Police Pension News

A Hollywood Police Officers' Retirement System Publication

Issue 41

Date of Issue:

First Quarter 2012

Inside this issue:

2011 LAW ENFORCEMENT OFFICER DEATHS RISE AGAIN

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PENSION FUND INVESTMENT SUMMARY

On December 31, 2011 our fund had a total market value of $214,707,000. For the quarter the fund gained $13,138,000. For the quarter the total fund return was 6.48% (net) and its benchmark return was 6.55%.

For the quarter the stock return was 12.72% and the benchmark return was 12.14%. The bond return was 1.26% and the benchmark return was 1.00%.

For the quarter the average allocation of our fund was 49.4% invested in stocks, 48.0% in bonds and 2.6% in cash equivalents (i.e., short term liquid interest bearing investments similar to money market funds and Israeli bonds). Our ongoing target for investment in stocks is 50% of the total fund.

For the calendar year the total fund return was 1.96% (net) and its benchmark return was 4.15%. The stock return was -1.64% and the benchmark return was 1.19%. The bond return was 7.14% and the benchmark return was 7.10%.

For the quarter the best performing sector among S&P 500 stocks was Energy which increased 17.62% and the worst sector was Telecommunications which increased 6.40%.

Among the major economic indicators, the Consumer Price Index (CPI-Urban) increased 3.0% for the twelve months which ended in December.

The Producer Price Index (PPI) for finished goods advanced 4.8% (unadjusted) for the twelve-month period which ended in December.

The seasonally adjusted unemployment rate was 8.5% in December compared to 9.0% in September.

Real Gross Domestic Product (GDP) increased at an annual rate of 1.8% for the third quarter of 2011, compared with an increase of 1.3% in the second quarter.

During the first quarter of 2011 the Federal Reserve Open Market Committee kept the target range for the federal funds rate of 0.00% to 0.25%.

Total Fund Summary

Since September 30, 1992 the fund has an average rate of return of 7.16% (net) per year. For the last five years the total fund return was 3.38% (net) per year, which out-performed the overall combined stock and bond benchmark return of 3.14%. For the last three years the total return was 10.19% and the benchmark return was 10.85%. For the last five years the stock return was 1.60% and the benchmark return was 0.28%. The bond return was 7.04% and the benchmark return was 6.19%. For the last three years the stock return was 13.66% and bond return was 7.78%.

The Total Fund was in the TOP 12% of the investment universe for 5 year return!

Top Ten Stocks

INVERNESS	GARCIA HAMILTON	EAGLE SMALL CAP	EAGLE MID-CAP	BUCKHEAD	RHUMBLINE
National Oilwell	Apple Inc.	Quest Software	National Oil-well	Microsoft	Edwards Life.
Teck Resources	Apache Corp.	MDC Partners	Ingersoll-Rand	NY Comm. Bank	Joy Global
Chevron	Freeport-McMoran	Solutia Inc.	Check Point	Johnson & Johnson	Borg-Warner
Teva Pharma.ADR	Exxon Mobil	Progress Software	Amphenol	JP Morgan Chase	NY Comm. Bank
Union Pacific	Cameron	Mednax Inc.	Allied World	Dow Chemical	Cimarex Energy
Roper	Google	Wolverine Worldwide	Hasbro	Raymond James	Bucyrus Erie
Microsoft	IBM	Oshkosh Corp.	CIT Group	Procter & Gamble	Cree Inc.
Activision	Danaher	John Wiley & Sons	St. Jude Med	Allstate	Vertex
CVS Caremark	Cognizant Tech.	TTM Tech	Precision Castparts	ITT Industries	Pharma.
Terex Corp.	Nike	Bio-Rad Labs.	Solutia Inc.	Pfizer	Lubrizol Corp.
					Dollar Tree

STOCK SPOTLIGHT

Ametek Inc. (Ticker = AME)

Sector: Industrials

Industry: Electrical Components & Equipment

Market Capitalization: $7.39 Billion

AMETEK, Inc. is a diversified industrial maker of electronic instruments and electromechanical products including motors and filtration systems. We initiated a position as the Company shares many of the same attractive characteristics as current portfolio holdings Danaher and Roper Specifically, AME holds dominant positions in faster growing niche industrial markets (aerospace, power, oil & gas) and an active acquisition program aimed primarily at smaller, tuck-in acquisitions, that are almost immediately accretive to the bottom line.

Average Cost in Hollywood Police Portfolio: $40.62 per share, currently trading at $45.70.

Big Lots Inc. (Ticker = BIG)

Sector: Consumer Discretionary Industry

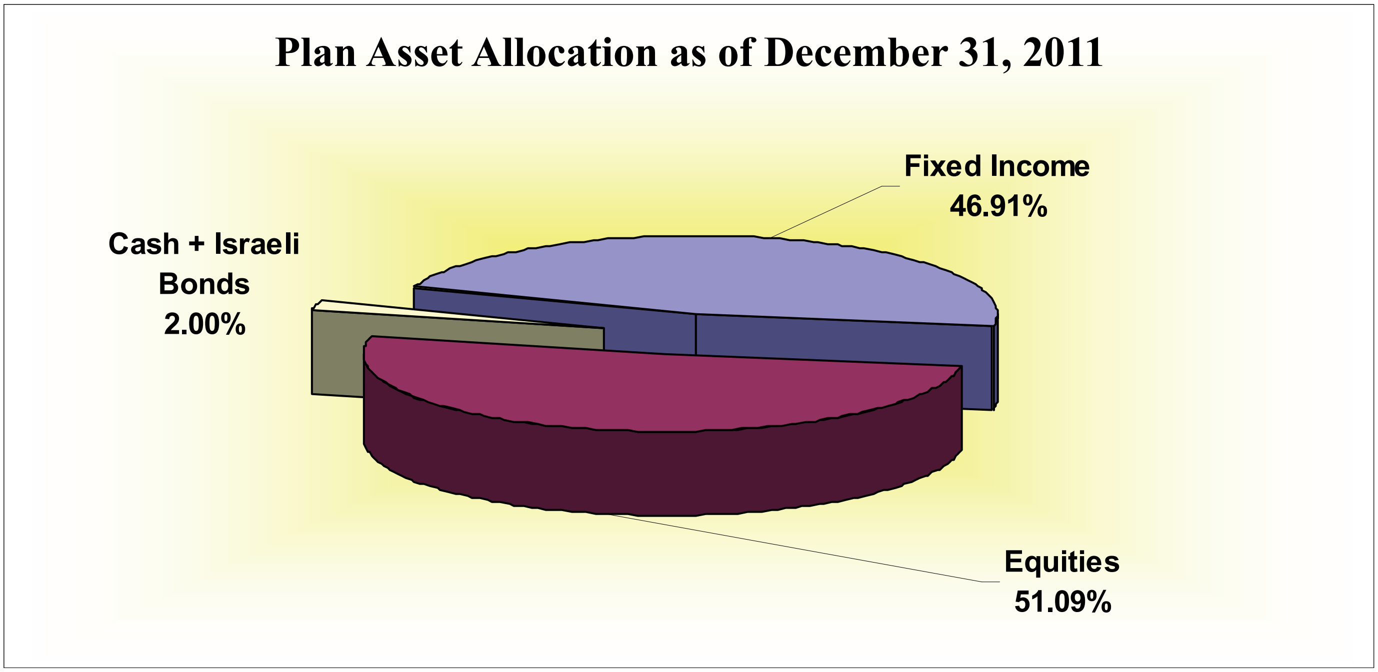
General Merchandise Stores Market Capitalization: $2.9 Billion

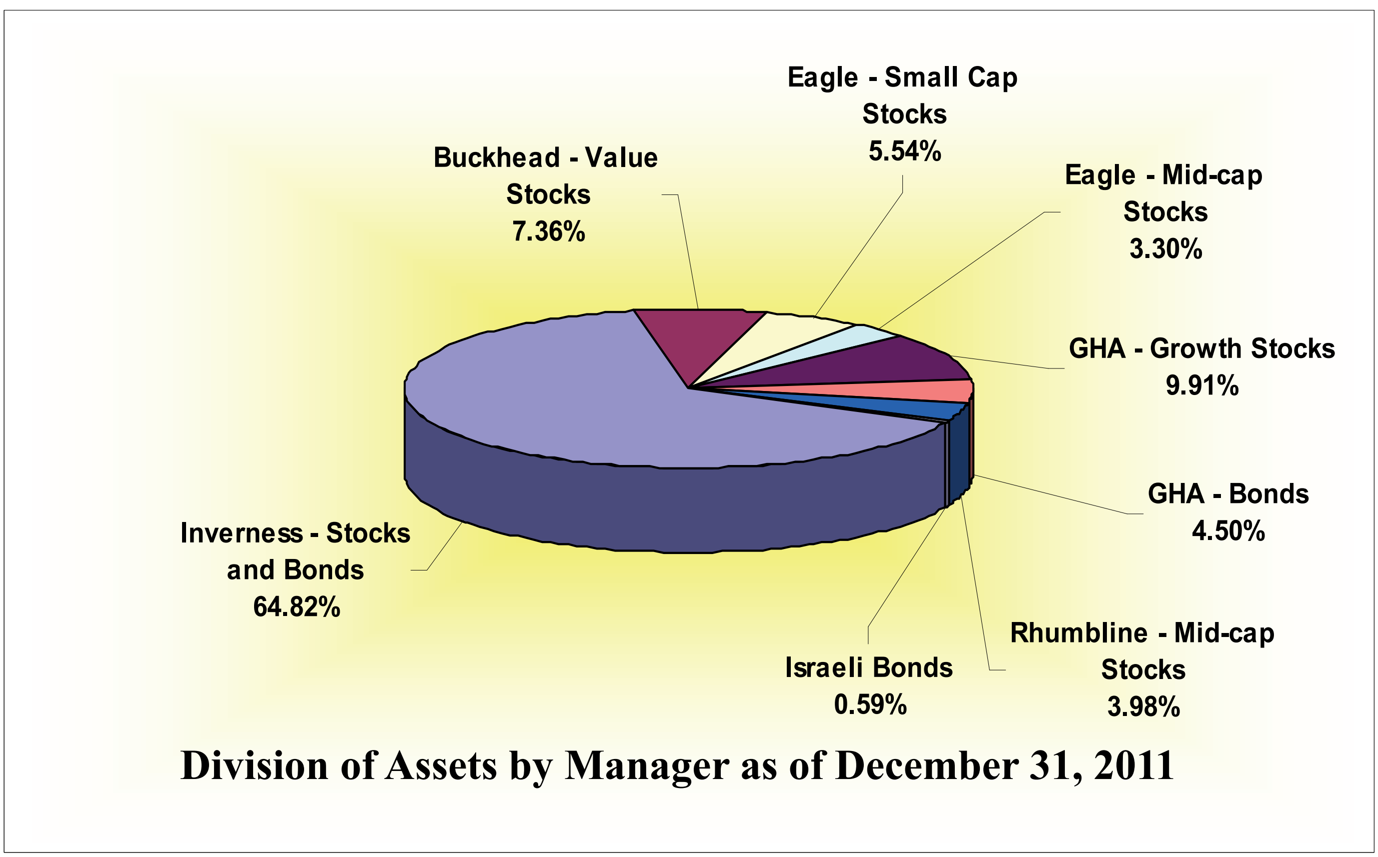
Big Lots is the nation's largest broad-line closeout retailer, with over 1,400 stores in 48 states and Canada. The company's stores feature a wide range of affordable merchandise (consumables, furniture, electronic, seasonal items) sourced directly from manufacturers and other vendors at below market prices. Big Lots' management team has been in place since 2005. During that time they have substantially improved the company's operations, effectively managed capital allocation, and instituted a returns-focused culture. A striking example of the company's disciplined capital allocation was its decision to forgo expansion in the expensive real estate markets of 2005-2008. Only recently has the firm taken advantage of retail vacancies and bankruptcies to grow the store count. We expect their value oriented format to continue to resonate with cost conscious consumers in what continues to be a difficult economic environment.

Average Cost in Hollywood Police Portfolio: $32.11 per share, currently trading at $44.08 .

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.

Track The Fund!





Retiree Corner

Congratulations to our latest Retirees

Richard Allen	*12-31-2011*
Scott Brannen	*02-02-2012*
David Smith	*02-03-2012*
Allen Siegel	*02-8-2012*
Keith Camilo	*02-09-2012*
Edward Goldbach	*02-09-2012*
Frank McGarry	*02-29-2012*
Archie Kiagiadakis	*02-29-2012*

TURNOVER

A disturbing trend that is being seen is a sharp spike in resignations. The following members left the city's employment since October 1, 2011. The Board of Trustees wish them and their families well with all their future endeavors.

Jonathan Commella	**11-27-2011**
Joe Pendergrast	**12-01-2011**
Meredith Tisch	**01-23-2012**
Thomas Hopkins	**03-02-2012**

Legislative Pension Update

On January 18,2012, HOUSE BILL 1499 was filed by Representative Jeff Brandes from Pinellas. Below is an outline of the bill:

1. **<u>Valuations every two years</u>:** Amends 112.63 to require that valuations must be performed at least every 2 years.

2. **<u>Pension watch list</u>:** Creates 218.505, setting forth new definition and procedures. This is a follow up to SB 1128 from last year's session which asked the Division of Retirement to devise a rating system for pension funds.

- **<u>Definition of funded ratio</u>:** Defines "funded ratio" to mean "the actuarial assets divided by the unfunded actuarial accrued liability as of October 1 of each year using the entry age method."
- **<u>Funded ratio</u>:** Establishes 80% as the sole watch list criteria. The plan sponsor must notify the Department of Management Services ("OMS") if a plan's funded ratio is 80% or less. OMS shall place the local governmental entity and the plan on a pension watch list.
- **<u>Strategy</u>:** Within 90 days after providing the notice the governing body of the plan sponsor, in consultation with the directly affected employees or their representatives, must develop a strategy to achieve a funded ratio of greater than 80 percent. The strategy may include, but is not limited to, decreasing plan benefit levels or requiring or increasing employee contributions.
- **<u>Impasse after 90 days</u>:** If the parties are unable to agree on a strategy within the 90-day period either party, or both parties acting jointly, may appoint or secure the appoint ment of a mediator to assist in the resolution of the impasse. Mediation proceedings must be conducted in accordance with chapter 44 and applicable Supreme Court rules.

Please continue to next page for conclusion.

- **<u>Financial urgency after 180 days</u>:** If the parties fail to submit a reasonable strategy within 180 days after being placed on the pension watch list, the local governmental entity must immediately notify the OMS and the plan sponsor shall be deemed by the chief executive officer to be in a financial urgency.
- **<u>Implementation of strategy</u>:** For noncollectively bargained plans, the plan sponsor must immediately implement the strategy. For collectively bargained plans, the plan sponsor must implement the strategy upon expiration of the collective bargaining agreement ("CBA") entered into prior to the plan being placed on the watch list. The plan sponsor must notify OMS of the strategy upon its implementation.
- **<u>No benefit enhancements</u>:** Notwithstanding any other provision of law, after providing notice to OMS that results in the plan being placed on the watch list, benefits may not be increased until the funded ratio is greater than 80 percent.

•**<u>Premium taxes for non-collectively bargained plans:</u>** Notwithstanding any other provision of law, for 175/185 plans on the pension watch list and that are not collectively bargained, all premium taxes shall be used to pay for "the current plan benefit levels or a lesser level of plan benefits as may be established in the strategy" until the funded ratio for the plan is greater than 80 percent.

•**<u>Premium taxes for collectively bargained plans</u>:** Same as above, but does not apply until after the expiration of the CBA.

•**<u>Removal from watch list</u>:** If a plan on the pension watch list achieves a funded ratio of greater than 80 percent, the sponsor must notify the Chief Financial Officer and, after consulting with OMS, the Chief Financial Officer shall remove the local governmental entity and the plan from the watch list.

•**<u>Financial urgency</u>:** Amends 447.4095 to provide that if a plan sponsor remains on the watch list for more than 36 months, the plan sponsor "may be deemed by the chief executive officer to be in a financial urgency."

The Board would Like to “Thank” Attorney Bonni Jensen for this outline.....

Disability Presumptions

The Task Force on Public Employee Disability Presumptions was created pursuant SB 1128 (Chapter 2011-216, Laws of Florida). The Task Force was given the responsibility to:

- review data related to the operation and fiscal impact of the statutory disability presumptions;
- review how other states handle disability presumptions;
- review evidentiary standards and burdens of proof for overcoming statutory disability presumptions; and
- consider risk factors and epidemiological data.

The findings and proposals were to be filed with the Governor, the Legislature and the Chief Financial Officer by January 1, 2012. The below is a summary of that report.

The Task Force found generally:

- for all governmental entities represented, the average cost per workers' compensation claim is lower than the average cost if a disability presumption is involved.
- for all governmental entities, the percent of incurred cost for presumption claims relative to all workers' compensation costs is higher than the percent of the number of presumption claims when compared to all workers' compensation claims.
- 35 states have some disability presumption law.
- In 26 states (including Florida), the presumption arises only if the claimant passed a pre-employment physical examination which did not show evidence of the presumptive disease or condition.
- In 20 states (not including Florida), a member may only apply for the disability using the presumption if the member has served for a certain number of years.
- In 32 states, the presumption is rebuttal.

The Task Force did not reach a consensus on the findings and recommendations, except the Task Force Members did agree that a wellness program would help reduce the cost of group health and worker's compensation claims. Below is a summary of the recommendations from the report (they are recited below verbatim from the report) including the names of the Task Force members who supported the recommendation.

***Recommendation* 1:** Because claimants must prove their case in non-presumptive claims by clear and convincing evidence, the evidentiary standard in rebutting a presumptive claim should be clear and convincing.

Supported by Task Force Members: Michael Clelland, Garry Mitchell, Jim Tolley

Recommendation 2: "Disability" should be defined as: the event of an employee's becoming actually incapacitated, partially or totally, because of an occupational disease, from performing his work in the last occupation in which injuriously exposed to the hazards of such disease, OR an employee's actual impairment pursuant to the 1996 Florida Uniform Impairment Rating Schedule or other impairment guide incorporated into the Workers' Compensation Act at the time of the disablement.

Supported by Task Force Members: Michael Clelland, Garry Mitchell, Jim Tolley

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Recommendation *3:* What amounts to evidence of the conditions of heart disease or hypertension is a medical question and should be left to medical doctors testifying in a particular case.

Supported by Task Force Members: Michael Clelland, Garry Mitchell, Jim Tolley

Recommendation 4: Preclude an employee that is smoking tobacco products from being able to utilize the presumption as it is a significant risk factor for both hypertension and heart disease.

Supported by Task Force Members: Michael Clelland, Garry Mitchell, Peter O'Bryan, Jim Tolley

Recommendation 5: An individual must be employed with the current employer for at least 10 years to be eligible for a disability presumption.

Supported by Task Force Members: Peter O'Bryan, RJ. Castellanos, Alan Kalinoski, Timothy McCausland

Recommendation *6:* An individual must be under 37 years old to be eligible for a disability presumption.

Supported by Task Force Members: Peter O'Bryan, RJ. Castellanos, Alan Kalinoski, ,Timothy McCausland, Tommy Wright

Recommendation 7: So that the requirement to successfully pass a physical examination is uniform, §175.231, F.S., for firefighters, and 5185.34, F.S., for municipal police, should be amended to conform with §112.18(1) (a), F.S.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland, Garry.Mitchell

Recommendation 8: Any evidence of elevated blood pressure (defined as systolic pressure of 130 or higher or diastolic pressure of 80 or higher), as well as any EKG or other cardiac, coronary artery or heart abnormality, or positive tuberculosis test identified on the physical examination performed upon the employee entering into service with the employer against whom the disability presumption is being sought shall be considered evidence of hypertension, heart disease andlor tuberculosis as a basis for denying application of a disability presumption.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland, Tommy Wright

Recommendation 9: Disability presumptions for heart disease and hypertension pursuant to 51 12.18, F.S., shall be limited to coronary artery disease and arterial or cardiovascular hypertension resulting in both disability and permanent impairment.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland

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Task Force on Public Employee Disability Presumptions

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Recommendation 10: To be eligible to receive benefits for any disability presumption, a person would be required to be incapacitated from performing their work for a minimum of 14 contiguous days as a result of treatment for a covered condition.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland, Garry Mitchell

Recommendation 11: Risk factors and epidemiological data relating to non-work- related conditions unique to an individual, such as blood cholesterol, body mass index, history of alcohol use, family history of hypertension andlor heart disease, diabetes, and other medical conditions or behaviors that are associated with the disease or condition subject to a disability presumption shall be considered as a basis for the denial or rebuttal of the application of a disability presumption.

Supported by Task Force Members: Peter O'Bryan, RJ. Castellanos, Alan Kalinoski, Timothy McCausland, Tommy Wright

Recommendation 12: An individual shall forfeit a disability presumption if the individual has been or is a user of tobacco products.

Supported by Task Force Members: Peter O'Bryan, RJ. Castellanos, Alan Kalinoski, Timothy McCausland, Garry Mitchell

Recommendation 13: A disability presumption shall be overcome by a preponderance of the evidence.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland, Tommy Wright

Recommendation 14: The provisions of section 112.18(1)(b), Florida Statutes, relating to a workers' compensation claim and departure from a prescribed course of treatment shall apply to firefighters (these provisions are already applicable to a law enforcement officer, correctional officer, or correctional probation officer).

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland, Tommy Wright

Recommendation 15: The Florida Uniform Permanent Impairment Rating Schedule shall not apply to any claim brought pursuant to 112.18, Florida Statutes. Pemmnent impairment for any claim brought pursuant to 112.18 shall be determined pursuant to specific impairment guidelines established to be solely applicable to claims brought pursuant to 112.18, Florida Statutes.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland

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Recommendation 16: The date of accident for an individual bringing any claim for any disability presumption shall be limited to the date that the employee first incurs disability as a result of treatment for a covered condition. Any subsequent period(s) of disability would not result in a new date of accident, but would be referred to the original date of accident.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski, Timothy McCausland

Recommendation 17: Amend **§633.34(5),** and **§943.13(6),** F.S., to provide that a medical examination for any person applying for employment as a firefighter may include, but not be limited to history and profile review and analysis of risk factors and epidemiological data related to non-work related conditions such as tobacco products use, body mass index, high cholestero1;alcohol use, family history of heart disease or hypertension, and provisions of the National Fire Protection Association Standard 1582.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski , Timothy McCausland, Garry Mitchell

Recommendation 18: Add a new provision as **§633.34(7),** F.S., requiring that employees hired after July 1, 2012, must continue to be a non-user of tobacco products with the employing entity during their employment as a firefighter.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Alan Kalinoski , Timothy McCausland, Garry Mitchell, James Tolley

Recommendation 19: A psychological test should be used as a pre-employment tool to assess fitness for duty. Psychological evaluation tools already exist; however, a psychologist is required to administer such a test and interpret the results. Criteria should be developed to determine agency actions based upon test results.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos , Timothy

McCausland, Garry Mitchell

Recommendation *20:* Professional mental health counseling services should be available to employees after a traumatic event, and as needed as a preventivemeasure. Counseling services would be contingent on budgetary considerations and should apply as an on-going resource to employees covered under the presumption law to reduce risk for hypertension and heart disease problems resulting from negative impacts to mental health.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos , Timothy

McCausland, Garry Mitchell

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Task Force on Public Employee Disability Presumptions

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Recommendation 21: Minimum fitness standards as to body mass ratio. lifting strength, cardiovascular endurance, alcohol consumption, and tobacco product use should be required to be established by all governmental employers for all employees benefitting from the disability presumption. Fitness for duty should be determined before an employee is selected and hired, and should be incorporated as a routine part of continuing employment.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Timothy McCausland, Garry Mitchell, Tommy Wright

Recommendation 22: Minimum hiring standards for fitness should be developed and provided to the physicians assisting with the preemployment evaluation.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Timothy McCausland, Garry Mitchell, Tommy Wright

Recommendation 23: If an employee requires clearance because of information reported on a pre-employment form, agencies should obtain detailed physician follow- up evaluations and recommendations and these should be maintained in the employment records. Storage and access to the employment records should be uniform throughout the agencies.

Supported by Task Force Members; Peter O'Bryan, R.J. Castellanos, Garry Mitchell, Tommy Wright

Recommendation 24: After initial employment, employees' fitness should continue to be monitored so that issues can be identified and requirements for ongoing employment can be developed. The workday should include time for stress-reducing or health-related activities.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Garry Mitchell

Recommendation 25: Health and wellness promotion should be incorporated by design into agency operations, and health and wellness information should be available and accessible to employees at work and away from work. Wellness programs should be instituted by agencies employing officers that are covered by the presumption claim statutes.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Michael Clelland , Timothy McCausland, Garry Mitchell, Jim Tolley

Recommendations 26: A website and/or newsletter should be developed or co-opted as part of a wellness program to disseminate health information to employees on a regular basis.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Michael Clelland , Timothy McCausland, Garry Mitchell, Jim Tolley

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Recommendation 27: Personal contact and interactive support systems among colleagues, such as a mentoring program, should be developed as part of a wellness program to provide employees a vehicle to address traumatic events and release anxiety and frustration in a mutually supportive environment.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Michael Clelland , Timothy McCausland, Garry Mitchell, Jim Tolley

Recommendation 28: That the Legislature provide funding for an actuarial special study to determine the funding costs of presumption claims for in-line-of-duty disability presumptions.

Supported by Task Force Members: Peter O'Bryan, R.J. Castellanos, Timothy McCausland, Garry Mitchell, Tommy Wright

Recommendation 29: The presumption should not be available as a worker's compensation provision if an employee is covered by an employer-sponsored health insurance program.

Supported by Task Force Members: Alan Kalinoski, Timothy McCausland, Tommy Wright

The Board of Trustees will keep you advised as further information develops. The Board “Thanks” Attorney Bonni Jensen for her time and effort in this review.

Retirement tests everyone's money skills

According to a published report by the Associated Press, Seniors have to stretch savings over as much as three decades, face steep health care costs and have few ways to make up for any shortfall. For most, savvy spending is a must.

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

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

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

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

1. Control prescription costs.

Think generics and store brands. It can cost more than three times as much to fill a brand-name prescription than a generic equivalent. There's a smaller but still significant savings to be had by buying store brands of over-the-counter medicines, too. Joining store discount programs will compound your savings. Pharmacy, grocery and big-box chains offer them, usually for an annual fee. Also take a look at *Consumer Reports*"Best Buy Drugs" website, which mixes education with consumer tips. "It will help you talk to your doctor about prescription drugs, and find the most effective and safe drugs that also give you the best value for your health care dollar," says Karen Hoxmeier of deal site MyBargainBuddy.com.

2. Join a club.

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

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Retirement tests everyone's money skills

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3. Save on travel costs.

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

Air travel discounts for seniors aren't what they were a decade ago, when those over 62 could get 10% off most fares. But some carriers still offer special prices in certain markets. American, Continental, Delta and United all offer senior discounts on certain flights, and Southwest has them on its flights for those 65 or older, according to Cheapflights.com. Such tickets sometimes cost more than the airlines' online-only specials, however.

Amtrak offers 15% discounts for those 62 or older. And retirees can find senior prices on auto rentals as well as hotels, tours and cruises through AARP's active discount travel program.

One real gem is the $10 lifetime pass issued by the National Park Service that admits seniors 62 or older and their travel companions to most U.S. national parks, monuments and recreation areas.

4. Reevaluate insurance coverage.

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

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

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

5. Seek out senior specials.

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

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

6. Get serious about coupons.

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

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

7. Go local.

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

8. Limit family spending.

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

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

9. Think secondhand.

Borrow, swap or hit garage sales and thrift stores. Make a habit of checking your local version of Freecycle, http://www.freecycle.org , a nonprofit network focused on "keeping good stuff out of landfills," or check the listings for free and secondhand items on Craigslist.

This approach is at the core of the eco-friendly principles of reduce, reuse and recycle. It can make retirees feel good while protecting their pocketbook.

LAW ENFORCEMENT OFFICER DEATHS RISE...AGAIN

According to preliminary data from the National Law Enforcement Officers Memorial Fund, 173 officers were killed during 2011, up 13 percent from 153 line-of-duty deaths in 2010. For the first time in 14 years, more officers died from firearms-related incidents than traffic-related incidents. Sixty-eight officers were shot and killed in 2011, up 15 percent from 2010 when 59 officers died from gunfire. The number of officers killed by firearms has now risen during each of the past three years. Traffic-related incidents claimed the lives of 64 officers, a 10 percent decrease from 2010 when 71 officers died on the roadway.

Last year, 44 officers were killed in automobile crashes, 11 officers were struck and killed, seven were killed in motorcycle crashes and two officers were killed by train while in their automobile. In addition to firearm and traffic-related deaths, 41 officers died due to other causes, including physical-related incidents, which accounted for 27 officer fatalities. *Florida* led the nation with 14 fatalities, followed closely by Texas (13), New York (11), California (10) and Georgia (10). Thirty-three percent of all officer fatalities occurred in these five states. New York City Police Department and Puerto Rico Police Department both lost four officers -- the most officers of any agency in 2011.

LESSONS LEARNED FROM DB PLANS

Institutional Retirement Income Council says traditional pension benefits have been in steady retreat since corporate America began replacing defined benefit plans with defined contribution plans in the mid-1980's. Once a staple offered by most employers, now accrual of benefits under defined benefit plans is limited primarily to unions and governments. There was a 65% drop in the number of private sector employees with pensions between 1975 and 2005, while the public sector held steady. In the private sector, employees' retirements depend heavily on income from savings they have managed to accumulate through a combination of their own contributions and those of their employers. Not only are these savings often woefully inadequate, retirees are generally ill-prepared to manage their nest egg so that it provides steady income for the remainder of their lives. Employers, employees and the federal government are becoming painfully aware of the shortcomings inherent with defined contribution plans:

Retirement benefits are an important tool for employers trying to manage the demographics of their workforce; they are looking for ways to improve their employees' financial ability to retire without significantly increasing compensation costs.

Employees are overwhelmed by the recent volatility of the stock market and low interest rates, and are seeking greater security during their retirement years.

The federal government is looking to balance its budget while lessening demands on Social Security and other entitlement programs.

Please continue to page 19 of this publication for the conclusion of this article

PAYROLL TAX CUT TEMPORARILY EXTENDED

Nearly 160 million American workers will benefit from the extension of the reduced payroll tax rate that had been in effect for 2011. The Temporary Payroll Tax Cut Continuation Act of 2011 temporarily extends the two percentage point payroll tax cut for employees, continuing the reduction of their Social Security tax withholding rate from 6.2 percent to 4.2 percent of wages paid through February 29, 2012. This reduced Social Security withholding will have no effect on employees' future Social Security benefits. Employers should implement the new payroll tax rate as soon as possible in 2012 but not later than January 31, 2012.

For any Social Security tax over-withheld during January, employers should make an offsetting adjustment in workers' pay as soon as possible but not later than March 31, 2012. The law also includes a new recapture provision, which applies only to those employees who receive more than $18,350 in wages during the two-month period. (The Social Security wage base for 2012 is $110,100, and $18,350 represents two months of the full-year amount.) This provision imposes an additional income tax on these higher-income employees in an amount equal to 2 percent of the amount of wages they receive during the two-month period in excess of $18,350 (and not greater than $110,100). IR-2011-124 (December 23, 2011)

Remember, if you need to change your tax withholding , let us know, we can assist!

GARCIA HAMILTON & ASSOCIATES

Market Recap

Investors reached for risk assets during the final period of 2011, encouraged by modest improvements in U.S. economic data and the possibility of favorable progress in the European debt crisis. The domestic stock market, as measured by the S&P 500 Index, gained 11.8% for the quarter ending December 31. For the full year, the Index returned 2.1% including dividends.

The stock market recovery was broad, with all capitalization ranges posting double-digit gains. Not surprisingly, small caps recovered the most with the Russell 2000 Index up 15.5% in the quarter. While all ten economic sectors advanced in the fourth quarter, the flavor was pro-cyclical with Energy and Industrials being the top performers.

Looking forward, the case for better-than-average returns in 2012 is a strong one. Factors include improving employment, low interest and inflation rates, an accommodative Federal Reserve, low Price/Earnings multiples, and double-digit earnings growth. Yet investor sentiment remains skeptical with concerns centered around a European recession weighing on emerging market countries, Middle East tensions, and persistent government deficit spending.

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

GH&A

Buckhead Capital Management — Value Equity

Stock prices rallied strongly during the year's final quarter. Most of the gain occurred in October as the S&P 500 rebounded off its low for the year on October 3 to gain 14% for the month. After this quick surge (sparked by reports that European governments were going to recapitalize their banks), the rest of the quarter produced little additional gain, though much volatility.

With a series of encouraging U.S. economic reports and discouraging developments in the Euro zone vying for investors' attention, the S&P 500 ended up 11.8% for the quarter. The fourth quarter results enabled the S&P 500 to eke out a dividend driven gain of 2.1% for the year. Smaller capitalization stocks and those paying no dividends outperformed larger, dividend paying stocks, with the Russell 2000 Index gaining 15.5% in the fourth quarter. However, this gain was not enough to offset its losses earlier in the year and the Index finished 2011 down 5.5%. Meanwhile, the technology heavy NASDAQ Composite Index returned 8.2% for the quarter and was down 0.8% for the year.

Cyclical value stocks did better than growth stocks in the fourth quarter, with the S&P 500 Value Index returning 13.0% compared to 10.8% for the S&P 500 Growth Index. However, for the full year, growth stocks outperformed, gaining 4.7% while value stocks lost 0.5%. (All the preceding returns are total returns, reflecting both price changes and the reinvestment of dividends.)

The more economically sensitive sectors performed best in the fourth quarter while more defensive sectors did best over the course of the full year. The best and worst performing sectors of the S&P 500 for the fourth quarter and year are shown below.

4th Quarter 2011		2011	
Best Performing		Best Performing	
Energy	+18.2%	Utilities	+19.4%
Industrials	+16.5%	Consumer Staples	+13.7%
Materials	+15.4%	Health Care	+12.6%
Worst Performing		Worst Performing	
Telecommunications	+7.8%	Financials	-17.0%
Utilities	+8.2%	Materials	-9.7%
Information Technology	+8.7%	Industrials	-0.6%

The fourth quarter witnessed a number of better economic reports on purchasing and employment, but still not enough to say we are out of the danger zone. The Federal Reserve maintained its historically low interest rate policy with the Fed Funds target remaining at 0.0% - 0.25%. The Fed reinforced its commitment to low rates with an announcement in mid December that it intended to keep short-term rates at their current low level through at least mid 2013. And, in response to the European debt problem, the Fed announced at the end of November a reduction in the rates charged for dollar loans to other central banks.

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Buckhead Capital — Value Equity– Fourth Quarter 2011 Review

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Fixed income returns lagged the equity markets in the fourth quarter. Longer term interest rates were virtually unchanged, with the 10-year Treasury Note beginning and ending the quarter at 1.9%. However, bond investors did substantially better than equity investors for the full year, and the longer the maturity of the bond, the better. Although the 30-year Treasury Bond yield was also unchanged in the fourth quarter, investors earned a whopping 29.9% return in 2011 as the yield fell from 4.3% to 2.9%. Increased concerns about credit risk kept corporate bonds from doing as well as Treasuries, with investment grade corporate bonds returning 7.8% for 2011.

After rising substantially in the first quarter of 2011, most commodity prices gradually fell over the balance of the year. That was generally the case in the fourth quarter, though with some notable exceptions. Cotton and aluminum prices fell 7% and 6% respectively in the quarter, but wheat prices were up 15% and corn prices rose 10%. Oil prices were up 25% in the fourth quarter to almost $99 a barrel and gained 10% for the full year. Cotton, one of the most volatile commodities of the year, finished down 35% after soaring 44% in the first three months of 2011. Despite the troubles in Europe, the Euro stayed surprisingly strong and lost only 3% against the dollar in the fourth quarter and all of 2011. While the Japanese yen was flat for the quarter, it appreciated 6% against the dollar for the year.

The fourth quarter ended with the markets encouraged by a series of positive U.S. economic reports, but concerned by the ongoing sovereign debt problems in Europe. With European leaders announcing one grand resolution after another over the last year, investors are beginning to realize that the European debt problems will be with us for some time. The risk remains that Europe experiences a full-fledged financial crisis that drags much of the world down with it. Even absent a crisis, Europe is likely to experience a sharp downturn as its banking system and governments work to reduce their leverage. At present, U.S. investors seem to believe that our economy can somehow escape any effects from that downturn, but we have a less sanguine view. At the end of the day, both the U.S. and Europe are just beginning what is likely to be an extended period of deleveraging, which will act as a substantial drag on economic growth. In this environment, Buckhead Capital remains focused on quality in the selection of both bonds and stocks for our client portfolios. We are continually looking for out-of-favor companies with strong balance sheets and substantial free cash flow that can be used to grow the business, reduce debt, or return cash to shareholders. In this environment, we prefer companies with management teams willing to return a substantial portion of that free cash flow as dividends to investors. Even in a slow growth scenario, such companies, if purchased at attractive valuations, should provide solid long-term returns to their shareholders.

HOW TO "EXCLUDE" INCOME DISTRIBUTIONS USED TO PAY FOR INSURANCE

As a reminder, Section 845 of the Pension Protection Act of 2006, signed into law August 16, 2006, provides for a tax-free distribution from a pension plan of up to $3,000 per year to help pay premiums on health insurance or long-term care insurance for a retired public safety officer, his spouse and dependents. The employee must have separated from service due to a disability or after attaining normal retirement age.

In the past there had been some confusion on how to make sure these payments are "excluded" from taxable income. (There had been some notion that such amounts should be reflected as a reduction in taxable income on Form 1099R (Box 2a).) Well, that idea is problematic in that the retirement plan not the entity making the decision that the medical premium payment should be excluded from the individual's taxable income. The election must be made by the individual. Besides, the retirement plan may not have sufficient information to determine whether the payments can be excluded by the individual (for example, the individual may be receiving retirement income from more than one plan). The instructions to Form 1040 for contains the solution.

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LESSONS LEARNED FROM DB PLANS

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The potential for improvement in DC plans' ability to provide a steady stream of income has caught the eye of the financial services industry. While the marketplace races to deliver an array of possible solutions, employers and regulators are grappling with how these products fit within qualified retirement plans. Unfortunately, the initial response from employees has been tepid, at best. Retirement income products -- specifically, products embedded in retirement plans focused on generating secure retirement income -- have only a 1% take up rate when products are offered at the point of distribution. In this context, it is tempting to wish for a return to the "good ol' days," when defined benefit plans reigned. And yet many corporations phased out defined benefit plans for what they thought were valid reasons, including volatile minimum required contributions, benefits that are not very tangible (especially to younger employees) and a byzantine regulatory environment. The IRIC article examines its experience with defined benefit plans and identifies some key lessons that can be applied to improve retirement outcomes for participants in the next generation of defined contribution plans. We found the following information particularly instructive:

Any actuary will tell you that from the perspective of a full employment career cycle, the defined benefit plan is mathematically the most efficient vehicle for providing retirement benefits.

Defined contribution plans have offered employers the certainty they sought, by shifting the investment risk and mortality risk to individuals. However, individuals are even less able to absorb risk and uncertainty, and are faced with the following unacceptable choices: 1) support current consumption and ignore the risk of living 20, 30 or 40 years after retirement or 2) significantly lower their living standards to make their savings last until their death. Fifty-four percent of those who took one-time cash payments from their retirement plan had exhausted their savings within three years of retirement!

Even for those fortunate enough to have earned a traditional pension, the choice of receiving a large sum of cash today versus a small monthly payment is surprisingly tempting.

A vibrant workforce is a mobile workforce, which allows talent to flow to the highest use. Yet defined benefit plans were intended to act as "golden handcuffs," designed to reward people for staying in one place. However, in reality, since the industrial revolution the American workforce has been highly mobile and loyalty quite fragile: Average tenure has decreased only modestly over the past three decades.

Government regulations, no matter how well intentioned, can have unintended and perverse outcomes. In an effort to shore up funding status of traditional pension plans, regulations made contribution levels more volatile and unpredictable, discouraging employers from sponsoring defined benefit plans at all.

The Board of Trustees "Thank" Attorney Steve Cypen for his contributions to this publication

INSURANCE Con't

If you are an eligible retired public safety officer, you can elect to exclude from income distributions made from your eligible retirement plan that are used to pay the premiums for accident or health insurance or long-term care insurance. The premiums can be for coverage for you, your spouse or dependents. The distribution must be made directly from the plan to the insurance provider (*Currently, the System is set-up to make insurance payments to the City of Hollywood only*). You can exclude from income the lesser of the amount of the insurance premiums or $3,000. You can only make this election for amounts that would otherwise be included in your income. If you make this election, reduce the otherwise taxable income from your pension or annuity by the amount excluded. (The amount shown in Box 2a of Form 1099-R does not reflect the exclusion.) Report your total distributions on Line 16a and a taxable amount on Line 16b of Form 1040. Enter "PSO" next to Line 16b.

In closing, if you are an eligible retired public safety officer and paying for applicable insurance, you can shelter some or all of the costs. THIS IS NOT TAX ADVICE!!!! Please share this information with your tax advisor.

The Board of Trustees' would like to "Thank" Attorney Steve Cypen for his contribution

Don't Forget To Visit Us !!!

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QUOTABLE QUOTE

A retired husband is often a wife's full-time job.

~Ella Harris

In Closing....

Supplemental Distributions

In order to provide a 13th check, the System's investment return would have to be in excess of the assumption rate of return of 8%, as of September 30th. As reported in the last publication, the return for the fiscal year was 1.21%. Sorry not this year!

1099R

All 1099R's were sent out by our bank by January 31, 2012 for the prior calendar year. If you did not receive your copy of if you have any other issue please let us know. We are here to assist you!

Thank you for your support

Cathy Marano and Paul Laskowski were reappointed to the Board of Trustees after the open nomination process. Cathy & Paul appreciate the support from the rank and file.

Litigation Update

The Board of Trustees posted the Complaint For Declaratory And Injunctive Relief on the announcement page of the web site. Kindly visit the site to read more about the case.

In Memoriam

The Board of Trustees sadly announces the passing of James McGee (Retired 1986) & Richard North (Retired 1977).

They are forever remembered & their families remain in our thoughts.