Members -- Very Important To Read ...

--submitted by 6th District Business Agent Tom Cody

Considering Retiring at Age 55 to 59, read this .....

As Members are rescinding the option to retire under the 55 to 59 agreement, Members who didn't make the original list, have been getting their eligibility letters. I'll call these Members alternates. **Alternates who do not wish to take this benefit, are not restricted in their options to rescind as original Members are**. On page 125 of the Collective Bargaining Agreement (CBA), it basically says if a Member rescinds, it will be offered to the next available Member if they so desire it. If you were an alternate and no longer desire this benefit, you just need to contact Personnel. Personnel may have you go down and sign papers saying you are rescinding the benefit. As an alternate, you are not required to be on medical status to rescind.

I get quite a few calls on how to go about the retirement process. If you are on the 55 to 59 list and do not wish to take your furloughs, you must go to Human Resources and rescind your furloughs before the first one begins. You can rescind 1, 2 or all 3 furloughs. **Sixty years of age and older, can also rescind furloughs, if that's your choice.** The first step should be to contact the Pension Board for an estimate and verify if you owe any time (example: suspension time, strike time, leave of absence, etc). When you have a date in mind, you must schedule an actual exit interview with Human Resources, where they will go over all the paperwork. This normally takes about an hour. I always suggest Members putting aside an entire day to go through the steps. On the day you schedule your appointment with personnel, I also suggest setting up an appointment with the Pension Fund on the same day. This process also takes about an hour. The Pension Board may just email you all the required documents. You need to bring the paperwork from personnel with you if you go in person. You will fill out paperwork and go through your numbers, healthcare, beneficiaries etc...

During your rounds, stop at the Union Hall to inform them of your retirement and select your retirement gift. While there, also check to see if your beneficiary is up to date. The same should be done with the Pension Board and Deferred Comp.

Even though you are staying on the exact same health plan, there is always a gap from transitioning the Member from Active Member insurance to Retiree/Active insurance. Sometimes this process could take 4 to 6 weeks. So, try not to schedule any doctor/dentist appointments during this time, as it will say you do not have insurance, but you actually do. Same with prescriptions. Next, I would go right to Deferred Comp (Nationwide). They are only a couple blocks from Pension Fund. You do not need an appointment for Deferred Comp, just go in and ask to speak to a retirement specialist. This is where you will sign paperwork to have your furlough buyout money sent to Deferred Comp. **Members who retire between November 1st and November 30th will have the option to receive their furlough buyout money in that year or elect to receive it in the following year. Members retiring in December will automatically receive it in the following year.** You can also transfer your spousal refund from Pension Fund to Deferred Comp if you are not married. **While at Deferred Comp, it's also a good idea to take a ONE-time withdrawal from your account. You can do $100.00 if you want. The reason behind that is, the first time you take a withdrawal, it could take 30 to 45 days to be approved.** You must fill out a request to withdraw, then they have to send it to City Hall to verify separation of employment, then it's sent back to Deferred Comp to process the withdrawal. After the initial withdrawal, any future withdrawals are done within 3 to 5 business days of your request. Last but not least, go have a beer!! I obviously cannot possibly describe every scenario, so if you have any questions don't hesitate to call me.

Human Resources	Pension Board	Nationwide (Deferred Comp)
3501 s Michigan, 3rd Floor	20 S Clark Ste 300	205 W Randolph Ste
312-745-5310	312-726-5823	855-457-2489

Some Members say, I don't want to pull any money out of Deferred Comp, so I'm just going to keep XXX amount of dollars from my furlough buyout money, instead of putting it in Deferred Comp. The issue I have with doing that is: When you take money from your furlough buyout instead of putting it in Deferred Comp, **you get hit with federal tax, state tax and Medicare tax because it is earned income**. When you take it from Deferred Comp, you only get hit with a 20% federal tax. Deferred Comp is retirement income, so you don't pay the state tax or Medicare tax. The money you take out is replaced with the money you put in, but you're not paying the taxes. I'm not an accountant, but it makes sense to me.

Please Note: Members on Occupational and Duty Disability **are not** allowed to withdraw from Deferred Compensation, they are still considered Active Members. You may be able to withdraw under a hardship clause, but you would need to talk with Deferred Comp about it.

Another thing to keep in mind, when a Member is Retired under the 55 to 59 or 60 and older and unfortunately dies, **their spouse and dependents automatically lose their health insurance**. This is also true when a Member reaches full Medicare, their spouse and dependents lose their healthcare. Medicare is currently age 65. You must sign up for Medicare within three (3) months before or up to 3 months after your 65th birthday. If you miss this window you are penalized for life. Although there is a window to sign up, Medicare actually begins on the first of the month in which you turn 65. If your birthday is actually the first day of the month, your Medicare starts the first of the month prior to your birthday month. It's important to sign up prior to that in order to make sure you don't have a lapse in healthcare.

In the last few years Local 2 has been mailing letters to Local 2 Members 3 months prior to their 65th birthday reminding them that this is approaching. During this time, you can also sign up for Local 2's (Aetna plan) Supplemental Healthcare to coincide with Medicare. Call the office for more information on this.

When a Member passes and they still have a balance in Deferred Comp, the spouse (if listed as the beneficiary) has the option of leaving that money in Deferred Comp until the Member has reached the age of 73. Then they would have to start withdrawing that balance. No other beneficiary has that option. They must take that balance with-in 10 years of the death of the Member. These rules change constantly so follow up with Nationwide for more accurate information. If you don't start taking the Required Minimum Distribution (RMD effective 1/1/23 age 73) when required, you will be penalized. It's important to stay on top of this, the rules with Deferred Comp seem to change frequently, please be aware.

****** Over the last couple years due to covid and work rule changes, I would call all of the above before visiting. Some things are now done by email, and some may require appointments in advance.**

You can call Local 2 with any questions or concerns at any time -- 773-536-0450

What date should I actually choose to retire?

When to actually "pull the plug"? You might think just throw a dart at a calendar and whatever it lands on is fine. It's actually a little more complicated than that.

Under the 55 to 59 you must leave between November 1 and December 31. Most Members will choose to leave by 0800 on November 30th with good reason.

It's the annual cola (cost of living). Your cola is granted 1 year from your retirement and then every January thereafter. So, if you leave by 0800 on November 30th, the following year December 1 you will receive a 3% cola increase. Then a month later January1st, you would receive another 3% cola increase. Thats six (6%) percent in 13 months.

If you leave in December, you will receive only one (1) 3% cola the following January 1st, but due to Members anniversary dates example... 12/1 Class. 12/3 class etc....where you need to work past that anniversary date get to 75% on your pension. Going from 72 1/2% to 75% is quite a difference when it comes to your pension and probably worth more than the actual 3% cola. Once again, you must do the math. Your birthday may be in December to qualify for the 55 to 59 or Age 60 or age 63 for the lower healthcare costs. Again, do your math. So, let's say you retire at 0800 on November 30, 2023, your first cola increase would be December 1st, 2024. The pension fund pays out at the end of the month, so you will actually see that increase on your 12/31/24 check then your next increase will be the next day on January1st, 2025, and you will see that increase on your 1/31/25 check.

These are all things that Members who fall into this time frame, need to look at. On the home page of the pension board website is a retirement calculator where you can enter all your information and enter different retirement dates to get an approximate benefit. Google Fireman's Annuity and Benefit Fund (FABF).

Now let's get back to picking an actual date in the month. November has 2 holidays, Veteran's Day and Thanksgiving, do either of these fall on your shift? Does it really matter to you?

Let's say you decide you want November 15th, 2023, as your last day at work, which is a 2E EMS 4, but the next workday 11/18 is your Daley Day, so what you should select is 0800 on 11/22. You can refuse the daily day if you don't want to work it. EMS would pick 0800 on the 19th assuming you don't get mandated on the 17th. This will give you 21 days (EMS 18 days) on the payroll at full pay as opposed to 15 days. If you leave at 0800 on the 30th you will receive full pay for the entire month minus 8 hours for the 30th. Even though most of us are platoon employees, payroll is still calculated on 8-hour days. Whatever day you leave on, the pension fund will pay back to that day you retired at 75% assuming you have 29 and a day.

Back to retiring on 11/15 as your last day, our pay schedules are still the same as always, the 1st of the month to the 15th and the 16th to the last day in the month. The only thing that changed is the actual pay dates for these periods. Leaving on 11/15 as your last day, you would still receive a check on 11/22. That will be your last payroll check. Then you would receive your 1st pension check on 12/31 dated back to 11/16. That's about 5 1/2 weeks without a check. If that matters to you, then you might want to rethink your actual retirement date. If you leave at 0800 on November 30th, you will receive a check on 12/7 minus 8 hours from a normal check. That's a little more than 3 weeks before your 1st pension check kicks in. Again, does this matter to you?

We all have different money issues and reasons for what we do, so I'm just trying to put a better understanding out there so everyone can make a rational decision that works best for them. Again, if you have any questions, call Local 2.

While we're on the subject of retiring or at least thinking about it, here are a few more things that I feel Members should be made aware of:

Beneficiaries

Again, I cannot express how important it is to **UPDATE YOUR BENEFICIARIES**. It is absolutely brutal listening to a family member who is not listed as the beneficiary when a Member passes. I've seen beneficiary money going to ex-spouses, ex boyfriends, ex-girlfriends, parents who are no longer here etc........ This does not take a lot of time to do and is important for your family when you are gone.

Here is a list of places you should contact but not limited to:

- Personal Bank Accounts,
- State and federal benefits Department Memo M-34-13
- Local 2
- Credit union(s)
- Nationwide (Deferred Comp)
- Pension Board (Fireman's Annuity and Benefit Fund)
- Met Life

Please refer to the two page "Who to Contact" sheet at the end of this document.

"Per Stirpes"

Since doing a living trust, I became aware of the phrase "per stirpes". Per stirpes basically means if something happens to one of your beneficiaries, their share will then go to their heirs. Nationwide Retirement Solutions (Deferred Comp) does not offer this option on their beneficiary forms.

I will use myself as an example: My wife is my primary beneficiary, and my 4 daughters are my contingent beneficiaries. If my wife passes before me, my 4 daughters will now receive 1/4 each of my Deferred Comp. But, now what happens if one of my daughters also passes before me, who has children?

Without the "per stirpes" option, the 3 remaining daughters now get 1/3 and the children of the daughter who passed receive nothing unless the beneficiaries are updated constantly. As we get older and more senile, we don't always remember to do those things, or you just assume it would go to their children.

Yes, the right thing to do would be for the remaining sisters to make sure the nieces and nephews would receive their mother's share, but money has a strange effect on people. Example..." If that's what he wanted, he would have changed it etc....." But if they did share it, they would have to pay the tax on the initial payment, then you might have to deal with an additional "Gift Tax" by giving a portion of yours to someone else, if it's over a certain dollar amount.

I also investigated putting my Deferred Comp account into my living trust. Well, the Federal Government (IRS) says, once you change the name on a deferred comp account (ex...Tom Cody to Tom Cody Trust) they consider that a complete withdrawal from your account and the taxes are due.

I have had many phone calls and exchanged many emails with Nationwide in Chicago and their corporate office in Columbus Ohio about this issue, and so far it seems they are not willing to change it. Everyone I talked to said it makes sense and surprised themselves that it isn't offered. I understand they are a major company, and this would require some work, but it's just an option. You don't have to select "per stirpes" if you don't want to. On other forms I have filled out, it's simply checking a box next to your beneficiaries. A large number of institutions and banks offer this option on their beneficiary forms. As of late, Nationwide recently informed me they will not change it.

One thing that I found to be an option, would be to roll my deferred comp account into another tax deferred account that offers "per stirpes". By doing this, there would be no tax consequences moving it from one tax deferred account to another and it would guarantee my wishes are filled. I know this is a lot to consider, but felt it was important to pass along.

Occupational and Duty Disability

When Members go on either of these disabilities there are things to know. Duty Disability is 75% of your salary at the time you are granted the benefit, for occupational it's 65%. Both are tax free and provide healthcare paid for by the employer. The employer is also required to make pension contributions on behalf of the Member. This means you will still be accruing years of service. However, you will not receive any salary increases based on contract raises or step raises as long as you're on that disability. When you hit age 63 you are now mandatorily retired, and you will then retire at the current salary for that rank and years of service at that time. While on that disability for many years that salary benefit is no longer keeping up with inflation and Members are feeling it.

There is also an ordinary disability benefit, this is basically for off duty injuries or illnesses that prevent you from working. This is for Members under the age of 50 or haven't completed 20 years of service to qualify for retirement, tier 2 would be 55 years. This benefit is 50% of your salary and is only good for a maximum of 5 years or until the Member can qualify to retire prior to the 5-year mark or return to work. For this benefit the Member is responsible for health care, taxes, and pension contributions.

Members on occupational or duty disability also qualify for the 55 to 59 healthcare, obviously 60 and older also falls into this, so this is where a Member must make a decision. If you have been on disability for 10, 15, 20 years you haven't received a raise in at least that long.

If you decide to take the retirement and forego the disability benefit, you are now going to retire at today's wages. You will now have to pay taxes and healthcare, but your take-home pay may be substantially higher, and you will also receive the cola increases going forward. This probably happens around the 10-year mark on disability, but that also depends on contract wages, years of service etc.... over the years.

For estimates on what your pension might be, go to http://www.fabf.org the pension boards website. On their home page there is a retirement calculator. Fill in all the pertinent information and projected retirement date and it will give you an estimate based on current contract wages. Look at the gross, figure in taxes and healthcare costs etc....and decide what's best for your situation. Your duty injury would still be covered if you're still receiving treatment for it. You may also have to take into account if you're receiving PSEBA or SSDI benefits.

WE RECOMMEND MEMBERS TO NOTIFY THE FOLLOWING ORGANIZATIONS IN CASE OF: A CHANGE OF ADDRESS, BENEFICIARY, CONSIDERING RETIREMENT, OR THERE IS A DEATH OF A MEMBER OR THEIR SPOUSE

1. Chicago Fire Department
   Personnel Division
   3510 S. Michigan – 3rd FL
   Chicago IL 60653
   312-745-5310 – Keawna Hammond
   Labor Relations – 312-745-4172
   Payroll – 312-745-3216

2. Firemen's Annuity & Benefit Fund
   (Pension Board) - Retired, Duty and Occupational
   20 S. Clark - Suite 1400
   Chicago IL 60603
   312-726-5823
   Fax 312-726-2316

3. Chicago Fire Fighters Union
   Local No. 2
   440 W. 43rd Street
   Chicago IL 60609
   773-536-0450
   Fax 773-536-8117

4. Benefits Management Office
   333 S. State St. - Room 400
   Chicago IL 60604
   Chicago Benefits Service
   877-299-5111 – You will need an ID

5. Nationwide Retirement Solutions
   Deferred Compensation (PEBSCO)
   205 W. Randolph - Suite 1540
   Chicago IL 60606
   312-443-1975

6. Chicago Fire Department - EAP
   1338 S. Clinton
   Chicago IL 60607
   Lisanne Vaci - 312-746-6977

7. CFD Medical Section (for lay-ups)
   1338 S. Clinton,
   Klara Sanchez, Admin
   Chicago IL 60607
   312-746-6935(6)
   Medical – 312-746-6935
   Duty& Occupational Bills:
   312-416-1010

8. Met Life Insurance (formerly Prudential)
   Policy # 9213800
   $75,000 (Active Members)
   866-492-6983

9. Aetna Insurance/Labor First
   (Medicare Eligible)
   312-248-6508
   (Non-Medicare Eligible)
   312-467-7440

10. Blue Care Dental: 855-557-5487 HMO:
    800-323-7201

11. Vision Care: Davis Vision
    1-888-456-8758

12. Retiree Vision and Dental
    Aetna - 312-454-6023

13. Retired Firemen Mutual Aid
    223 W. Jackson - Rm 1114
    Chicago IL 60606
    312-427-7111 – Insurance Family Plan

14. Caremark Inc. - **CVS** (Prescriptions)
    2211 Sanders Rd
    Northbrook IL 60062
    866-748-0028 (City of Chicago)
    800-213-0879

15. Blue Care Dental: 855-557-5487
    HMO: 800-323-7201

16. Vision Care: **Davis Vision**
    1-888-456-8758

17. Blue Cross & Blue Shield
    300 E. Randolph - 6th Floor
    800-772-6895
    Telligen Medical Advisor
    800-373-3727

18. Police - Fire Insurance Association
    101 E. 116th St.
    Carmel IN 46032
    Contact: Mike Shanahan
    317-581-1913

19. Chicago Firefighters Credit Union
    6230 S. Central
    Chicago IL 60638
    773-581-5253

20. Chicago Fireman's Assoc
    Credit Union
    2453 S. Archer Ave., Suite E
    Chicago IL 60616
    312-791-0834

21. Chicago Fire Officer's Assoc.
    Credit Union, Joe Owen
    10231 S. Western
    Chicago IL 60643
    773-445-1700

22. Chicago Fire Department Chaplains
    Fr William McFarlane 312-735-2403
    Rabbi Moshe Wolf - 773-463-4780
    Rev. Edward Davis - 312-545-3119

23. Commissary, Doreen Heeter
    3616 S. Halsted
    Chicago, IL 60608
    773-475-6410

24. Alarm Office – For Simulcast to
    report a members death
    312-746-9500

25. Gold Badge Society
    Colleen Breakey – 773-458-8394

26 Public Safety Office Benefits – (PSOB)
   202-737-8484 – Covid Related Issues

Below is a general outline of benefits due to beneficiaries in the event of a member's death. Your status, active or retired, at the time of death determines these benefits.

Contact the entities below for more information:
Non-Duty Death

- Basic Term Life (City)
- Accidental Death & Dismemberment
- Pension Plan Death Benefit *
- Local 2
- **30-50%** Pension Plan (plus 10% per child)
- Optional Insurance** - i.e. Met-life

Line of Duty Death

- IAFF Federal Death Benefit
- Illinois Duty Death Benefit
- Pension Plan Death Benefit*
- Basic Term Life (City)
- Accidental Death & Dismemberment
- 00 Club (Initial plus other benefits)
- **Full pay** Firemen=s Annuity & Benefit (1 yr) than **75%** plus **$30** each child per month and **Free** Health Insurance
- Local 2
- Optional Insurance** - i.e. Met-life * until age 49, then reduced $400 a year on every birth date to a min. of $6,000. Benefit is reduced to the $6,000 min. if death occurs while member is in receipt of an annuity.
  **This benefit applies only if the member purchased insurance on their own.