



It's All Good: COLA Secured, WEP Repealed, Investments +



Sean Shelton
Board Chair

By Sean Shelton
Chairman,
Board of Trustees

In November we notified members by email that the City Council had ratified the 1.5 percent cost-of-living adjustment (COLA) that was presented as a plan change approved by both our Board of Trustees and Members.

The Council accepted our actuary's view that the change could be funded by system assets and they acknowledged Council's willingness to increase the City's contribution if needed at some future date to support the COLA.

Unfortunately, with the new Mayor & City Council in place City Staff is refusing to work with the Fund on a future contribution increase. The Fund will continue to press this issue upon the City until a contribution increase is made. **The main thing: Tier 2 members, those who can retire with 20 years after July 2027, will have a 1.5 percent COLA.**

Good news here: the U.S. Congress passed, and former President Biden signed, the Social Security Fairness Act in early

January. This is a major development for any of our members who have worked to qualify for some Social Security benefits, or who may decide to do work in the private sector once they retire, to earn Social Security.

The Act repealed the Windfall Elimination Provision and Government Pension Offset laws from the 1980s. Those laws penalized public sector employees. Inside this issue, a guest writer explains how the repeal could help our members retain more of their Social Security benefits. It's a hot topic right now and be on the lookout for more about this in coming weeks and months.

Even more good news: Our Executive Director Tyler Grossman has some great news about our **investment performance** last year in his story on the next page.

Truly, it is the Pension Fund's investment performance over the last 20 years that is enabling us to add a COLA back into the plan for Tier 2 members. Our Board and Staff continue to do everything we can for our members.

Please don't hesitate to contact myself, other Trustees, or pension fund staff with questions or other issues.



Investment Results and TX Lege Update

By Tyler Grossman,
EPFPPF Executive Director

Our investment returns were positive again in 2024, marking two consecutive years of gains after the market downturn in 2022.

Our investments earned 7.43 percent and grew our total assets under management to \$1.949 billion.

Oh, we are so close to \$2 billion! Considering that we were at about \$1.5 billion in 2021, and bad markets in 2023 hurt everyone, we could not be more proud of how our results keep coming in, year after year!

In fact, since the Texas Pension Review Board reporting inception date of the Pension Fund in 1991, our yearly returns have averaged 8.32 percent, net of fees. The late 1990s were great years, but the recessions and market downturns in 2001 and 2008-09 hurt us and everybody.

But 8.32 percent is noteworthy because it meets and exceeds our expectation that we can, and will, earn 7.75 percent each year. That is called our target rate and historically we hit it.

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The Texas Legislature is in session right now. As such we are keeping watch daily for bills which might affect us or other pension systems.

As of this writing we are watching two bills closely:

HB 3474, relating to reporting of investment practices and performance. This bill mostly cleans up the implementation of a previous bill requiring third-parties to look at and offer suggestions on investment practices. We are not too concerned with the changes.

SB 312, relating to how a pension system's Board of Trustees are responsible for the investment managers and proxy advisors who vote in corporate governance elections. This bill has been carried over from the previous session. Our main concerns previously were the administrative impacts on our system. How will we, and other



pension systems, monitor and track these votes to the satisfaction of the Legislature?

We offered suggestions to the Bill's author last legislative session and they were incorporated, but the bill ended up dying. We will watch this one going forward as well.

Any bills introduced regarding pension funds on or before the March 14 filing deadline, will be monitored and we will let our members know the outcomes! 🌟



Trustees and an executive from the El Paso Firemen & Policemen's Pension Fund attended the TEXPERS Legislative Advocacy Training in Austin in February. This valuable training helps pension fund trustees and staff from across the state learn how to effectively interact and engage with elected officials in the Texas Legislature. From left are EPFPPF Executive Director/Chief Investment Officer Tyler Grossman; City Manager Delegate-Trustee William Veliz; Advocacy Trainer Joe Gagen; Firefighter Trustees Timothy Burns, Bryan Silva, and Paul Thompson (Board Vice Chairman). Not pictured but in attendance was Police Trustee Jerry Armendariz.

Board Addresses Disability and DROP Benefit Confusion to Sustain Pension Fund

The Board of Trustees must constantly weigh the needs of its members with the long-term viability of the pension system's assets and administrative costs.

The Board in February took action on a staff report about the notable increase in the number of disability applications received and processed in 2024. Their action solidified the idea that anyone with 20+ years of services that is already in the Forward DROP or qualifies for a normal service retirement cannot apply for a disability retirement.

Here's the details on how it happened. In 2024, the pension fund Staff had observed that many members who had applied for disability were already in the Forward Deferred Retirement Option Plan (DROP) or were eligible for a normal retirement, but they believed that, by opting for a disability retirement, they would qualify for additional benefits.

In view of the fact that processing disability applications can be lengthy and expensive to pension fund administration costs, the Staff

examined with legal counsel two core concerns: 1) is there a tax benefit or penalty to such option and 2) is there any real additional benefit?

Legal counsel informed the pension fund that there are no additional benefits that a member would be eligible to receive by having a disability retirement versus a normal or Forward DROP Retirement.

Once a member qualifies for a normal or Forward DROP retirement, the disability benefit is taxed in the same manner as a normal or Forward DROP benefit. **Essentially, there is no difference between the two except for the label.**

Consequently, at its February meeting, Trustees incorporated a clarification into the Disability Procedure, stating that: "If a member has

twenty (20) years of vesting service and has attained the age to qualify for fifty (50%) percent of their final wages, then no disability pension will need to be considered. A normal service retirement benefit will be provided if the member wishes to proceed."

All members will benefit from this clarification because it will streamline the process and reduce unnecessary costs for the fund while ensuring that our members receive the benefits to which they are entitled.

Commenting on the change, EPFPPF Executive Director Tyler Grossman said: "We appreciate the understanding and cooperation of our members as we implement this new procedure."



How the Pension Fund Law Defines Qualified Spouses and Qualified Children for Pension Benefits

A Spouse is qualified to receive benefits if:	A child (or children) is qualified to receive benefits if:
1. a spouse is the unmarried widow (or widower of a deceased member of the Pension Fund;	1. they are the unmarried dependent child (biological or adopted) of a Member;
2. the person was married to the deceased member before his or her retirement;	2. They are under 19 years old;
3. the person was married after retirement and will have been married for at least two years prior to the Member's death.	3. They are over 19, and under 23, they must be a full-time student at an accredited university or trade school approved by the Board
	4. Regardless of age, they are deemed disabled according to the plan document.

WEP and GPO Elimination is Historic Shift: What Retirees Should Do About Social Security

Editor's Note: Author Dave Zander helps retirees or pre-retirees improve the lifetime income streams from Social Security. For more information visit his website Back9Pro.com or email dzander@back9pro.com.

By Dave Zander, CFP Board Emeritus®

Prior to leaving office President Biden signed the Social Security Fairness Act which was effective January 1, 2024.

This change opens the door to retired members of the El Paso Firemen and Policemen's Pension Fund to participate more fully in the Social Security program.

"The Social Security claiming decision is the single greatest financial decision most American's will ever make, the difference between proper and improper claiming can easily be tens of thousands of dollars over a joint lifetime!"

History of WEP and GPO

Enacted in 1977, WEP and GPO were designed to adjust the Social Security benefits for individuals who had pensions from jobs where they did not pay FICA taxes, notably affecting teachers, firefighters, and police officers.

There is a great deal of confusion over the term WEP and

GPO and how they affect you! Let's briefly look at both;


The **WEP** (Windfall Elimination Provision) **deals with one's own Social Security benefits**. This is for individuals like yourselves where you draw a pension from a job where you did not pay FICA taxes, but also **had an outside job where you did pay FICA taxes** and you accumulated at least 40 quarters of earnings. They modified the calculation of Social Security benefits to ensure that government employees did not receive higher benefits than their private-sector counterparts. The formula applied to these benefits was highly progressive, crediting the initial portions of

The Back Nine
Where the only Certainty is Uncertainty!

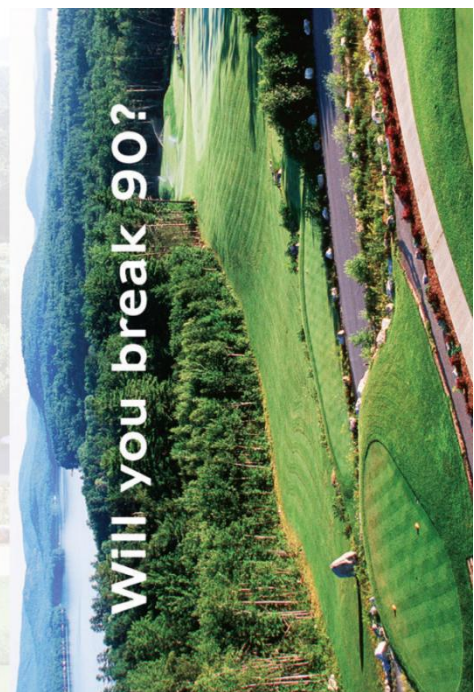
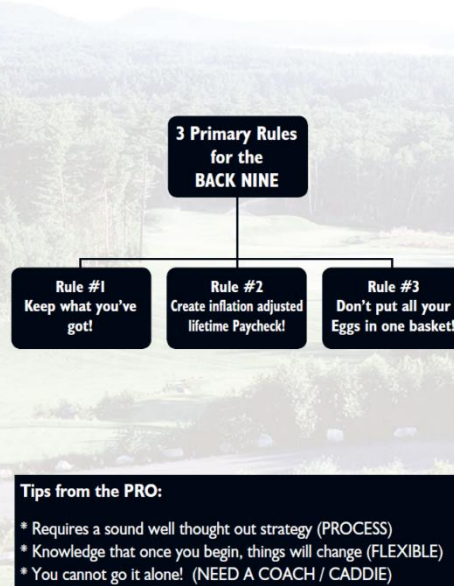
A round of golf consists of 18 holes. The Front 9 (Accumulation side) you work, pay F.I.C.A. taxes, and save money and invest for retirement. On the Back 9 (Distribution side) you might decide to fully retire, just slow down (Phased Retirement), or explore new horizons or long delayed passions. You need and want to create a lifetime stream of income for an UNKNOWN timeframe!

"The good news is we are living longer, the bad news is we are living longer." Not knowing if we will live into our 80's, 90's or 100's puts the burden upon us to make sure our income lasts as long as we do!

Back 9 planning requires an ongoing process, rather than a onetime decision. It will require you to understand and explore the best way to Maximize Your Social Security Benefits. In golf a good caddie understands and anticipates likely hazards and helps his partner navigate the Back 9 successfully. Now is the time to be very open with your financial caddie (aka: financial advisor). Work with him to map out a realistic well thought out strategy, that will be periodically re-evaluated so that you can feel confident and happy throughout your Back 9.



www.Back9Financial.com



one's average earnings at higher rates. However, under the WEP, government employees received a reduced rate, impacting their overall benefits.

The **GPO** (Government Pension Offset) **deals with spousal benefits** that one might receive or qualify for. Typically, a spouse could receive up to 50% of their partner's Social Security benefits. However, the **GPO required a reduction in these spousal benefits by two-thirds of the pension received from government employment**, significantly affecting the survivors' benefits. It's been my experience from working with San Antonio Police Officers and Fire Fighters over the past 10+ years that due to the GPO calculation most did not qualify for spousal benefits!

Impact of the Social Security Fairness Act

With the repeal measure, the complexities and perceived inequities of WEP and GPO have been eliminated.

As of January 1, 2024, public sector employees are now eligible to receive full Social Security whether on your own record or spousal benefits whichever is GREATER.

Key Takeaways for Public Sector Employees

1. If you've already filed for Social Security benefits on your own record and have been subject to the WEP, I've

been told you don't have to do anything. The retroactive payment (Jan 1, 2024) should be sent out towards the end of March or early April. You will receive a mailed notice from Social Security explaining the benefit change, but you may receive the benefits prior to the letter.

2. Increased checks going forward should be adjusted and reflected in your March benefits which are paid in April. You should wait for your April check before

The Social Security Claiming Process is an individual matter, there is **NO COOKIE CUTTER** advice.

You and your spouse should coordinate with tax and planning partners to discuss possible changes to your Social Security claims.

contacting SSA with questions about your benefit amount.

3. These changes are estimated to affect 3.2 million people who receive pension based benefits from jobs where they did not pay Social Security taxes. SSA is expediting payments using automation, but many complex cases will be handled manually. I'm told SSA is receiving over 7000 phone calls per day and wait times are over 2 hours and some individuals were disconnected while waiting.

Other Planning Issues


1. What if you claimed on your own WEP adjusted benefits, but your spousal benefits are greater or vice versa, what should you do?
2. What spousal benefits might be available in regards to ex spouses, where you're currently unmarried, but were married for 10 years or longer?
3. Widow / Widower survivorship benefits?
4. What if you or your spouse

haven't yet claimed? What are your options?

5. Personal health and family history, in regards to longevity?

With the elimination of the WEP and GPO you now have the full opportunity to benefit from this program and maximize your benefits for you and your family"

I started in the Financial Service Industry in 1975 and have worked with and trained thousands of financial advisors across the country.

In 2013 I gave up all my licenses and work exclusively in helping individuals determine when and how to claim Social Security benefits through a personalized detailed analysis. Please consider contacting me with any questions. 

Trustee Retirement, Election in May

Active Firefighter Trustee **Paul Thompson** announced in February that he will be retiring from the El Paso Fire Department and relinquishing his Trustee position on the El Paso Firemen and Policemen's Pension Fund Board.

Thompson has served for 11 years as a Trustee and for 27.25 years in the El Paso Fire Department.

"Paul Thompson's contributions to our pension fund and the City of El Paso have had enormous impact and benefit," said **Sean Shelton**, EPFPPF Chairman and active police Trustee. "He will be sorely missed and we wish him all the best in his next endeavors."



Retiring Firefighter and Trustee Paul Thompson worked with elected officials like Rep. Mary Gonzalez on behalf of the Pension Fund.

Look for future announcements regarding a Firefighter Trustee election, likely in May.

EPFPPF Visits Stations and Command Centers

The Benefits Specialists of the El Paso Firemen and Policemen's Pension Fund will resume visits to fire stations and police command centers to help members plan for retirement and make informed decisions about their benefit options.

"We want to make sure that our members can maximize benefits for their personal situations," said EPFPPF Benefits Specialist **Susie Lara**. "We'll be answering their questions and guiding them through the process of applying for retirement or other benefits."

Among the topics commonly asked are early retirement, the forward deferred retirement option program (DROP), death and disability benefits, and deferred retirement.

The pension fund website, www.ElPasoFireAndPolice.org, also offers a wealth of information through its self-service portal. Please see page 8 for a list of information offered there, including account details, benefit estimates, and the application for retirement.

Fire Station Visits

- March 27, Station 11
1-3 p.m.
- April 1, Batt 3, FS #5
1-3 p.m.

Police Station Visits

- March 26, Pebble Hills
8-11 a.m.
- March 27, Central
Regional Command
8-11 a.m.

In Memoriam – Our Departed Members 2024

We honor the memory of those active and retired police officers and firefighters who passed away in 2024. We, and all El Pasoans, are grateful for their service and sacrifice.



James Bason	January 11	Octavio Perez	August 25
David A. Holguin, Jr.	March 27	William Wiley	August 29
Luis Barba	March 30	Alfredo Reyes, Jr.	August 29
Lorenzo J. Hernandez	April 20	Miguel Grijalva	October 3
Walter Green	May 2	Charles Smeltzer	October 9
Mauricio Gutierrez	May 7	Gregory Drollinger	October 16
Tomas Gonzalez	June 15	Richard Sotelo	November 20
Charles Wilcox	June 18	Roberto Avila	November 30
Danny Vessells	June 20	Richard Bahena	December 13
Rodolfo Tabbutt	July 9	Adolf Carson	December 30
Jose Salazar	August 13		

Heroes walk among us
never looking for glory or praise.

With deep commitment
caring for those they know and don't.

Steadfast, quiet strength
through trials and fear.

You are that person to us,
most selfless by far.

Thank you.

Account Self-Service at the Pension Fund

All Members may access their personal pension fund information through the Self-Service Portal on the EPFPPF website. Features include:

Retired Members

- Change Address
- Update Direct Deposit (Bank account info)
- Update Federal Income Tax Election Changes
- Make or change beneficiary designations
- View pension payment information
- View prior years 1099R data

Active Members

- Run retirement estimates.
- Make or change beneficiary designations
- View Annual Member Benefit Statement
- View Forward DROP balance if applicable

When making changes on the Self-Service portal, you will need to click on the related link in order to access and complete a DocuSign Form. The form will appear on your screen with some information pre-populated so that you only change the information you want to change. Then you can sign the document digitally (online) so that you don't have to print/sign/scan/return. Once completed, the form will be forwarded to a Benefits Specialist with the Fund.



<https://tinyurl.com/Pension-Self-Service>



El Paso Firemen & Policemen's Pension Fund

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Star on the River News

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Trustee Board Meetings

Third Wednesdays of each month 1 p.m. MT

Subject to change

Visit <https://tinyurl.com/EPFPPF-Board-Meetings>

For Agenda, Date and Time