



Retirees *FYI*

www.richmondgov.com/retirement

Autumn 2010

Protecting Your Retirement Income

While volatile stock market fluctuations can be painful for investors, they can be particularly devastating to those investors living in retirement who may not have the time or ability to recoup losses. Investors intending to work for many years have a greater flexibility to ride out the near term ups and downs of the financial markets. For retirees with concerns about how market fluctuations will affect their retirement savings, consider the following ways to protect your assets:

Structure your investments wisely. Experts seemingly agree that it's important that retirees have at least 6 – 12 months of expenses saved in liquid assets or cash equivalents, such as CD's; with another 2 – 3 months of expenses invested into fixed income securities; and the remainder of your investments in a well diversified portfolio.

Add diversification to your portfolio as market fluctuations can quickly reveal risks in your investments. Although you may want to make major asset allocation changes immediately, take steps gradually to reduce risk and minimize transaction losses when conditions in the markets are favorable.

Stay Invested. Interest rates are at record lows and while inflation for now may not seem like a real danger, history suggests that eventually it will rise. Allowing a portion of your assets to remain in stocks will improve returns to fight inflation.

Try to withdraw as little as possible from your investments. If your investments have declined in value, reevaluate your current withdrawal amounts. Withdrawing the same amount from a substantially smaller portfolio means that you will deplete the balance much sooner.

As a rule, you should draw down taxable investments first before tax-deferred investments so they have a chance to continue their tax-deferred growth. In most cases, however, you will need to start taking minimum required distributions from your tax-deferred investments by age 70 1/2.

Consider long term care and life insurance. If you can afford the cost of long term care or term life insurance, by all means do so as they will give you "peace of mind" and avoid depleting your assets should you or a loved one need to take advantage of these programs. Remember, most health insurance plans do not cover long term care, and the earlier in retirement you lock-in to a long-term care insurance plan, the lower the rates will be. Similarly, life insurance gets more expensive with age so locking in rates early can save your retirement investments over time.

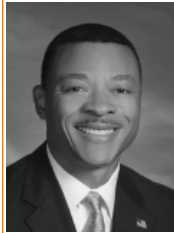
You can see more information about this subject at www.sfepd.org. (Society for Financial Education and Professional Development) ❖

Judy Nicholas Retires

Judy Nicholas retired from city employment on August 1, 2010 after 30 years of service. Ms. Nicholas supported the Retirement System for the last 24 years and ended her career as a Benefits Administrator. Her talents will be missed by her peer and subordinates alike. We wish her well. ❖

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Executive Communiqué

Philip R. Langham
Executive Director

Welcome to our latest issue of “Retirees FYI”. I wish you the best and hope this edition finds you well. In this edition, we spotlight ideas to protect your assets in retirement. While the investment market has retraced some of its 2008/early 2009 losses, is it the right time to rethink your investment strategy in retirement? Next, for those on direct deposit with us, Wells Fargo and Wachovia have merged and many account numbers have been changed by the bank. We’re being told that this transition is seamless; however, we are not taking chances. We will be soliciting your help to protect your identity and provide us a new authorization form along with your new account number. Should you experience problems with your new account, please contact the bank immediately. In our “Did You Know” column, we review the requirements for enrolling and terminating your City health insurance benefits for those under age 65 and eligible.

Please see our tutorial on 1099-Rs to help you file your tax returns. You should expect to see them at the end of January 2011.

The “Retirees FYI” newsletter is available on our web site at www.richmondgov.com/retirement. I encourage you to visit the site often for the latest information about what we’re doing to support our active and former members.

Did You Know?

City Health Insurance

Non-Medicare eligible retirees, younger than 65, with ten or more years of creditable service and city sponsored health insurance coverage during their final five years of employment are eligible to participate in the city’s health insurance plan.

Health insurance premium payments are paid at the end of the month in which a retiree has received coverage.

Example: Premiums for health care coverage from December 1 - 31 will be deducted from the December pension payment (Dec. 30th).

Retirees may choose to end health coverage by submitting a Health Insurance Enrollment/Change Form to the RRS, on or before the first day of the month coverage is to end. For example: Notify the RRS not later than November 30th if you desire to end coverage as of December 1st.

For your information: There is a leave and return policy for city sponsored health insurance that allows eligible retirees to leave their city health insurance coverage and return at a later date as long as they have had continuous health insurance coverage from the time they ended coverage until the point they wish to return.

RRS Striving for Continuous Improvement

The RRS web site has been updated with several new features which make important information and resources readily accessible. Visit www.richmondgov.com/retirement and take advantage of the new “hot links” on the home page that enable retirees to access information regarding pension payments, forms and news with the click of a button. Additional web pages have been added, such as “Life Events” and “Retirement Terms”, to help retirees make the most of their benefits. ❖

City Holiday Schedule

2010-11

Month	Date
November	25 & 26
December	23, 24 & 31
January	17
February	21

The Richmond Retirement System is closed on City Holidays.

The Wells Fargo/Wachovia Merger. . . What Does it All Mean for You?

Wachovia customers will soon see their checking and savings accounts transition from Wachovia to Wells Fargo. The transition from a Wachovia checking or savings account to a Wells Fargo account should not disrupt automatic deposits or automatic bill pay accounts for most Wachovia customers. However, mergers can be tricky.

Retirees, who received notification from Wells Fargo that their account and/or routing numbers have changed, should submit an updated Direct Deposit Authorization form to the Richmond Retirement System to avoid any delay in providing pension benefits. We ask that you provide a new direct deposit form to us with your signature to ensure that you are directing us to move your pension funds to the right account number for your protection.

Otherwise, we will use the bank's information and send your pension to the new account supplied by the bank – your choice.

Direct Deposit Authorization forms received before the 15th of the month will be processed by the end of that month, while forms received after the 15th will be processed the following month. Once a new form is submitted, retirees can expect a paper check in the mail for the next month and direct deposit of their pension thereafter.

More information about the RRS' direct deposit policies as well as the Direct Deposit form can be found on the RRS web site at www.richmondgov.com/retirement. ❖

How to Read Your Federal 1099-R Tax Form

Box 1 - Gross benefits paid to you in 2010. This includes the total of your monthly benefit and cost-of-living increases you were paid before income tax or other deductions were withheld.

Box 2a - Total taxable amount of your benefit. This box is not reduced by any portion of the \$3,000 exclusion for which the participant may be eligible as a payment of qualified health insurance premiums under the HELPS provision.

Box 5 - Amount of your benefit that is not subject to tax. Includes any contributions made to the RRS on which income taxes were already paid.

Box 4 - Total amount of federal income tax withheld in 2010 based on the total number of exemptions reported on your Form W-4P, Withholding Certification for Pension or Annuity Payments.

Box 7 - Distribution code for any amounts reported on Form 1099-R that indicates the distribution type and tax implications.

Box 10 - Total amount of state taxes withheld in 2010 based on the total number of exemptions reported on your Form VA-4P, Withholding Exemption Certification for Recipients of Pension and Annuity Payments.

The image shows a 2010 Form 1099-R with several callout boxes. Box 1 points to the 'Gross distribution' field. Box 2a points to the 'Taxable amount' field. Box 4 points to the 'Federal income tax withheld' field. Box 5 points to the 'Employee contributions / Designated Roth contributions or insurance premiums' field. Box 7 points to the 'Distribution code(s)' field. Box 10 points to the 'State tax withheld' field. The form also includes fields for 'Net unrealized appreciation in employer's securities', 'Other', 'Total employee contributions', and 'State/Payer's state no.'. The year '2010' is printed in large numbers in the center of the form.

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Richmond Retirement System
900 East Broad Street, Room 400
Richmond, VA 23219

Go Paperless, Save Money, and Protect Your Retirement Assets

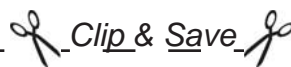
Sign-up to receive your next "Retirees FYI" via email and we will send you an electronic copy readable with free Adobe reader software available via download at <http://get.adobe.com/reader/>. Stop receiving expensive paper copies if you don't need them. In doing so, it saves the Richmond

Retirement System money and helps to preserve your pension benefit. If you want to receive the next "Retirees FYI" via email, contact Adam Austin at adam.austin@richmondgov.com.

RARE - A Voice for Retirees

The Richmond Association of Retired Employees (RARE) is a non-profit organization established in 1989 and supported by city of Richmond retirees. The RARE provides an opportunity to network and address retirement issues of concern to city retirees. The RARE meetings are held on the 4th Thursday of every other month at 2 p.m. Members are notified of meeting locations and details via mail.

Membership in the RARE is open to all city of Richmond retirees, widows and widowers. More information can be obtained directly from the RARE by sending correspondence to 581 Virginia Center Pkwy, Glen Allen, VA 23059-7415. ❖



2010 -11

Benefit Payment Schedule

Month	Date
October	29th
November	30th
December	30th
January	31st
February	28th
March	31st

Pension payments are made on the City's last working day of each month.