

Delaware Public Employees' Retirement System NEWSLETTER

Retiree Edition

December 2012

Annual Earnings Limit for Retirees Receiving a Service Pension

Effective January 1, 2013, individuals who have retired from an agency participating in the State Employees' Pension Plan (i.e. state agency, Delaware Solid Waste Authority, school district, charter school, Delaware Tech,

Delaware State University and certain employees of the University of Delaware) and who are subsequently in a casual/seasonal or substitute position with an agency participating in the Plan that meets the approved exception rule for positions to which retirees may return to work, shall be subject to an **annual earnings limit in these positions of \$19,240**. For Return to Work Criteria information please visit our website at www.delawarepensions.com.

If an individual does exceed the allowable earned income, the individual's state pension benefit will be reduced by \$1 for every \$2 earned over \$19,240. The deduction will begin in July of the year following the calendar year for which the earnings are reported. For example, deductions will begin July 2014 for January through December 2013 earnings in excess of \$19,240.

Should you have any questions, please feel free to contact the Office of Pensions at Pensionoffice@state.de.us, (302) 739-4208 or toll free (800) 722-7300.

New Prescription Plan for Medicare Eligible Retirees

Effective January 1, 2013, the prescription plan is changing for retirees and their dependents who are enrolled in Special Medicfill with Prescription coverage. The new plan is called Express Scripts Medicare PDP for the State of Delaware and is an *enhanced* Medicare Part D prescription plan. The enhanced plan will provide a comparable level of prescription coverage to what you currently enjoy. The State of Delaware and Express Scripts began mailing materials to Medicare eligible members in September. Welcome Kits were mailed to members enrolled in Special Medicfill with Prescription coverage in November. The Welcome Kit includes a new Express Scripts Prescription ID card. The new card is effective January 1, 2013, so please remember to present your new Express Scripts prescription card to your pharmacy the first time you have a prescription filled after January 1, 2013.

The Pension Office will be closed on the following dates:

New Years Day	Tuesday, January 1
Martin Luther King Jr Day	Monday, January 21
Good Friday	Friday, March 29
Memorial Day	Monday, May 27
Independence Day	Thursday, July 4



OFFICE OF PENSIONS

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Toll Free Long Distance

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E-mail Address: pensionoffice@state.de.us

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Telephone: **(302) 739-4208** Fax Number: **(302) 739-6129**

Annual Financial Reporting

After strong returns in fiscal 2011, investment markets were not as generous in the latest year. While the domestic economy improved modestly, Europe and the emerging economies experienced significant weakness, which pulled down investment returns. The Delaware Public Employees' Retirement System (System or DPERS) investment portfolio returned 2.0% gross of fees in Fiscal Year 2012. The total System's annualized returns for the last 5, 10, and 15 years are 3.9%, 7.6% and 7.3%, respectively. System investments are managed to control the downside risk to which assets are exposed, while maximizing long-term gain potential. This strategy positions the System to limit the impact of adverse market conditions. With the fact that market conditions are constantly changing, the Board, Investment Committee, and consultants are constantly monitoring DPERS' investment portfolio. It is important to remember that DPERS is a long-term investor with a time horizon that lasts over decades and that the investment portfolio is well diversified in many different asset classes.

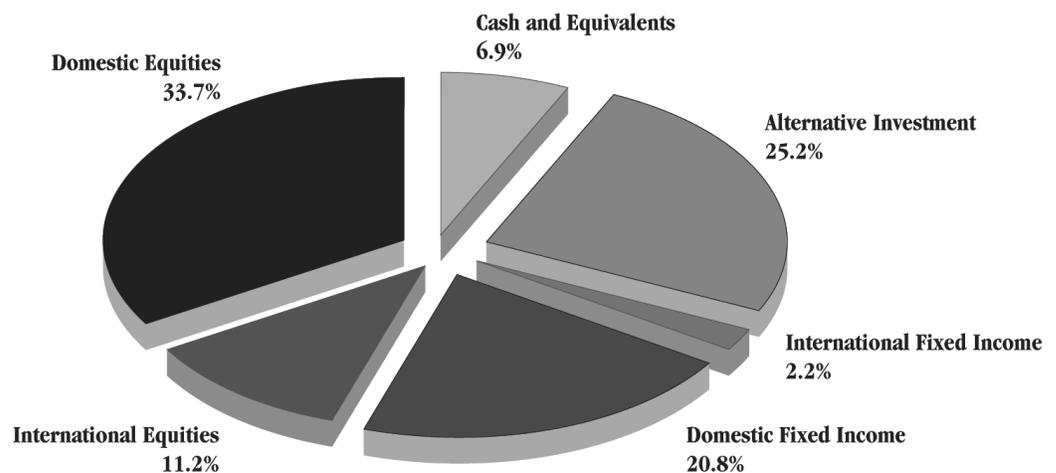
As a member of a DPERS pension plan, you participate in a Defined Benefit Plan, and your retirement benefits are paid out to you regardless of market events. When you retired, DPERS calculated your monthly pension benefit based on various factors such as years of service and salary, not investment results. DPERS takes responsibility for the management and investment of the trust fund and understands that markets will fluctuate. DPERS' investment policy seeks to minimize risk and provide returns over the long term.

During the past fiscal year, the system completed the implementation of a new financial reporting system.

Membership in the County & Municipal plans continues to grow. New members to the County and Municipal Police and Firefighters' Plans include: Town of Elsmere (also joining the County and Municipal COLA Fund), and Town of Selbyville (also joining the County and Municipal Other Employees' Plan). The City of Wilmington joined the County and Municipal Other Employees' Plan.

Asset Allocation

as of June 30, 2012



Annual Financial Reporting, continued...

The DPERS Comprehensive Annual Financial Report for the fiscal year ended June 30, 2011 was awarded the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting. In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. This is the sixteenth consecutive year that DPERS has received a Certificate of Achievement. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Pension Plan/Fund	Ending Market Value as of June 30, 2012 (in thousands)	Funding Status as of June 30, 2012
State Employees'	\$ 6,914,826	91.5%
Special Fund	320	138.6%
New State Police	281,309	90.0%
Judicial	56,722	89.9%
County & Municipal Police & Firefighters'	175,520	96.2%
County & Municipal Other Employees'	23,496	94.7%
Volunteer Firemen's Fund	14,172	49.7%
Diamond State Port Corporation	18,208	82.2%
Closed State Police	2,475	.9%

the Closed State Police Plan is a pay-as-you-go plan.

In addition, the Public Pension coordinating Council (PPCC) granted the System the Public Pension Standards Award for 2011. The major PPCC goal is to promote excellence in plan design and administration among state and local public retirement systems. The Public Pension Standards considered include: comprehensive benefit programs, funding adequacy, receipt of GFOA award in current year, independent actuarial valuation, independent audit review resulting in an unqualified opinion from the auditor, independent investment performance evaluation, adoption of written fiduciary standards by Board and Investment Committee, and communications with membership.

2012 Tax Documents and Retiree Annual Statements

Forms 1099-R, 1099-MISC & W-2

Your 2012 tax documents are scheduled to be mailed no later than January 31, 2013. Retirees who received a benefit payment from the State of Delaware Office of Pensions in 2012 will receive either a 1099-R, 1099 MISC or W-2 Form stating information about that payment. You will need this information to complete your 2012 tax returns. Some retirees may receive more than one of the above listed forms if they received more than one type of payment; for instance, if they received a payment as a beneficiary of another member's benefit and monthly benefit payments from their own retirement. If you wish to make any changes to your tax deductions, go to our website at www.delawarepensions.com and fill out a Tax Withholding Election Form (TWE) and submit it to the Pension Office.

Retiree Annual Statements

Your RAS (Retiree Annual Statement) is scheduled to be mailed in mid to late winter. Retirees who received monthly benefit payments as of 12/31/12 will receive a personalized statement. The statement will list the Survivor Entitlement selected at retirement, Benefit Options and Plan Options.

Carefully Review your Mailings

When you receive your documents, please review them carefully. If you have any questions regarding your Tax Documents or your Retiree Annual Statement, please contact our office.

Upcoming Pension Benefit Check Dates:

Thursday, January 31, 2013

Thursday, February 28, 2013

Thursday, March 29, 2013

Tuesday, April 30, 2013

Friday, May 31, 2013

Friday, June 28, 2013

Reminder: Pension benefits are payable on the last working day of each month.

Blue Cross Blue Shield of Delaware is NOW Highmark Blue Cross Blue Shield Delaware (*Highmark Delaware*)

Blue Cross Blue Shield of Delaware has changed its name to Highmark Blue Cross Blue Shield Delaware (Highmark Delaware) to reflect their affiliation with Pennsylvania-based Highmark, Inc., which was approved by the State's Department of Insurance in 2011.

Their current relationships with members and providers will remain the same, and their employees will continue to provide the same high level of service that members and providers have come to expect.

As part of this introduction, Highmark Delaware is launching a comprehensive advertising campaign, and driving the Highmark Delaware truck through Delaware. The truck is stopping at different

locations in the state so that you can learn more about Highmark Delaware. Giveaways, health screenings, interactive demonstrations, game and wellness information for visitors is part of the truck tour.

Moving forward, Highmark Delaware will continue to provide updates to their new web address at www.highmarkbcbsde.com. Put them on your favorite list. Customer Services can be reached at 1-800-633-2563 or 302-429-0260. Should you have other concerns, please contact staff at Statewide Benefits at 302-739-8331 or 1-800-489-8933.

Identification Cards for Members of Highmark Blue Cross Blue Shield Delaware (*Highmark Delaware*), formerly known as Blue Cross Blue Shield of Delaware (BCBSD)

In June 2012, you received a new Identification (ID) Card from Blue Cross Blue Shield of Delaware, now Highmark Blue Cross Blue Shield Delaware, because the prefix (the three letters that precede the six digit ID number) changed for some members effective July 1, 2012.

Members enrolled in the Blue Care HMO have a new prefix of "SAI". Members of the Special MedicFill Plan have a new prefix of "SDE". Members of other plans, CDH Gold, PPO Comprehensive, and First State Basic were also issued a new ID Card, however, their prefix did not change.

To ensure claims process correctly, destroy your old ID Card and use your new ID Card for all services at physician's and therapist's offices, hospital, clinics, labs, etc. You should show your ID Card each time you or a family member receives services.

If you have not begun to use your new ID Card, please do so today. If you did not receive your new ID card or need an additional card, please contact Highmark Delaware's Customer Services at 1-800-633-2563 or 302-429-0260.

REMINDER – Lab Services for Non-Medicare/Special MedicFill Members

Aetna members: The participating provider is Quest Diagnostics.

Highmark Blue Cross Blue Shield Delaware (formerly Blue Cross Blue Shield of Delaware) members: The participating provider is Lab Corp.

Members of Aetna's HMO Plan or Highmark Blue Cross Blue Shield Delaware's HMO/IPA/Blue Care Plan are responsible for the entire cost when using a non-participating provider. Members of other health care plans, when using non-participating providers, may be balance billed the difference between the charged amount and the allowed amount.

Find a lab near you at <http://ben.omb.delaware.gov/medical/>