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October 14, 2008

Members and Retirees of the District of Columbia Retirement Board:

With the stock market in turmoil, it is understandable that you may be concerned with the well-being of our retirement plan. As the Chairman of the District of Columbia Retirement Board (DCRB) and an active member in the retirement system, I would like to reassure you that in these challenging economic times, our pension plan is safe and secure with DCRB for the following reasons:

- The pensions under the District of Columbia Police Officers' and Firefighters' Retirement Plan and the District of Columbia Teachers' Retirement Plan are guaranteed by District of Columbia law. **Pensions cannot be reduced due to investment losses.** For retired members, this means you will continue to receive retirement checks on schedule, regardless of market performance.

- DCRB's investments are diversified; therefore, **investment performance does not hinge on any one investment or on any one firm's success or failure**. Active participants should not worry that their current contributions may diminish in value, because DCRB has hired the best investment managers to select sound investment opportunities for meeting the long-term objectives of our plans.

- Furthermore, **DCRB takes a long-term approach to investments** and uses a "smoothing" technique, which helps us to withstand challenging financial times. The "smoothing" of investment returns over three years helps to reduce the impact of market fluctuations on our pension plan.

Lyle M. Blanchard • Diana K. Bulger • Barbara Davis Blum • Joseph W. Clark • Mary A. Collins • Shireen L. Dodson • Lasana K. Mack • Judith C. Marcus • Darrick O. Ross • George R. Suter • Thomas N. Tippett • Micheal J. Warren

Brian K. Lee
Chairman

Eric O. Stanchfield
Executive Director

- The retirement benefits for all participants who retired prior to July 1, 1997, are covered 100% by the federal government.

Also, our plans are defined benefit plans, which means that your pension benefit is determined by a formula which includes your age, years of service, and salary – not investment returns. This is different than a defined contribution plan (like a 401k plan), which is based on contributions and investment earnings on those contributions. DCRB is not the only fund to be affected by recent market turmoil; we are still safe, secure, and keeping pace with the other funds in the industry. When the markets turn around, we will all benefit from the upswing.

We also have posted a message on our website, entitled "DCRB Weathers the Financial Storm." You may view this update, along with a link to a helpful recent article by the National Association of State Retirement Administrators (NASRA), on the first page of our website at: www.dcrb.dc.gov. Please feel free to contact Katie Schultz, Special Projects Assistant at DCRB, with further questions or comments at: katie.schultz@dc.gov

In times like these it is important you know that I, along with the other Board Trustees, act with the utmost integrity, sound policy, fiscal prudence and decisive leadership to protect your hard earned retirement income.

Thank you and take care,

Brian K. Lee
Active Firefighter Trustee
Chairman of the DC Retirement Board

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