

# WEST PALM BEACH POLICE

## PENSION NEWS



A West Palm Beach Police Pension Fund Publication

Issue 12

Date of Issue:

Fourth Quarter 2011

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**The Board of Trustees wishes you & your family a very safe & joyous holiday season**

## QUARTERLY PENSION FUND SUMMARY

On September 30, 2011 our fund had a total market value of \$181,281,000. Tragically, for the quarter the fund lost \$22,212,000. For the quarter the total fund return was -10.91% (net) and its benchmark return was -9.90%. In the previous quarter the fund return was 0.41%. For the quarter the stock return was -15.60% and the benchmark return was -16.48%. The bond return was -0.41% and the benchmark return was 2.30%.

For the quarter end, the allocation of our fund was 59.2% invested in stocks, 31.8% in bonds, 5.3% in Real Estate, and 3.6% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds). Our ongoing target for investment in stocks is 65% of the total fund.

For the fiscal year-to-date, the total fund net return was -0.18% and its benchmark return was 1.27%. The stock return was

-0.76% and the benchmark return was -1.01%. The bond return was 2.22% and the benchmark return is 3.60%.



For the fiscal year-to-date, the Valley Forge large cap core stock return was 5.13%, the Earnest Partners large cap value stock return was -3.67%, the Garcia Hamilton & Associates large cap growth stock return was 2.43%, the Anchor mid-cap value stock return was -1.66%, the DFA international stock return was -13.02%, the GW Capital small cap value stock return was -4.41%, the WHV international stock return was -13.60%, the Intercontinental Real Estate return was 19.24%, and the Garcia Hamilton & Associates aggregate fixed income return was 2.40%.

The S&P 500 index return was -13.78%. Last quarter, Wells was replaced by Eagle to run the small cap growth portfolio.

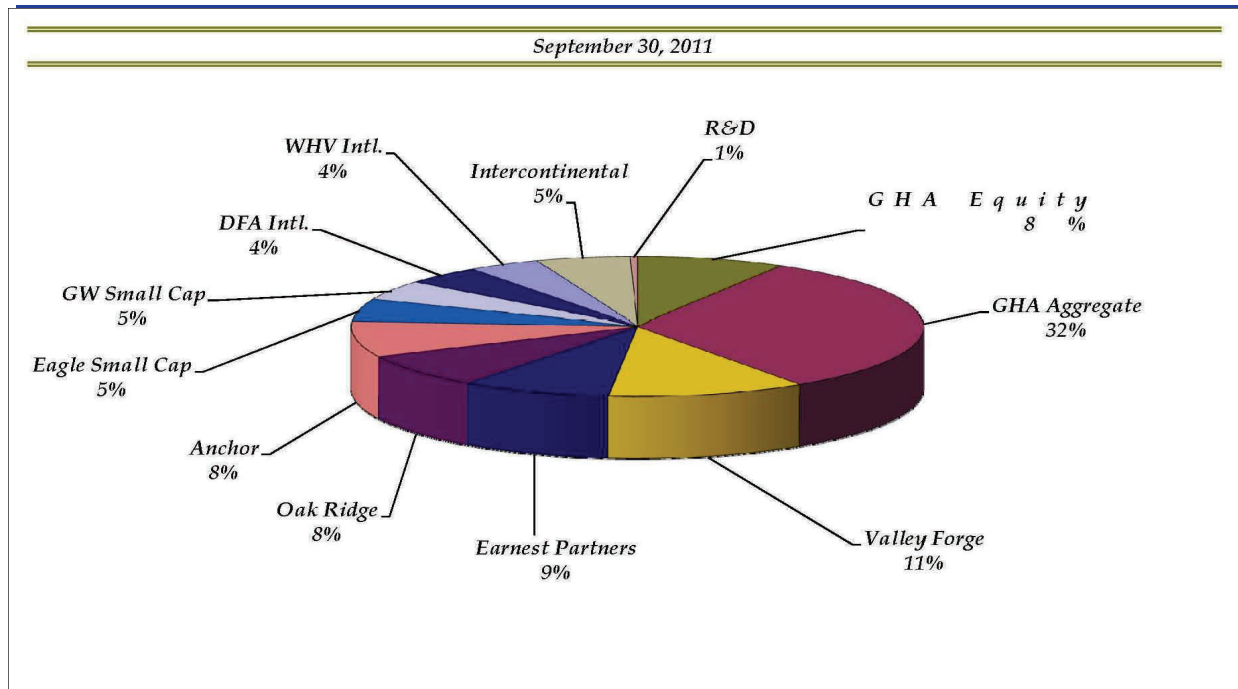
For the quarter the best performing sector among S&P 500 stocks is Utilities which decreased 0.13% and the worst sector was Materials which decreased 16.59%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 3.9% for the twelve months ended in September. The Producer Price Index (PPI) for finished goods advanced 6.9% (unadjusted) for twelve-month period ended in September.

The seasonally adjusted unemployment rate was 9.1% in September compared to 9.2% in June. Real Gross Domestic Product (GDP) increased at an annual rate of 1.3% for the second quarter of 2011, compared with an increase of 0.4% in the first quarter.

**As a reminder, the entire investment report may be viewed online**

# Track the Fund



## Plan Asset Allocation & Diversification as of September 30, 2011

	Domestic Equities	Int'l Equities	Fixed Income	Real Estate	Cash	Total	% of Total
<b>GHA Equity</b>	\$15,009,000				\$228,000	\$15,237,000	
<b>GHA Aggregate</b>			\$57,709,000		\$347,000	\$58,056,000	
<b>GHA Total</b>						\$73,293,000	40.4%
<b>Valley Forge</b>	\$19,203,000				\$1,089,000	\$20,292,000	11.2%
<b>Earnest Partners</b>	\$14,656,000				\$729,000	\$15,385,000	8.5%
<b>Oak Ridge</b>	\$13,778,000				\$528,000	\$14,306,000	7.9%
<b>Anchor</b>	\$13,537,000				\$1,188,000	\$14,725,000	8.1%
<b>Eagle Small Cap</b>	\$8,976,000				\$227,000	\$9,203,000	5.1%
<b>GW Small Cap</b>	\$7,903,000				\$425,000	\$8,328,000	4.6%
<b>DFA Intl.</b>		\$7,684,000			\$271,000	\$7,995,000	4.4%
<b>WHV Intl.</b>		\$6,705,000			\$705,000	\$7,410,000	4.1%
<b>Intercontinental</b>				\$9,641,000		\$9,641,000	5.3%
<b>R&amp;D</b>					\$743,000	\$743,000	0.4%
<b>Totals</b>	\$93,062,000	\$14,389,000	\$57,709,000	\$9,641,000	\$6,480,000	<b>\$181,281,000</b>	100.0%

<b>Anchor</b>	<b>GW</b>	<b>DFA</b>	<b>WHV</b>
SPDR Gold Trust	Darling International	Vodafone Group ADR	Potash Corp.
Sun Communities	Ocwen Financial	Royal Dutch Shell	Nabors Industries LTD
Goodrich Corp	A.O. Smith Corp.	Daimler AG	Noble Corp.
Clorox Co.	Esterline Technologies	Vodafone Group	Weatherford Intl.
Sempra Energy	Albany International Corp	TransCanada Corp.	Rio Tinto PLC
Annaly Capital Mgmt.	Oneok Inc.	BP PLC	Suncor Energy
Progress Energy	Brigham Exploration	GDF Suez	BHP Billition LTD
CYS Invts. Inc.	Stewart Enterprises Inc.	Suncor Energy	Schlumberger LTD
McGraw Hill Cos	Sensient Technologies	Westfarmers LTD	Transocean LTD
American Capital Agency	Omega Healthcare	Vivendi	Nestle S.A.

# Top Ten Equity Holdings

<b>GHA</b>	<b>Wells</b>	<b>Valley Forge</b>	<b>Earnest Partners</b>	<b>Oak Ridge</b>
Apple	Genesco Inc.	Goldcorp Inc Newmont	Freeport-McMoran	Verifone Holdings
Exxon Mobil	Lufkin Indus.	Mining	TJX	Netlogic Micro
IBM	Vitamin Shoppe	Bristol-Myers	IBM	Deckers Outdoor
Microsoft	BJ's Restaurants	Verizon Comm.	Express Scripts Inc.	Petsmart Inc.
Coca Cola	Quality Systems	Abbott Labs	Intel	O'Reilly Auto
Cognizant Tech.	Huron Consulting	Phillip Morris	Norfolk Southern	Catalyst Health
Baxter Intl.	Sirona Dental	Pfizer	Exxon Mobil	Waste Connections
American Tower	ExcCorp Inc.	Proctor & Gamble	Darden	Alliance Data Sys.
Qualcomm	Thoratec Corp.	Johnson & Johnson	Wells Fargo	Nordstrom Inc
Grainger W.W.	RightNow Tech.	AT&T	General Dynamics	Airgas





## HIRAYAMA INVESTMENTS

WHV Affiliated Subadvisor

### RISING ANXIETIES OF A POTENTIAL DOUBLE DIP GLOBAL RECESSION

In the third quarter our WHV International & Global Equity Portfolios suffered their worst quarterly decline since the fourth quarter of 2008 as global equity investors feared that the world was sliding into another recession after only a brief two year economic recovery.

In the United States employment growth has been lackluster while the federal government has become focused on its massive outstanding debt obligations and chronic budget deficits. Fiscal austerity would have a negative impact on the nation's near-term economic growth. In addition, the Federal Reserve Bank's second stimulative quantitative easing program ended during the quarter.

In the Eurozone fragile countries such as Greece, Ireland and Portugal are forcing stronger countries such as Germany to bail out these weaker members before they default on their sovereign debt obligations. Preservation of the Eurozone is essential to its financial health and welfare. A breakup of the Eurozone could lead to a European sovereign debt and banking crisis which would lead to a steep European recession.

Over the past decade China and the Emerging Markets have been the world's growth leaders. However, recent monetary and fiscal tightening in these higher growth regions to combat higher inflation rates threaten their future growth which is compounded by the prospects of weakening export sales to the United States and Europe.

Our capitalistic world rotates on the daily expenditures of consumers, businesses and governments. However, in the developed world consumers are burdened by high debt levels and high unemployment. Businesses have become very conservative in their spending and expansion plans as the memory of the 2008-2009 credit crunch is still fresh in their memories. Thus, with the consumer and business sectors retrenching simultaneously, it is up to the government sector to keep the world spinning in the right direction. The critical issue is whether governments have any weapons left in their armory to stimulate their countries. In our opinion, they do if they act rationally and in their own best interests.

Since government policymakers are reactive rather than proactive in their actions, it may require the dissemination of more bad news such as higher unemployment, slower economic growth and/or a potential sovereign or major bank insolvency to encourage them to act more forcefully to support their respective economies.

In times of economic crisis government leaders realize that their power base and job security may be threatened by higher unemployment trends. If they do not act in a proper and timely matter they risk increased dissatisfaction among the populace, social unrest, demonstrations, strikes, riots and possibly revolution. In developed countries the incumbent political party may be voted out of power while in developing countries government leaders may not only be removed from office but also potentially imprisoned for corruption. Thus, government leaders understand that a disgruntled populace could lead to a loss of political power and the financial benefits that accompany that power. During the Great Recession of 2008-2009 political self-interest certainly influenced and in many cases motivated



## HIRAYAMA INVESTMENTS

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governments around the world as they engaged in over 800 individual policy stimulus programs such as higher government spending, lower taxes, lower interest rates, quantitative easing, and bailing out troubled financial institutions and corporations to prevent skyrocketing unemployment in their respective countries. These positive governmental policy actions fueled the equity bull market from March 2009 to April 2011.

Governments expended a substantial amount of their firepower during the past several years but they still have a few arrows left in their quiver:

- 1) In the United States inflation and interest rates are very low while foreigners still accept the U.S. dollar as currency. This allows the Federal Reserve Bank the flexibility to reflate and stimulate the domestic economy with a third quantitative easing program and permits the U.S. Treasury to continue to print dollars to finance the dual government budget and trade deficits.
- 2) In Europe policymakers have multiple options to preserve the integrity of the region: a) interest rates can be cut by the European Central Bank and the Bank of England to stimulate their economies; b) the Eurozone has the capacity to create a very large bailout fund (European Financial Stability Facility) similar to the United States' 2008 Troubled Asset Relief Program to prevent sovereign and major bank insolvencies; c) the Eurozone can create a common Eurobond which would give weak countries the ability to refinance their debt at a lower cost; and/or 4) Europe can follow the American experience and engage in massive quantitative easing programs (the printing of Euros and Pounds) which would provide liquidity to their region.
- 3) In the Emerging Markets inflation rates appear to be peaking which would give policymakers the flexibility to lessen or reverse their tight monetary and fiscal policies, stimulating this growth region.

Although the global equity markets were struck by a storm during the third quarter, low stock valuations and potential new stimulus programs by monetary authorities in the United States, Europe and the Emerging Markets can, in our opinion, create the foundation for a rebound in global economic growth which would fuel another liquidity driven upswing in the global equity markets.

*Richard Hirayama*

Richard Hirayama  
Managing Member  
Hirayama Investments, LLC

*Past performance and forecasts do not guarantee future results.*





## SUMMARY OF PLAN CHANGES



This Special Act Pension Plan for the West Palm Beach Police Pension Fund is in the process of being amended. The City of West Palm Beach and the Palm Beach County Police Benevolent Association have agreed in collective bargaining to certain benefit and funding changes.

Below is an outline of the amendment:

Final average salary is amended to limit overtime to 300 hours effective January 1, 2013.

The multiplier is changed to 2.68% for years of service after October 1, 2011.

The Chapter 185 Premium Excise Tax dollars will be used to reduce employee contributions for fiscal years 2011 and 2012 to 11%. The Amendment provides for increase in employee contributions for 2011 and 2012 to 18%. Effective October 1, 2013, the employee contributions are reduced back to 11% in 2013.

Beginning October 1, 2012, the fixed rate of interest on the DROP & Share accounts is reduced to 8% for members who enter DROP on or after October 1, 2012. If there is a cumulative loss beginning from October 1, 2012 as a result of paying the fixed rate the interest rate reduces to 4% until the cumulative loss is made up. There is no change to interest rates for members entering DROP before October 1, 2012.

The Amendment clarifies that to receive distributions from the Share accounts a member must be retired and in receipt of a benefit.

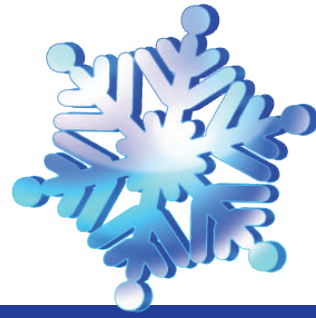
The floor for earnings on the supplemental pension distribution is changed to the new actuarial assumption of 8.0%.

The member's conversion from a disability benefit to normal retirement at age 55 is optional for future recipients.

Assets rolled over on or after October 1, 2012 will earn only the variable rate.

The actuarial assumed rate of return is changed to 8%.

A revised summary plan description will follow the passage, after the legislative session. The updated booklet will be distributed accordingly.



October 11, 2011

**Susquehanna** 

Susquehanna Wealth Management

Board of Trustees  
West Palm Beach Police Pension Fund  
Dave Williams, Administrator  
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West Palm Beach, FL 33409

Valley Forge Asset Management Corp.  
150 South Warner Road  
P.O. Box 960  
Valley Forge, PA 19482  
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RE: West Palm Beach Police Pension Fund

Dear Dave:

Enclosed please find the investment report for your account(s) representing the nine month period ending September 30, 2011.

The readjustment of global growth expectations that started in the second quarter continued throughout the summer and has intensified with losses shown in every sector of the S&P 500. The benchmark tallied a negative 13.9% return over the past three months. The S&P is now down 8.7% for the year while most foreign and emerging markets fared worse. Economically sensitive areas bore the brunt of the decline, while utility and high dividend companies provided some protection on the downside. Most commodities declined in price, sans gold which advanced \$120 per ounce during the quarter as a safe haven alternative. As one might expect, fixed income investors benefitted with the Barclays Capital Intermediate Government / Credit Index, returning 2.4% in the third quarter.

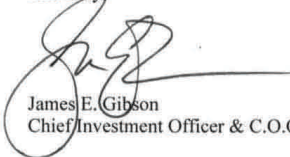
The debt-ceiling debates in Washington, which resulted in a credit downgrade of U.S. debt, a continued slowness in the labor and housing markets, global inflationary pressures and fears of a meltdown in the Euro banking system have caused growth expectations to be questioned. The end of the Fed's second quantitative easing program also created uncertainty with respect to the domestic economy's ability to grow on its own. As we have discussed over the past few quarters, market expectations need to be readjusted downward in response to the austerity measures that have been implemented on a global scale. Even with the Fed's low interest rate policy, government spending is not going to be as supportive as it has in the past. The cash-strapped U.S. consumer remains a key component of GDP growth with a near 70% weighting. The elevated unemployment figures are not likely to change in the near future and some estimates show 25% of mortgages already have negative equity. This should result in third and fourth quarter GDP coming in well below previous approximations. We now believe achieving 1.5% growth in 2011 will be tough to accomplish. In short, a synchronized global slump is proceeding!

This cleansing of the market is a normal, healthy exercise. Similar to the 2008 decline, we do not become more bearish as the markets decline. Rather, we see this as an opportunity to create capital, utilizing some of the elevated cash levels we have emphasized prior to the decline. As investors became too exuberant earlier in the year, they are becoming more pessimistic now. Lower commodity prices, especially oil, are great for the economy as well as the pockets of consumers. The Federal Reserve's latest "Operation Twist" is expected to keep both short and long-term rates extremely accommodative for an extended period. Corporate balance sheets are in the best shape we have seen since the 1990s. Many mega-cap, U.S. based companies are trading at historically low valuations while producing free cash flow that is being returned to investors in the form of growing dividends and stock buybacks. We also envision a continued reduction in inflation statistics, which should help foreign central banks to shift their focus from fighting inflation to targeting growth. This pullback in equity prices could create a tradable rally going into the New Year.

We have preserved principal in a very difficult market environment and will continue to use periods of uncertainty to protect principal. Dividends have played a larger role in client portfolios with many companies yielding over 4.0%, well above current interest rates. Collecting coupons, while emphasizing shorter maturities in the corporate bond market, remains our strategy for fixed income investors. Protecting principal in the short-term, taking advantage of tradable rallies, while identifying positive, long-term stories over the coming months, should yield positive results.

If you should have any questions or wish to discuss your account(s) in detail, please don't hesitate to contact us at (610) 687-6800.

Sincerely,



James E. Gibson  
Chief Investment Officer & C.O.O.



## **FLORIDA'S SPECIAL RISK POPULATION DIES ALMOST TWELVE YEARS EARLIER THAN GENERAL POPULATION**

Brevard County, Florida Sheriff J.R. "Jack" Parker has conducted a Florida Mortality Study, comparing the mortality of Florida law enforcement and corrections officers to the Florida population in general. During the 2011 legislative session, changes made to the Florida Retirement System extended by five years both the age and years of service necessary to retire for members of the special risk class, which includes law enforcement and corrections officers. The stated justification for the change was assumption that special risk class members are living longer and now have life spans similar to those of the general population. This assumption was derived without benefit of conducting any studies in the State of Florida. In addition, the assumption directly conflicts with well-established medical theory and other scientifically-conducted longitudinal studies regarding lifespan of law enforcement officers. To verify whether there is a lifespan difference between law enforcement and corrections special risk class members and that of the general population in Florida, data were derived from FRS and the Florida Department of Health. The comprehensive data were analyzed and compiled to establish an accurate "average age at death" comparison between FRS special risk members and the State of Florida general population. Actual death rates between the two groups were compared during the most recent decade, beginning in the year 2000 and ending in 2009. Determination was made that average age at death for FRS special risk class members assigned to law enforcement and corrections duties was 62.4 years, while the average age of death for Florida's general population was 11.8 years longer at 74.2 years — a lifespan of almost 20% greater. The report clearly demonstrates that FRS special risk class members assigned to law enforcement and corrections duties do not enjoy a similar lifespan compared to the population they serve, and the 2011 changes to FRS requiring officers to work to age 60 were based on an invalid assumption. Thereupon, Sheriff Parker requests the Florida Legislature to pass a bill this session returning special risk members in FRS to the appropriate special risk retirement date of age of 55 or 25 years of service. Further, those FRS special risk members hired on or after July 1, 2011 should be retroactively included in the legislative change.

### **POLICE UNION SUES HOLLYWOOD OVER CHANGES TO PENSIONS**

Sun-Sentinel.com reports that Hollywood's police union has filed suit over drastic changes made to its pensions, alleging the city violated an agreement going back to 2006, and never should have put the issue to voters this September. The lawsuit, filed in Broward Circuit Court, is the first of what will likely be several challenges to legality of the pension changes, according to the Police Benevolent Association. Hollywood voters approved a referendum that slashed pension benefits for police, fire and general employees. Changes included: eliminating the Deferred Retirement Option Program (DROP), increasing the number of years officers had to work before being eligible to retire from 22 years to 25 years and reducing the multiplier to calculate pension benefits. In 2006, the union agreed to give up a portion of state premium tax money intended to fund their police pensions to the city of Hollywood. In exchange, Hollywood agreed to reduce the number of years an officer had to work before being eligible for retirement from 25 years to 22 years. The city also agreed to allow an officer to be in the DROP program for eight years. The union contends the city failed to fulfill its obligations under the 2006 bargaining agreement, in that it accepted state money but now reneged on its portion of the contract.

### **SOCIAL SECURITY ANNOUNCES 3.6 PERCENT BENEFIT INCREASE FOR 2012**

With the first cost-of-living adjustment since 2009, monthly Social Security and Supplemental Social Security Income benefits for more than 60 million Americans will increase 3.6 percent in 2012. The 3.6 percent COLA will begin with benefits that nearly 55 million Social Security beneficiaries receive in January 2012. Increased payments to more than 8 million SSI beneficiaries will begin on December 30, 2011. Some other changes that take effect in January of each year are based on the increase in average wages. Based on that increase, the maximum amount of earnings subject to the Social Security tax (taxable maximum) will increase to \$110,100 from \$106,800. Of the estimated 161 million workers who will pay Social Security taxes in 2012, about 10 million will pay higher taxes as a result of the increase in the taxable maximum. The Social Security Act provides for how COLA is calculated. To read more, please visit [www.socialsecurity.gov/cola](http://www.socialsecurity.gov/cola).



## Garcia Hamilton

### Market Recap

The quarter was marked by extreme risk reduction. Global economies showed signs of slowing, the U.S. government nearly shut down over budget disputes, progress stalled on employment and housing, and the European Union continued to fray. The domestic stock market, as measured by the S&P 500 Index, returned -13.9% for the quarter ending September 30.

As investors shed risk, large capitalization stocks held up better than smaller capitalization names. Including dividends, the largest 200 stocks in the Russell 1000 Index fell 12.8%, compared with a 22.9% decline for the small cap Russell 2000 Index. Sectors traditionally considered defensive also experienced less selling pressure, with the S&P 500 Utilities and Consumer Staples falling by single-digit percentages while Materials, Industrials, and Energy dropped by more than 20%.

Looking forward, markets have already priced in a considerable amount of bad news. Trading at 11.4 times next twelve month earnings, the S&P 500 Index is valued near the depths of the 2009 Great Recession bottom, the 1990 Gulf War bottom, and the 1987 Crash bottom. Issues are plentiful but many positives are being ignored. Inflation rates are low and production capacity shows no sign of stress. Central banks stand ready to provide monetary stimulus and interest rate hikes are quarters, not months, in the future. Energy prices have begun to recede with softening demand. Should 2011 earnings estimates calling for 13% growth prove accurate, the year is likely to close with a rally.

High quality stocks fared better in the downturn. In the recovery, investors are apt to favor companies with internal revenue and earnings growth opportunities as demographic and leverage issues could weigh on developed economies for some time. Large cap, high quality companies seem particularly well-positioned, with access to emerging economies, tight control over costs, solid balance sheets, and sizable cash flows.

#### Discover Financial Services (Ticker = DFS)

Sector: Financials

Industry: Consumer Finance

Market Capitalization: \$14.2 Billion



Discover Financial Services is a credit card issuer, electronic payment services company and financial holding company resulting in two segments: Direct Banking and Payment Services. DFS also acquired Student Loan Corporation so as to provide further expansion of the loan portfolio. We expect positive earnings revisions from improving retail charge activity, positive credit trends, and increased clearing activity on the PULSE point-of-sale payment network. A solid balance sheet may allow for accretive transactions. Unrecognized value in the PULSE network will be highlighted as Discover develops a mobile payment system with Isis, a joint venture formed by AT&T, Verizon, and T-Mobile.

Average Cost in WPB Police Portfolio: \$17.93 per share, currently trading at \$25.79.

## Retirement tests everyone's money skills

The *Associated Press* recently reported that seniors have to stretch savings over as much as three decades, face steep health care costs and have few ways to make up for any shortfall. For most, savvy spending is a must.

But being smarter about money goes beyond sticking to a budget and checkbook-balancing. It's about spending not just carefully but meaningfully.

The profligate spending of years past doesn't feel good in a financially constrained era, especially at an older age, says 66-year-old retiree Lynn Colwell of Renton, Wash.

"We're just so overwhelmed with 'stuff,'" says Colwell, a retired life coach. "To myself and other seniors I've spoken to, it doesn't seem as necessary or as important as it used to."

Their finances can be challenging, but retirees don't have to Dumpster dive to substantially cut their spending. These nine money-saving tips can be a great starting point:

### 1. Control prescription costs.



Think generics and store brands. It can cost more than three times as much to fill a brand-name prescription than a generic equivalent. There's a smaller but still significant savings to be had by buying store brands of over-the-counter medicines, too.

Joining store discount programs will compound your savings. Pharmacy, grocery and big-box chains offer them, usually for an annual fee.

Also take a look at *Consumer Reports*' "Best Buy Drugs" website, which mixes education with consumer tips. "It will help you talk to your doctor about prescription drugs, and find the most effective and safe drugs that also give you the best value for your health care dollar," says Karen Hoxmeier of deal site MyBargain-Buddy.com.

### 2. Join a club.

Retiree couples or singles may think they don't have enough food or shopping needs to join a warehouse club. But it's not necessary to buy in bulk to save enough to quickly cover the \$40 or \$50 annual fee. Non-food items from books to clothes to electronics and gasoline are discounted at places like Costco and Sam's Club, and they can stock up on non-perishable grocery items. There's also the possibility of joining with neighbors or friends to split large purchases.

### 3. Save on travel costs.

Planes, trains and automobiles — it's possible to find deals on all three.

Air travel discounts for seniors aren't what they were a decade ago, when those over 62 could get 10% off most fares. But some carriers still offer special prices in certain markets. American, Continental, Delta and United all offer senior discounts on certain flights, and Southwest has them on its flights for those 65 or older, according to Cheapflights.com. Such tickets sometimes cost more than the airlines' online-only specials, however. Amtrak offers 15% discounts for those 62 or older. And retirees can find senior prices on auto rentals as well as hotels, tours and cruises through AARP's active discount travel program. One real gem is the \$10 lifetime pass issued by the National Park Service that admits seniors 62 or older and their travel companions to most U.S. national parks, monuments and recreation areas.

Please continue next page.....

## Retirement tests everyone's money skills (Con't from page 10)

### **4. Reevaluate insurance coverage.**

Retirees should evaluate their auto, homeowners, life, disability and any other insurance annually and try to find lower premiums, discounts or other potential price cuts. If in doubt, call the insurer and ask for a reduction.

Review deductibles on all policies and get price quotes to see what the rate would be if, for example, the auto insurance deductible was bumped from \$500 to \$1,000. It could save you 15% to 30%, according to the Insurance Information Institute.

Those who still have life insurance and grown independent children, might consider dropping coverage. If you're in your mid-50s or older, consider getting long-term care insurance — it could be hundreds of dollars a year cheaper than if you wait.

### **5. Seek out senior specials.**

Many businesses offer senior discounts, but you may have to ask. Savings can be substantial; for example, AMC Theaters and Carmike Cinemas give seniors a 35% savings.

One good place to check is Sciddy.com, a new daily deals site for seniors. It offers deals in several categories from automotive and beauty to pet services and more.

### **6. Get serious about coupons.**

Even if you don't master "extreme couponing," whose practitioners can get a shopping cart's worth of goods for a pittance, learning how to categorize, combine and maximize the coupons you find online and elsewhere can pay off in huge savings.

Restaurant coupons are particularly popular with seniors and others living on a limited budget. But the biggest coupon savings can be had on groceries. "By staying organized and on top of the latest and greatest deals, you can save a significant amount of money every week on one of your most significant expenses," says Andrew Schrage of the personal finance website Money Crashers, which provides tips in its Extreme Couponing 101 at <http://www.moneycrashers.com/coupons-from-casual-to-extreme/>.

### **7. Go local.**

Take advantage of opportunities in your community. See plays and concerts for free by volunteering as an usher. Use your local library more. Besides books, CDs and DVDs, some libraries now have e-readers you can check out. And most offer great free programs for all ages — from movies and lectures to various performers.

### **8. Limit family spending.**

Even if it sounds heartless, cut back on gifts and spending on kids and grandkids. Remember, it's in their best interest; keeping your finances in order ensures they won't have to come to your rescue someday.

Retirees need to hold their boundaries and teach their children that in these economic times you need to make tough choices in your financial priorities, says Julie Murphy Casserly, a financial planner with JMC Wealth Management in Chicago.

### **9. Think secondhand.**

Borrow, swap or hit garage sales and thrift stores. Make a habit of checking your local version of Freecycle, <http://www.freecycle.org>, a nonprofit network focused on "keeping good stuff out of landfills," or check the listings for free and secondhand items on Craigslist. This approach is at the core of the eco-friendly principles of reduce, reuse and recycle. It can make retirees feel good while protecting their pocketbook.



## COMPANION BILL FILED TO CHANGE FLORIDA MUNICIPAL PLANS

To date, there have been 8 bills filed relating to public sector retirement plans. Of these, House Bill 365 by Representatives Costello and Julien and Senate Bill 910 by Senator Hays specifically relate to local police/fire pension plans.

Specifically, House Bill 365/Senate Bill 910

- ✦ amends s. 112.18, F.S. relating to disability presumptions to revise the conditions and level of proof (preponderance of evidence rather than competent evidence) that is necessary to prove that a presumption is occupationally related (inclusive of pension disability and death benefits and those benefits provided pursuant to workers' compensation claims),
- ✦ sets forth that the employee seeking the disability presumption must have been employed for at least 5 years and be less than 37 years of age,
- ✦ amends s. 175.061, F.S., requiring that a board of trustees provide a detailed accounting report of its expenses to the plan sponsor, the Department of Management Services and the members of the plan each fiscal year,
- ✦ requiring, but not limiting the report to, expenses relating to legal counsel, actuarial services, a plan administrator, and all other consultants, and including all travel and other expenses of the board members or anyone else on behalf of the plan,
- ✦ requiring that a board of trustees operate under an administrative expense budget and provide a copy of the budget to the plan sponsor and make available to the plan members a copy of the budget prior to the beginning of the fiscal year,
- ✦ requires that an amendment to the expense budget by the board must be provided to the plan sponsor and an available copy to the plan members prior to the amendment taking effect,
- ✦ amends s. 175.101 (4), F.S. and provides that when a plan sponsor elects to discontinue participation in the local pension plan program (as authorized by Chapter 175, F.S.) the imposed excise premium tax shall not be imposed on the property within the geographic boundaries of that plan sponsor,
- ✦ amends s. 175.231, F.S., and provides medical conditions or behaviors that are appropriate for consideration in denying or overcoming the presumption of accidental disabilities or death suffered in the line of duty for firefighters,
- ✦ additionally and consistent with the proposed changes to s. 112.18, F.S., changes the evidentiary standard from competent evidence to the preponderance of evidence,
- ✦ amends s. 175.351, F.S., and provides that the use of the income from the premium tax must be implemented in accordance with the collective bargaining process or the provisions of the pension plan where applicable,
- ✦ provides that when a collective bargaining agreement ends and absent a new collective bargaining agreement having been agreed to, that the pension benefits shall revert to the minimum benefits as provided in 175.162(2) (a) and that the income from the premium tax may be used as unilaterally determined by the municipality or special fire control district,
- ✦ eliminates all statutory references to "extra benefits,"
- ✦ provides that premium tax revenues allocated to the supplemental plan shall be determined by collective bargaining or the provisions of the pension plan where applicable,
- ✦ when and if a new collective bargaining is not reached, the amount of the premium tax revenues allocated to the supplemental plan shall be determined unilaterally by the municipality or special fire control district until a new agreement is reached,
- ✦ authorizes a municipality or special fire control district unilaterally to establish one or more new plans, or benefits levels based on a date of hire, if the new plan meets or exceeds the minimum benefits as prescribed by the chapter,
- ✦ authorizes a municipality or special fire control district unilaterally to elect to maintain an existing plan and join the FRS or establish a defined contribution plan for employees hired after a specified date; for those municipalities and special fire control districts using this election they are mandated to use the premium tax revenue for the current plan or benefit level, for any additional plan or benefit level, for contributions to the FRS, or for contributions to a defined contribution plan,
- ✦ amends s. 175.361, F.S. relating to plan termination and fund distribution, requires that the board of trustees in carrying out its responsibilities are subject to prior written approval of the municipality or special fire control district,
- ✦ additionally directs the Department of Management Services when effectuating a fund termination that it be in a manner having the least fiscal impact on the municipality or special fire control district,
- ✦ amends s. 185.02, F.S., and removes the statutory language which provides that overtime payments shall not be less than 300 hours,
- ✦ amends the remaining Chapter 185 provisions to be consistent with the changes to the Chapter 175 provisions within the proposed bills and provides that the Legislature determines and declares that this act fulfils an important state interest, provides an effective date of July 1, 2012.

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**08-31-2011**

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**09-30-2011**

**DAVID OXLEY**

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**11-30-2011**