

# Select Committee on Pension Policy

## Regular Executive Committee Meeting

September 18, 2007

9:00 a.m. - 10:00 a.m.

12:30 p.m. - 2:30 p.m.

Senate Conference Rooms A/B/C

Olympia

### AGENDA

#### 9:00 a.m. - 10:00 a.m.

- 9:00 a.m.      **(A) Approval of Minutes**
- 9:05 a.m.      **(B) Today's Full Committee Agenda**
- 9:15 a.m.      **(C) Constituent Correspondence**
- 9:20 a.m.      **(D) Economic Assumptions**
- Washington State Investment Board Return Simulations
- 10:00 a.m.     **(E) Adjourn**

#### 12:30 p.m. - 2:30 p.m.

- 12:30 p.m.     **(F) Direction on Today's Issues**
- 1:30 p.m.      **(G) TRS 2/3 "Final-Year Contracts"**
- 1:50 p.m.      **(H) TRS and SERS 2/3 "Half-Year Contracts"**
- 2:10 p.m.      **(I) October Meeting Agenda**
- 2:25 p.m.      **(J) State Actuary Evaluation**
- 2:30 p.m.      **(K) Adjourn**

**\*Elaine M. Banks**  
*TRS Retirees*

**Representative Barbara Bailey**

**Lois Clement**  
*PERS Retirees*

**\*Representative Steve Conway,**  
**Chair**

**Representative Larry Crouse**

**Charles E. Cuzzetto**  
*TRS and SERS Employers*

**\*Randy Davis**  
*TRS Actives*

**Representative Bill Fromhold**

**Senator Janea Holmquist**

**Robert Keller**  
*PERS Actives*

**\*Sandra J. Matheson,** Director  
*Department of Retirement Systems*

**Corky Mattingly**  
*PERS Employers*

**Doug Miller**  
*PERS Employers*

**Victor Moore,** Director  
*Office of Financial Management*

**Senator Ed Murray**

**\*Glenn Olson**  
*PERS Employers*

**Senator Craig Pridemore**

**\*Senator Mark Schoesler,**  
**Vice Chair**

**J. Pat Thompson**  
*PERS Actives*

**David Westberg**  
*SERS Actives*

**\* Executive Committee**

(360) 786-6140

Fax: (360) 586-8135

TDD: 1-800-635-9993

## A. Approval of Minutes

# Select Committee on Pension Policy

P.O. Box 40914  
Olympia, WA 98504-0914  
actuary.state@leg.wa.gov

## REGULAR EXECUTIVE COMMITTEE MEETING DRAFT MINUTES

August 14, 2007

The Select Committee on Pension Policy met in Senate Conference Rooms A/B/C, Olympia, Washington on August 14, 2007

### Committee members attending:

Representative Conway, Chair  
Senator Schoesler, Vice Chair  
Elaine Banks  
Randy Davis  
Sandra Matheson  
Glenn Olson

### Other members attending:

Charles Cuzzetto  
Doug Miller

### Morning Session

Representative Conway, Chair, called the meeting to order at 9:05 a.m.

#### (A) Approval of Minutes

*It was moved to approve the July 17, 2007 Executive Committee Draft Minutes. Seconded.*

**MOTION CARRIED**

#### (B) Today's Full Committee Agenda

Agenda approved as proposed.

#### (C) Constituent Correspondence

Committee members reviewed the "Constituent Correspondence."

#### (D) Assistant Attorney General's Report

Anne Hall, Assistant Attorney General, and Kyle Crews, Assistant Attorney General, reported to the committee and answered member questions.

**\*Elaine M. Banks**  
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**Representative Barbara Bailey**

**Lois Clement**  
*PERS Retirees*

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**Chair**

**Representative Larry Crouse**

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*PERS Employers*

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*Office of Financial Management*

**Senator Ed Murray**

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**Senator Craig Pridemore**

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**Vice Chair**

**J. Pat Thompson**  
*PERS Actives*

**David Westberg**  
*SERS Actives*

**\* Executive Committee**

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The meeting adjourned at 9:55 a.m. to attend the Full Committee meeting.

**Afternoon Session**

Representative Conway, Chair, called the meeting to order at 12:40 p.m.

**Committee members attending:**

Representative Conway, Chair  
Senator Schoesler, Vice Chair  
Elaine Banks  
Randy Davis  
Sandra Matheson  
Glenn Olson

**Other members attending:**

Representative Bailey  
Representative Crouse  
Charles Cuzzetto  
Representative Fromhold  
Robert Keller  
Corky Mattingly  
Doug Miller  
Victor Moore

**(F) Direction on Today's Issues**

Committee members discussed the Full Committee Meeting Agenda issues:

- OSA Review of Economic Assumptions
- OPEB Actuarial Valuation Report
- Disability Retirement
- Indexed \$150,000 Death Benefit
- Public Education Experience Program - Waiting Period

**(G) Fish and Wildlife Service Credit Transfer**

Laura Harper, Senior Research Analyst/Manager, reported on "Fish and Wildlife Service Credit Transfer." *Discussion followed.*

*It was moved to place the Fish & Wildlife Service Credit Transfer issue on the October 16, 2007 Full Committee agenda. Seconded.*

**MOTION CARRIED**

**(H) TRS and SERS 2/3 "Half-Year Contracts"**

Laura Harper, Senior Research Analyst/Manager, reported on "TRS and SERS 2/3 Half-Year Contracts." *Discussion followed.*

**(I) September Meeting Agenda**

The following issues will be placed on the September 18, 2007 Full Committee Agenda:

- Survivors of PERS 1 Inactive Members
- PERS to SERS Auto-Transfer
- Experience Study Overview
- Retiree Access to PEBB - Stakeholder Report
- Public Education Experience Program - Waiting Period

The following person testified:

*Wendy Radar-Konofalski*, Washington Education Association

The meeting adjourned at 2:20 p.m.

## B. Today's Full Committee Agenda

# Select Committee on Pension Policy

## Regular Committee Meeting

**September 18, 2007**

10:00 a.m. - 12:00 p.m.

Senate Hearing Room 4  
Olympia

### AGENDA

- 10:00 a.m.      **(1)    Approval of Minutes**
- 10:05 a.m.      **(2)    Survivors of PERS 1 Inactive Members, Darren Painter, Policy Analyst**
- 10:25 a.m.      **(3)    PERS to SERS Auto-Transfer, Darren Painter, Policy Analyst**
- 10:45 a.m.      **(4)    Experience Study Overview, Matthew M. Smith, State Actuary**
- 11:30 a.m.      **(5)    Retiree Access to PEBB - Stakeholder Report**

### EXECUTIVE SESSION

- 11:45 a.m.      **(6)    Public Education Experience Program - Waiting Period, Laura Harper, Policy and Research Services Manager**
- 12:00 p.m.      **(7)    Adjourn**

**\*Elaine M. Banks**  
*TRS Retirees*

**Representative Barbara Bailey**

**Lois Clement**  
*PERS Retirees*

**\*Representative Steve Conway,**  
**Chair**

**Representative Larry Crouse**

**Charles E. Cuzzetto**  
*TRS and SERS Employers*

**\*Randy Davis**  
*TRS Actives*

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**Robert Keller**  
*PERS Actives*

**\*Sandra J. Matheson, Director**  
*Department of Retirement Systems*

**Corky Mattingly**  
*PERS Employers*

**Doug Miller**  
*PERS Employers*

**Victor Moore, Director**  
*Office of Financial Management*

**Senator Ed Murray**

**\*Glenn Olson**  
*PERS Employers*

**Senator Craig Pridemore**

**\*Senator Mark Schoesler,**  
**Vice Chair**

**J. Pat Thompson**  
*PERS Actives*

**David Westberg**  
*SERS Actives*

**\* Executive Committee**

## C. Constituent Correspondence

## SELECT COMMITTEE ON PENSION POLICY

## EXECUTIVE COMMITTEE

Constituent Correspondence as of August 21, 2007

October 16, 2007

Received by OSA	From	To	Subject
1/4/2007	Amalgamated Transit Union Legislative Council	Joint (sic) Committee on Pension Policy	Actuarial reduction of PERS 2/3 disability pensions
1/16/2007	Barbara Wagner et al	Rep. Fromhold (with copy of 11/29/06 letter to DRS)	PERS 1 benefit cap
1/16/2007	Kim Webster	OSA, SCPP	PERS 1 benefit cap
1/18/2007	Mike Cunningham	OSA	Plan 3 retirement for teachers
1/21/2007	Sen. Karen Fraser	Matt Smith	Pension Protection Act of 2006
2/7/2007	Maria Nardella	SCPP, SCPP Staff	Out-of-state service credit
2/16/2007	Mike Hudson	Rep. Bob Hasegawa (copy provided)	Rule of 85, service credit for two jobs, converting PERS 2 service to PERS 1
3/12/2007	Thad Lindquist	Matt Smith	LEOFF 1 disability retirement
4/10/2007	Sen. Jim Honeyford	Matt Smith, Sen. Pridemore, SCPP	Past service credit for term-vested judges
5/2/2007	Elizabeth Knox	OSA, SCPP	Revocation of gain-sharing (Plan 3)
5/7/2007	John Kvamme (for WASA & AWSP)	Matt Smith	Plan 3 vesting Survivor benefits Plan 3 improvement Plan 1, 2 & 3 military service Plan 2 & 3 final year contract
5/17/2007	Tom Pillow (for WSPTA)	Senator Pridemore	WSPRS demographics Benefit changes paralleling LEOFF Plan 2 Death benefit changes WSPRS governance
5/21/2007	Dave Nelsen (DRS)	Matt Smith	Expanding Plan 1 Post-30-year contribution program Death while retirement eligible Veteran's benefits Endorsement of inactive, non-vested members

Received by OSA	From	To	Subject
5/22/2007	Wendy Rader-Konofalski (for WEA)	SCPP, SCPP Staff	TRS Out-of-State Service Credit PERS, SERS, & TRS 3 Vesting Rule of 85 Salary bonuses included in pension calculations Pre-tax health care benefits for retirees
5/22/2007	John Kvamme (for WASA & AWSP)	Matt Smith	Plan 3 vesting Survivor benefits Plan 3 improvement Plan 1, 2 & 3 military service Plan 2 & 3 final year contract Out-of-state service credit Plan 2 Access to PEBB
5/22/2007	Larry Scholl  Leslie Main (for WSSRA)	SCPP, SCPP Staff	TRS/PERS 1 uniform COLA adjustments TRS/SERS/PERS 2/3 Early retirement, Gain-sharing, and Vesting eligibility
5/24/2007	Dennis Eagle (for WFSE)	Senator Pridemore	Military Service Credit F&W Officers service credit transfer
5/29/2007	Ted Danielson	OSA	Military Service Credit
6/5/2007	Kelly Fox (LEOFF 2)	SCPP, SCPP Staff	Deferred Compensation Purchase of Annuity \$150,000 Death Benefit Military Service Death Benefit F&W Officers service credit transfer
6/6/2007	Sen. Derek Kilmer	SCPP, SCPP Staff	TRS half-time service-credit requirement
6/6/2007	Various Constituents	OSA	Gain-sharing
6/14/2007	Richard Warbrouck RFFW	Sen. Pridemore, Rep. Fromhold, Matt Smith	Survivor benefits

Constituent Correspondence as of August 21, 2007

October 16, 2007

Received by OSA	From	To	Subject
6/19/2007	WSSRA	At SCPP Meeting	TRS/PERS 1 uniform COLA adjustments
6/27/2007	Leslie Main (for WSSRA)	OSA	Amendment to PEBB enrollment 2nd chance request
7/5/2007	Various Constituents	OSA	Gain-sharing
6/29/2007	Ed Junbolm	SCPP	Questions regarding the legal status of the trust funds
7/16/2007	Don Bennett	SCPP	HECB staff option to participate in Higher Ed Retirement Plan
7/17/2007	Tom Pillow (for WSPTA)	SCPP	WSP survivor benefits
7/20/2007	Mike Paul	OSA	PERS 2 early retirement factors
7/25/2007	Tom Pillow (for WSPTA)	Rep. Conway	Economic assumptions
8/10/2007	Steve Davis (IBEW, Local 77)	SCPP	PERS 3
8/21/2007	Andrew Renggli	DRS/cc: SCPP	Appeal of DRS Corrective Action Dated Aug. 2, 2007
9/6/2007	John Kvamme	SCPP	Plans 2/3 Post-retirement employment

**Hyde, Elizabeth**

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**From:** sndavis [sndavis@iomet.com]  
**Sent:** Friday, August 10, 2007 1:07 PM  
**To:** Office State Actuary, WA  
**Subject:** pers 3

To the Select Committee on Pension Policy,

I would like to express my concerns about pers 3. When we were given the opportunity to switch to plan 3, we were given calculators provided by the D.R.S. to help us make our decision. We were also under the influence that plan 3 was the state's solution to help defer the penalties of retiring before age 65 for those of us who wanted to do so (because there was no penalty for drawing out our deferred contribution). Since then plan 2 has had two big improvements: The 30% deduct from 65 and now the 20% from 62. I feel like I have been unfairly manipulated into plan 3. Why would the state create a plan to draw us former plan 2 members into another plan and then improve the former plan to a point that makes us 3 members look foolish for switching?? Then there is gain shairing. The loss of gain sharing is one of the lowest blows possible, since it was part of our thought process for switching to plan 3. I suggest the state give us plan 3 members a chance to go back to plan 2, or run actuary numbers from plan 2, (as the early retirement penalties have been reduced drastically from 65% when we switched to plan 3 from 65 years of age, to 20% and no penalty after 62.) I think our lump sum that the state deposited in our deferred would be at least doubled if not tripled what was given to us at the time we all switched into plan 3. I have 24 years in the system and like many others we need to get this figured out. Please listen to our complaints, for they are justifiable.

Thank You,

Steve Davis  
I.B.E.W. Local 77 PERS reform committee member

Email: [sndavis@iomet.com](mailto:sndavis@iomet.com)

RECEIVED

AUG 17 2007

Office of  
The State Actuary

August 15, 2007

**SENT CERTIFIED MAIL – RETURN RECEIPT REQUESTED**

DRS Petition Examiner  
PO Box 48380  
Olympia, Washington 98504-8380

RE: Appeal of DRS Corrective Action Dated August 2, 2007

Dear Petition Examiner:

Several weeks ago, I contacted the Department of Retirement Systems requesting they verify whether my employment with King County between February of 1977 and September of 1977, when added to my employment with the State of Washington beginning February, 1980, qualified me for Public Employees' Retirement System, PERS 1.

After DRS staff checked with King County I was notified on July 26, 2007 that an audit of my PERS account was conducted. During the review it was determined that I was not granted service credit for employment with King County between March 1977 through September 1977.

On August 2, 2007 I received four letters from DRS:

The first indicated I owed: \$113.70 (2/80- 4/81 Not tax deferred)  
The second indicated I owed: \$452.16 (9/82- 8/84 Not tax deferred)  
The third indicated: \$-32,660.75 (9/84 – My contribution to PERS 2)  
The fourth indicated an amount due: \$63,037.16 (9/84 – Amount due to PERS 1)

Contacting your office again, I was informed all time segments were with my employment with the State of Washington. The first two amounts were for two different segments of time, both of which predate September 1984, both of which were taxed. The third and fourth letters were for amounts that I contributed by inappropriately being put into PERS2 (\$-32,660.75) and an amount representing the amount still owing to PERS1 (\$63,037.16). But these amounts were after September 1984 and were tax deferred.

My original discussions with DRS staff indicated I would be receiving a small bill for the employee's share of the retirement benefit from King County and a larger bill from the State of Washington. This is not the case. King County has not billed me. I conclude that King County has not billed me because I was appropriately included in PERS 1 in a covered position in their system in February of 1977. When I started with the State of Washington I was incorrectly put in PERS 2 by DRS. When I returned to State employment in September of 1982 I was again

incorrectly placed in PERS 2. When I returned to the State again in 1997, I was incorrectly put into the PERS 2 plan a third time.

My incorrect placement in PERS 2 was done three times. The Department of Retirement System manages King County's and the State's retirement plan. Each time I started with the State, my enrollment in the correct retirement plan should have been verified. Currently, my State of Washington earnings statement still indicates I am in PERS 2. Also, my anniversary date is listed as 8/23/1984. I do not understand that anniversary date. As you can see, my original start date with the State of Washington was February of 1980.

In summary, I believe I was appropriately put in PERS 1 by King County in 1977. At least three times, the Department of Retirement Systems incorrectly placed me in PERS 2. Each time DRS should have verified my enrollment in the correct plan. DRS manages both the King County and the State of Washington retirement plan. I brought this issue to the Department of Retirement System's attention. As such, at this date, as I prepare for retirement, it is neither fair nor equitable to charge me \$30,942.27 for mistakes that I did not make, but rather brought to the attention of DRS for their consideration and correction.

Under the doctrine of equitable estoppel, I believe the State should be stopped from seeking recovery from me of any additional monies because DRS had the information available to them to have correctly maintained me in PERS 1 since I began employment. Additionally, this would be a severe financial hardship on my family and me as I have two children in college and I am responsible for their expenses.

The specific relief I seek is:

1. Remove me from PERS 2 and correctly place me in PERS 1
2. Cancel all previous invoices for any retroactive charges.
3. Adjust my account to reflect the correct member months.
4. Either adjust or explain my currently listed anniversary date of 08/23/1984

Very truly yours,



Andrew J. Renggli  
6059 Sycamore Ave NW  
Seattle WA 98107  
536-50-6716

Cc:

Matthew Smith, State Actuary  
Select Committee on Pension Policy ✓  
Mariann Schols, Chief  
DSHS Office of Accounting Services  
Susan Lucas, Director  
DSHS HRSA Division of Rates and Finance



STATE OF WASHINGTON  
DEPARTMENT OF RETIREMENT SYSTEMS

PO Box 48380 • Olympia WA 98504-8380 • (360) 664-7000 • Toll Free 1-800-547-6657

June 5, 2007

ANDREW RENGGLI  
6059 SYCAMORE AVE NW  
SEATTLE WA 98107

Dear Mr. Renggli:

Re: Additional Eligible Service  
SS#: XXX-XX-6716

Thank you for your recent correspondence regarding your employment with King County for the period of February 1977 through September 1977.

Eligibility determination and Verification of Employment forms have been sent to your employer regarding this period. Please note that the records of your employment with this employer may be in Archives (storage) and may take a while to retrieve. After we have received the completed documents, we will make a determination and inform you of the results.

If you do not hear from Department of Retirement Systems within a reasonable period of time, please contact the King County payroll office at (206) 684-1957 to determine if they have responded to our inquiry.

If you have additional questions, please feel free to call me at 1-800-547-6657 extension #47334, or write to the above address.

Sincerely,

MALIA BONHAM  
Retirement Services Analyst

PLEASE REFER TO SS#, RETIREMENT SYSTEM AND PLAN ON ALL CORRESPONDENCE





STATE OF WASHINGTON  
DEPARTMENT OF RETIREMENT SYSTEMS

PO Box 48380 • Olympia WA 98504-8380 • (360) 664-7000 • Toll Free 1-800-547-6657

July 26, 2007

ANDREW RENGGLI  
6059 SYCAMORE AVE NW  
SEATTLE WA 98107

Dear Mr. Renggli:

RE: Additional Eligible Service  
SSN: XXX-XX-6716

Recently, an audit of your Public Employees' Retirement System (PERS) account was conducted. During this review, it was determined that you were not granted service credit for March 1977 through September 1977. Your employer for this time period, King County, supplied us with the necessary information that allowed us to make the determination that you were eligible for service credit, as well as PERS Plan 1.

A plan transfer which creates a contribution arrears billing, that does not include interest will take place. An arrears bill is being processed to recover the contributions that should have been paid for this employment period. Another bill will be for additional contributions due to the plan change.

This determination represents six service credit months. You will receive additional correspondence from the Department of Retirement Systems about this change, notification from your employer about arrears contributions and an updated service credit statement once the plan transfer is complete.

Enclosed is a PERS Plan 1 member handbook which details the benefits of this plan. If you have additional questions, please feel free to contact me at (360) 664-7334, or toll-free at (800) 547-6657, extension #47334, or via email [maliab@drs.wa.gov](mailto:maliab@drs.wa.gov).

Sincerely,

MALIA BONHAM  
Retirement Services Analyst  
Public Employees' Retirement System

Enclosure



## Burkhart, Kelly

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**From:** Smith, Matt  
**Sent:** Thursday, September 06, 2007 5:20 PM  
**To:** Winner, Charlene  
**Cc:** Burkhart, Kelly  
**Subject:** FW: Plan 2 & 3 Postretirement Employment  
**Attachments:** 1946344799-Plan 2 & 3 Postretirement Employment.doc

[Constituent correspondence.](#)

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**From:** john kvamme [mailto:jekvamme@yahoo.com]  
**Sent:** Thursday, September 06, 2007 11:03 AM  
**To:** Smith, Matt; Conway, Rep. Steve  
**Subject:** Plan 2 & 3 Postretirement Employment

TO: SCPP Chairman Rep. Steve Conway and State Actuary Matt Smith

FROM: John Kvamme, WASA & AWSP Consultant

DATE: September 6, 2007

RE: Plan 2 & 3 Postretirement Employment

Attached is a memo I have addressed to the SCPP Chairman Steve Conway and the members of the committee. I would appreciate if this memo could be included in both the regular and executive committee packets for the September 18 SCPP meetings.

Thank you for your consideration of this request.

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Boardwalk for \$500? In 2007? Ha!

[Play Monopoly Here and Now](#) (it's updated for today's economy) at Yahoo! Games.

TO: Select Committee on Pension Policy Chairman Steve Conway and Committee Members

FROM: John Kvamme, WASA & AWSP Consultant

DATE: September 5, 2007

RE: Plan 2 and 3 Postretirement Employment

With passage of the gain-sharing trade-off bill, EHB 2391, a provision regarding Plan 2 and 3 postretirement employment was added in the House without stakeholder input during the bill's final passage.

This issue forbids Plan 2 and 3 members that take advantage of the new alternate early retirement provisions in the bill to participate in any postretirement public employment until reaching the age of 65. This includes such areas as substitute teaching, working in higher education and other part time public employment.

Plan 2 and 3 retirees have never been able to participate in Retire/Rehire. Retire/Rehire has been limited to Plan 1 members. Plan 2 and 3 members have been limited to 867 hours a year of postretirement public employment since the inception of those plans, however, now, beginning in 2008, members taking advantage of the new alternate early retirement are forbidden any hours.

This added negative provision could impact the availability of substitutes and part time help within various public employment sectors.

We recommend that the SCPP examine this issue and consider legislation that would reverse this provision.

## D. Economic Assumptions

# Economic Assumptions

Washington State Investment Board return simulations. Gary Bruebaker presenting.



## **Select Committee on Pension Policy Executive Committee**



**Gary Bruebaker, Chief Investment Officer**

**Washington State Investment Board  
Investment Return Assumptions  
September 18, 2007**

## Asset Allocation Return Assumptions for 2007

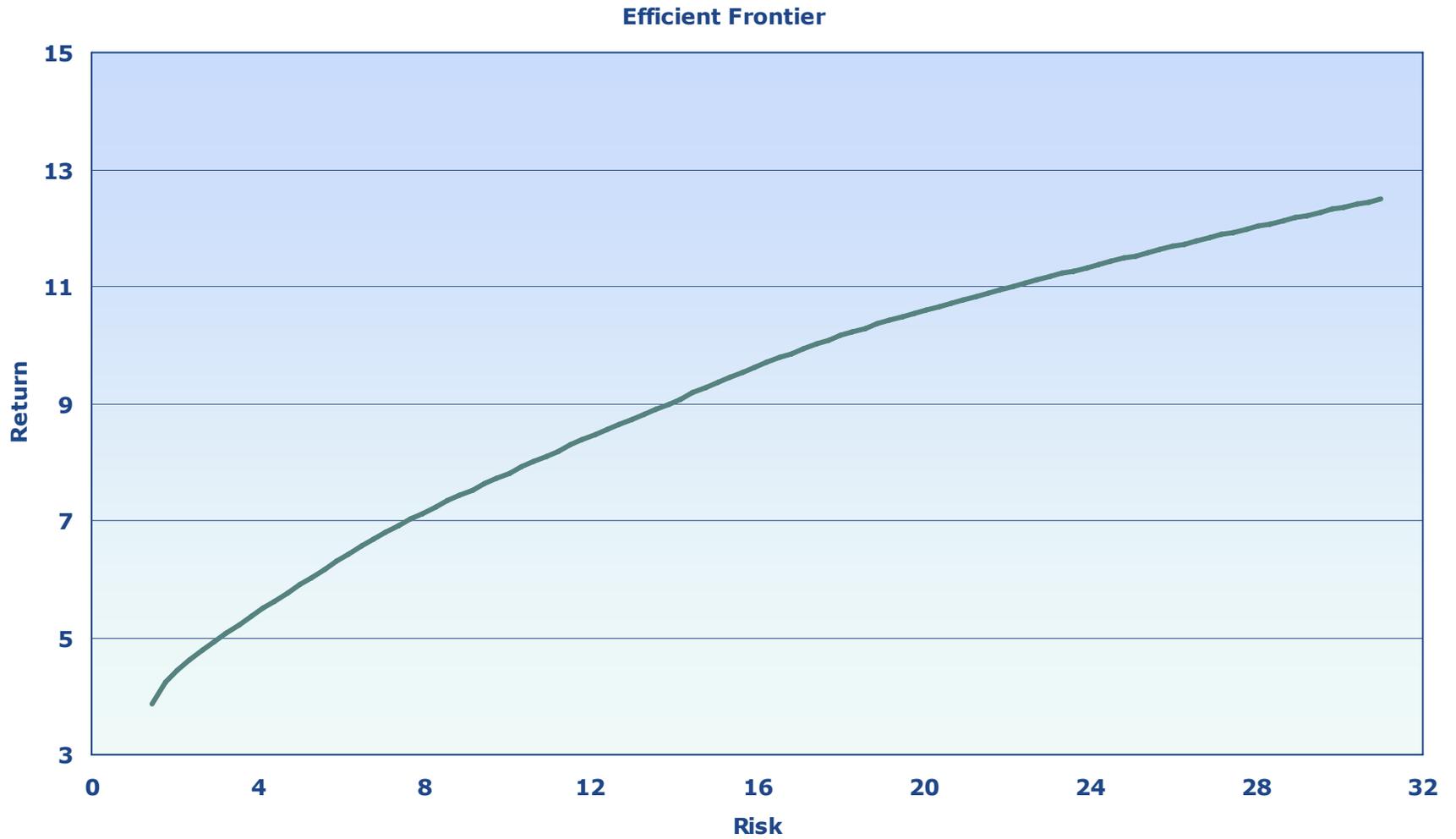
	Callan's Projections		PCA's Projections		Russell's Projections		Ennis Knupp's Projections		RV Kuhns' Projections		Wilshire's Projections		Average of Consultants	
	Return	Risk	Return	Risk	Return	Risk	Return	Risk	Return	Risk	Return	Risk	Return	Risk
<b>U.S. Equity</b>	9.00	16.90	9.00	15.00	8.50	17.10	8.60	16.40	8.05	16.75	9.40	16.00	8.76	16.36
<b>International Equity</b>	9.20	20.10	9.00	18.50	8.50	18.60	8.60	18.50	8.25	18.00	9.70	18.00	8.88	18.62
<b>Global Equity</b>	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
<b>Fixed Income</b>	5.25	4.50	5.25	5.00	5.40	3.60	5.60	6.60	5.00	4.50	5.37	5.00	5.31	4.87
<b>TIPS</b>	NA	NA	5.00	4.50	5.70	4.40	NA	NA	4.75	4.75	5.17	6.00	5.16	4.91
<b>Private Equity</b>	12.00	34.00	12.50	32.00	11.40	35.10	13.90	30.70	12.75	32.00	15.22	29.00	12.96	32.13
<b>Real Estate</b>	7.60	16.50	7.00	10.00	8.40	15.00	7.40	11.10	7.50	9.25	7.47	12.50	7.56	12.39
<b>Cash</b>	4.00	0.80	4.50	2.00	5.20	4.10	NA	NA	3.25	1.00	3.00	1.00	3.99	1.78
<b>Inflation</b>	2.75		2.50		2.90		2.40		2.50		2.25		2.55	

	WSIB's 2005		WSIB's 2006		WSIB's 2007	
	Return	Risk	Return	Risk	Return	Risk
<b>U.S. Equity</b>	8.50	17.50	8.50	17.50	8.50	17.00
<b>International Equity</b>	8.50	19.00	8.50	19.00	8.50	18.25
<b>Global Equity</b>					8.50	16.58
<b>Fixed Income</b>	5.00	5.00	5.00	5.00	5.25	5.00
<b>TIPS</b>	4.75	5.00	4.75	5.00	5.00	5.00
<b>Private Equity</b>	11.50	33.00	12.50	33.00	12.50	31.00
<b>Real Estate</b>	7.75	16.00	7.75	14.00	8.00	14.50
<b>Cash</b>	3.25	1.50	3.25	1.50	3.50	1.75
<b>Inflation</b>	2.75		2.75		2.50	

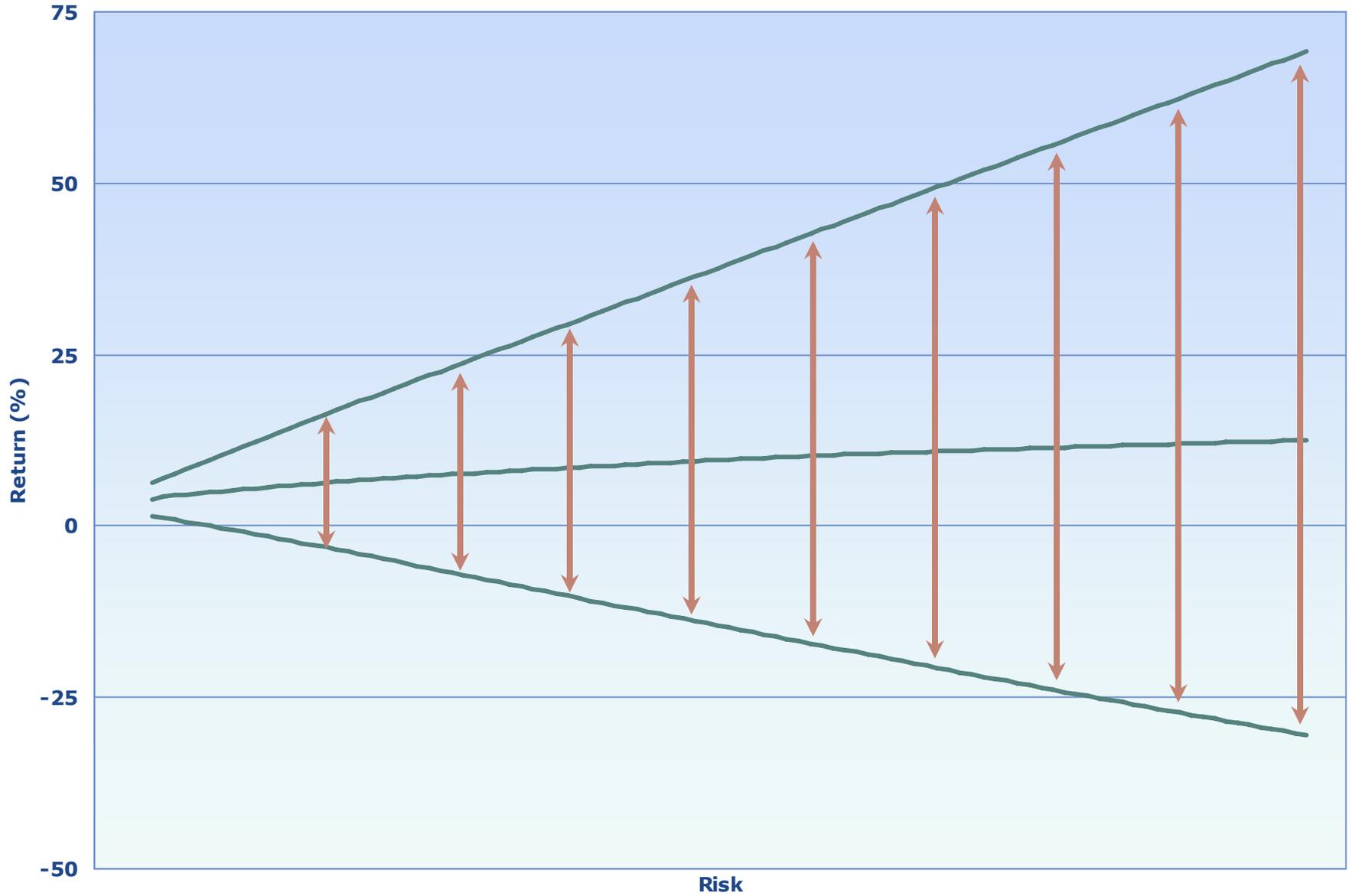
## Correlation Assumptions

Callan									Russell									
	U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation		U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation	
<b>U.S. Equity</b>	<b>1.00</b>								<b>U.S. Equity</b>	<b>1.00</b>								
<b>Non U.S. Equity</b>	0.70	<b>1.00</b>							<b>Non U.S. Equity</b>	0.63	<b>1.00</b>							
<b>Fixed Income</b>	0.20	0.15	<b>1.00</b>						<b>Fixed Income</b>	0.19	0.13	<b>1.00</b>						
<b>TIPs</b>				<b>1.00</b>					<b>TIPs</b>	0.15	0.15	0.66	<b>1.00</b>					
<b>Private Equity</b>	0.68	0.64	0.15		<b>1.00</b>				<b>Private Equity</b>	0.51	0.32	0.10	0.08	<b>1.00</b>				
<b>Real Estate</b>	0.54	0.47	0.17		0.44	<b>1.00</b>			<b>Real Estate</b>	0.17	0.08	0.07	0.26	0.09	<b>1.00</b>			
<b>Cash</b>	-0.12	-0.25	0.30		0.07	-0.06	<b>1.00</b>		<b>Cash</b>	0.12	0.12	0.22	0.67	0.06	0.19	<b>1.00</b>		
PCA									Wilshire									
	U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation		U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation	
<b>U.S. Equity</b>	<b>1.00</b>								<b>U.S. Equity</b>	<b>1.00</b>								
<b>Non-U.S. Equity</b>	0.60	<b>1.00</b>							<b>Non-U.S. Equity</b>	0.77	<b>1.00</b>							
<b>Fixed Income</b>	0.00	0.00	<b>1.00</b>						<b>Fixed Income</b>	0.29	0.05	<b>1.00</b>						
<b>TIPs</b>	-0.25	-0.25	0.50	<b>1.00</b>					<b>TIPs</b>	-0.05	0.05	0.20	<b>1.00</b>					
<b>Private Equity</b>	0.75	0.60	-0.20	-0.35	<b>1.00</b>				<b>Private Equity</b>	0.73	0.61	0.30	0.01	<b>1.00</b>				
<b>Real Estate</b>	0.20	0.10	-0.10	-0.20	0.10	<b>1.00</b>			<b>Real Estate</b>	0.34	0.24	0.24	0.16	0.32	<b>1.00</b>			
<b>Cash</b>	0.00	-0.05	0.15	0.20	0.10	0.20	<b>1.00</b>		<b>Cash</b>	0.00	-0.09	0.10	0.15	0.00	0.02	<b>1.00</b>		
RV Kuhns									Ennis Knupp									
	U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation		U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation	
<b>U.S. Equity</b>	<b>1.00</b>								<b>U.S. Equity</b>	<b>1.00</b>								
<b>Non-U.S. Equity</b>	0.75	<b>1.00</b>							<b>Non-U.S. Equity</b>	0.71	<b>1.00</b>							
<b>Fixed Income</b>	0.25	0.05	<b>1.00</b>						<b>Fixed Income</b>	0.20	0.19	<b>1.00</b>						
<b>TIPs</b>	-0.10	-0.10	0.70	<b>1.00</b>					<b>TIPs</b>				<b>1.00</b>					
<b>Private Equity</b>	0.60	0.40	0.00	0.00	<b>1.00</b>				<b>Private Equity</b>	0.90	0.63	0.06		<b>1.00</b>				
<b>Real Estate</b>	0.30	0.20	-0.15	0.30	0.05	<b>1.00</b>			<b>Real Estate</b>	0.59	0.44	0.58		0.44	<b>1.00</b>			
<b>Cash</b>	0.00	-0.05	0.10	0.00	0.00	0.40	<b>1.00</b>		<b>Cash</b>							<b>1.00</b>		
Average									Recommendation for 2007									
	U.S. Equity	Non-U.S. Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation		U.S. Equity	Non-U.S. Equity	Global Equity	Fixed Income	TIPs	Private Equity	Real Estate	Cash	Inflation
<b>U.S. Equity</b>	<b>1.00</b>								<b>U.S. Equity</b>	<b>1.00</b>								
<b>Non-U.S. Equity</b>	0.69	<b>1.00</b>							<b>Non-U.S. Equity</b>	0.70	<b>1.00</b>							
<b>Global Equity</b>									<b>Global Equity</b>	0.80	0.85	<b>1.00</b>						
<b>Fixed Income</b>	0.19	0.10	<b>1.00</b>						<b>Fixed Income</b>	0.25	0.15	0.20	<b>1.00</b>					
<b>TIPs</b>	-0.06	-0.04	0.52	<b>1.00</b>					<b>TIPs</b>	0.00	0.00	0.00	0.40	<b>1.00</b>				
<b>Private Equity</b>	0.70	0.53	0.07	-0.07	<b>1.00</b>				<b>Private Equity</b>	0.70	0.65	0.68	0.15	0.00	<b>1.00</b>			
<b>Real Estate</b>	0.36	0.26	0.14	0.13	0.24	<b>1.00</b>			<b>Real Estate</b>	0.40	0.35	0.38	0.20	0.15	0.35	<b>1.00</b>		
<b>Cash</b>	0.00	-0.06	0.17	0.26	0.05	0.15	<b>1.00</b>		<b>Cash</b>	0.05	-0.10	0.00	0.15	0.25	0.00	0.15	<b>1.00</b>	

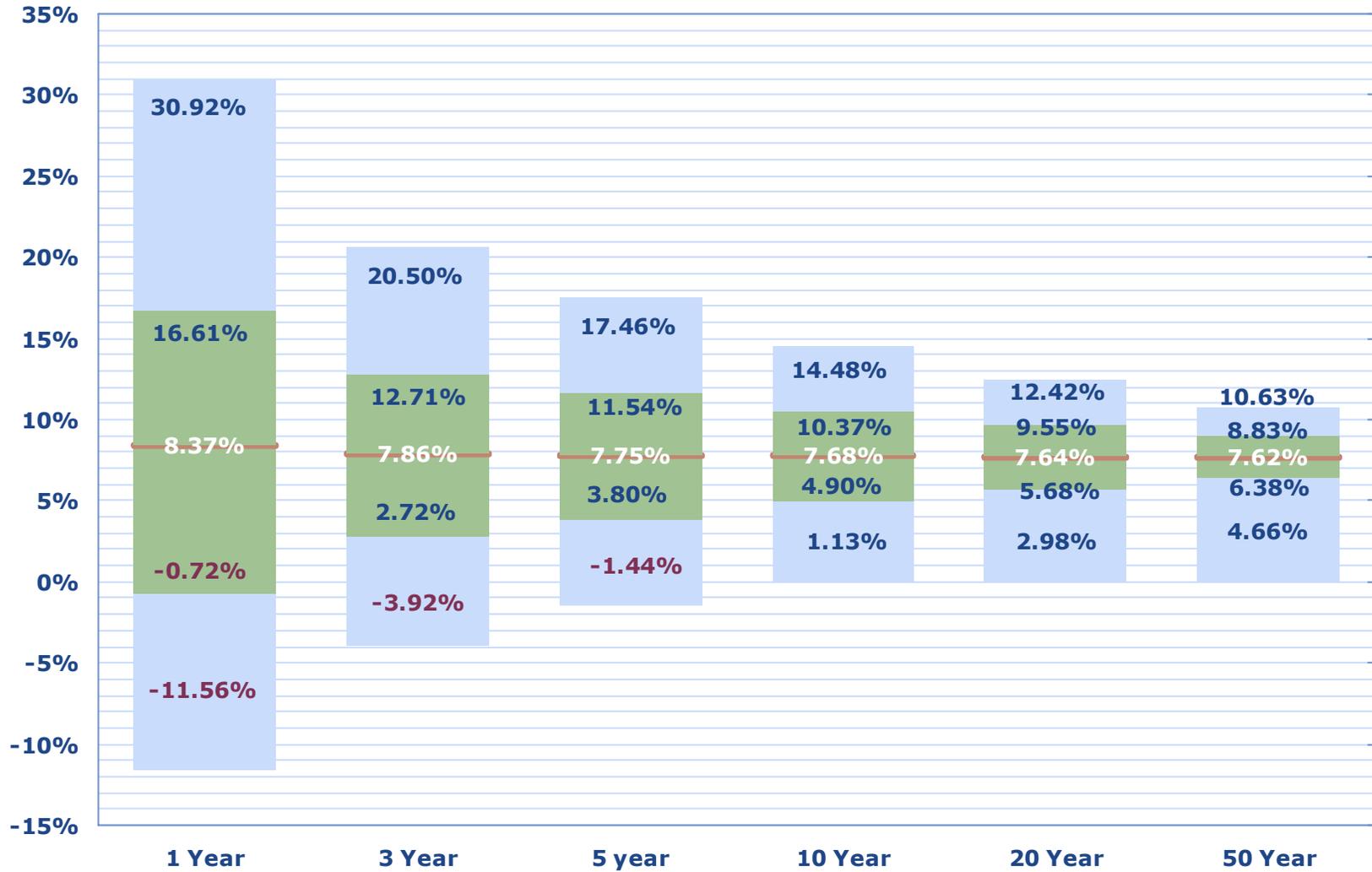
**The Asset Allocation decision is part art and part science – there is no single right answer.**



### Efficient Frontier with Return Volatility Added



### CTF Expected Return Using a 90% Confidence Level



## F. Direction on Today's Issues

# Direction on Today's Issues

## Issue

- (2) Survivors of PERS 1 Inactive Members
- (3) PERS to SERS Auto-Transfer
- (4) Experience Study Overview
- (5) Retiree Access to PEBB - Stakeholder Report

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## G. TRS 2/3 “Final-Year Contracts”

## TRS 2/3 “Final Year Contracts”

No handout provided. As of August 23, 2007, the stakeholder representative (John Kvamme) reported to OSA staff that he is considering withdrawing the request. He further stated that he would be willing to speak to this on September 18, 2007.

## H. TRS and SERS “Half-Year Contracts”

## In Brief

### ISSUE

*Senator Kilmer is requesting a change to service credit statutes for TRS and SERS to better accommodate a constituent who works full time in a job-sharing arrangement for five months of a school year.*

# TRS and SERS 2/3 “Half-Year Contracts”

## Current Situation

Currently service credit for TRS and SERS members is handled with more flexibility than for most PERS members due to the differences in scheduling for employees working in public education. In TRS and SERS, service credit is awarded based on the following methods:

1. Twelve-month method (full-time teachers):  
810 hours and 9 months = 12 months of service
2. Six-month method (half-time teachers):  
630 hours and 9 months = 6 months of service
3. Month-by-month method:

Less than 9 months = 1 month for each month worked

*(Note: There are about 3,000 active PERS 1 employees who work in school districts. These same rules apply to them, although they were not the subject of Senator Kilmer's proposal.)*

The current system bases service credit on both the number of hours and the number of months worked. In no instance are members allowed to receive more than one service credit month in any calendar month. Also, in order to receive service credit, the member must be employed. Teachers who do not come to work during every month of the calendar year are still considered to be employed because they have a contract for the entire year.

Service credit is awarded as it is earned, not as salary is paid. Thus a teacher whose salary is not annualized and who does not come to work in July and August can still earn service credit for July and August as long as the teacher is under contract for those months. Most teacher contracts expire at the end of August.

Currently, the service credit statutes and rules accommodate teachers who work half-time for an entire school year by awarding them six months of service credit. However, there is no current provision to accommodate teachers who work full time for one-half of the school year

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– such teachers can only use the “month-to-month” method for determining their service credit.

## Example

Senator Kilmer's constituent works for five months in a full time “job-share” that lasts for one-half of the school year. During the five-month period this constituent works more than 630 hours, but because she only works for five months, the constituent does not fit the criteria for receiving six months of service credit under the “six-month” method. This is because the method was only designed to accommodate employees working less than full time for an entire school year. This constituent must therefore use the “month-by-month” method to receive five months of service credit, i.e. one for each month worked.

## Procedural History

The full SCPP received a short briefing on this proposal at its July 17, 2007, meeting. The Executive Committee further discussed the matter at its August 14, 2007, meeting. Representative Cuzzetto expressed the view that it would be useful to accommodate job-sharing in the service credit provisions. The Chair asked Representative Fromhold, DRS Director Matheson, and SCPP Member Representative Cuzzetto to look at this issue in more depth and bring back a recommendation.

## Recommendation

Adding the following statutory language would accommodate Senator Kilmer's constituent, facilitate job-sharing and half-year contracts, and maintain consistency with existing service credit statutes and rules:

*“A member employed in an eligible position or as a substitute teacher for five months of a six-month period between September through August of the following year who earns earnable compensation for six hundred and thirty or more hours will receive one service credit month for each month of the six-month period beginning with the first month of the member's employment.”*

The result of this language would be to create an alternative six-month method (**in bold**):

630 hours in nine months of a twelve month period

OR

**630 hours in five months of a six-month period**

This new language accommodates full-time employees working for one-half of the school year and gives them the same amount of service credit as half-time employees working the entire school year.

## Policy Discussion

The proposal is consistent with the current policy of providing flexibility in awarding service credit to employees working in educational settings. Service credit rules for teachers already recognize that teachers do not necessarily come to work during each month of their contract period. While current rules provide flexibility under contracts lasting for a full year, they do not currently address contracts for a term of one-half year. The proposal would address such contracts, thereby facilitating job-sharing as well as "single-semester" contracts.

## Work Group Correspondence

E-mail correspondence is attached.

## Next Steps

The Executive Committee is scheduled to consider whether this matter will be placed on the SCPP full committee agenda for future consideration.

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**Hyde, Elizabeth**

---

**From:** Harper, Laura  
**Sent:** Thursday, August 30, 2007 5:10 PM  
**To:** Hyde, Elizabeth  
**Subject:** FW: SCPP Work Group: TRS and SERS 2/3 "Half-Year Contracts"  
**Follow Up Flag:** Follow up  
**Flag Status:** Red

[E-mail correspondence, to be attached to Executive Committee meeting materials for item H.](#)

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**From:** Cuzzetto, Charles E. [mailto:CuzzettoC@Peninsula.wednet.edu]  
**Sent:** Friday, August 24, 2007 9:18 AM  
**To:** Harper, Laura; Fromhold, Rep. Bill; Matheson, Sandra  
**Cc:** Smith, Matt; Wickman, Jeff (DRS); Nelsen, Dave (DRS)  
**Subject:** RE: SCPP Work Group: TRS and SERS 2/3 "Half-Year Contracts"

I appreciate your work on this. It solves the specific problem that was raised by the member and would work for either a first or second semester job share. The only issue may be if a school year started in August. Making a feeble attempt at the math, if we are looking at a 90 day semester, we'd have 675 hours worked (90@7.5). If more than 45 hours (6 days) were in August, then the member would have less than 630 September through August.

---

**From:** Harper, Laura [mailto:Harper.Laura@leg.wa.gov]  
**Sent:** Thursday, August 23, 2007 4:44 PM  
**To:** Fromhold, Rep. Bill; Matheson, Sandra; Cuzzetto, Charles E.  
**Cc:** Smith, Matt; Wickman, Jeff (DRS); Nelsen, Dave (DRS)  
**Subject:** SCPP Work Group: TRS and SERS 2/3 "Half-Year Contracts"

Greetings to you!

DRS and SCPP staff met on Monday, August 20, 2007 to wrestle with some of the issues raised by the proposal to change the service credit rules to better accommodate employees working "half-year contracts" that involve at least 630 hours of work in at least a five-month period. On the surface, this seems like a fairly straight-forward issue. However, accommodating it requires special care in order to avoid unintended consequences such as harming members who work different schedules or allowing too much service credit for those who work many hours, especially at the end of their careers. Therefore, we thought it would make sense to brief you in writing prior to scheduling a conference call.

Staff Goals for Designing Proposal:

1. Allow as much flexibility for members and employers as possible.
2. Avoid unintended consequences.
3. Avoid harming contractual rights of members.
4. Maintain basic retirement system structure.
5. Maintain consistency with existing system-wide definitions.
6. Avoid pension ballooning or spiking.
7. Make the change easy to understand.
8. Make the change as easy to administer as possible.

Suggested Proposal:

Add the following language to the service credit provisions for SERS and TRS Plans 2 and 3. This language would accommodate Senator Kilmer's constituent without creating the unintended consequences of his proposed bill draft. It would not harm the contractual rights of other members. It would allow maximum flexibility for employers in that it accommodates a half-year contract for one person or a job-share (two half-year contracts for two people). It does not require any deviation from the current plan

structure or established system-wide definitions. It avoids pension ballooning and spiking by continuing to acknowledge the requirement that no more than one service credit month can be awarded for any calendar month. It is as easy to understand as the existing service credit rules and follows their format.

Here is the recommended language to add to the service credit statutes for TRS and SERS. It mirrors the "full year contract" provisions and uses compatible statutory language:

**A member employed in an eligible position or as a substitute teacher for five months of a six-month period between September through August of the following year who earns earnable compensation for six hundred thirty or more hours will receive one service credit month for each month of the six-month period beginning with the first month of the member's employment.**

We are interested in your reactions to this approach. If you are happy with this approach, staff will bring it to the next Executive Committee meeting on your behalf. If you would like to see changes, please let me know. If you would like a scheduled conference call next week to discuss this further, please let me know and Charlene Winner will arrange it for you.

Thanks very much, and please feel free to contact me if you have any questions or comments.

Laura

**Laura Harper**

*Senior Research Analyst/Manager*

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**"Securing tomorrow's pensions today"**

# I. October Meeting Agenda

# October 16, 2007 Meeting

## FULL COMMITTEE AGENDA

- (1) 2006 Actuarial Valuation Report
- (2) Experience Study Preview
  - Termination
  - Disability
- (3) Out-of-State Service Credit
- (4) Fish & Wildlife Service Credit Transfer
- (5) Salary Bonuses in TRS

## EXECUTIVE COMMITTEE AGENDA

- (A) Military Death Benefits
- (B) Interruptive Military Service Credit
- (C) HECB Proposal
- (D) Indexed \$150,000 Death Benefit
- (E) State Actuary Evaluation

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## 2007 Interim Planning

### May 22, 2007

Election of Officers  
Rules of Procedure  
2007 Legislative Update  
Pension Protection Act  
Accounting for OPEB

### June 19, 2007

Proposed Rules of Procedure  
State Investment Board Update  
Contribution Rates  
Disability Retirement  
2007 Interim Issues

### July 17, 2007

Survivor Benefits  
Service Credit Issues  
Retiree Access to PEBB

### August 14, 2007

OSA Review of Economic Assumptions  
OPEB Actuarial Valuation Report  
Disability Retirement  
Indexed \$150,000 Death Benefit  
Public Education Experience Program

### September 18, 2007

Survivors of PERS 1 Inactive Members

PERS to SERS Auto-Transfer

Experience Study Overview

Retiree Access to PEBB – Stakeholder Report

Public Education Experience Program – Waiting Period

### October 16, 2007

2006 Actuarial Valuation Report

Experience Study Preview

- Termination
- Disability

Out-of-State Service Credit

Fish & Wildlife Service Credit Transfer

Salary Bonuses in TRS

### November 13, 2007

Experience Study Preview

- Mortality
- Retirement

### December 18, 2007

2008 Legislative Proposals

LEOFF 1 Medical Study

*(Other issues continued on next page.)*

**Other issues pending further Executive Committee direction:**

FRP Survivor Benefits (awaiting report from Glenn Olson)

Inactive Members' Contributions (awaiting DRS proposal)

TRS 2/3 "Final-Year Contracts" (Sept. Executive Committee meeting)

TRS and SERS 2/3 "Half-Year Contracts" (Sept. Executive Committee meeting)

Military Death Benefits w/Fiscal Note (Oct. Executive Committee meeting)

Interruptive Military Service Credit w/Fiscal Note (Oct. Executive Committee meeting)

HECB proposal (Oct. Executive Committee meeting)

Indexed \$150,000 Death Benefit w/Fiscal Note (Oct. Executive Committee meeting)

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## 2007 Interim Issues

### Inventory as of August 30, 2007

Referred from 2006 SCPP	Status
<p><b>Disability Retirement</b> – Continue review of disability benefits and policies under the Washington State retirement systems, including reduction of actuarial penalties associated with early retirement for medical reasons (Sen. Eide).</p>	Briefing June 19, 2007; options/pricing Aug. 14, 2007
Significant Amendments to SCPP Legislative Proposals	Status
<p><b>Index \$150,000 Death Benefit</b> – The SCPP's 2007 recommendation concerning the \$150,000 death benefit included indexing for this benefit, and the indexing provision was removed by the legislature.</p>	Briefing July 17, 2007; hearing Aug. 14, 2007
<p><b>Washington State Patrol Cost-Sharing</b> – The SCPP recommended that members pay one-third of the difference between the total cost of the system and the “Truman liability” or 7 percent, whichever is less. The bill was amended to specify that members would pay the lesser of one-half of the adjusted total contribution rate or 7 percent, plus one-half of any benefit improvements effective on or after July 1, 2007.</p>	
SCPP Member Requests	Status
<p><b>Pension Protection Act (Fraser)</b> – Study implications of recent federal legislation for Washington State retirement systems.</p>	Briefing May 22, 2007
<p><b>Member Flexibility at Member Cost (Olson)</b> – Continue to explore ways that members can obtain additional benefit flexibility with no cost to employers.</p>	Exec. Briefing on out-of-state service, Aug. 14, 2007
<p><b>Benefits History (Olson)</b> – Review cost of Plans 2/3 from creation to present.</p>	

SCPP Executive Committee Requests	Status
<b>Contribution Rates</b> – Identify impacts of 2007 legislation on contribution rates.	Briefing June 19, 2007
<b>Rules of Procedure</b> – Update current SCPP rules.	Initial briefing May 22, 2007; changes approved June 19, 2007
Legislator Requests	Status
<b>Former Judges (Sen. Honeyford)</b> – Allow inactive vested judges, or judges who have separated from service but not yet retired, to apply to increase their benefit multiplier and pay the full actuarial cost.	
<b>Service Credit (Sen. Kilmer)</b> - Allow TRS and SERS 2/3 members “with half-year contracts” to receive a half-credit per month of employment.	Briefing July 17, 2007; Exec. Cmte. follow-up, Aug. 14, 2007
Coordination with LEOFF 2 Board	Status
<b>Deferred compensation</b> – Treat employer contributions to deferred compensation plans as “salary.”	
<b>Annuities</b> – Authorize the purchase of actuarially equivalent annuities (like Plan 3).	
<b>Military Service Death Benefit</b> – Extend application of new (2007) PERS 2 survivor benefit authorizing a refund of 200 percent of member contributions.	Briefing July 17, 2007
<b>Fish and Wildlife Officer Service Credit Transfer</b> – Allow eligible members to transfer prior PERS 2 service to LEOFF 2.	Briefing July 17, 2007; Exec. Cmte. briefing Aug. 14, 2007
<b>\$150,000 Death Benefit</b> – Index the benefit to changes in the CPI-W for Seattle-Tacoma-Bremerton, with a maximum change of 3 percent per year.	Briefing July 17, 2007; public hearing Aug. 14, 2007

Constituent/Stakeholder Requests	Status
<b>Disability Retirement (ATULC)</b> – Eliminate actuarial reductions for disability pensions.	Briefing June 19, 2007; options/pricing Aug. 14, 2007
<b>PERS 1 Benefit Cap (Wagner, Von Moos, Fortune, Madden, Esparza, Webster)</b> – Remove or increase the 60 percent cap on retirement pensions for PERS 1.	
<b>TRS 3 Benefits (Cunningham)</b> – Improve benefits by creating a rule of 85 and/or increasing the benefit multiplier.	
<b>Out-of-State Service Credit (Nardella)</b> – Authorize service credit purchases for all time served as a public employee in another state.	Briefing July 17, 2007
<b>PERS Benefits (Hudson)</b> – Create a rule of 85, allow service credit for two jobs, authorize service credit for prior employment in an ineligible position, and authorize the conversion of service credit from Plan 2 to Plan 1.	Briefing on multiple jobs, July 17, 2007
<b>LEOFF 1 Surplus (Lindquist)</b> – Use any surplus to improve pension payments to disabled police officers and firefighters (before using for medical benefits).	
<b>Plan 3 Vesting (tentative, WASA &amp; AWSP; WEA; WSRA)</b> – Allow vesting after five years regardless of age.	
<b>Survivor Benefits (tentative, WASA &amp; AWSP)</b> – Improve survivor benefits for members of Plans 1, 2, and 3 of TRS, SERS, and PERS.	Briefing July 17, 2007
<b>Plan 3 Benefits (tentative, WASA &amp; AWSP)</b> – Provide additional benefits to Plan 3 members to improve the gain-sharing trade-off.	
<b>Military Service (tentative, WASA &amp; AWSP)</b> – Review 2007 legislative proposals to improve Plan 1 military service credit provisions and make a recommendation for 2008.	Briefing July 17, 2007
<b>“Plans 2/3 Final Year Contract” (tentative, WASA &amp; AWSP)</b> - Allow TRS 2/3 members to receive a full year (12 months) of service credit for their final year’s work when retiring on July 1.	Briefing July 17, 2007
<b>Gain-Sharing (numerous requests on file with OSA)</b> – Restore gain-sharing or improve trade-off options.	

Constituent/Stakeholder Requests <i>(Continued)</i>	Status
<p><b>Public Safety Subcommittee (WSP Troopers' Association)</b> – Convene a subcommittee to address WSPRS demographics, benefit changes paralleling LEOFF Plan 2, death benefit changes for troopers killed while serving on active military duty, and formation of a WSPRS board.</p>	<p>Briefing on death benefits July 17, 2007</p>
<p><b>Out-of-State Service (WASA, AWSP, WEA)</b> – Allow TRS 2/3 members to purchase out-of-state service credit after serving two years instead of five.</p>	<p>Briefing July 17, 2007</p>
<p><b>Plan 2 Access to PEBB (WASA, AWSP)</b> - Allow Plan 2 members to access PEBB health care plans upon separation from service at age 55 with at least ten years of service.</p>	<p>Briefing July 17, 2007; stakeholders to work with HCA and report back to S CPP</p>
<p><b>Rule of 85 (WEA)</b></p>	
<p><b>Salary Bonuses (WEA)</b> – Include certain salary bonuses in pension calculations.</p>	
<p><b>Health Care Premiums (WEA)</b> – Seek authority for retirees to pay for health care benefits on a pre-tax basis.</p>	<p>Memo to S CPP May 30, 2007; informal Exec. Cmte. discussion June 19, 2007</p>
<p><b>Service Credit (WEA)</b> – Allow TRS and SERS 2/3 members with “half-year contracts” to receive a half credit per month of employment.</p>	<p>Briefing July 17, 2007; update to Exec. Cmte. Aug. 14, 2007</p>
<p><b>ESA’s Back to Plan 2 (WEA)</b> – Allow TRS 3 Educational Staff Associates to return to PERS.</p>	
<p><b>Plan 1 Purchasing Power (WSRA)</b> – Change COLA eligibility to one-year after retirement and establish a COLA based on the Consumer Price Index.</p>	
<p><b>Plan 2/3 Benefits (WSRA)</b> – Provide for normal retirement eligibility below age 62; improve Plan 3 retiree and SERS 3 member benefits to compensate for loss of gain-sharing.</p>	

<p><b>Service Credit (WFSE)</b> – Improve provisions granting military service credit and allow Department of Fish &amp; Wildlife Enforcement Officers to transfer service credit.</p>	<p>Briefing July 17, 2007; hearing on F&amp;W transfer Aug. 14, 2007</p>
<p><b>Military Service Credit (Danielson)</b> – Allow members of other plans to have the same service credit provisions as in PERS 1 and WSPRS 1.</p>	<p>Briefing July 17, 2007</p>
<p><b>Surviving Spouses (RFW)</b> – Amend “pre-LEOFF 1” law to remove remarriage penalty for surviving spouses and create an option for a surviving spouse benefit for retired firefighters who were married less than five years before retirement or who married after retirement.</p>	<p>Briefing July 17, 2007</p>
<p><b>PEBB Access (WSRA)</b> – Allow a “2<sup>nd</sup> chance” PEBB enrollment window for those who missed their one-time enrollment opportunity.</p>	<p>Briefing July 17, 2007; stakeholders to work with HCA and report back to SCPP</p>
<p><b>TIA-CREF for HECB (HECB)</b> - Amend higher education statutes to authorize the Higher Education Board (HECB) to offer its employees a retirement annuity through TIA-CREF instead of PERS.</p>	
<p><b>PERS and TRS 1 “Trust” Issues (WPR, Inc.)</b> – Answer questions regarding history and practices related to Plan 1 governance, fiduciary responsibilities and unfunded liabilities.</p>	<p>Exec. Cmte. briefing from AAG on “trust” cases, Aug. 14, 2007</p>
<p><b>Survivor Benefits for WSPRS</b> – 1) Provide “the in-service death benefit” for troopers who die while on military leave in Iraq or Afghanistan; and 2) modify retirement Option B to create several changes: a) allow retirees who remarry after retirement to select Option B; b) allow a “pop-up” option in the event of divorce; and c) allow persons who were retired before the effective date of the option an opportunity to select it.</p>	<p>Briefing on military death benefits July 17, 2007</p>
<p><b>PERS 2 Early Retirement Reduction Factors (Paul)</b> – Improve ERRF’s for members with 20-29 years of service.</p>	
<p><b>Plan 3 Members to Plan 2 (Davis)</b> – Allow Plan 3 members the opportunity to return to Plan 2 .</p>	

Requests from Members to DRS	Status
<b>SERS Auto-Transfer of Prior Plan Service Credit</b> – Adapt plan provisions to current conditions.	Briefing July 17, 2007
<b>Expand Plan 1 Post-30 Year Contribution Program</b> – Include an annual window for opting in prospectively.	
<b>PERS 1 Death While Retirement Eligible</b> – Allow survivors to get a monthly benefit instead of just member contributions.	Briefing July 17, 2007
<b>Veterans' Benefits</b> – Allow twice the contributions to surviving spouses of members killed while on military duty in other Plans besides PERS 2.	Briefing July 17, 2007

DRS Request for Endorsement	Status
<b>DRS plans to bring a proposal to the SCPP regarding how to address contributions for approximately 50,000 inactive non-vested members.</b>	Proposal anticipated "late interim"

SCPP Statutory Obligations	Status
None for 2007.	

Actuarial Work	Status
<b>2008 Gain-Sharing Distributions</b> – Calculate required distribution amounts and notify plan administrator.	
<b>LEOFF 1 Medical Study</b> – (Required in OSA budget) Identify local government employer liability for LEOFF 1 medical benefits.	
<b>OPEB Actuarial Valuation</b> – Using new governmental accounting standards, identify (and facilitate others in identifying) public employer obligations for "other post-employment benefits" (OPEB), the most significant of which is health care.	Initial briefing May 22, 2007
<b>Review of Economic Assumptions</b> – Make recommendations to Pension Funding Council regarding long-term economic assumptions.	Briefing August 14, 2007

**Experience Study Preparation** – Much of the work for the 2008 Experience Study will be done in 2007. OSA can provide the SCPP with “previews” of the data that will be reviewed, the study methodology, the standards of practice involved, and the assumptions that will be examined (e.g. retirement rates, mortality, etc).

**2006 Actuarial Valuation**

SCPP Staff	Status
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**State Actuary** – Annual Evaluation.

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# J. State Actuary Evaluation

# Select Committee on Pension Policy

## **Actuary Performance Evaluation**

*(November 12, 2003)*

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The State Actuary Appointment Committee has the statutory authority to review the performance and make adjustments to the pay of the State Actuary. The State Actuary Appointment Committee consists of:

- Chairs and ranking minority members of the Senate Ways and Means Committee and the House Appropriations Committee; plus
- Four members of the Select Committee on Pension Policy (SCPP) appointed jointly by the Chair and Vice Chair of the SCPP.

The SCPP Executive Committee will conduct a review of the State Actuary's performance and relay it to the State Actuary Appointment Committee with recommendations for pay adjustments, as deemed appropriate. The review will take place at least once every two employment anniversaries of the State Actuary or as requested by the Chair of the SCPP.

In conducting the review, the Executive Committee of the SCPP or their designee will:

- Review the statutory responsibilities of the Office of the State Actuary (OSA);
- Request a self-performance evaluation, including future goals and development activities from the State Actuary;
- Develop a list of feedback sources which may include OSA staff, SCPP members, Directors of the Department of Retirement Systems and Office of Financial Management, Chairs and/or staff of the legislative fiscal committees and the Executive Director of the LEOFF 2 Board;
- Solicit written feedback from feedback sources;
- Meet with the State Actuary to share feedback and overall performance evaluation.
- Relay the results of the performance evaluation and any recommendations regarding performance and/or pay adjustments to the members of the State Actuary Appointment Committee.