

Select Committee on Pension Policy

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

Regular Executive Committee Meeting

May 13, 2008
12:30 p.m. - 1:30 p.m.
Senate Conference Rooms A/B/C
Olympia

AGENDA

- 12:30 p.m. (A) **Approval of Minutes**
- 12:35 p.m. (B) **Correspondence**
- 12:40 p.m. (C) **Direction on Today's Agenda**
- 1:10 p.m. (D) **Draft June Meeting Agenda**
- 1:30 p.m. (E) **Adjourn**

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***Elaine M. Banks**
TRS Retirees

Representative Barbara Bailey

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

Representative Larry Crouse

Charles E. Cuzzetto
TRS and SERS Employers

Randy Davis
TRS Actives

Representative Bill Fromhold

Senator Steve Hobbs

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 Mark Schoesler,**
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

April 15, 2008

The Select Committee on Pension Policy met in Conference Rooms A/B/C, Olympia, Washington on April 15, 2008.

Committee members attending:

Senator Schoesler, Chair
Representative Conway, Vice Chair
Sandra Matheson
Corky Mattingly
David Westberg

Other members attending:

Charles Cuzzetto
Randy Davis
Representative Fromhold
Senator Holmquist
Robert Keller
Glenn Olson

Senator Schoesler, Chair, called the meeting to order at 12:30 p.m.

(A) Approval of Minutes

It was moved to approve the December 18, 2007, Executive Committee Draft Minutes. Seconded.

MOTION CARRIED

(B) Correspondence

Laura Harper, Policy and Research Services Manager, reported on "Correspondence."

Testimony given by:

Senator Holmquist
Dick Warbrouck, Retired Firefighters
Randy Parr, Washington Education Association

(C) Direction on Today's Agenda

Members discussed how SPCP legislation fared during session.

(D) Next Meeting Agenda

1. Pensions 101 – Educational Briefing (Optional)
2. Report, SPCP Member Feedback to OSA Staff

***Elaine M. Banks**
TRS Retirees

Representative Barbara Bailey

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

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***Executive Committee**

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3. Experience Study Previews
Public Hearing and Possible Executive Session
4. Select SCPP bills carried over from 2007

Testimony given by:

John Kvamme, Washington Association of School Administrators and
Association of Washington School Principals

The meeting adjourned at 1:40 P.M.

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DRAFT

B. Correspondence

SELECT COMMITTEE ON PENSION POLICY

EXECUTIVE COMMITTEE

Constituent Correspondence as of May 5, 2008

May 13, 2008

Received by OSA	From	To	Subject
12/17/2007	Williams, Eryl	SCPP	PERS 1 Retirement
12/19/2007	Dargis, Trishka	SCPP	TRS Vesting, Board Cert., Post-ret. Employment, Gain-sharing
12/24/2007	Elkington, Cathy	SCPP	TRS 3 Post-ret. Employment
1/14/2008	Renggli, Andy	DRS, cc SCPP	FW: Appeal of Decision <i>(attachments available upon request)</i>
1/15/2008	Davis, Cathy	SCPP	TRS 3 post-ret. Employment, Board Cert., Vesting, Gain-sharing
1/21/2008	Scriven, Rick	SCPP	TRS 3 Post-ret. Employment, gain-sharing
1/29/2008	McGuire, John	OSA via Sen. Marilyn Rasmussen	Disability Retirement
1/30/2008	Renggli, Andy	DRS, cc SCPP	Re: Petition for review
1/30/2008	Ensign, Carey	OSA via David Westberg	HB 3182
2/5/2008	Moscoso, Luis	Rep. Conway, cc OSA	PERS 1 Post-ret. Employment
2/6/2008	Paulson, Steve	SCPP	TRS 2/3 benefits
2/6/2008	Dressel, Dave	SCPP	Prior Military Service Credit in PERS 2/3
2/25/2008	Hodge, Tami	SCPP via Sen. Paull Shin	TRS-SERS contribution flexibility
2/26/2008	Merkner, James	SCPP via OSA	Working past age 65
3/3/2008	Green, Andrew P. for Mann, Johnson, Wooster, & McLaughlin, P.S.	SCPP	CC of administrative appeal re: PSERS membership for PSNs & PSAs <i>(attachments available upon request)</i>
3/4/2008	Webster, Mr. Kim M.	SCPP	SB 6093
3/18/2008	Sen. Holmquist	SCPP	Federal "Windfall Elimination Program" <i>(attachments available upon request)</i>
3/21/2008	WSSRA - Ester Wilfong, Leslie Main, Don Carlson	SCPP	WSSRA Priorities for 2008-09
3/28/2008	Phillips, Dick	SCPP via Sen. Harriet Spanel	PERS 1 Survivor Benefits
3/26/2008	Green, Andrew P. for Mann, Johnson, Wooster, & McLaughlin, P.S.	SCPP	Request to place Psychiatric Custody Personnel into PSERS & copy of appeal document <i>(attachments available upon request)</i>

Hyde, Elizabeth

From: TBrittell@Washingtonea.org
Sent: Tuesday, April 15, 2008 10:39 AM
To: Office State Actuary, WA
Subject: We Need Retire Members

Dear Committee Members,

I am writing to encourage you to make a change regarding the ability of Plan 2 and 3 members to work in the field of education if they have chosen to retire at age 62. Here in the Northshore School District, as well as in all the districts which surround Northshore, we have ben unable to fill positions of teachers who call in to use either sick or personal leave. This is because we have not been able to create a large enough subsitute pool of teachers to fill in during the absence of a teacher. Retired members are part of the solution and yet we no longer can recruit these veteran educators to assist us with this problem. Please go back and correct this part of the law!

Tim Brittell
President
Northshore Education Association
tbrittell@washingtonea.org
www.northshoreea.blogspot.com

TO: Select Committee on Pension Policy (SCPP) Members

FROM: John Kvamme, WASA and AWSP Consultant

RE: 2008 WASA & AWSP Interim Priorities

DATE: April 15, 2008

Attached is a copy of Washington Association of School Administrators (WASA) and Association of Washington School Principals (AWSP) pension related priority issues for the 2008 interim. These issues may be modified as we move further into the interim. Thank you for your consideration of these issues.

**WASA and AWSP
Interim Retirement/Health Benefit Priorities
For the 2009 Session**

Washington Association of School Administrators (WASA) and the Association of Washington School Principals (AWSP) support the three key issues of the Public Employees for Pension Reform (PEPR) for consideration by the SCPP during the 2008 interim. Those three are:

- **Disability Retirement Benefits:** Due to differences in benefits between systems and plans, and other state programs, the current patchwork of disability retirement policy results in substantive benefit inadequacies. PEPR asks that guaranteed and/or earned service, duty and non-duty benefits be considered in the SCPP's deliberation of disability benefits.
- **Plan 1 Purchasing Power-COLA Improvement:** The value of TRS/PERS Plan 1 pension benefits needs to be protected from continuing substantial losses in purchasing power that occur due to the design of Plan 1. PEPR asks that the SCPP develop short and long-term options that address inadequacies of the current Plan 1 COLA.
- **Plan 2/3 Post-Retirement Employment – Repeal of Penalty on Improved ERRF:** Members of Plans 2/3 who utilize the improved Early Retirement Reduction Factor (ERRF) under the Gain Sharing Repeal legislation, ESHB 2391 (2007), are prohibited from any public post-retirement employment till age 65. PEPR asks that the SCPP support repeal of restrictions included in ESHB 2391 (2007) that forbids Plan 2/3 post-retirement public employment for those who take advantage of the improved ERRF. SB 6687/HB 3070 (2008) spoke to this issue.

In addition to these three issues, WASA and AWSP wish to **again** have the recommendation of the SCPP for the following issues during this 2008 interim.

- **Separated Plan 2 Access to the PEBB** – allow Plan 2 members of TRS, SERS and PERS access to the Public Employee Benefit Board (PEBB) health plans upon separation from service (deciding to not start their pension) at age 55 with at least 20 years of service. SB 6648/HB 3027 (2008) spoke to this issue.
- **Plan 3 Vesting** – make vesting available after five years of service without the requirement of the member needing to have twelve service credit months after attaining age forty-four. SB 6651/HB 3022 (2008) spoke to this issue.
- **Second Chance PEBB Enrollment Window** – Allow TRS, SERS and PERS retirees who retired prior to January 1, 1991 to be eligible to join PEBB health benefit programs effective January 1, 2010 during an open enrollment period if they have maintained comprehensive employer sponsored health coverage. SB 6649/HB 3028 (2008) spoke to this issue.

- **Military Death Benefits** – Provide the same optional survivor annuity for inactive members of PERS Plan 1 who die prior to retirement as is provided for active members of PERS Plan 1 who die prior to retirement. SB 6646/HB 3007 (2008) spoke to this issue.
- **Interruptive Military Service** – Allow up to five years of free service credit for interruptive military service that is during a “period of war” as defined in RCW 41.04.005. Employers would still be required to pay the employer contributions on the service. In the case of a military death, the survivor would also be relieved of paying the member cost for interruptive military service credit. SB 6645/HB 3008 (2008) spoke to this issue.
- **Indexed \$150,000 Death Benefits** – Automatically adjust the \$150,000 death benefit for inflation by indexing the benefit to changes in the Consumer Price Index with a maximum change of 3 percent per year. A death benefit would be provided to survivors of public employees who die as a result of duty-related injury or illness. SB 6664/HB 3026 (2008) spoke to this issue.
- **PERS to SERS Auto-Transfer** – Discontinue the automatic transfer of prior PERS Plan 2 service to SERS Plan 2 upon SERS eligible employment. Also create a three-month window for Plan 2 members that auto-transferred after September 1, 2001, who had no prior education experience in PERS to restore their transferred service to PERS Plan 2. SB 6655/HB 3005 (2008) spoke to this issue.
- **Survivors of PERS 1 Inactives** – Provide the same optional survivor annuity for inactive members of PERS Plan 1 who die prior to retirement as is provided for active members of PERS Plan 1 who die prior to retirement. SB 6652/HB 3006 (2008) spoke to this issue.

Consider preliminary discussions of Plan 3 issues related to EHB 2391 (2007).

John Kvamme, WASA and AWSP Consultant, 360 943 5717



WEA
WASHINGTON
EDUCATION
ASSOCIATION

724 Columbia St. N.W., #220
Olympia, WA 98501

telephone: 360-943-3150
fax: 360-352-3986

www.washingtonea.org

Mary Lindquist, President
Mike Ragan, Vice President
Armand L. Tiberio, Executive Director
Rod Regan, Legislative and Political Director

April 15, 2008

Select Committee on Pension Policy
Executive Committee Members
P. O. Box 40914
Olympia, WA 98504-0914

Dear Executive Committee Members;

On behalf of the 81,000 members of the Washington Education Association, we would appreciate your consideration of the following issues for study and/or action during the 2008 interim in preparation for the 2009 Legislative Session.

The WEA's highest priority for pension improvements continues to be the establishment of a "Rule of 85" for Plans 2 and 3. We recognize the committee has spent considerable time studying this issue, and are not seeking any duplication of those prior efforts. However, the WEA does seek the committee's recommendation of Rule of 85 legislation to the 2009 legislature.

Similarly, we would seek the committee's recommendation, without the need for further study, several proposals previously studied and/or recommended by the committee, but not acted on by the legislature. These issues include:

- **Addressing post-retirement employment for members of Plans 2 and 3** who retire early under the Alternate Early Retirement benefit provided in EHB 2391. (HB 3070/SB 6687 during 2008 legislative session)
- **Five-year vesting for Plan 3 members** regardless of age. (HB 3022/SB 6657 during 2008 legislative session)
- **Plan 2 member access to Public Employee Benefits Board health plans.** (HB 3027/SB 6648 during 2008 legislative session)

In addition to committee action on these issues, the WEA would also ask the committee to study and make recommendations on the following issues:

(continued)

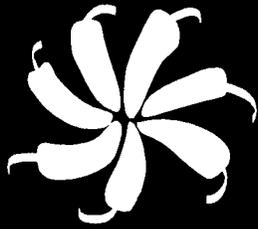
- **Disability benefits.** We were encouraged by last year's study of these issues and support continued efforts in this area such that we can realize more affordable solutions to the sudden drop off in benefits for those who do not qualify under the rules in place for those with 30 years of service.
- **Compulsory Plan 3 membership.** The WEA acknowledges the difficulty in transfers between plans, especially for those who've exercised an "irrevocable choice" to transfer. However, now that there is optional enrollment in TRS and SERS, we would advocate for an opportunity for Plan 3 members to switch to Plan 2, especially those members who were never provided a choice in plan enrollment.
- **Education Staff Associates with multiple employers.** Several professions are common to both the state and school systems. These include speech language pathologists, physical therapists and others. Some of these employees began their careers in the state system under PERS 2 and then gained employment in schools where they were enrolled in TRS 3 (or the reverse). There is a concern that combining these two plans do not add up to a whole pension benefit. We would ask the committee to study the issue of those whose employment has forced them to earn service credit in the two separate systems in this manner and seek a resolution that assures that their career of public service to the state results in a full pension without having been penalized for service in two separate systems. (see RCW 41.32.032 for how this was addressed in the 1980's)

We are prepared to discuss these issues in more detail and would welcome the opportunity to work with the committee in determining the best way to address these issues. Thank you for your consideration.

Sincerely;



Randy Parr
Budget Analyst/Lobbyist
Washington Education Association
(360) 943-3150
(360) 481-2825



Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

MEMORANDUM

TO: Select Committee on Pension Policy

FROM: Public Employees for Pension Reform (PEPR)

DATE: April 15, 2008

SUBJECT: Requested Prioritization of Pension Benefit Improvements

We are writing to you to express our deep concern with your committee's responsibility to address the problems visited upon active and retired state and public employees in Plan 3 due to the repeal of gain-sharing. The negative impact on our members has been acknowledged but left to the courts to decide just what the remedy should be. Suggested legislation to provide financial "trade-offs" for employees and retirees so affected was turned down by the 2007 Legislature and ignored by the SCPP last summer.

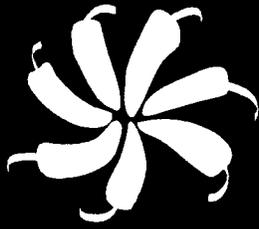
Please acknowledge that, regardless of the outcome of the lawsuit, the Legislature will still have to pass legislation to redress problems that will be the result of whatever ruling the court should make. For example, if the state should prevail and not have to reinstate gain-sharing, the Legislature will be morally obligated to ascertain the value of lost income to Plan 3 members and provide some compensation for those affected as acknowledged by both Republican and Democratic legislators during the 2007 debate in the House.

There are other legal and financial issues that are too complicated to even bring up in a letter such as this. That's why it's so important that the SCPP begin considering likely impact(s) as a 2008 Interim Issue. There will be an *impact* on upcoming state budgets and affected employees/retirees regardless of the court's decision which needs to be assessed now rather than later. Prospective planning for this may even reveal other options short of an extended multi-year court case.

We would submit that, given the role and authority the legislature has given the committee, the SCPP should demonstrate to Plan 3 members and retirees that they are concerned about their welfare and will make an effort in the 2008 Interim to research these problems.

Addressing these issues would be a positive commitment by the legislature to repair problems with recruitment and retention in both school and public employees systems. Members of PEPR look forward to working with the SSCP throughout 2008-09 on these key issues. Please feel free to contact any of the following organizations if you have any questions about the PEPR coalition or our priorities.

Washington State Federation of State Employees (WFSE) <i>Matt Zuvich, Chair – 306-352-7603</i>	
American Federation of Teachers <i>Bernal Baca- 206-242-4777 x 20</i>	Washington Education Association & Washington Education Association - Retired <i>Randy Parr - 360-943-3150</i>
Association of Washington School Principals & Washington Association of School Administrators <i>John Kvamme - 360-943-5717</i>	Washington Public Employees Association <i>Luis Moscoso - 360-943-1121</i>
Public School Employees of Washington <i>Tom Lopp – 866-820-5662</i>	Washington State Council of City & County Employees – Council 2 <i>J. Pat Thompson – 425-303-8818</i>
Retired Public Employees Council of Washington <i>Cassandra de la Rosa & Beverly Hermanson – 360-352-8262</i>	Washington State School Retirees’ Association <i>Ed Gonion, Leslie Main & Don Carlson - 360- 413-5496</i>
	Teamsters Union – Local 117 <i>Mike Ryherd – 206-441-4860</i>



Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

TO: Select Committee on Pension Policy
FROM: Public Employees for Pension Reform (PEPR)
DATE: April 15, 2008
SUBJECT: Requested Prioritization of Pension Benefit Improvements

PEPR is comprised of organizations representing various active and retired members of Washington State's retirement systems. Though member organizations of PEPR will be individually submitting their respective priorities, we have joined together to coalesce around three key issues for 2008-09. The PEPR coalition requests that the following issues be placed on the Select Committee on Pension Policy's (SCPP) 2008 Interim agenda:

- **Disability Retirement Benefits:**
Due to differences in benefits between systems and plans, and other state programs, the current patchwork of disability retirement policy results in substantive benefit inadequacies. **PEPR asks that guaranteed and/or earned service, duty and non-duty benefits are considered in the SCPP's deliberation of Disability benefits.**
- **Plan 1 Purchasing Power – COLA Improvement:**
The value of TRS/PERS Plan 1 pension benefits needs to be protected from continuing substantial losses in purchasing power that occur due to the design of Plan 1. **PEPR asks that the SCPP develop short and long-term options that address inadequacies of the current Plan 1 COLA.**
- **Plan 2/3 Post-Retirement Employment – Repeal of Penalty on Improved ERRF:**
Members of Plans 2/3 who utilize the improved Early Retirement Reduction Factor (ERRF) under the Gain Sharing Repeal legislation, ESHB 2391 (2007), are prohibited from any post-retirement public employment. **PEPR asks that the SCPP support repeal of restrictions included in ESHB 2391 (2007) that forbids Plan 2/3 post-retirement public employment for those who take advantage of the improved ERRF.**

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**PEPR
(Public Employees for Pension Reform)**

Washington State Federation of State Employees (WFSE)
Matt Zuvich, Chair – 306-352-7603

American Federation of Teachers
Bernal Baca - 206-242-4777 x 20

**Association of Washington School Principals &
Washington Association of School Administrators**
John Kvamme - 360-943-5717

Public School Employees of Washington
Tom Lopp – 866-820-5662

Retired Public Employees Council of Washington
Cassandra de la Rosa & Beverly Hermanson – 360-352-8262

Teamsters Union – Local 117
Mike Ryherd – 206-441-4860

**Washington Education Association &
Washington Education Association - Retired**
Randy Parr - 360-943-3150

Washington Public Employees Association
Luis Moscoso - 360-943-1121

Washington State Council of City & County Employees – Council 2
J. Pat Thompson – 425-303-8818

Washington State School Retirees' Association
Ed Gonion, Leslie Main & Don Carlson - 360-413-5496

Hyde, Elizabeth

From: Smith, Matt
Sent: Wednesday, April 30, 2008 3:40 PM
To: Hyde, Elizabeth
Cc: Harper, Laura
Subject: FW: Plan 3 Pension Proposal

Attachments: Picture (Metafile)

From: Hawkins, Marylyn
Sent: Wednesday, April 30, 2008 3:34 PM
To: @SCPP Members
Cc: Smith, Matt; Pringle, David (OPR); Ryherd, Majken
Subject: Plan 3 Pension Proposal

Dear Representative Conway:

As you know, during the 2008 Legislative session I introduced two bills dealing with Pension Policy. HB 3257 and HB 3258.

PERS 3, TERS 3 and SERS 3 retired employees were not given the option of Plan 2 but were assigned to Plan 3. Others voluntarily moved to plan 3 with the expectation of gain-sharing during their retirement. When we terminated gain-sharing in 2007, these employees were left without compensation for the loss of their retirement planning.

It is important to acknowledge that the last gain-sharing payment to Plan 3 members was made January 1, 2008 and amounted to \$270.69 per year of service. But as we all know, this is a temporary payout and we do not expect it to continue.

We now have an acceptable plan to which I respectfully ask that the Select Committee on Pension Policy give consideration. Matthew Smith, the State Actuary, has certified that the methods for arriving at the fiscal note are sound. Mr. Smith has also offered to provide extra advice and explanation as needed by the Select Committee. In addition, Mr. Pringle has offered to assist me in bringing these bills to your deliberations. He has also offered to answer any questions you or the committee might have should I be unavailable.

HB 3258 provides \$10 per year of service plus 3% per year and would cost considerably under \$3 million per year.

HB 3257 provides for additional choice between plans 2 and 3 should an employee be separated from employment for at least 1.5 months and makes a decision to change coverage within 90 days.

I believe these two bills would adequately provide fairness to our retirees and prudent stewardship of our state funds and urge you and the committee to consider the merits of the proposals. I will be happy to provide testimony or further information about the fiscal note or the bills at your convenience.

Regards and Respects,

A handwritten signature in black ink that reads "Maralyn Chase". The signature is written in a cursive style with a large initial 'M'.

Maralyn Chase

cc: Select Committee on Pension Policy
Matthew Smith, State Actuary
David Pringle, OPR

The Select Committee on Pension Policy
Office of the State Actuary
P.O. Box 40914
Olympia, WA 98504

RECEIVED

MAY 1 - 2008

Office of
The State Actuary

I am asking for your assistance in legislation to clarify our retirement status when "Windfall Elimination Program" took effect.

In 1985, the U.S. Congress passed the "Windfall Elimination Program", which was directed at employees covered by a separate retirement system and not paying or participating in the Federal Social Security Program (SSI). This law, which became effective in late 1986 or early 1987, states that if you are not participating in SSI and have a separate retirement system, that the SSI administration will reduce your SSI benefit by 40 to 60 percent if you become eligible for retirement after the effective date of the act.

This act has had an adverse impact on 350 to 400 Washington State Patrol retirees and quite possibly, numerous others within the state. At the present time, SSI is inconsistent in their application of the law because of the wording of the WSP retirement laws. Some of our retirees are receiving a full SSI benefit and others have had their benefit substantially reduced. The confusion lies in the "vesting" language and the time a person may "draw" their retirement. The WEP states you must be eligible for a retirement prior to the effective date of the act in order to not be effected by it. By Washington State Law, WSP officers are vested and eligible to receive a retirement benefit after five years of service. You can draw the retirement at anytime after 25 years of service, or if you left service prior to 25 years, you could draw at age 55. Nowhere in WEP does the act indicate you must draw the retirement before 1986 (or the effective date of the act).

A simple fix, that would negate the adverse impact on our numerous retirees, is a minor change in the vesting statute. If the legislature changed the wording to state "officers of the Washington State Patrol, vested in the WSP retirement system prior to 1986, are immediately eligible to draw their earned retirement benefit".

There would be no fiscal impact on the retirement system or the state because all officers vested to 1986 are already retired and the change would not increase their benefit. The change in wording would negate SSI confusion with our retirement law and result in a full SSI benefit to those rightly entitled to such.

As a footnote, this change would also eliminate the potential of liability to the state of Washington and the State Department of Retirement Systems for their failure to notify the members of the WSP retirement system of the impact of WEP on their future earnings and for their failure to afford the WSP retirement system members the opportunity to rejoin and participate in SSI.

Sincerely,

A handwritten signature in cursive script, appearing to read "Ray Beazizo".

Retired Trooper Raymond Beazizo
829 Reed Street Apt #104
Sedro Woolley, WA 98284



RECEIVED

MAY 12 2008

Office of
The State Actuary

STATE OF WASHINGTON

**LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD**

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • FAX (360) 586-2329 • www.leoff.wa.gov

May 12, 2008

Select Committee on Pension Policy
C/O The Office of the State Actuary
Post Office Box 40914
Olympia, Washington 98504-0914

Dear Honorable Members of the Select Committee on Pension Policy:

On behalf of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board (Board), I would like to thank you for the cooperative working relationship we have shared in the past and look forward to a similar partnership in the future.

I would like to bring several topics back to your attention as you begin preparation for the 2008 interim. It is our hope that the Select Committee on Pension Policy (SCPP) and the Board can work cooperatively on these issues to once again develop legislation. I have provided a brief summary of each topic for your reference:

Interruptive Military Service Credit

Working cooperatively last interim, the Board and the SCPP jointly endorsed a bill that would have eliminated a member's obligation to pay for interruptive military service credit if the member served during a period of war. The Board is once again interested in working cooperatively with the SCPP on the issue and feels the following additional question will need to be further explored:

- Should the benefit apply to all periods of interruptive military service which have not yet been recovered?

Inflationary Adjustment for \$150,000 Death Benefit

The Board is interested in once again working with the SCPP to further study the effect of adding an inflationary adjustment to all the state retirement plans that provide the \$150,000 death benefit. In addition to last year's study the Board feels following issues will need to be explored further:

- Should an adjustment in the lump sum amount be made to account for inflation since the creation of the benefit?
- Should both the lump sum adjustment and the addition of the inflationary adjustment be included in the bill?



Military Service Death Benefit

The Board and the SCPP jointly recommended legislation to the 2008 Legislature, which would have provided an unreduced annuity to qualifying survivors of members of all plans, who leave employment due to service in the National Guard or Reserves and die while in military service, during a period of war. The Board would like to continue our joint work to eliminate the “early retirement” actuarial reduction applied to the pensions of members who die while honorably serving our country.

Fish and Wildlife Enforcement Officer Service Credit Transfer

The Board and the SCPP also jointly recommended legislation last session that would have permitted Department of Fish and Wildlife Enforcement Officers to transfer service credit earned in the Public Employees' Retirement System (PERS) Plan 2 as enforcement officers into the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2. The Board feels the following issue may need to be further explored as well:

- Should PERS 3 members be included in the transfer group?

Please feel free to contact me or Steve Nelsen, LEOFF 2 Board Executive Director, should you have any questions or like any additional information. Steve can be reached at (360) 586-2320 or steve.nelsen@leoff.wa.gov, and I can be contacted at (360) 943-3030 or pres@wscff.org.

We would be happy to meet with you to discuss these topics at an upcoming SCPP or LEOFF Plan 2 Retirement Board meeting. Thank you for your consideration and we look forward to working with you.

Sincerely,



Kelly Fox, Chair

cc: Matt Smith, State Actuary

C. Direction on Today's Agenda

Direction on Today's Agenda

Issue

- (3) SCPP Member Feedback to OSA

- (4) Experience Study Previews: Retirement, Mortality, Merit Salary Scale

- (5) Survivors of PERS 1 Inactives

- (6) PERS to SERS Auto-Transfer

- (7) HECB Proposal

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D. Draft June Meeting Agenda

Select Committee on Pension Policy

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

Regular Committee Meeting

June 17, 2008
10:00 a.m. –12:00 p.m.
Senate Hearing Room 4
Olympia

DRAFT AGENDA

- 10:00 a.m. (1) **Approval of Minutes**
- 10:05 a.m. (2) **National Trends** – Dave Nelsen, Senior Policy Analyst
- 10:40 a.m. (3) **Preliminary Experience Study Report** – Matthew M. Smith, State Actuary
- 11:20 a.m. (4) **Preliminary Actuarial Valuation Report** – Chris Jaspersen, Actuarial Assistant
- 12:00 p.m. (5) **Adjourn**

***Elaine M. Banks**
TRS Retirees

Representative Barbara Bailey

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

Representative Larry Crouse

Charles E. Cuzzetto
TRS and SERS Employers

Randy Davis
TRS Actives

Representative Bill Fromhold

Senator Steve Hobbs

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 Mark Schoesler,**
Chair

J. Pat Thompson
PERS Actives

***David Westberg**
SERS Actives

***Executive Committee**