchases

g. Used for qualified higher educational expenses

3. Inherited IRAs-

a. First thing to do when a relative dies and you’re a designated beneficiary is to do nothing and consult with your CPA and attorney before you take action.
b. Might be a required minimum distribution in the year of death if the decedent hadn’t already taken his (hers).
c. If a beneficiary of an inherited IRA, you must begin taking a required minimum distribution the year after death based on your life expectancy.
d. If decedent is your spouse, one can either roll the account into your own IRA, or set up an inherited account and postpone taking the required distributions until the deceased spouse would have turned 70 1/2.
e. Never take money directly. Must remain in deceased person’s name. Ex- Mitch Margolies, deceased fbo Jessica Garfield
f. The 60 day rollover is not available to a nonspouse beneficiary as money now becomes taxable? Will not be able to get reversed once take money.
g. Inherited Roth IRA also requires minimum distribution payments. If you inherit a Roth IRA you need to keep up with those withdrawals or there can be a 50% penalty for missing the withdrawal.

h. Please be aware that if you make a major mistake when inheriting an IRA resulting in it being included in your taxable income, even though an IRA is not subject to the 3.8% surtax noted above, it can throw you into a higher income tax bracket which may subject some of your investment income to the 3.8% Medicare surtax.

4. As I mentioned the past several years, please make sure that you have named the proper beneficiary on all your designated beneficiary forms (retirement accounts, life insurance, bank and brokerage accounts, annuities etc.). (Florida statute now addresses some of the complexities). Anytime you have a significant life changing event (marriage, divorce, death etc.) please revisit your forms in the near future.
   a. You should have at a minimum a primary and contingent beneficiary listed on your designated beneficiary forms.
   b. What controls the disposition of your retirement accounts? Will, trust, or designated beneficiary form?
   c. Who can be a designated beneficiary of your retirement account?
      1. Good beneficiaries- individuals or certain trusts
      2. Bad beneficiaries – estate, charities, and trust, etc.
   d. Besides making sure that the person you want to receive the funds (retirement) does receive the inheritance, there are significant income tax savings if the form is filled out correctly.

5. If you have a parent who is involved in a second marriage, even though a sensitive issue, you want to have the conversation making sure that the designated forms properly reflect your parent’s wishes.
   a. As mentioned in prior years, your 401k or 403b basically presumes spouse is your beneficiary regardless of what designated beneficiary form states unless obtain a waiver.
   b. If you are single when you die, the designated beneficiary form will generally dictate who will be the recipient.
   c. If not married, make sure an individual is named because if left blank it will go to your estate. That will require a faster payout rather than over the life expectancy of beneficiary. Basically must be paid out by the fifth year following the year of death unless the decedent already began taking out their minimum distribution.
   d. If you have an IRA, you can basically designate whomever you wish.(Watch state law)
   e. Possible trusts as beneficiary but rules are complex and trust agreement must be drafted correctly.
6. Other topics related to retirement issues

a. If your money is in a 401(k) and you are still working for an employer that sponsors that account, when you turn 70 ½ and you don’t own more than 5% of the company, you can defer taking the required minimum distributions. However, if you rollover money into an IRA, then you must take the required minimum distribution.

b. Never take money from retirement account directly. Do rollover from trustee to trustee to avoid potential income tax on inherited retirement accounts or even your own.

c. If there are multiple beneficiaries, make sure separate accounts are set up to take advantage of age differences.

Traditional and Roth IRAS

1. Are you maximizing the amount of retirement benefits that are available? **Do not overlook this opportunity!**

   a. Can I contribute to an Individual Retirement Account (Traditional /Roth) while I am a participant in the current pension plan? (Maximum up to $5,500 or $6,500 if age 50 and above before the end of the year.)

<table>
<thead>
<tr>
<th>Traditional IRA</th>
<th>Adjusted Gross Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried Person - Active participant</td>
<td>$ 62,000 - $72,000</td>
</tr>
<tr>
<td>Married filing jointly –Participating Spouse</td>
<td>99,000 – 119,000</td>
</tr>
<tr>
<td>Married filing jointly – Nonparticipating spouse</td>
<td>186,000 -196,000</td>
</tr>
</tbody>
</table>

   **Roth IRA – Only an income restriction**

<table>
<thead>
<tr>
<th>Roth IRA</th>
<th>Adjusted Gross Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unmarried Person -</td>
<td>$ 118,000– 133,000</td>
</tr>
<tr>
<td>Married filing jointly</td>
<td>186,000 – 196,000</td>
</tr>
</tbody>
</table>

   Participation in the pension plan does not affect the ability to contribute to a Roth.
2. Traditional IRA vs Roth IRA

a. Traditional IRA – contributions tax deductible
   Earnings tax deferred
   Upon withdrawal – contributions and earnings are taxable
b. Roth IRA – contributions are not deductible
   Qualified withdrawals are not taxable – contributions as well as earnings
c. Roth conversion and recharacterization of the Roth
d. To avoid income restriction, some people are doing nondeductible IRAs and then converting to a Roth. Have to be very careful with this strategy as one has to consider all IRAs (traditional deductible and nondeductible) held by the individual when converting. Consider a Roth for your child if working!
Social Security and Your Retirement

FREDERICK H. NESBITT,
COMMUNICATIONS DIRECTOR
POLICE AND FIREFIGHTERS’
RETIREMENT SYSTEM

THIS PRESENTATION ON SOCIAL SECURITY IS FOR INFORMATIONAL PURPOSES ONLY. NO ONE SHOULD MAKE A RETIREMENT DECISION BASED SOLELY ON THE INFORMATION PRESENTED.
What is Social Security?

Social Insurance – FDR (1935)
- Retirement Insurance
- Survivor Insurance
- Disability Insurance
- Health Insurance (1965)
Social Security (FICA) - 2018

OASDI – 6.2% of wages to $128,700 paid by employee and 6.2% by employer = 12.4% contribution - maximum $14,694

Health Insurance – 1.45%* of wages (no maximum), paid by employee and matched by employer = 2.90% contribution

Total Social Security Contribution = 15.3%

* Beginning January 2013, individuals with earned income of more than $200,000 ($250,000 for married couples filing jointly) pay an additional 0.9 percent in Medicare taxes.
Social Security Eligibility

Retirement: 40 quarters of covered employment and at least 62 years old
Medicare Eligibility

Medicare: 40 quarters of covered employment or through your spouse and age 65

- Part A – Hospital Insurance
- Part B – Medical Insurance
- Part D – Medicare Prescription Drug Plan
How is Social Security Earned?

Wages required to earn one quarter
Earn maximum 4 quarters per year

- 1951-77 = $50
- 1978-80 = $250-$290
- 1981-90 = $310-$500
- 1991-2000 = $540-$780
- 2001-2010 = $890-$1,120
35 best years of Social Security indexed wages – zero for years below 35

Divide by 420 months (35 years) to get AIME (average indexed monthly earnings)
Calculating Your Benefit

PIA (Primary Insurance Amount) at FRA (Full Retirement Age) 2018

1. 90% of AIME up to $896 plus
2. 32% of AIME between $896-$5,399 plus
3. 15% of AIME above $5,399 (Bend Points)

Maximum SS benefit: $2,687 in 2017
Calculating Your 2018 Benefit

Total Indexed Wages/420 months = $5,200 average monthly wages

1. 90% of first $896 = $806
2. 32% of next $4,304 = $1,377
3. 15% of remainder = $0

SS Benefit (FRA) = $2,183/month
Social Security Earnings/Benefits

- Go to [www.socialsecurity.gov](http://www.socialsecurity.gov)
- Create “My Account”
- Earnings history
- Projected benefits at FRA, early retirement, disability, survivors
- [www.socialsecurity.gov/mystatement](http://www.socialsecurity.gov/mystatement) -- Get Your Social Security Statement Online 24/7
Estimated benefits are based on current law. Congress has made changes to the law in the past and can do so at any time. The law governing benefit amounts may change because, by 2034, the payroll taxes collected will be enough to pay about 77 percent of scheduled benefits. By 2029, the HI fund will become depleted and able to pay about 88 percent of the scheduled benefits.
Full Retirement Age (FRA)

Born:
1937   65 years old
1938   65/2 mo
1939   65/4 mo
1940   65/6 mo
1941   65/8 mo
1942   65/10 mo
1943-1954  66 years old

Born:
1955   66/2 mo
1956   66/4 mo
1957   66/6 mo
1958   66/8 mo
1959   66/10 mo
1960 & after 67 years old
Age and Benefits

Monthly Benefit Amounts Differ Based on the Age You Decide to Start Receiving Benefits

This example assumes a benefit of $1,000 at a full retirement age of 66

Age You Choose to Start Receiving Benefits

<table>
<thead>
<tr>
<th>Age</th>
<th>Benefit Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>$750</td>
</tr>
<tr>
<td>63</td>
<td>$800</td>
</tr>
<tr>
<td>64</td>
<td>$866</td>
</tr>
<tr>
<td>65</td>
<td>$933</td>
</tr>
<tr>
<td>66</td>
<td>$1,000</td>
</tr>
<tr>
<td>67</td>
<td>$1,080</td>
</tr>
<tr>
<td>68</td>
<td>$1,160</td>
</tr>
<tr>
<td>69</td>
<td>$1,240</td>
</tr>
<tr>
<td>70</td>
<td>$1,320</td>
</tr>
</tbody>
</table>
# Early Retirement Impact

<table>
<thead>
<tr>
<th>Start Collecting At:</th>
<th>Full Retirement Age of 65</th>
<th>Full Retirement Age of 66</th>
<th>Full Retirement Age of 67</th>
</tr>
</thead>
<tbody>
<tr>
<td>62</td>
<td>80%</td>
<td>75%</td>
<td>70%</td>
</tr>
<tr>
<td>63</td>
<td>86.7%</td>
<td>80%</td>
<td>75%</td>
</tr>
<tr>
<td>64</td>
<td>93.3%</td>
<td>86.7%</td>
<td>80%</td>
</tr>
<tr>
<td>65</td>
<td>100%</td>
<td>93.3%</td>
<td>86.7%</td>
</tr>
<tr>
<td>66</td>
<td></td>
<td>100%</td>
<td>93.3%</td>
</tr>
<tr>
<td>67</td>
<td></td>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>
When to Retire?
Early Retirement

Retire before your full retirement age:
- Earliest retirement is 62 years old
- Can retire anytime between age 62 and your full retirement age or up until age 70

Can I retire early and keep on working? YES – but....
Earnings limit on work if you retire before full retirement age ($1 SS for $2 wage offset after earning $17,040)

At full retirement age, there is no earnings limit or offset

If you work after SS retirement, you still pay FICA and benefits could increase
Three Key Amounts

$17,040 – wage limit on earnings before FRA

$1,320 – wages required to earn one quarter toward 40 quarters to qualify for SS

$25,000/$32,000 – up to 50% of benefits are taxable – could be as high as 85%

Deferring money into 457 plan does not reduce Social Security benefits
Spouse Benefit

Higher of earned Social Security benefit or 50% of the spouse’s or former spouse’s benefit (if divorced)
Spouses and Marriage

- Spouse claiming benefit based on your earnings does not reduce your monthly SS check
- Currently married to spouse
- Divorced and marriage lasted 10+ years and did not remarry
Death Benefits

- Death survivor payment of $255
- Survivor benefit based on spouse’s FRA and eliminated if you remarry
- Dependent children also qualify until age 18 or 19 if still in K-12 school
- Survivor gets greater of earned Social Security benefit or spouse’s FRA benefit
Disability Benefit

If you become disabled before full retirement age, you can receive disability benefits after six months if you have:

- enough credits from earnings; and
- physical or mental impairment that’s expected to prevent you from doing “substantial” work for a year or more or result in death.
Offsets to Social Security

- Does not apply to Fort Lauderdale employees – and ONLY applies if spouse worked in government position not covered by Social Security
- GPO – Government Pension Offset (spouse benefits)
- WEP – Windfall Elimination Provision (worker)

Both reduce Social Security benefits if above applies
Applying for SS and Medicare

Apply about 4 months before you reach FRA or your early retirement date
SS paid throughout month – and one month delay
Medicare starts first day of month of birthday
Apply Online

www.ssa.gov
www.medicare.gov

Apply for benefits online
• Social Security retirement benefits
• Disability benefits
• Benefit calculator
• Change address

NOTE: make sure URL is .gov – otherwise you may go to another site that is not the government site
Visit the Social Security office
3201 W Commercial Blvd
Suite 100
Fort Lauderdale, FL 33309
8:30 am – 3:30 pm (M-F)
1-800-772-1213 (7am-7pm, M-F)
Make an appointment
2017 Retirement Seminar

Ready?  Set,  Go...

Debi Donato,  
Senior Accountant/Payroll Division
Your Final Payout
Your Final Pay Check Is Calculated According To:

- The Collective Bargaining Agreements (CBAs)
- City’s Code Pay Ordinance - Section 20
- Policy and Standards (PSM)
- Personnel Rules XI
Documents

CBAs - [http://lauderlink/forms.htm](http://lauderlink/forms.htm)

Pay Ordinance -
[http://lauderlink/docs/personnel/ordinance/ordinance.htm](http://lauderlink/docs/personnel/ordinance/ordinance.htm)

Policy and Standards Manual -
[http://lauderlink/lauderlink/psm.htm](http://lauderlink/lauderlink/psm.htm)

Pay Rules –
[http://lauderlink/docs/personnel/rules/contents.htm](http://lauderlink/docs/personnel/rules/contents.htm)
The Collective Bargaining Agreements Can Impact:

**Maximum Accrual Balances:**

- **Vacation Leave**  
  paid at 100% of current salary
- **Compensatory (Comp) Leave (if applicable)**  
  paid at 100% of current salary
- **Management Vacation (if applicable)**  
  paid at 75% of current salary
- **Floating Holidays**  
  use it or lose it
Sick Leave
Maximum Payout 720 hours

Most employees can accrue up to 816 hours, however payouts cap at 720 hours. If your balance is over 720 you may consider converting them to vacation or cash.
Sick Leave
Retiring Sick Leave Conversion to Vacation

Retiring employees may convert ninety-six (96) hours of accrued sick leave to final vacation leave in accordance with the following schedule:

10 years of service or less  50% of rate of accrual
Greater than 10 years of service but less than 20 years  65% of rate of accrual
20 years or more  80% of rate of accrual
Longevity
Not all employees are eligible to receive Longevity Payments.

Payments are based on your **full-time hire date**.

Paid at:

% of your **current annual salary**

or

**a flat dollar amount** for each continuous year of service
Final paycheck(s) will include:

- **Vacation Balance** – paid at 100% of current salary
  Depending on your length of service there are maximum amounts that can be accrued.

- **Compensatory Balance** - paid at 100% of current salary
  Depending on your employee group there are maximum amounts that can be accrued.

- **Management Vacation Balance** - paid at 75% of current salary (if applicable)
Final paycheck(s) will include:

Sick Leave
Depending on your Employee Group and your hire date/length of service, sick is paid out either:

28% of your current rate of pay
or
at the rate of pay it was earned in accordance with your length of service

Please refer to the respective CBAs.
Timeframe

Please allow at least 4 to 6 weeks after your last work day for your final check.

- First would be your final hours that will be direct deposited.
- Second would be your Vacation, Longevity, Compensatory Sick and Management Vacation Balances that will be a hardcopy check.
Please confirm your mailing address with your department timekeeper or the Human Resources Department prior to leaving.

You may wish to rollover some or all of your payout into your deferred compensation 457 account. The form needs to be completed prior to your last day worked.

If you will be receiving social security benefits during the same year of your final payout, you may be notified that you have been overpaid social security wages. We will provide the amount of earns for hours actually worked.
GENERAL EMPLOYEE’S PENSION
Retirement eligibility, pension payment & direct deposit information, 954-828-5171 or www.citypension.com/fund.asp or contact@citypension.com

POLICE AND FIRE PENSION
Retirement eligibility, pension payment & direct deposit information, 954-761-5595 or www.ftlaudpfpension.com/
Employee Status, Rate of Pay, 954-828-5816 or www.fortlauderdale.gov/departments/human-resources/

RISK

Continuation of health coverage or questions on Medicare eligibility, 954-828-5436
FINANCE/PAYROLL

- Sick Conversion, Retiring Sick Conversion & Sick to Cash Conversion
- Deferred Compensation Plan 457
- Defined Contribution Plan 401a
- Final Paycheck

954-828-5172 or email Payroll@fortlauderdale.gov
Questions?
Happy Retirement
Neither Nationwide® nor any of its representatives give legal or tax advice.

Information provided by Retirement Specialists is for educational purposes only and is not intended as investment advice.

Nationwide Retirement Solutions, Inc. and Nationwide Life Insurance Company (collectively "Nationwide") have endorsement relationships with the National Association of Counties and the International Association of Firefighters-Financial Corporation. More information about the endorsement relationships may be found online at www.nrsforu.com.

Nationwide Retirement Solutions, Inc. and its affiliates (Nationwide) offer a variety of investment options to public sector retirement plans through variable annuity contracts, trust or custodial accounts. Nationwide may receive payments from mutual funds or their affiliates in connection with those investment options. For more detail about the payments Nationwide receives, please visit www.nrsforu.com.

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Nationwide, the Nationwide framemark, and On Your Side are service marks of Nationwide Mutual Insurance Company. ©2013 Nationwide Retirement Solutions Inc. All rights reserved.
NRM-8006M9.2 (03/13)
Your future starts with a plan
Benefits of employer sponsored plans

Employer sponsored plans come with:

- Special tax advantages
- Convenience of payroll deduction
- Variety of investment options
What makes a 457 plan special?

- Available only to public employees
- No penalty for early withdrawal
- Catch-up provisions
- Emergency withdrawals

Withdrawals may be subject to surrender charges, other fees and/or a 10% tax penalty if withdrawn before age 59½.
Compounding helps investments grow

The higher the average rate of return, the more an investment benefits from compounding
Two basic types of retirement plans

**After-tax plans**
- Contributions from net pay
- Taxable growth potential

**Tax-deferred plans**
- Tax-deferred growth potential
- Pre-tax contributions
What kind of investor are you?

Do-It-Yourself

Do-It-For-Me

Help-Me-Do-It

Before investing, carefully consider the fund’s investment objectives, risks, and charges and expenses. The fund prospectus contains this and other important information. Read the prospectuses carefully before investing. Call 877-NRS-FORU to request a prospectus.
Enrollment

Investor Profile

Aggressive, Conservative, or a little bit of both?

Potential Reward
(The chance to make money)

Potential Risk
(The chance to lose money)

Investing involves market risk.
Why Nationwide®?

Nationwide is committed to helping you prepare for your financial future:

• Nearly 40 years of public sector experience
• Retirement specialists to assist you
• Educational tools and resources
I am Nearing Retirement. Now What?

September 15, 2017
City of Fort Lauderdale 2017 Retirement Planning Seminar

Hortensia Perez, CFP® and Yolanda Flores, Retirement Plans Specialist
ICMA-RC

AC: 28764-0416-8292
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Your Retirement Money – Competing Goals

- Cover ongoing **EXPENSES** and major **PURCHASES**
- Make money last entire **LIFETIME**
- Provide for **SPOUSE** and **LOVED ONES**
- Don’t underspend and fail to **ENJOY** retirement!
1. See If You are On Track

What will your expenses be?

How much pension and Social Security income will you get?

Have you saved enough?
See If You’re On Track

Retirement Security Builder

Use this tool to develop a personalized retirement savings strategy and calculate the after-tax effect of various contributions on your net pay. Please click a link below to get started.

Retirement Savings Calculator
Start Here

Paycheck Calculator
Start Here

www.icmarc.org/ontrack
Can You Maximize Your 2017 Contributions?

You May Be Able To Contribute Accrued SICK & VACATION LEAVE

457 Plan

- $18,000
- $24,000 + $6,000 if age 50 or over as of year-end
- $36,000 + $18,000 during each of the three years prior to the year you reach your normal retirement age*

IRA

- $5,500
- $6,500 + $1,000 if age 50 or over as of year-end

* "Normal retirement age," as defined in the plan and based on extent to which maximum contributions not made in previous years. The two catch-up provisions cannot be combined in the same plan year.
2 Understand Key Risks

If You... You’re More Exposed to...

Take Too Much Investment Risk

Market Downturns

Take Too Little Investment Risk

Insufficient Income

Withdraw Too Much

Outliving Your Assets

Withdraw Too Little

Undesirable Standard of Living
3 Review Your Investment Options

Compare these general approaches

Build your own portfolio of funds
Most control but most complex to manage

Keep it simple – target-date and target-risk funds
Diversification + rebalancing to manage risk, but less control

Boost your lifetime income – lifetime income fund
Payments guaranteed for life, but added fees and restrictions*

* Guarantees are subject to the insurer’s claims-paying ability. Excess withdrawal reduce and potentially eliminate guarantees.
4 Know Your Withdrawal Options

You have FLEXIBLE options upon separation

✓ Single Payments – all or part of your balance

✓ Installment Payments
  } Specified amount
  } Specified time period
  } COLA option

✓ Lifetime Income Payments
Don’t Take Withdrawals Unnecessarily

You don’t have to withdraw. You can continue to…

- Allow your funds to grow
- Receive tax advantages
- Get help and advice
5 Have a Withdrawal Strategy

Compare projected lifetime income and expenses. Is there a gap? Consider these approaches...

- 4% withdrawal “rule of thumb”
- Divide assets into buckets
- Boost lifetime income

www.icmarc.org/incomegap
Fine-Tune Your Strategy

Estimate how long your money will last and how much you can withdraw – www.icmarc.org/retireeplanner
Plan for Taxes

Withdrawals **TAXABLE** as ordinary income

- **EXCEPT** after-tax contributions, Roth assets*
- **20% WITHHELD** – you’ll owe *more or less* than that
- **STATE TAXES** may apply, too
- **10% PENALTY TAX BEFORE AGE 59½** – 401 plans (*not 457*) and IRAs, unless exception applies**

* Earnings subject to tax if distribution is not qualified under IRS rules.
** Non-457 plan assets rolled to a 457 plan and then withdrawn pre age 59½ may be subject to tax. For penalty tax exceptions, view IRS Form 5329 Instructions or your tax adviser.

Note: ICMA-RC does not offer specific tax or legal advice.

www.icmarc.org/taxplanning
Know Your Public Safety Employee Tax Benefits

- Up to $3,000 per year tax-free to pay insurance premiums*
- No penalty tax upon separation in year turn age 50 or later**

Do not apply to IRAs

---

* Eligibility rules and restrictions apply
** 401 plans. Penalty tax does not apply to 457 plan contributions and associated earnings.
Plan for RMDs

Yearly, taxable, required withdrawals

- Beginning in year you turn \textit{AGE 70\frac{1}{2}}*
- If fail to take, \textbf{SUBJECT TO 50\% PENALTY}
- We \textbf{SEND} to you yearly upon notification of separation**

www.icmarc.org/rmd | www.icmarc.org/rmdcalc

* Can delay for current employer’s plan. Roth IRAs not subject to RMDs unless inherited
** You control how and when payments are received. IRA RMDs are not automatically distributed.
Explore Rollover Pros and Cons

Consolidate retirement accounts to simplify?

- **Compare** investment fees, options, and services
- **Understand** tax rules for different types of accounts
- **Reminder:** 457 plan assets rolled to non-457 plans lose the automatic penalty tax exception

www.icmarc.org/simplify  |  www.icmarc.org/ira
Guided Pathways® – Professional Advice Service
To Tie it All Together

Provides saving and retirement age recommendations...
You choose the level of investing assistance you want

1. Asset Class Guidance
   - No charge

2. Fund Advice
   - $20 annual fee*

3. Managed Accounts
   - Asset-based fee

* Waived for Premier Services and Retiree Premier members

Investment and plan administration costs apply to underlying funds.
Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.
Guided Pathways®
Continued Help *throughout* Retirement

**Helps turn your savings into income**

- Estimates how long desired income will last
- Recommends how much to withdraw and from which accounts
- Taxes are considered in the recommendations

[www.icmarc.org/guidedpathways](http://www.icmarc.org/guidedpathways)
Questions?

THANK YOU
City of Fort Lauderdale Benefits

Benefits at Retirement and Beyond

Agenda

- Introduction – Health Benefit Options
- Retirement Health Insurance Benefit - Stipends
- Medical-Health Benefits
- Dental and Vision Benefits
- Other Voluntary Benefits
- Q & A
Health Benefit Options

Only those covered under the City’s Health Plan at retirement have an option to continue in the selected City plan

• Medical, Dental, Vision and other Voluntary Benefits.

• There are other market options available.
  – Choices vary based on whether you are under 65 or 65 and over.

• If eligible, the City provides stipends to be used to pay health plan premiums.
• Employees with 8 or more years of service who retire on or after their retirement date are paid a $400 monthly stipend for retiree health benefits.

• Employees who are age 50 or older and terminate after 8 years of service but prior to normal retirement date will be eligible for $400 monthly benefit beginning at normal retirement date or a reduced benefit beginning month after retirement.
The Internal Revenue Service (IRS) deems contributions such as the City’s monthly Retiree Insurance Health Benefits are taxable income if a recipient does not maintain retiree health coverage, directly through the City of Fort Lauderdale, with premiums at least equal to the Retiree Insurance Health Benefit.

Effective for tax year 2016, the City of Fort Lauderdale will include, and report all income you receive from the Retiree Insurance Health Benefit, to the IRS. This income will also be included on Form 1099-R issued to you in January 2017.

Retiree stipend payments continue until the retiree is age sixty-five (65) or eligible for Medicare.

The stipend was discontinued for employees hired on or after April 1, 2014.
## 2017 Monthly City Retiree Medical Rates

<table>
<thead>
<tr>
<th>Cigna Medical</th>
<th>HMO 1 (OAPIN1)</th>
<th>HMO 2 (OAPIN2)</th>
<th>CDHP (No HRA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only</td>
<td>$871.22</td>
<td>$792.98</td>
<td>$765.00</td>
</tr>
<tr>
<td>Retiree + Spouse</td>
<td>$1,787.34</td>
<td>$1,655.86</td>
<td>$1,569.63</td>
</tr>
<tr>
<td>Retiree + 1 Child</td>
<td>$1,176.95</td>
<td>$1,115.38</td>
<td>$1,020.80</td>
</tr>
<tr>
<td>Retiree + Children</td>
<td>$1,613.08</td>
<td>$1,516.06</td>
<td>$1,413.12</td>
</tr>
<tr>
<td>Retiree + Family</td>
<td>$2,485.35</td>
<td>$2,288.15</td>
<td>$2,197.75</td>
</tr>
</tbody>
</table>
2017 Retiree Health Benefits

• Three Cigna plans available: HMO 1, HMO 2, CDHP
• National network of providers
• Call 1-800-244-6224 or go to www.cigna.com
### HMO 1 (OAPIN1)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Member Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deductible</td>
<td>No deductible</td>
</tr>
<tr>
<td>Coinsurance</td>
<td>10%</td>
</tr>
<tr>
<td>Out-of-Pocket Maximum</td>
<td>$5,000 single coverage</td>
</tr>
<tr>
<td></td>
<td>$7,000 2 enrollees</td>
</tr>
<tr>
<td></td>
<td>$10,000 family</td>
</tr>
<tr>
<td>Primary Care Office Visit</td>
<td>$40</td>
</tr>
<tr>
<td>Specialist Office Visit</td>
<td>$60</td>
</tr>
<tr>
<td>Prescription Drugs - Retail</td>
<td>$20 generic,</td>
</tr>
<tr>
<td></td>
<td>$40 preferred brand,</td>
</tr>
<tr>
<td></td>
<td>$60 non-preferred</td>
</tr>
</tbody>
</table>
## HMO 2 (OAPIN2)

<table>
<thead>
<tr>
<th>Benefit</th>
<th>Member Responsibility</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Deductible</strong></td>
<td>$1,000 single coverage, $2,000 2 enrollees, $3,000 family</td>
</tr>
<tr>
<td><strong>Coinsurance</strong></td>
<td>20%</td>
</tr>
<tr>
<td><strong>Out-of-Pocket Maximum</strong></td>
<td>$6,350 single coverage, $10,000 2 enrollees, $12,700 family</td>
</tr>
<tr>
<td><strong>Primary Care Office Visit</strong></td>
<td>$40</td>
</tr>
<tr>
<td><strong>Specialist Office Visit</strong></td>
<td>$60</td>
</tr>
<tr>
<td><strong>Prescription Drugs - Retail</strong></td>
<td>$20 generic, $40 preferred brand, $60 non-preferred</td>
</tr>
<tr>
<td>Benefit</td>
<td>Member Responsibility In Network</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Deductible</td>
<td>$2,000 single coverage</td>
</tr>
<tr>
<td></td>
<td>$3,000 2 enrollees</td>
</tr>
<tr>
<td></td>
<td>$4,000 family</td>
</tr>
<tr>
<td>Coinsurance</td>
<td>10%</td>
</tr>
<tr>
<td>Out-of-Pocket Maximum</td>
<td>$5,000 single coverage</td>
</tr>
<tr>
<td></td>
<td>$7,000 2 enrollees</td>
</tr>
<tr>
<td></td>
<td>$10,000 family</td>
</tr>
<tr>
<td>Primary Care Office Visit</td>
<td>Deductible + 10% coinsurance</td>
</tr>
<tr>
<td>Specialist Office Visit</td>
<td>Deductible + 10% coinsurance</td>
</tr>
<tr>
<td>Prescription Drugs - Retail</td>
<td>Deductible + 30% generic,</td>
</tr>
<tr>
<td></td>
<td>Deductible + 40% preferred brand,</td>
</tr>
<tr>
<td></td>
<td>Deductible + 60% non-preferred</td>
</tr>
</tbody>
</table>
Other Medical Plan Options: www.healthcare.gov
Individual Health Insurer Websites

Apply for Coverage Directly on Insurance Company Website

www.aetna.com
www.avmed.org
www.floridablue.com
www.uhone.com
Three Dental Plans Offered by Humana

- DHMO for City retirees
- Dental PPO for City retirees
- Dental PPO for Firefighter retirees
## 2017 Monthly City Retiree Dental Rates

<table>
<thead>
<tr>
<th>Humana Dental</th>
<th>City DHMO</th>
<th>City PPO</th>
<th>IAFF PPO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only</td>
<td>$16.77</td>
<td>$52.64</td>
<td>$30.88</td>
</tr>
<tr>
<td>Retiree + Spouse</td>
<td>$29.35</td>
<td>$98.64</td>
<td>$56.45</td>
</tr>
<tr>
<td>Retiree + Child(ren)</td>
<td>$35.22</td>
<td>$101.40</td>
<td>$50.05</td>
</tr>
<tr>
<td>Retiree + Family</td>
<td>$49.37</td>
<td>$127.81</td>
<td>$88.42</td>
</tr>
</tbody>
</table>
# 2017 Monthly City Retiree Vision Rates

<table>
<thead>
<tr>
<th>United HealthCare</th>
<th>2017 Rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retiree Only</td>
<td>$4.96</td>
</tr>
<tr>
<td>Retiree + Spouse</td>
<td>$9.49</td>
</tr>
<tr>
<td>Retiree + Child(ren)</td>
<td>$10.05</td>
</tr>
<tr>
<td>Retiree + Family</td>
<td>$15.56</td>
</tr>
</tbody>
</table>
Other Retiree Benefits

• Life Insurance – The Standard

• Voluntary Benefits:
  – Critical Life, Trustmark
  – Accident, Trustmark
  – Disability, Trustmark
  – Legal, ARAG
  – GAP, Allstate

• Benefit portability and information is available from the carriers or City’s Benefit Office
Thank You!!!!

Questions???????
Medicare Made Clear™
Understanding Your Medicare Options
Top Medicare questions

1. Who is eligible for Medicare?
2. What are my coverage options?
3. When can I enroll?
4. What are my next steps?
5. Once I am covered by Medicare, how could I save money?
6. Where can I find more information?
Coverage options
Original Medicare

PART A + PART B
COVERAGE OPTIONS

Hospital insurance

• Inpatient hospital care
• Inpatient mental health care
• Skilled nursing services
• Hospice care
• Some blood transfusions
Fast facts

Costs
- Most people don’t pay a monthly premium
- You pay only your deductible — the first $1,316 in 2017 — for a hospital stay of fewer than 60 days

Enrollment
- You can’t be turned down because of your medical history or a pre-existing condition

Coverage
- Stays of more than 60 days require a daily co-pay
- Multiple stays may mean multiple deductibles
- You can go to any qualified hospital in the U.S. that accepts new Medicare patients
- Hospital care outside the U.S. isn’t usually covered
Doctor and outpatient visits

- Physician services
- Outpatient hospital services
- Ambulance
- Outpatient mental health
- Laboratory services
- Durable medical equipment (wheelchairs, oxygen, etc.)
- Outpatient physical, occupational and speech-language therapy
- Some preventive care
Fast facts

Costs
- No out-of-pocket maximum
- For co-insurance, you pay 20% of Medicare-approved cost
- Part B has a monthly premium that is determined by your income
- May have higher premiums if you join after your Initial Enrollment Period

Enrollment
- You can’t be turned down because of your medical history or a pre-existing condition

Coverage
- You can get care throughout the U.S., but generally not outside the country
- Participating physicians who accept new Medicare patients
- Some preventive health care is provided
What’s not covered

• Medicare Part A and Part B deductibles, co-insurance and premiums
• Medicare Part B excess charges (amount billed over what Medicare agrees to pay)
• Prescription drug coverage
• Additional benefits such as hearing, vision and dental
• Long-term care or custodial care if that’s the only care you need. Most nursing home care is custodial care
Medicare Advantage plans
Medicare Advantage plans

- Combine Part A and Part B and, in many cases, include prescription drug coverage
- Offered by private insurance companies
- Often include additional benefits like routine vision care, hearing care, wellness services and nurse phone lines support
Eligibility for Part C

- Must be enrolled in Medicare Parts A and B
- Must live in plan service area
- Eligibility is not affected by health or financial status
- Must not have end-stage renal disease (ESRD)*

*There are special rules for end-stage renal disease (ESRD). People with ESRD may be able to join a Medicare Special Needs Plan (SNP) if one is available in their area.
Fast facts

Costs
• Plan premiums and terms can change from year to year
• Must continue to pay your Part B monthly premium

Coverage
• Convenience of one single plan
• Many plans include prescription drug coverage (Part D)
• Coverage is often limited to a service area — unless it’s an emergency
• May be required to see doctors and hospitals that are included in the plan’s network
• May offer additional benefits not covered by Medicare like dental, vision, hearing and preventive care
Types of Part C plans

Coordinated care plans
- Health Maintenance Organization (HMO) plans
- Preferred Provider Organization (PPO) plans
- Special Needs Plans (SNP)
- Health Maintenance Organization Point of Service (HMO-POS) plans

Other plans
- Private Fee-For-Service (PFFS) plans
- Medical Savings Account (MSA) plans
Prescription drug plans
Helps with the cost of prescription drugs

- Only offered through private insurance companies
- You must continue to pay your Part B premium
Understanding Drug Coverage Stages

If your plan has a deductible, you pay the total cost of your drugs until you reach the deductible amount set by your plan.

<table>
<thead>
<tr>
<th>Coverage Type</th>
<th>Amount</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Deductible</td>
<td>Not all plans have a deductible</td>
<td>Up to $3,700</td>
</tr>
<tr>
<td>Initial Coverage</td>
<td></td>
<td>Up to $3,700</td>
</tr>
<tr>
<td>Coverage Gap (Donut Hole)</td>
<td></td>
<td>Up to $4,950</td>
</tr>
<tr>
<td>Catastrophic Coverage</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: On January 1 of each year, the coverage cycle starts over and the dollar limits can change. Amounts listed above reflect the 2017 plan year.
Standardized Medicare supplement insurance plans
Medicare supplement insurance plans

- Help cover some of what Medicare Parts A and B don’t
- Offered by private insurance companies
- Plans are named A, B, C, D, F, G, K, L, M, N, and a high-deductible Plan F
- Benefits vary by plan
- Generally, the more comprehensive the coverage, the higher the premium
- Massachusetts, Minnesota and Wisconsin have different standardized plans than the other states
Eligibility for Medicare supplement insurance plans

- Generally must be enrolled in Medicare Parts A and B
- Resident of the state in which you are applying for coverage
- Age 65+ (or under age 65 with certain disabilities in some states)
- People of any age with end-stage renal disease
Medicare choices

**Step 1** Enroll in Original Medicare.

**Step 2** Decide if you need additional coverage. You have two ways to get it.

**Option 1** OR **Option 2**

**Option 1** Add one or both of the following to Original Medicare:

- Medicare Supplement Insurance
  - Offered by private companies
  - Covers some of the costs not paid by Original Medicare Parts A and B

**Option 2** Choose a Medicare Advantage plan:

- Medicare Advantage (Part C)
  - Offered by private companies
  - Most plans cover prescription drugs
  - Part C combines Part A (hospital) and Part B (doctor)
  - Provides additional benefits

**Original Medicare**

- Provided by the government
- Part A covers hospital stays
- Part B covers doctor and outpatient visits

**Medicare Part D**

- Offered by private companies
- Part D covers prescription drugs