



COPRA CHRONICLE

Issued by and for the City of Phoenix Retirees Association
Your advocate in pension and insurance matters

March 2015

MEMBERSHIP IS OUR STRENGTH

Issue 3

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8 TAX-FILING FLUBS TO AVOID

These common mistakes can keep you from getting the refund you're owed.

Slipping up on your taxes can exact a high price. Some of the most frequently made blunders—silly things like entering the wrong Social Security number, spelling your name incorrectly, or putting in the wrong account numbers for direct deposit—hold up processing your return and any refund you might be due. That's bad enough.

Other common mistakes cost you more than time. They cost you real money. Just by overlooking deductions, taxpayers give up an average of about \$600 at tax time, according to research by Youssef Benzarti, an economics Ph.D. candidate at the University of California at Berkeley. He found that many people don't itemize when they should—therefore passing over breaks such as the write-off for investment-related expenses. "Or," says Benzarti, "they take only the easy deductions like mortgage interest and state taxes" and not harder-to-prove ones, such as charitable donations and use of a home office.

With April 15 fast approaching, MONEY consulted with a slew of tax pros to find out what other savings taxpayers like you typically miss. Review your return to make sure you don't commit any of these costly errors.

1. Taking the wrong tax write-off for college

There are two mutually exclusive breaks you can use to ease the pain of paying for higher education. People sometimes automatically take the \$4,000 tuition and fees deduction because it sounds like the most money. But the \$2,500 American Opportunity Tax Credit (AOTC) is typically a better deal, says Melissa Labant, director of tax advocacy for the American Institute of CPAs. Here's why: The tuition and fees deduction lowers the portion of your income subject to tax. "But a tax credit yields a dollar-for-dollar reduction in the taxes you owe," says Labant. You're eligible for the full AOTC if you spend \$4,000 on tuition and fees, as you can slash your taxes by 100% of the first \$2,000 and 25% of the next \$2,000. Also, your adjusted gross income must be \$80,000 or less if single, \$160,000 or less if married and filing jointly. (Partial credit is available for incomes up to \$90,000 for singles and \$180,000 for couples filing jointly.)

One caveat: You can't take the AOTC for more than four years for any one dependent. So if your kid takes longer to graduate, you'll be glad to have the tuition and fees deduction for year five.

2. Paying too much tax on investments you sold

At its simplest, your cost basis for figuring out the tax liability on an investment you've sold is the original price you paid for that investment. It's sub-

(Continued on page 3)



MEMBERSHIP

Have you changed your address, email address or phone number? For address, email address and/or telephone number changes, or for any questions about your COPRA membership, please contact Sheryl Jeremiah, Membership Chair. Sheryl can be reached by telephone at (623) 376-2980, or by mail at: COPRA Chronicle, 19031 N 76th Ave, Glendale, AZ 85303-8303, or by e-mail at sheryljeremiah6@gmail.com

PRESIDENT'S MESSAGE



As all of you know, Mayor Stanton created another Ad Hoc Committee this past November entitled "Civilian Retirement Security Ad Hoc Committee". This committee was charged with "focusing on ways to continue making reforms to the pension system that benefit Phoenix residents, the City and civilian City employees". Rick Naimark, in last month's Chronicle provided an update on the process that was being followed and the makeup of the membership on that committee. As Rick reported then, the committee was to wrap up its work and present recommendations to the Council in February.

I want to share with all of you the information I just received today (February 24) from the City Manager's Office regarding unanimous recommendations that were made on February 11 by the Ad Hoc Committee. These recommendations have now been forwarded to the City Council and will be on their agenda at the March 4, 3 PM meeting. None of these recommendations impact current city retirees, but only current and future employees that are a part of COPERS. Sworn Police and Fire employees are not part of these recommendations since they are governed by the State PSPRS Retirement System. For further clarification the recommendations categorize employees into 3 tiers. These tiers include:

Tier 1 - Employees hired before July 1, 2013

Tier 2 - Employees hired since July 1, 2013

Tier 3 - Future Employees

The recommendations of the Committee are as follows:

Tier 1

The recommended changes do not affect Tier 1 employees who will retire from the City.

Tier 2

Under the proposed recommendation, Tier 2 employees would see their contribution to COPERS lowered to no more than 11%, from a current rate of 14.8%. The City would pay the rest. There would be no additional changes to retirement benefits for Tier 2 employees.

Tier 3 for New Hires after the Future Effective Date

The most significant changes under this proposal are for employees hired after the future implementation date to be determined by the voters. Those new employees would go into a new tier, Tier 3. Tier 3 would also have a ceiling on employee contributions of 11%. The proposed Tier 3 is called a "Stacked Hybrid Plan." Here is how that works.

The pension would be paid only on compensation up to \$125,000 (that number increases each year to match inflation). Compensation above \$125,000 would receive a 2% contribution from the City in a 401k-style plan.

Tier 3 pension would also have other changes, including:

- A self-funded Cost of Living Adjustment (COLA) option at retirement
- Changes to the benefit multiplier (1.85% to 2.1% depending on years of service)
- Elimination of the sick leave service credit
- Change the final average salary calculation to a five-year average from a three-year average
- Eliminate the ability for some employees previously employed by the State or other cities in Arizona to start as Tier 1 employees

Contribution Interest upon Leaving the City

There is one change that will impact all tiers of COPERS employees, but it is not a retirement benefit. Currently, if any COPERS employee leaves the City and withdraws their contributions from COPERS, they receive an interest credit on their contributions based on a formula set by the COPERS board. The proposed change would reduce the interest credit to a maximum of 3.75% for employees in any tier who leave the City and withdraw their contributions.

Summary

- This proposal is for COPERS employees only.
- It has no impact on Tier 1 employees who plan to retire from the City.
- It caps contributions for Tier 2 employees at 11% with the rest paid by the City.
- It creates a new Tier 3 with some new changes to their COPERS benefits.
- It changes the interest earned on withdrawn contributions to a maximum of 3.75% for those civilian employees who leave the City before retirement.

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8 TAX-FILING FLUBS TO AVOID (CONTINUED)

(Continued from page 1)

tracted from the price at which you sell in order to calculate capital gains or losses. Where it gets thorny is when you have to adjust your shares for such things as stock splits, reinvested dividends, capital gains distributions, and sales commissions.

Brokerages and mutual fund companies have been required to track cost basis for their customers since 2011 and 2012, respectively. But you have to calculate cost basis yourself on shares bought before those dates. Unfortunately, many investors forget to do that and end up paying more capital gains than they owe when they sell, says Kris Gretzschel, CPA and manager of the tax and financial planning team for Wells Fargo Advisors.

Say you purchased 100 shares of a stock for \$100 per share and paid a \$20 commission; your original cost basis is \$10,020. Let's assume you then received a \$3-per-share dividend each year for five years that you automatically reinvested. Your new cost basis is \$10,020 plus \$1,500 (\$300 times five years) for the dividend, or \$11,520. Now say you sell the stock for \$18,000. Using the original cost basis instead of the adjusted one, you'd be paying taxes on \$7,980 in gains vs. \$6,480.

Online calculators like the one at CalcXML.com can help you tally up your cost basis. Or you can use a service like Netbasis.com, which charges \$25 per transaction.

3. Leaving money on the table when changing jobs

High earners who had more than one employer during the year, this one's for you. In 2014 each employer had to withhold 6.2% in Social Security taxes on the first \$117,000 in income (the limit is \$118,500 in 2015). "But that could lead the employers to withhold more taxes than you're required to pay," says Suzanne Shier, chief wealth planning and tax strategist for Northern Trust in Chicago.

Let's say you worked for Company A for half the year and earned \$62,000, then moved to Company B and earned \$70,000. Each company would withhold taxes on your total earnings, but you should have paid taxes on only \$117,000, not \$132,000, and you would have overpaid by \$930.

Tax prep software should catch this one, but paper filers may get snagged. Luckily, it's an easy fix: "You can claim the money as a credit on line 71 of your 1040," says Shier.

4. Blanking on what you saved

It's not uncommon to forget money socked away in an IRA the previous year, especially since your broker doesn't send you paperwork confirming contributions (IRS Form 5498) until after you file your taxes.

But if you forget to report a contribution to a traditional IRA and you qualify for a deduction—see IRS Publication 590-A—you will miss a break on your current taxes. If the contribution is nondeductible, you still need to file Form 8606 so that you don't pay income taxes on a portion of your withdrawals during retirement, notes Gretzschel. So call your brokerage to refresh your memory about 2014 contributions.

5. Missing out on money back for your home office

Moonlighters often opt to forgo the home-office deduction, both because it's a hassle to keep track of the paperwork and because they're worried about putting up red flags to IRS auditors.

As of last year, however, an alternative, simplified version of the write-off allows you to deduct \$5 per square foot of office space up to \$1,500 with no documentation whatsoever. Unlike the old method of calculation, no depreciation is taken on your home, which means the break will not affect capital gains when you sell, says Eric Bell, a CPA with Jones & Roth in Eugene, Ore.

6. Overpaying taxes on retirement distributions

People 70 or older and retired are required to withdraw certain amounts of money from 401(k)s and IRAs each year. When you begin receiving distributions, you have the option to have income taxes withheld. Call it a senior moment, but retirees sometimes forget that they chose to have taxes taken out, says Gretzschel. They don't look closely enough at the 1099-R forms and therefore don't input the taxes paid into their 1040. As a result, they could end up paying the taxes twice—and the IRS may or may not catch the mistake, Gretzschel says.

7. Overlooking online largess

There's been a big increase in online charitable giving, but many people forget to save emailed receipts as they do ones that come in the mail. "If you don't have an organized electronic life, it's hard to get receipts together,"

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NEW RETIREES (DECEMBER 2014)

Josephine Barragan	Comm & Economic Dev	Boyd Lott	Aviation
Michael Bauman	Parks & Rec	Jerry Lucas	Water Services
Sonia Boirum	Library	Ernest Martinez	NSD
Holly Bosch	Street Trans	Kathrine Miller	Comm & Economic Dev
Patricia Collum	Water Services	Marlin Miller	Police
Gary Condon	Police	Mary Mook	Water Services
Debra Decker	Street Trans	Clay Normile	Water Services
William Dennis	Water Services	Joseph Nunez	Police
Sarah Edwards	Parks & Rec	Frederick Pape	Parks & Rec
Paul Garcia	Police	Thomas Renolds	Police
Ralph Garcia	Police	Gerald Richard II	Police
Robert Gonzales	Aviation	Clara Robinson	Police
Kim Guyer	Police	Gary Smith	Water Services
Portia James	Public Transit	Martin Stieber	Water Services
Kent Kearney	Law	Florica Suroiu	Police Dept
Virgil Kirila	Aviation	Harold Teel	Public Works
Brian Koch	Police	Donald Van Der Maaten	Public Works

8 TAX-FILING FLUBS TO AVOID (CONTINUED)

(Continued from page 3)

says Shier. She recommends searching your email in-box for “gift” and “donation.” If you are in the 28% bracket and discover \$250 more in donations to report, you’ll reap \$70 in tax savings.

8. Ignoring the write-off that is right in your hands

Those who itemize can write off certain investing and tax expenses—including tax-prep software, financial adviser fees, and rent on a safe-deposit box where you store securities—that exceed 2% of your adjusted gross income.

Bell says that those most likely to overcome the 2% hurdle on these “miscellaneous expenses” have modest income but a fairly large taxable portfolio that they pay an adviser to manage; many retirees who super-saved fit that bill. If you have an AGI of \$100,000 and you have \$5,000 in investment-adviser fees (equating to 1% on a \$500,000 portfolio), you’ll have to exclude the first \$2,000, but can deduct the remaining \$3,000.

While calculating your costs, don’t forget that you can add subscriptions to professional publications, business magazines, and investing magazines.

Source: Money.com

CITY OFFERED FREE TAX-FILING FOR QUALIFIED FAMILIES

The city of Phoenix Human Services Department has launched its Earned Income Tax Credit (EITC) campaign to help low- and moderate-income working families who earned less than \$53,000 in 2014 with free tax-filing services and an EITC tax credit up to \$6,143. Individuals and families who qualify also may be able to file for the child tax credit, dependent care credit and the education tax credit at the city’s free tax preparation sites.

There are fourteen primary sites, located in Phoenix, that offer free tax-filing services. A list of Phoenix sites, including hours and days of operation, is available at phoenix.gov/eitc. It is important to note that hours and days of operation vary for different locations. Taxpayers must bring a picture ID for themselves and spouse, Social Security cards and/or Individual Tax Identification Number cards for all household members, proof of income – including W-2s and 1099 Retirement Income – information for other income, 1095-A verification of medical insurance premium tax credit, verification of all deductions/credits and the amount of money paid to child care provider (if applicable). If filing jointly, both adults must be present to sign the return. For information about the city of Phoenix EITC program, visit phoenix.gov/eitc or call 1-877-211-8661. For more information about Valleywide EITC site locations and hours of operation, call the Internal Revenue Service at 1-800-906-9887 or visit.irs.gov.

GUEST COLUMN BY LISA TAKATA, Deputy City Manager



Lisa Takata

As I completed my City career these past few weeks, I've spent a lot of time thinking about advocacy and mentorship. The City offered me amazing career opportunities, and I am grateful to every one of you for your wisdom, advice and the example you set for others during your careers at the City. Whether you were a field employee, a supervisor, a secretary or a manager, I learned so much from watching you handle all kinds of difficult situations and the legacy of outstanding customer service and community engagement you left for me. All are hallmarks of the "Phoenix Way" and there are many like me who have worked hard to carry on these traditions for our residents and businesses. It seems appropriate to thank you now for all those times I called upon the wisdom gleaned from you to guide me during my time as a City leader. Your influence is still very present in the City's everyday culture and decision making.

My most important role here at the City of Phoenix has always been as an advocate – for good government, for professional analysis and decisions, for dynamic problem solving, for engaging diverse communities, and for showcasing and empowering my incredible department heads and their staff, who are the best, most talented and most collaborative team in the nation by anyone's yardstick.

Recently, I asked a Supervisory Academy class to tell me about the greatest challenge they face as a group. Without hesitation they said that maintaining employee morale is their most difficult challenge. They have been working hard to motivate employees for a long time, and it's becoming more difficult to come up with fresh ideas – they need more help. That's where you come in.

Your 2,500 COPRA members know better than anyone else about the challenges City employees face and the great job they do. Perhaps you still have family members and friends who work for the City – but even if you don't, you know where and when to look for the maintenance worker who cleans your neighborhood park every day, the front line customer service employee, and the people who now do the job that you used to do. Just once this week, please take a moment to reach out to one of those employees - by phone call, email, text message or in person. Thank them for the great job they do for the City and ask what else you can do to support them. If each COPRA member did this once a week during the month of March, the result would be 10,000 positive employee contacts that will surely boost morale amongst those who work so hard on behalf of our community every day. Like you, these employees never asked for our thanks, but your gesture will mean a lot to them as they navigate these difficult times.

When I worked for Government Relations, I was always amazed at how five, 10 or 25 well placed phone calls from constituents could make something happen. Your direct contact with City employees to rave, not rant can help transform employee morale. If you believe in good government, your encouragement of individual city employees and teams will be a far more productive use of your time than writing a letter to the editor of a newspaper with a declining subscriber base, or feeling frustrated about attacks on City government. Talk to the people whose jobs you understand, because you've been there. Be their advocate, their champion. Share and spread the stories about the thousands of actions City employees take above and beyond their job descriptions each day to serve our City. Offer your name and phone number to the City Manager's Office (sam.feldman@phoenix.gov) if you are willing to sit down with a young employee or middle manager you've never met for an hour of mentoring. There are many who would welcome the chance to learn from you. The City needs you and you can truly make a difference.



A REMINDER FROM THE LEPRECHAUN... RENEW YOUR COPRA MEMBERSHIP!!

Please check the mailing label on this Chronicle for the "Dues Paid Thru:" year. If the "Dues Paid Thru:" year is "2014", you should renew your COPRA membership NOW!

If you receive the COPRA Chronicle by email which doesn't have a mailing label, you should have received an email in December advising you of the status of your COPRA membership.

As a retiree, it is important that you stay abreast of events happening in the City that may have an impact on your benefits and the retirement fund. Please renew your membership today. As our motto on the front page of the Chronicle says, "Membership is Our Strength."

As of January 1, 2015, COPRA membership dues are \$12.00 annually. There is a dues special that, you can pay \$50.00, you receive membership for 5 years. To renew your COPRA membership, send a check payable to "COPRA" to the following address:

**DUES are
\$12 per year or
\$50 for 5 years**

COPRA
% Barbara Kellogg
1465 E Rosemonte Dr
Phoenix, AZ 85024-2962

PROTECT YOURSELF FROM HACKERS AND CYBER CRIMINALS

In a recent "Doing What Matters" segment, City Manager Ed Zuercher interviewed Vauda Jordan with Information Technology Services about what city employees can do to protect themselves and their families at home and at work from hackers and cyber criminals. Like the key to your house, a password is the key to all information on your computer and mobile device. Creating strong passwords is critical, but does not have to be overly-burdensome. Here are important guidelines, and tips for remembering:

- Create a long password using letters, numbers and characters to discourage hackers using automated tools from instantly cracking a short, alphabet-based password.
- Don't use the same password for all of your accounts. That way, if criminals crack one password, they don't have access to all of your accounts.
- Don't use a personal password at work. Criminals have breached companies' networks and data by using hacked personal passwords of employees.
- Don't use passwords that relate to information available about you on your social media sites (e.g. kids' names, birthdays, pets' names, favorite sports teams, etc.).
- Don't use the name of the institution, application or service you are accessing in your password
- Don't use 123456 or "password." **Just don't!** (These were the top two most common passwords in 2014!)
- Use caution when selecting password reset questions. Hackers don't need your password if they can reset it themselves by answering questions about you that they can easily guess or ascertain from your social media presence.
- Instead of trying to remember a password, use a pass-phrase or the first letter from words in a sentence. It can help make it easier to remember. (Two roads diverged in a wood, and I - I took the one less traveled by = 2rdiawalltt11tb)

PRESIDENT'S MESSAGE (CONTINUED)

(Continued from page 2)

The Ad Hoc Committee's recommendations will go to the Mayor and City Council on March 4, and would need to be approved by Phoenix voters before being implemented. The earliest potential date for an election is August, and earliest proposed implementation date for these provisions and the beginning of Tier 3 would be January 1, 2016.

In closing, as you can see the recommendations do not impact retirees, but may provide some further assistance for those hired since July, 2013. It remains to be seen what the full council will do with the recommendations, but we will continue to monitor the events going forward and pass on to you what information we may be able to obtain. Please also note the information in this Chronicle and on your calendar regarding the two upcoming major meetings of COPRA in both March and May. I hope to see you all there. Thank you as always for being a member of this great organization.

Jack

IN REMEMBRANCE

Golden Boswell	11/12/14
Delores Stackpole	12/01/14
Rachel Ferneyhough	12/30/14
Dorothy Dunaway	01/06/15
Laverne Pohlman	01/08/15
Margarita Estrella	01/19/15
Alan Davis	01/22/15
Paul Mowen	01/25/15
Salvador D Carrillo	01/26/15
Anne Haley	01/27/15
George Daugherty	01/27/15
Miguel Rochin	01/27/15
Lola Richards	01/28/15
Harold Egy	01/28/15
Violet Wilson	01/28/15
James Heffner	01/29/15
Hattie Freise	01/30/15
Eugene Fowler	02/02/15
Donald Mosley	02/08/15
Thomas Sleeper	02/11/15
Michael Savard	02/11/15
Adele Morrison	02/12/15
Richard Traill	02/15/15
Wilma Ellis	02/15/15
Perry Ulsh	02/18/15

HEALTH AND COMPASSION

We care about our members and their families. If someone in your family is ill, whether at home or in a care facility, or if a loved one has passed away, please call Mary Franklin at (602) 705-8822.

TIDBITS OF INFORMATION

NEWS RELEASE:

In a move that will save the city millions of dollars in electricity costs, reduce carbon emissions and help make city streets safer, all 90,000 of the city's street lights will be replaced with energy-efficient LEDs.

Visit <https://www.phoenix.gov/news/mayor/615> for more information.

FIND INFORMATION ABOUT CITY-OWNED PROPERTIES WITH NEW MAP APPLICATION:

Interested in viewing and learning about all of the properties the city owns? That information is now available on the city's website. The city recently launched a new map application that allows users to search city-owned properties by City Council district, city department and street address.

Visit <https://www.phoenix.gov/news/finance/634> for more information.

2015 COPRA BOARD

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COPERS website.....	www.phoenix.gov/phxcopers
COPMEA website.....	www.copmea.com
City Retirement Systems (COPERS).....	(602) 534-4400
Human Resources - Benefits Section.....	(602) 262-4777
COPMEA.....	(602) 262-6858

Chronicle Article Deadline

Please be advised that the deadline for submitting articles for the Chronicle is the **20th day of the month** before you want the article to appear. Any member may submit material for publication, but the Editor determines what will appear in the final copy based on suitability and available space.

This is your Chronicle. Help us by submitting articles of general interest. Tell us about yourself, your family, a trip you've taken or an interesting hobby you have. Suggestions are always welcomed.

E-mail to: COPRAnewsletter@gmail.com

Or mail to: Mary Dysinger-Franklin, 6208 E. Desert Cove Ave, Scottsdale, AZ 85254

Disclaimer

Acceptance of advertisements or articles in the COPRA Chronicle does not constitute an endorsement by COPRA of goods or services.

MARCH COPRA CHRONICLE

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Glendale, AZ 85308-8303



2015 MEMBERSHIP MEETING ANNOUNCEMENTS

**Washington Activity Center
2240 W. Citrus Way, Phoenix, AZ**

March 26, 2015 at 1:30 pm - Retirement

May 21, 2015 at 1:30 pm - State of the City

October 15, 2015 at 1:30 pm - Healthcare

December Holiday 4 at 5 pm - Annual Holiday Party/Meeting (venue TBD)

Board meetings are at 10 am on the 2nd Thursday of the Month
Except for June, July and August