WEST PALM BEACH POLICE PENSION NEWS

A West Palm Beach Police Pension Fund Publication

Issue 14

Date of Issue:

Second Quarter 2012

Inside this issue….

The Board is happy to announce that for the last three years (through March 31, 2012), our total equity (stocks) portfolio returned a stellar 22.42%, placing it in the **Top 3%** in the investment universe.

Source: Thistle Asset Consulting

QUARTERLY PENSION FUND SUMMARY

On March 31, 2012 our fund had a total market value of $209,912,000. For the quarter the fund gained $14,544,000.

For the quarter the total fund return was 7.41% (net) and its benchmark return was 8.26%. In the previous quarter the fund return was 6.92%.

For the quarter the stock return was 9.29% and the benchmark return was 12.43%. The bond return was 3.03% and the benchmark return was 0.66%.

For the quarter end, the allocation of our fund was 64.3% invested in stocks, 27.4% in bonds, 4.9% in Real Estate, and 3.4% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds). Our ongoing target for investment in stocks remains at 65% of the total fund.

Fiscal Year (10/1/2011 – 9/30/2012)
For the fiscal year-to-date, the total fund net return was 15.03% and its benchmark return was 16.60%. The stock return was 20.18% and the benchmark return was 25.02%. The bond return was 4.19% and the benchmark return was 1.58%.

For the fiscal year-to-date, the Valley Forge large cap core stock return was 13.61%, the Earnest Partners large cap value stock return was 25.66%, the Garcia Hamilton & Associates large cap growth stock return was 25.83%, the Anchor mid-cap value stock return was 15.13%, the Oak Ridge mid cap growth stock return was 26.33%, the DFA international stock return was 14.24%, the GW Capital small cap value stock return was 26.72%, the Eagle small cap growth stock return was 30.97%, the WHV international stock return was 21.00%, the Intercontinental Real Estate return was 2.67%, and the Garcia Hamilton & Associates aggregate fixed income return was 3.03%. In comparison,. the S&P 500 index return is 12.59%.

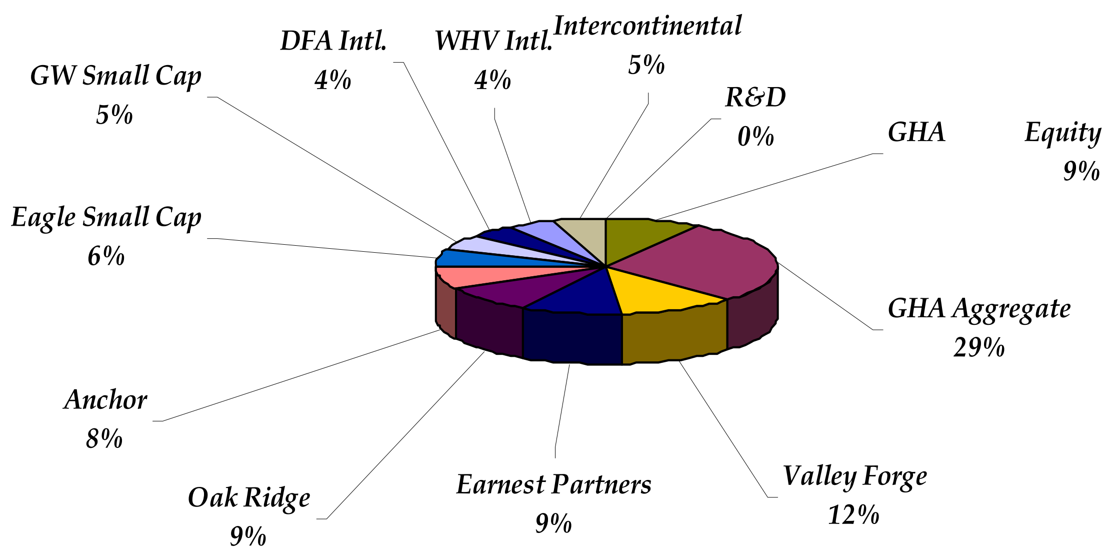
For the quarter the best performing sector among S&P 500 stocks was Financials which increased 21.46% and the worst sector was Utilities which decreased 2.68%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 2.7% before seasonal adjustment for the twelve months ended in March. The Producer Price Index (PPI) for finished goods advanced 2.8% before seasonal adjustment for the twelve months ended in March.

The seasonally adjusted unemployment rate is 8.2% in March compared to 8.5% in December. Real Gross Domestic Product (GDP) increased at an annual rate of 3.0% for the fourth quarter of 2011, compared with an increase of 1.8% in the third quarter.

Remember the entire investment report may be viewed on-line.

Track the Fund



Plan Asset Allocation & Diversification as of March 31, 2012

	Domestic Equities	Int'l Equities	Fixed Income	Real Estate	Cash	Total	*% of Total*
GHA Equity	$18,879,000				$228,000	$19,107,000	
GHA Aggregate			$57,470,000		$1,851,000	$59,321,000	
GHA Total						$78,428,000	*37.4%*
							41.0%
Valley Forge	$22,945,000				$577,000	$23,522,000	*11.2%*
							9.0%
Earnest Partners	$19,571,000				$262,000	$19,833,000	*9.4%*
							9.0%
Oak Ridge	$17,777,000				$739,000	$18,516,000	*8.8%*
							8.0%
Anchor	$15,496,000				$1,877,000	$17,373,000	*8.3%*
							8.0%
Eagle Small Cap	$12,154,000				$192,000	$12,346,000	*5.9%*
							5.0%
GW Small Cap	$10,530,000				$297,000	$10,827,000	*5.2%*
							5.0%
DFA Intl.		$9,076,000			$270,000	$9,346,000	*4.5%*
							5.0%
WHV Intl.		$8,620,000			$635,000	$9,255,000	*4.4%*
							5.0%
Intercontinental				$10,214,000		$10,214,000	*4.9%*
							5.0%
R&D					$252,000	$252,000	*0.1%*
							0.0%
Totals	$117,352,000	$17,696,000	$57,470,000	$10,214,000	$7,180,000	$209,912,000	*100.0%*
							100.0%
% of Total	55.9%	8.4%	27.4%	4.9%	3.4%	100.0%	
Target %	57.0%	10.0%	30.0%	3.0%	0.0%	100.0%	

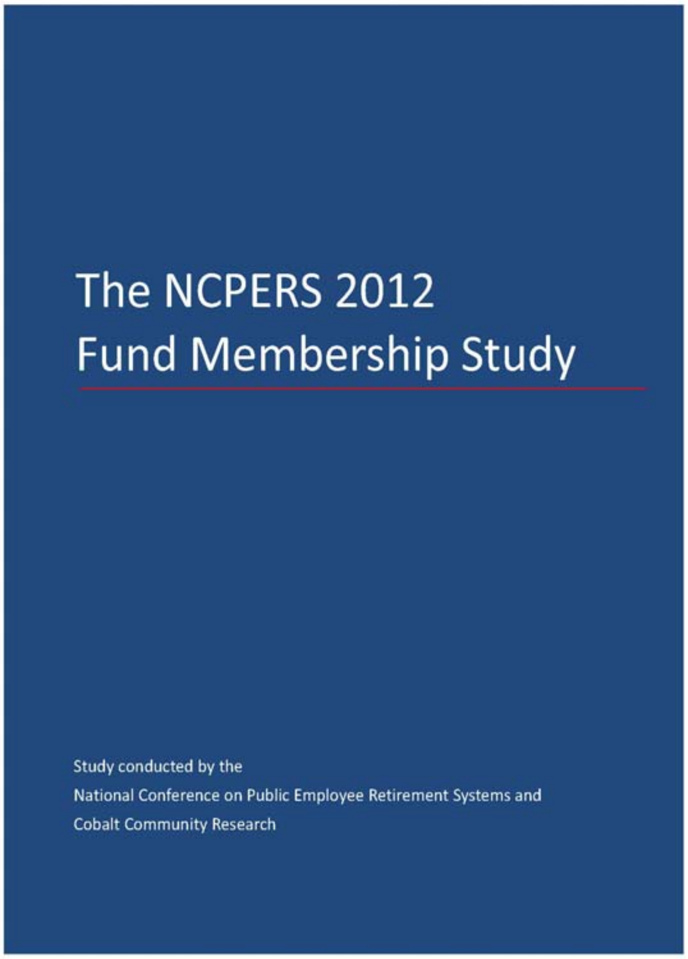
GHA	Eagle	Valley Forge	Earnest Partners	Oak Ridge
Apple	Genesco Inc.	Philip Morris	Freeport-McMoran	Verifone Holdings
Exxon Mobil	Lufkin Indus.	Goldcorp	TJX	Netlogic Micro
IBM	Vitamin Shoppe	Pfizer	IBM	Triumph Group inc.
Microsoft	BJ's Restaurants	Abbot Labs	Express Scripts Inc.	Petsmart Inc.
Coca Cola	Quality Systems	Barrick Gold Corp.	Intel	O'Reilly Auto
Occidental Petro.	Centene Corp.	Verizon Comm.	Occidental Petrol.	Catalyst Health
Roper Industries	Sirona Dental	AT&T	Exxon Mobil	Concho Resources
Google	Huron Consulting	Johnson & Johnson	Cummins Inc.	Alliance Data Sys.
Qualcomm	Coherent Inc.	Newmont Mining	Wells Fargo	Ross Stores
Grainger W.W.	OYO Geospace	Bristol-Myers Squibb	Darden Restaurants	Airgas

Top Ten Equity Holdings

Anchor	GW	DFA	WHV
SPDR Gold Trust	Darling International	Vodafone Group ADR	Noble Corp.
Sun Communities	Simpson Manf.	Royal Dutch Shell	Schlumberger Ltd.
Scana Corp.	A.O. Smith Corp.	Daimler AG	Canadian Pacific Rail
Goodrich	Esterline Technologies	Vodafone Group	Potash Corp.
Sempra Energy	Avis Budget Corp	TransCanada Corp.	Suncor Energy
McKesson	Oneok Inc.	BP PLC	Weatherford Intl.
Excelon Corp	CNO Financial	Xstrata PLC	BHP Billiton Ltd.
CYS Invts. Inc.	Barnes Group inc.	Mitsubishi UFJ Financial	Diageo PLC
Analog Devices inc.	Owens Illinois	Westfarmers LTD	Cooper Industries
American Capital Agency	Omega Healthcare	Bayerische Motoren Werke	British American Tob.

NCPERS 2012 PUBLIC FUND STUDY

The National Conference on Public Employee Retirement Systems undertook the most comprehensive study to date addressing retirement issues for this segment of the public sector.



NCPERS has collected and analyzed the most current data available on member funds' fiscal condition and steps they are taking to ensure fiscal and operational integrity.

The 2012 NCPERS Public Fund Study includes responses from 147 state and local government pension funds with a total number of active and retired memberships surpassing 7.5 million and assets exceeding $1.2 Trillion. The majority, 84 percent, were local pension funds, while 16 percent were state pension funds. The study finds that public funds continue to respond to changes in the economic, political and social landscape by adopting substantial organizational and operational changes to ensure long-term sustainability for their stakeholders. Efforts include increasing age and service requirements, increasing member contributions, stronger operational practices and more diligent oversight.

Here are some key findings:

- With the market declines in recent years, the market and actuarial value of fund assets has declined; however, both 1-year and 20-year returns reported by participating funds point to continuing long-term improvement in funded status. While the 1-year returns were slightly lower than 2011, all longer-term returns are higher.

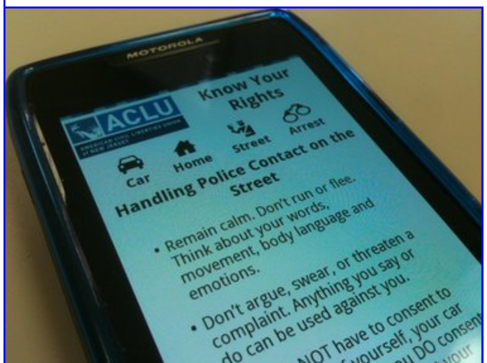
- Income used to fund pension programs generally comes from three sources: member contributions, employer contributions and investment returns. As usual, investment returns are the most significant source ~ 73 percent. Member contributions make up 10 percent of fund income. Employer contributions equal about 17 percent.

- The average funded level is a solid 74.9 percent, slightly below 76.1 percent in the 2011 study. Plans that include members who are eligible for Social Security have an average funded level of 80.4 percent, down from 84.7 percent. The most significant reason for this decline was market volatility.

The entire 37-page report is available at

http://www.ncpers.org/Files/2012_ncpers_public_fund_study_report.pdf

N.J. ACLU unveils 'stealth' app allowing citizens to secretly record police



According to a recently published report in the Star-Ledger for years, the American Civil Liberties Union has aggressively tried to police the police, filing suit after suit against law enforcement agencies it believed crossed the line. Now, the ACLU's New Jersey chapter has gone beyond the courtroom, introducing a smartphone application to allow state residents to secretly record police stops, protect the recordings from being deleted by displeased officers and report the incidents to civil rights groups. "This app provides an essential tool for police accountability," said Deborah Jacobs, executive director of the ACLU of New Jersey.

The arrival of the app, called Police Tape, follows some high-profile cases in which police have clashed with citizens over their recording of officers. It also speaks to the notion that, anywhere, any time — whether it's by a police department's security camera or a motorist's cell phone — everyone can be recorded. Citizens have been hassled and even arrested after recording police officers in public places, said Alexander Shalom, ACLU New Jersey's policy counsel. At times, their phones have been taken away and recordings deleted, he said. "Police often videotape civilians and civilians have a constitutionally protected right to videotape police," Shalom said. "When people know they're being watched, they tend to behave well."

The app, which debuts only for Android devices but will be available for iPhones later this month, is simple to use and can be downloaded at **aclu-nj.org/app**. It opens to a screen with three buttons: video recording, audio recording and a tutorial on knowing your rights. The app's signature feature is its ability to operate in "stealth mode" while recording. When you start video recording, the screen goes black, as if it's off. When recording audio, the app automatically minimizes and disappears.

The issue of recording police on smartphones has drawn controversy in Newark, where then 16-year-old Khaliah Fitchette recorded two officers aiding a man on a public bus in March 2010. Police removed Fitchette from the bus and handcuffed her after she refused to stop filming, according to a lawsuit filed on behalf of the teen by the ACLU and the Seton Hall Center for Social Justice last March. After a three-hour ordeal, Fitchette was released to her mother, the lawsuit says. New Jersey is only the second state to have this type of app available to smartphone users, Shalom said. The app developer, a watchdog group called OpenWatch, calls these types of programs "reverse surveillance."

New York Civil Liberties Union introduced a similar smartphone app last month called "Stop and Frisk Watch," a reference to the New York Police Department's controversial search practices.

Recordings are protected from erasure because it's not readily apparent how to delete without going through a multistep process. Incidents sent to the ACLU via the app get reviewed and also saved to an external server. The iPhone version will only have an audio recording option.

Chris Tyminski, longtime president of Policemen's Benevolent Association Local 183, which represents Essex County sheriff's officers, said an app like this can "blindside" a law enforcement officer but maintained, "We have nothing to hide."

"Guys are basically told, conduct yourself as if you're always being recorded, that's the safest way," he said. However, he said, it's unfair when groups like the ACLU "judge a life or death split second decision that a cop makes, when they have days and days and roundtables to discuss what a cop should have done in those three seconds."

James Stewart, president of the Newark Fraternal Order of Police, said people using the app also need to use common sense.

"I also hope that if a police officer is attempting to stop an individual on the street, that person is not suddenly trying to pull a phone from his pocket in an attempt to film a police encounter," he said.

Shalom agrees that the majority of law enforcement don't need to worry about the app.

"Police officers who break the rules, who don't behave, are the exception not the rule," he said. "It's only the minority of officers who are flouting the rules who should be concerned about the app."

INDIVIDUAL MANDATE PROVISION SURVIVES SUPREME COURT SCRUTINY; MEDICAID EXPANSION DOES NOT

In 2010, Congress enacted the Patient Protection and Affordable Care Act in order to increase the number of Americans covered by health insurance and decrease the cost of health care. One key provision is the individual mandate, which requires most Americans to maintain "minimum essential" health insurance coverage. For individuals who are not exempt and who do not receive health insurance through an employer or government program, the means of satisfying the requirement is the purchase of insurance from a private company. Beginning in 2014, those who do not comply with the insurance must make a "shared responsibility payment" to the Federal Government. The Act provides that this "penalty" will be paid to the Internal Revenue Service with the individual's taxes and "shall be assessed and collected in the same manner" as tax penalties. Another key provision of the Act is the Medicaid expansion. The current Medicaid program offers federal funding to States to assist pregnant women, children, needy families, the blind, the elderly and the disabled in obtaining medical care. The Affordable Care Act expands the scope of the Medicaid program and increases the number of individuals the States must cover. For example, the Act requires state programs to provide Medicaid coverage by 2014 to adults with incomes up to 133 percent of the federal poverty level, whereas many States now cover adults with children only if their income is considerably lower, and do not cover childless adults at all. The Act increases federal funding to cover the States' costs in expanding Medicaid coverage. But if a State does not comply with the Act's new coverage requirements, it may lose not only the federal funding for those requirements, but all of its federal Medicaid funds. Twenty-six States (including Florida), several individuals and the National Federation of Independent Business brought suit in Federal District Court, challenging the constitutionality of the individual mandate and the Medicaid expansion. The Court of Appeals for the Eleventh Circuit upheld the Medicaid expansion as a valid exercise of Congress's spending power, but concluded that Congress lacked authority to enact the individual mandate. Finding the mandate severable from the Act's other provisions, the Eleventh Circuit left the rest of the Act intact. On certiorari to the Eleventh Circuit, the U.S. Supreme Court held the judgment is affirmed in part and reversed in part. The 5-4 decision was authored by Chief Justice Roberts. The Anti-Injunction Act provides that no suit for the purpose of restraining the assessment or collection of any tax shall be maintained in any court by any person, so that those subject to a tax must first pay it and then sue for a refund. The present challenge seeks to restrain the collection of the shared responsibility payment from those who do not comply with the individual mandate. But Congress did not intend the payment to be treated as a tax for purposes of the Anti-Injunction Act. The Affordable Care Act describes the payment as a penalty, not a tax. That label cannot control whether the payment is a tax for purposes of the Constitution, but it does determine the application of the Anti-Injunction Act. The Anti-Injunction Act therefore does not bar the suit. The Constitution grants Congress the power to regulate commerce. The power to regulate commerce presupposes the existence of commercial activity to be regulated. The Court's precedent reflects this understanding. As expansive as this Court's cases construing the scope of the commerce clause have been, they uniformly describe the power as reaching activity. The individual mandate, however, does not regulate existing commercial activity. It instead compels individuals to become active in commerce by purchasing a product, on the ground that their failure to do so affects interstate commerce. Construing the Commerce Clause to permit Congress to regulate individuals precisely because they are doing nothing would open a new and potentially vast domain to congressional authority. Congress already possesses expansive power to regulate what people do. Upholding the Affordable Care Act under the Commerce Clause would give Congress the same license to regulate what people do not do. The Framers knew the difference between doing something and doing nothing. They gave Congress the power to regulate commerce, not to compel it. Ignoring that distinction would undermine the principle that the Federal Government is a government of limited and enumerated powers. The individual mandate thus cannot be sustained under Congress's power to regulate Commerce. The individual mandate also cannot be sustained under the Necessary and Proper Clause, as an integral part of the Affordable Care Act's other reforms.

Please continue to next page ....

INDIVIDUAL MANDATE—Con't

The Court's prior cases upholding laws under that Clause involved exercises of authority derivative of, and in service to, a granted power. The individual mandate, by contrast, vests Congress with the extraordinary ability to create the necessary predicate to the exercise of an enumerated power and draw within its regulatory scope those who would otherwise be outside of it. Even if the individual mandate is necessary to the Affordable Care Act's other reforms, such an expansion of federal power is not a proper means for making those reforms effective. The most straightforward reading of the individual mandate is that it commands individuals to purchase insurance. But, for the reasons explained, the Commerce Clause does not give Congress that power. It is therefore necessary to turn to the Government's alternative argument that the mandate may be upheld as within Congress's power to lay and collect Taxes. In pressing its taxing power argument, the Government asks the Court to view the mandate as imposing a tax on those who do not buy that product. Because every reasonable construction must be resorted to, in order to save a statute from unconstitutionality, the question is whether it is fairly possible to interpret the mandate as imposing such a tax. The Affordable Care Act describes the shared responsibility payment as a penalty, not a tax. That label is fatal to application of the Anti-Injunction Act. It does not, however, control whether an exaction is within Congress's power to tax. In answering that constitutional question, this Court follows a functional approach, disregarding the designation of the exaction, and viewing its substance and application. Such an analysis suggests that the shared responsibility payment may for constitutional purposes be considered a tax. The payment is not so high that there is really no choice but to buy health insurance; the payment is not limited to willful violations, as penalties for unlawful acts often are; and the payment is collected solely by IRS through the normal means of taxation. Even if the mandate may reasonably be characterized as a tax, it must still comply with the Direct Tax Clause, which provides: No capitation or other direct tax shall be laid, unless in proportion to the census or enumeration herein before directed to be taken. A tax on going without health insurance is not like a capitation or other direct tax under the Court's precedents. It therefore need not be apportioned so that each state pays in proportion to its population. The Spending Clause grants Congress the power to pay the debts and provide for the general welfare of the United States. Congress may use this power to establish cooperative state-federal Spending Clause programs. The legitimacy of Spending Clause legislation, however, depends on whether a state voluntarily and knowingly accepts the terms of such programs. The Constitution simply does not give Congress authority to require the states to regulate. When Congress threatens to terminate other grants as a means of pressuring the states to accept a Spending Clause program, the legislation runs counter to this nation's system of federalism. The Act authorizes the Secretary of Health and Human Services to penalize states that choose not to participate in the Medicaid expansion, by taking away their existing Medicaid funding. The threatened loss of over 10 percent of a state's overall budget is economic dragooning that leaves the states with no real option but to acquiesce in the Medicaid expansion. The government claims that the expansion is properly viewed as only a modification of the existing program, and that this modification is permissible because Congress reserved the right to alter, amend or repeal any provision of Medicaid. However, the expansion accomplishes a shift in kind, not merely degree. The original program was designed to cover medical services for particular categories of vulnerable individuals. Under the Act, Medicaid is transformed into a program to meet the health care needs of the entire nonelderly population with income below 133 percent of the poverty level. A state could hardly anticipate that Congress's reservation of the right to alter or amend the Medicaid program included the power to transform it so dramatically. The Medicaid expansion thus violates the Constitution by threatening states with the loss of their existing Medicaid funding if they decline to comply with the expansion. The constitutional violation is fully remedied by precluding the Secretary from withdrawing existing Medicaid funds for failure to comply with the requirements set out in the expansion. The other provisions of the Act are not affected. Congress would have wanted the rest of the Act to stand, had it known that states would have a genuine choice whether to participate in the Medicaid expansion. Yes, we said that Chief Justice Roberts wrote the opinion of the Court. National Federation of Independent Business v. Sebelius, Case No. 11-393 (U.S. June 28, 2012).

The Board would like to "Thank" Steve Cypen for this review.

Garcia Hamilton Market Review

Continued improvements in U.S. economic activity, progress on the European debt crisis, and supportive central banks encouraged investors back into equities during the first three months of 2012. The domestic stock market, as measured by the S&P 500 Index, gained an impressive 12.6% including dividends for the quarter ending March 31.

Unlike recent quarters, volatility was low and gains were steady as each month experienced positive returns. However, one hallmark of this recovery remained ~ gains were broad, with all capitalization ranges and all major domestic indices posting double-digit improvements. Pro-cyclical sectors were the highlight, including Information Technology and Consumer Discretion.

Looking forward, equity markets are apt to move higher by year end even though some mid-year pause would be welcomed and healthy. Supportive factors include improving employment, low interest rates, low inflation rates, an accommodative Federal Reserve, low Price/Earnings multiples, and stellar corporate balance sheets. Yet, a possible European recession, Middle East tensions, and persistent government deficit spending are sufficient concerns to check investor enthusiasm.

In the bond market, positive economic data drove treasury yields higher while credit spreads continued to contract. After reaching a high of 2.38% in March, the 10-year treasury yield ended the quarter at 2.22%, representing an increase of 34 basis points over the previous quarter end. The 2-year Treasury yield rose 9 basis points to 0.33%, while the 30-year Treasury yield increased 45 basis points to 3.34%. These moves caused the 2-30 year yield spread to widen to 301 basis points. Despite the rise in rates, the bond market delivered modest positive performance for the quarter, with a return of 0.30% on the Barclays Capital Aggregate Index. Spread product was favored as all four major sectors delivered positive excess returns. Corporate bonds were the leader by far with 378 basis points of excess return, followed by asset-backed securities with 120 basis points of excess return. Mortgage-backed securities and agencies provided 101 basis points and 82 basis points of excess return, respectively.

In a challenging economic environment, companies able to generate internal revenue and earnings growth appear increasingly attractive. Large cap, high quality companies seem particularly well-positioned, combining an ability to exploit opportunities around the globe with the comfort of strong balance sheets and healthy cash flows.

We expect the recovery to continue and believe treasuries remain overvalued at these levels. Thus, we are maintaining the duration of the portfolio marginally shorter than the benchmark. Additionally, we continue to be overweighted in corporate bonds with an emphasis on financials. Given the current low level of rates, we believe that rates will rise from here and spreads will continue to contract.

STOCK SPOTLIGHT

Celgene Corporation (Ticker = CELG)

Sector: Health Care

Industry: Pharmaceuticals & Biotechnology

Market Capitalization: $31.0 Billion

Celgene Corporation is a global biopharmaceutical company. The Company focuses on the discovery, development, and commercialization of therapies designed to treat cancer and immune-inflammatory related diseases. We initiated a position in this biotech company as its key cancer drug Revlimid, which is seeing usage grow across both cancer indications and geographic markets. Demand for this drug positions the Company well within the Health Care sector to perform in a constructive market where investors are not turning to Health Care names purely as an overall defensive move.

Blackrock (Ticker = BLK)

Sector: Financials

Industry: Asset Managers

Market Capitalization: $30 Billion

BlackRock is the largest publicly traded investment management firm with over $3.3 trillion in assets under management. The firm employs more than 10,200 professionals in 27 countries around the world. Their offerings cover equities, fixed income, multi-asset class, alternative investments, and cash management. Products are offered directly and through intermediaries in mutual funds, iShares ETFs, investment trusts, and separate accounts. We expect the company to leverage advantages in distribution and development into sustainable earnings growth. BlackRock has historically been very disciplined in its capital allocation. At the time we purchased the stock at a compelling valuation in the fourth quarter, it offered a 3.2% dividend yield.

Please note that the Board of Trustees provide this data for informational purposes only. It is in no way to be interpreted as investment advice.

IRS Releases the Dirty Dozen Tax Scams for 2012

IR-2012-23

WASHINGTON –– The Internal Revenue Service today issued its annual "Dirty Dozen" ranking of tax scams, reminding taxpayers to use caution during tax season to protect themselves against a wide range of schemes ranging from identity theft to return preparer fraud.

The Dirty Dozen listing, compiled by the IRS each year, lists a variety of common scams taxpayers can encounter at any point during the year. But many of these schemes peak during filing season as people prepare their tax returns.

"Taxpayers should be careful and avoid falling into a trap with the Dirty Dozen," said IRS Commissioner Doug Shulman. "Scam artists will tempt people in-person, on-line and by e-mail with misleading promises about lost refunds and free money. Don't be fooled by these scams."

Illegal scams can lead to significant penalties and interest and possible criminal prosecution. The IRS Criminal Investigation Division works closely with the Department of Justice to shutdown scams and prosecute the criminals behind them.

The following is the Dirty Dozen tax scams for 2012:

Identity Theft

Topping this year's list Dirty Dozen list is identity theft. In response to growing identity theft concerns, the IRS has embarked on a comprehensive strategy that is focused on preventing, detecting and resolving identity theft cases as soon as possible. In addition to the law-enforcement crackdown, the IRS has stepped up its internal reviews to spot false tax returns before tax refunds are issued as well as working to help victims of the identity theft refund schemes.

Identity theft cases are among the most complex ones the IRS handles, but the agency is committed to working with taxpayers who have become victims of identity theft. The IRS is increasingly seeing identity thieves looking for ways to use a legitimate taxpayer's identity and personal information to file a tax return and claim a fraudulent refund. An IRS notice informing a taxpayer that more than one return was filed in the taxpayer's name or that the taxpayer received wages from an unknown employer may be the first tip off the individual receives that he or she has been victimized.

The IRS has a robust screening process with measures in place to stop fraudulent returns. While the IRS is continuing to address tax-related identity theft aggressively, the agency is also seeing an increase in identity crimes, including more complex schemes. In 2011, the IRS protected more than $1.4 billion of taxpayer funds from getting into the wrong hands due to identity theft.

In January, the IRS announced the results of a massive, national sweep cracking down on suspected identity theft perpetrators as part of a stepped-up effort against refund fraud and identity theft. Working with the Justice Department's Tax Division and local U.S. Attorneys' offices, the nationwide effort targeted 105 people in 23 states.

Anyone who believes his or her personal information has been stolen and used for tax purposes should immediately contact the IRS Identity Protection Specialized Unit. For more information, visit the special identity theft page at www.IRS.gov/identitytheft.

Phishing

Phishing is a scam typically carried out with the help of unsolicited email or a fake website that poses as a legitimate site to lure in potential victims and prompt them to provide valuable personal and financial information. Armed with this information, a criminal can commit identity theft or financial theft.

If you receive an unsolicited email that appears to be from either the IRS or an organization closely linked to the IRS, such as the Electronic Federal Tax Payment System (EFTPS), report it by sending it to phishing@irs.gov.

It is important to keep in mind the IRS does not initiate contact with taxpayers by email to request personal or financial information. This includes any type of electronic communication, such as text messages and social media channels. The IRS has information that can help you protect yourself from email scams.

Return Preparer Fraud

About 60 percent of taxpayers will use tax professionals this year to prepare and file their tax returns. Most return preparers provide honest service to their clients. But as in any other business, there are also some who prey on unsuspecting taxpayers.

Questionable return preparers have been known to skim off their clients' refunds, charge inflated fees for return preparation services and attract new clients by promising guaranteed or inflated refunds. Taxpayers should choose carefully when hiring a tax preparer. Federal courts have issued hundreds of injunctions ordering individuals to cease preparing returns, and the Department of Justice has pending complaints against many others.

In 2012, every paid preparer needs to have a Preparer Tax Identification Number (PTIN) and enter it on the returns he or she prepares.

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N.Y. state pension chief hammers at 401(k) option

Published: May 8, 2012

New York State Comptroller Thomas DiNapoli recently continued his criticism of 401(k) plans being offered as options to public employees, calling the DC option "woefully inadequate" for people who rely on them for the primary source of retirement income.

Speaking at the National Conference on Public Employee Retirement Systems conference in New York, Mr. DiNapoli said he's glad the New York state Legislature this year did not approve Gov. Andrew Cuomo's proposal to make a 401(k) plan an option for all new public employees along with the state's defined benefit plan.

A bill signed into law by Mr. Cuomo in March allows only new non-union employees earning $75,000 or more per year to choose a 401(k) plan.

"The good news" was that most of the governor's proposal did not make it into law, said Mr. DiNapoli, sole trustee of the $147.2 billion New York State Common Retirement Fund, Albany. "I made no secret of the fact that I thought moving from our current defined benefit to a 401(k)-style defined contribution plan would be a very bad idea," he said.

Mr. DiNapoli repeated his criticism of "anti-pension advocates" who try to blame public pension plans for damaging state and local budgets and for handing out allegedly inflated payments.

"Another well-worn line of attack on public pension funds — an argument that particularly disturbs me — is that they are bloated with retirees making six-figure pensions," he said. "The vast majority of retirees in our system are receiving modest benefits."

LIFE AFTER POLICE WORK

One such example of living his dream is Boynton Beach Police Retiree, Carl Miller.

Carl is the owner/operator of **MillerTime Fishing Charters.** Based in our Boynton Beach at the Two Georges Marina. Carl has fished the Florida waters since the 70's.

Carl offers half-day (4 hours), six hours and full day (8 hours) fishing trips. Reduced rates for the law enforcement community.

To reserve a date , please call Carl at (561)732-3597, or (561)789-9376 (Cell).

Would you like to be highlighted? Drop us a line & pics… let us know what you are doing…..

IRS Releases the Dirty Dozen Tax Scams for 2012—Con't from page 10

Signals to watch for when you are dealing with an unscrupulous return preparer would include that they:

- Do not sign the return or place a Preparer Tax identification Number on it.
- Do not give you a copy of your tax return.
- Promise larger than normal tax refunds.
- Charge a percentage of the refund amount as preparation fee.
- Require you to split the refund to pay the preparation fee.
- Add forms to the return you have never filed before.
- Encourage you to place false information on your return, such as false income, expenses and/or credits.

For advice on how to find a competent tax professional, see Tips for Choosing a Tax Preparer.

Hiding Income Offshore

Over the years, numerous individuals have been identified as evading U.S. taxes by hiding income in offshore banks, brokerage accounts or nominee entities, using debit cards, credit cards or wire transfers to access the funds. Others have employed foreign trusts, employee-leasing schemes, private annuities or insurance plans for the same purpose.

The IRS uses information gained from its investigations to pursue taxpayers with undeclared accounts, as well as the banks and bankers suspected of helping clients hide their assets overseas. The IRS works closely with the Department of Justice to prosecute tax evasion cases.

While there are legitimate reasons for maintaining financial accounts abroad, there are reporting requirements that need to be fulfilled. U.S. taxpayers who maintain such accounts and who do not comply with reporting and disclosure requirements are breaking the law and risk significant penalties and fines, as well as the possibility of criminal prosecution.

Since 2009, 30,000 individuals have come forward voluntarily to disclose their foreign financial accounts, taking advantage of special opportunities to bring their money back into the U.S. tax system and resolve their tax obligations. And, with new foreign account reporting requirements being phased in over the next few years, hiding income offshore will become increasingly more difficult.

At the beginning of this year, the IRS reopened the Offshore Voluntary Disclosure Program (OVDP) following continued strong interest from taxpayers and tax practitioners after the closure of the 2011 and 2009 programs. The IRS continues working on a wide range of international tax issues and follows ongoing efforts with the Justice Department to pursue criminal prosecution of international tax evasion. This program will be open for an indefinite period until otherwise announced.

The IRS has collected $3.4 billion so far from people who participated in the 2009 offshore program, reflecting closures of about 95 percent of the cases from the 2009 program. On top of that, the IRS has collected an additional $1 billion from up front payments required under the 2011 program. That number will grow as the IRS processes the 2011 cases.

"Free Money" from the IRS & Tax Scams Involving Social Security

Flyers and advertisements for free money from the IRS, suggesting that the taxpayer can file a tax return with little or no documentation, have been appearing in community churches around the country. These schemes are also often spread by word of mouth as unsuspecting and well-intentioned people tell their friends and relatives.

Scammers prey on low income individuals and the elderly. They build false hopes and charge people good money for bad advice. In the end, the victims discover their claims are rejected. Meanwhile, the promoters are long gone. The IRS warns all taxpayers to remain vigilant.

There are a number of tax scams involving Social Security. For example, scammers have been known to lure the unsuspecting with promises of non-existent Social Security refunds or rebates. In another situation, a taxpayer may really be due a credit or refund but uses inflated information to complete the return.

Beware. Intentional mistakes of this kind can result in a $5,000 penalty.

False/Inflated Income and Expenses

Including income that was never earned, either as wages or as self-employment income in order to maximize refundable credits, is another popular scam. Claiming income you did not earn or expenses you did not pay in order to secure larger refundable credits such as the Earned Income Tax Credit could have serious repercussions. This could result in repaying the erroneous refunds, including interest and penalties, and in some cases, even prosecution.

Additionally, some taxpayers are filing excessive claims for the fuel tax credit. Farmers and other taxpayers who use fuel for off-highway business purposes may be eligible for the fuel tax credit. But other individuals have claimed the tax credit when their occupations or income levels make the claims unreasonable. Fraud involving the fuel tax credit is considered a frivolous tax claim and can result in a penalty of $5,000.

Please continue to next page of this publication for the conclusion.....

IRS Releases the Dirty Dozen Tax Scams for 2012 - Conclusion

False Form 1099 Refund Claims

In this ongoing scam, the perpetrator files a fake information return, such as a Form 1099 Original Issue Discount (OID), to justify a false refund claim on a corresponding tax return. In some cases, individuals have made refund claims based on the bogus theory that the federal government maintains secret accounts for U.S. citizens and that taxpayers can gain access to the accounts by issuing 1099-OID forms to the IRS.

Don't fall prey to people who encourage you to claim deductions or credits to which you are not entitled or willingly allow others to use your information to file false returns. If you are a party to such schemes, you could be liable for financial penalties or even face criminal prosecution.

Frivolous Arguments

Promoters of frivolous schemes encourage taxpayers to make unreasonable and outlandish claims to avoid paying the taxes they owe. The IRS has a list of frivolous tax arguments that taxpayers should avoid. These arguments are false and have been thrown out of court. While taxpayers have the right to contest their tax liabilities in court, no one has the right to disobey the law.

Falsely Claiming Zero Wages

Filing a phony information return is an illegal way to lower the amount of taxes an individual owes. Typically, a Form 4852 (Substitute Form W-2) or a "corrected" Form 1099 is used as a way to improperly reduce taxable income to zero. The taxpayer may also submit a statement rebutting wages and taxes reported by a payer to the IRS.

Sometimes, fraudsters even include an explanation on their Form 4852 that cites statutory language on the definition of wages or may include some reference to a paying company that refuses to issue a corrected Form W-2 for fear of IRS retaliation. Taxpayers should resist any temptation to participate in any variations of this scheme. Filing this type of return may result in a $5,000 penalty.

Abuse of Charitable Organizations and Deductions

IRS examiners continue to uncover the intentional abuse of 501(c)(3) organizations, including arrangements that improperly shield income or assets from taxation and attempts by donors to maintain control over donated assets or the income from donated property. The IRS is investigating schemes that involve the donation of non-cash assets –– including situations in which several organizations claim the full value of the same non-cash contribution. Often these donations are highly overvalued or the organization receiving the donation promises that the donor can repurchase the items later at a price set by the donor. The Pension Protection Act of 2006 imposed increased penalties for inaccurate appraisals and set new standards for qualified appraisals.

Disguised Corporate Ownership

Third parties are improperly used to request employer identification numbers and form corporations that obscure the true ownership of the business.

These entities can be used to underreport income, claim fictitious deductions, avoid filing tax returns, participate in listed transactions and facilitate money laundering, and financial crimes. The IRS is working with state authorities to identify these entities and bring the owners into compliance with the law.

Misuse of Trusts

For years, unscrupulous promoters have urged taxpayers to transfer assets into trusts. While there are legitimate uses of trusts in tax and estate planning, some highly questionable transactions promise reduction of income subject to tax, deductions for personal expenses and reduced estate or gift taxes. Such trusts rarely deliver the tax benefits promised and are used primarily as a means of avoiding income tax liability and hiding assets from creditors, including the IRS.

IRS personnel have seen an increase in the improper use of private annuity trusts and foreign trusts to shift income and deduct personal expenses. As with other arrangements, taxpayers should seek the advice of a trusted professional before entering a trust arrangement.

ECONOMIC ENVIRONMENT

Continued Domestic Improvement and Continued Troubles in Europe

The U.S. economy expanded during the first quarter of 2012 at an estimated 2.2% rate. Although that was a bit below the fourth quarter of 2011's 3.0% annual rate, it points to solid growth prospects for the full calendar year. Growth resulted from higher inventories (including a bump in auto production); a 2.1% increase in personal spending; and corporate plant and equipment purchases. Exports and imports were largely offsetting. Reduced spending at all levels of government muted the advance. Some economists are now talking about the bifurcation of the American economy. The first Economy made up of the Energy, Technology and Manufacturing sectors, is expanding rapidly. The second Economy made up of Housing, Education, and Government is continuing to struggle. Combining the two "economies" resulted in upbeat aggregate economic indicators. The overall economic strength was apparent in manufacturing, employment (at least through February), consumer confidence and commodity prices. Housing prices, however, were still stuck in a long cycle of decline. At last, the Fed seemed to acknowledge that the economy could move forward with less assistance. New orders for manufactured goods rose in February (latest month available) and have increased in four out of the latest five months. Shipments of goods are up for nine straight months. Unfilled orders also increased and have done so for 22 out of 23 months; so, some of the shipments added to inventory levels. Small business optimism (per the National Federation of Independent Business) pulled back in March, but had increased for each of the prior six months. Consumer confidence (per the Conference Board) also eased a bit, ticking down from 71.6 in February to 70.2 at quarter-end. The underlying good news is that consumer optimism rose slightly to 19.2%. In fairness, 13.5% expected conditions to worsen. Jobs growth was over 200,000 in January and February, only to fade to 120,000 in March. This may be attributable to an early warm weather related hiring phenomenon that could not be sustained. However, some analysts consider the drop as nothing more than a natural pause as corporate America catches its breath; others attribute it to the return of job seekers that had disappeared from the market. Given the continuing reduction in the government labor force, the numbers still represent slow growth. The April jobs report is highly anticipated. Commodity prices (based on the GSCI Goldman Sachs Commodities Index) rose 5.9% during the quarter. Contributing to the rise were precious and industrial metals. Gold continued to advance 6.4% after a pause late last year. Copper moved up 11.1%, fed by an insatiable global appetite for the metal. Within the energy category, crude oil prices increased a relatively modest 3.2%. However, natural gas plummeted 37.2% during a record-setting warm winter. Inflation was fairly tame during the quarter. The Producer Price Index (PPI) of finished goods was unchanged in March after a 0.1% and 0.4% rise in January and February. On the retail side, the seasonally adjusted Consumer Price Index (CPI) rose 0.3% in March and 2.7% for the latest year. Excluding food and energy, the index rose 0.2% in March. Food and especially energy prices greatly impacted the annualized data. The latter have risen 4.6% (3.2% in February alone) and food prices were 3.3% higher during the latest year. The tame inflation level has encouraged the Federal Reserve to continue its record low interest rate policies. Thus far, the Fed, unhampered by inflation concerns, has had a clear mandate to spur corporate spending. The picture in Europe was less optimistic. Overall GDP growth for the Eurozone was expected to be slightly positive in the first quarter of 2012, but even a flat figure would be better than the previous quarter's contraction of 0.3%. Much of the negative economic story reflects the continuing troubles in southern Europe where Spain and Italy remain stuck in recession after three years and Greece is essentially in a depression. (The Greek economy contracted at a 7.5% annual rate during the fourth quarter of 2011.) The only optimism in Europe comes from the European Central Bank's (ECB) long-term refinancing program (LTRO), which was modeled on our TARP program. Greece was the immediate beneficiary of the increased liquidity, but the program is also intended to assist Italy and Spain. The EU predicted that if Greece follows through on the plan as set forth, its economy would expand modestly for the rest of 2012. Despite highly volatile markets, the tone was decidedly more positive after America's European trading partners finally seemed to be getting their finances in order.

EQUITY MARKET - All Around Great Quarter

It was a memorable quarter. One would have to go all the way back to 1998 for a better broad market outcome. Stocks soared due to encouraging statistics for both the US and European economies. The jobs report, at least through February, was especially heartening, as virtually all of the S&P and Russell indices posted double-digit gains. For example, the bellwether S&P 500 climbed 12.6%, including dividends. Smaller-cap stocks also performed well with the Russell 2000 earning 12.4%. The tech-heavy NASDAQ Composite was more positive still, helped by Apple, soaring 18.7%. However, the Dow Jones Industrials, heavily laden with consumer, energy and utility stocks, advanced far less (8.8%). Growth stocks bested their value counterparts, both large-cap and small-cap. The Russell 1000 Growth Index earned 14.7% vs. 11.1% for the Russell 1000 Value. Similarly, the Russell 2000 Growth Index added 13.3% vs. 11.6% for its value counterpart. Returns among the majority of S&P sectors supported the double digit gains of the overall index. In the lead was computer technology, reflecting spectacular gains by Google. Surprisingly, financial stocks were right behind (+24.4%); this sector was aided by the fact that the major banks all passed the Federal Reserves' more stringent stress tests. Consumers stepped up their durable goods purchases, including autos, leading to a 16.4% gain for that sector. By contrast, consumer retail (+6.9%), energy (+4.4%) and traditional utility stocks (-0.2%) had relatively poor results. The S&P dividend rate declined further to 1.9%, largely due to 1st quarter market gains. Similarly, the S&P P/E Ratio increased from 17.6X to a significantly higher 22.6X. However, close to 60% of the individual stock P/E ratios were between 10X and 20X. Clearly, the market has become pricey compared to an historical average of 15X. That said, company earnings continue to move up to support the price moves.

BOND MARKET - Bond Advance Stalled as Interest Rates Increased

The Barclays Aggregate Index advanced only 0.3%. This was attributable to a sizable increase in interest rates, particularly at the long maturity end. The Treasury Index actually lost 1.3%, with long maturity Treasuries dropping a sizable 5.8%. Offsetting the poor Treasury performance was the Credit sector, which moved up 2.0%. Within this sector, BAA bonds earned a higher 2.4%. For several recent quarters, lower credit or high yield bonds have been the better performers as investors seek yield. The first quarter continued the trend: the lower the credit rating, the higher the return. BA bonds gained 4.4%; single B debt climbed 4.9%; CAA issues posted an equity-like 8.2%. Clearly, bond investors were betting that corporate America would continue to expand. Residential mortgage debt earned 0.6%, slightly higher than the overall bond market. However, the poor housing market took its toll. GNMAs, the most secure mortgage component, added 0.4%. Commercial mortgage bonds (CMBS) again performed well (+3.5%). Bond investors also favored CMBS returns (3.5%) in a recovering economy. Asset-backed securities, such as credit card debt, earned a low 0.8% return. Sovereign risk returns among the G-6 countries (excluding US Treasuries) averaged a negative 1.4%. Yet five of the six majors experienced positive results. Italy's sovereigns reversed course, rocketing up 13.8%, due to its successful refinancing of maturing debt. On the other hand, Japan's sovereigns lost 6.3%. French bonds did relatively well, gaining 5.0% and Germany's were up a modest 3.0%. The UK and Canadian markets were both up approximately 1%. Since the Japan market is the largest among the G6, its loss drove the average down. Emerging market debt had a second straight quarter of notable gains, providing a 5.5% return. All countries listed in the index were positive. The biggest winners were Venezuela (+20.3%) and Egypt (+9.0%).

CASH EQUIVALENTS - Nothing New to Report

With the Fed indicating that it intends to keep interest rates at historically low levels for the time being (possibly until 2014), Treasury-bills and other money market instruments provided negligible rates of return. In a repeat of the last several quarters, 1-3 month Treasury-bills returned virtually nothing (0.01%). Adjusted for inflation, cash equivalents actually have been losing over 2% per year.

Plan Amendment

An amendment to the Plan was necessary because the City of West Palm Beach and the Palm Beach County Police Benevolent Association agreed in collective bargaining to certain benefit and funding changes implementing pension reform.

The following is an outline of the amendment that was signed into Law by Governor Scott:

•Limits overtime to 300 hours per year. *Effective prospectively from January 1, 2013, the overtime will be limited to 300 hours.*

•Reduces the multiplier to 2.68% for years of service after October 1, 2011.

•Reduces Actuarial Assumed Rate of Return to 8%.

•Increases employee contributions and uses state excise premiums to pay for the increased contribution

•Reduces rate of return on Share and DROP account balances. *Effective October 1, 2012, the rate is 8.00% for members who are vested and are not at normal retirement age as of October 1, 2012. In any fiscal year, if the amount paid in investment earnings under this paragraph creates a deficiency as compared to the gross earnings of the pension fund as a whole (using the rate determined by the Fund's investment monitor), then the rate will be reduced to 4.00% effective the following October 1 until the deficiency is satisfied. When the deficiency is satisfied, the rate will return to 8%, effective the following October 1. The cumulative amounts paid in earnings for the fixed rate will be maintained in the actuarial valuation.*

•Makes optional the member's conversion from a disability benefit to normal retirement at age 55.

•Limits rollover dollars to earning variable rates for assets rolled into the plan after October 1, 2012.

Ch_2012-259 can be viewed on-line on the announcement page

ELECT EARNINGS METHOD FOR SHARE AND/OR DROP

Enclosed with this publication is the revised "APPLICATION TO ELECT EARNINGS METHOD" Form.

HERE ARE THE EARNINGS OPTIONS FOR <u>VESTED</u> PARTICIPANTS RETIRING AFTER OCTOBER 1, 2012.

Variable based on Fund returns (gains and losses) subject to administrative expenses.

OR

Fixed rate of 8.0%/4.0% subject to administrative expenses.

(In the event that the amount paid in Investment earnings at the 8% rate is more than the Fund actually earns, the rate will be reduced to 4% effective the following October 1 until any losses are made up.)

HERE ARE EARNINGS METHOD ELECTION FOR RETIRED MEMBERS AND PARTICIPANTS ELIGIBLE FOR NORMAL RETIREMENT BEFORE OCTOBER 1, 2012.

Variable based on Fund returns (gains and losses) subject to administrative expenses.

OR

Fixed rate of 8.25% subject to administrative expenses.

Please keep the foregoing in mind when you make your earnings selection. Remember that any changes must be received by the Office of Retirement prior to October 1 each year.

WEST PALM BEACH POLICE PENSION FUND
2100 North Florida Mango Road
West Palm Beach, Florida 33409

Phone: 561.471.0802 FAX: 561.471.5027

PUBLIC NOTICE

WEST PALM BEACH POLICE PENSION FUND
BOARD OF TRUSTEES
WILL BE MEETING

~~January 13, 2012~~	~~February 10, 2012~~
~~March 9, 2012~~	~~April 13, 2012~~
~~May 11, 2012~~	~~June 15, 2012~~
July 13, 2012	August 10, 2012
September 14, 2012	October 19, 2012
November 9, 2012	December 14, 2012

LOCATION: PALM BEACH PBA
2100 N. FLORIDA MANGO ROAD
WEST PALM BEACH, FLORIDA 33409

TIME: 8:30 A.M.

Please Note New Time

Please Note New Time

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

THIS MEETING MAY BE CONDUCTED BY MEANS OF OR IN CONJUNCTION WITH COMMUNICATION MEDIA TECHNOLOGY, THE TYPE BEING A SPEAKER TELEPHONE. THE ACCESS POINT IS THE CONFERENCE ROOM, WITHIN THE PALM BEACH COUNTY POLICE BENEVOLENT ASSOCIATION BUILDING.

PERSONS WITH DISABILITIES WHO REQUIRE REASONABLE ACCOMMODATIONS TO PARTICIPATE IN THE MEETINGS MAY CALL THE PLAN ADMINISTRATOR FIVE BUSINESS DAYS IN ADVANCE AT 561-471-0802 (VOICE) AND/OR 800-955-8771 (TYY).

Please visit us at: www.wpbppf.com

FIVE THINGS TO KEEP IN MIND ABOUT PUBLIC-SECTOR PENSIONS

In a Reuters article about cutting public-sector pensions, the author says that before doing so, five things should be kept in mind:

- Pensions are not simply a gift from taxpayers. They are an integral part of total compensation, along with salary, health benefits and vacation. Unlike private-sector defined benefit pension plans, most state and municipal workers contribute hefty amounts from their salaries. Investment earnings account for more than 60 percent of all public pension revenue; employee contributions account for 12 percent and employer contributions cover around 28 percent.

- Many workers do not get Social Security. Thirty percent of state and municipal workers work for states that have not opted into Social Security.

- Pension underfunding is not as bad as one might think. A few states have dropped to frightening levels, especially those that failed to make necessary plan contributions for years. Nationally, aggregate asset/liability ratios have been rising. The funding level for all state plans combined was 77 percent last year, up from 69 percent in 2010. Although most public sector pension plans have a target funding ratio of 100 percent, ratings agencies consider a ratio of 80 percent to be adequate. By comparison, private-sector pension plans are considered at risk of default if their funded ratios fall below 80 percent. However, it is worth noting that public sector funding ratios rely on long-term rate assumptions of around 8 percent. Actuaries support that projection, since it is upheld by actual long-term investment history.

- Pensions are more efficient than 401(k)s. Despite the underfunding of some plans, defined benefit pensions provide retirement benefits more efficiently than defined contribution plans. The efficiencies stem from pooling of longevity risk, maintenance of portfolio diversification and professional investment by pension fund managers. For example, a recent study found cost to New York City taxpayers 57 percent to 61 percent more to provide workers in the city's five defined benefit plans with equivalent benefits via a defined contribution plan.

- The retirement crisis is real. The Federal Reserve's recently issued Survey of Consumer Finances contains these stunning figures: the median American family's net worth fell nearly 40 percent in the three years ending in 2010, and the asset accumulation of most was set back almost two decades. Real income fell 7.7 percent. Sixty percent of households say the total value of their savings and investments -- excluding their homes -- is less than $25,000! Against that backdrop, pensions are the only safety net available to public sector workers, especially in states where they are not enrolled in Social Security. Thus there is a real risk that pension reforms could push public-sector retirees into poverty.

SHARE & DROP MEMBERS

Just a reminder that open enrollment to change your DROP and/or Share Distribution(s) is in the month of AUGUST. The effective date of the change will be OCTOBER. If you do not wish to make a change at this time, the next open enrollment period is in the month of FEBRUARY. The effective date of the change will be APRIL.

If there are any questions, please let us know.

Board Nomination Process & Election

NOTICE TO ALL MEMBERS

There will be one board position open on September 30, 2012. The incumbent Troy Marchese will be seeking re-election.

Members wishing to participate in an election should announce their candidacy to the Board of Trustees in written form, no later than July 20, 2012 by 12:00 PM. Only full time West Palm Police Officers may run for this position.

If an election is warranted, the election dates will be August 1st thru August 10th by 12:00 PM. If a run off election is warranted, the election dates will be August 14th thru August 24th by 12:00 PM. Ballots will be mailed to the address on file with the Office of Retirement. This matter is time sensitive, as such the executed ballots must be received by the date & time cited, or they will not be counted.

Ballots will be counted directly after the election in the Palm Beach PBA Conference Room. The counting process is open to any member. The candidate receiving the most votes win.

FLORIDA PERC DEFINES *"FINANCIAL URGENCY"*

Section 447.4095, Florida Statutes, provides: In the event of a financial urgency requiring modification of an agreement, the chief executive officer or his or her representative and the bargaining agent or its representative shall meet as soon as possible to negotiate the impact of the financial urgency. If after a reasonable period of negotiation which shall not exceed 14 days, a dispute exists between the public employer and the bargaining agent, an impasse shall be deemed to have occurred, and one of the parties shall so declare in writing to the other party and to the commission. The parties shall then proceed pursuant to the provisions of s. 447.403. An unfair labor practice charge shall not be filed during the 14 days during which negotiations are occurring pursuant to this section.

In a recent appellate decision, the Florida Public Employees Relations Commission was charged to define the term "financial urgency." Now, PERC has responded by defining financial urgency as a financial condition requiring immediate attention and demanding prompt and decisive action, which requires modification of an agreement; however, it is not necessarily a financial emergency or a bankruptcy. Determination of financial emergency requires a close examination of the employer's complete financial picture on a case-by-case basis. Resolving a financial urgency case requires a finding that the financial condition of the employer constituted a compelling governmental interest, which required immediate modification of the parties' agreement. When invoking Section 447.4095, Florida Statutes, the employer is held to the standard of good faith as defined in Section 447.203(17), Florida Statutes. Good faith is a matter of intent; it is a state of mind that is usually determined by inference from a party's conduct.

Walter E. Headley, Jr., Miami Lodge #20, Fraternal Order of Police, Inc. v. City of Miami, Case No. CA-2010-119 (FPER March 27, 2012).

Office & Mailing Address
2100 North Florida Mango Road
West Palm Beach, Florida 33409

Phone: 561.471.0802
Fax: 561.471.5027

E-mail Comments and Suggestions to:

Email: info@wpbppf.com

Accessing your Funds

Just a reminder, members can never access their pension contributions unless they resign and request a refund. Further, while members are still employed and until such time as they retire and begin collecting a pension, they have no access to their drop or share account funds.

Disclaimer

PUBLIC PENSION PLAN NOT ELIGIBLE FOR RELIEF UNDER CHAPTER 11

Based on the parties' written submissions, and subject to oral argument and further reflection, a United States Bankruptcy Court Judge has tentatively ruled that the Northern Mariana Islands Retirement Fund is a "governmental unit," which is not eligible for relief under chapter 11 of the Bankruptcy Code.

Only a "person" may be a debtor in a chapter 11 case, and that term does not include a governmental unit. The Fund is an instrumentality of the government of the Commonwealth of the Northern Mariana Islands. The government formed the Fund as a means of carrying out its obligations to its current and retired employees. Providing compensation and benefits to government employees is a quintessential governmental function, where government employees' and retirees' pension rights enjoy constitutional protection. The Fund exists for the sole purpose of receiving money from the government, investing the money until it is needed and paying out the money to government employees and retirees in accordance with the law governing the relationship between the government and its employees. The Fund does literally nothing other than carry out the government's duties.

In re Northern Mariana Islands Retirement Fund, Case No. 12-00003 (Bankr. Mariana Islands, May 29, 2012).

WEST PALM BEACH POLICE PENSION FUND

APPLICATION TO ELECT EARNINGS METHOD

PLEASE PRINT OR TYPE:

1. a. Name of Participant: ______________________________________

   b. Social Security Number: _________________________________

   c. Date of Birth: _________________________________

   d. Home Telephone Number: (   ) ______________________

   e. Home Address: ____

   ____

I understand that if I make no election of earnings method, my current earnings method will be used.

2. **EARNINGS METHOD ELECTION FOR VESTED PARTICIPANTS**

RETIRING AFTER OCTOBER 1, 2012.

To elect the earnings method, please initial the line next to your selection.

Only vested members may elect an earnings method.

A. SHARE ACCOUNT:

_____ Variable based on Fund returns (gains and losses) subject to administrative expenses

_____ Fixed rate of 8.0%/4.0% subject to administrative expenses[1]

Note: No earnings (or losses) are credited to your account for the most recent year if you withdraw the entire balance of your account before September 30th. If necessary, consult your tax advisor. The share accounts are charged an annual pro-rata administrative charge based upon the administrative expenses of the pension fund as a whole.

[1] In the event that the amount paid in investment earnings at the 8% rate is more than the Fund actually earns, the rate will be reduced to 4% effective the following October 1 until any losses are made up.

B. DROP ACCOUNT:

______ Variable based on Fund returns (gains and losses) subject to administrative expenses

______ Fixed rate of 8.0%/4.0% subject to administrative expenses[2]

Note: The DROP accounts are charged an annual pro-rata administrative charge based upon the administrative expenses of the pension fund as a whole.

3. EARNINGS METHOD ELECTION FOR RETIRED MEMBERS AND PARTICIPANTS ELIGIBLE FOR NORMAL RETIREMENT BEFORE OCTOBER 1, 2012.

To elect the earnings method, please initial the line next to your selection.

A. SHARE ACCOUNT:

______ Variable based on Fund returns (gains and losses) subject to administrative expenses

______ Fixed rate of 8.25% subject to administrative expenses

Note: No earnings (or losses) are credited to your account for the most recent year if you withdraw the entire balance of your account before September 30th. If necessary, consult your tax advisor. The share accounts are charged an annual pro-rata administrative charge based upon the administrative expenses of the pension fund as a whole.

B. DROP ACCOUNT:

______ Variable based on Fund returns (gains and losses) subject to administrative expenses

______ Fixed rate of 8.25% subject to administrative expenses

Note: The DROP accounts are charged an annual pro-rata administrative charge based upon the administrative expenses of the pension fund as a whole.

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[2] In the event that the amount paid in investment earnings at the 8% rate is more than the Fund actually earns, the rate will be reduced to 4% effective the following October 1 until any losses are made up.

I hereby certify that the above statements are true and correct to the best of my knowledge. I understand that a false statement may disqualify me for benefits.

I have reviewed the Designation of Beneficiary Form filed with the Board of Trustees and I hereby certify its accuracy. If I desire to change my designated beneficiary(ies), I will file a new Designation of Beneficiary Form.

I have been advised to speak with a tax consultant regarding my earnings method election.

This Application form is a supplement to my prior Application (if any) and supersedes it where conflicts exist. Additionally, I certify that I am electing the earnings method marked above. This election revokes any prior elections I have made.

________________________ __________________
MEMBER'S SIGNATURE DATE

STATE OF FLORIDA)
)
COUNTY OF PALM BEACH)

BEFORE ME, the undersigned authority, personally appeared __________________________________, who is personally known to me or has produced _________________________________ as identification and who did take an oath and, after being duly cautioned and sworn, deposes and says that he/she has signed the foregoing document for the reasons therein contained.

SWORN TO AND SUBSCRIBED before me this the _____ day of _______________________, 20_____.

____
Notary Public, State of Florida At Large

Commission No.:____________________

Commission Expires:_________________

BSJ/pah
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