

Select Committee on Pension Policy

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

Regular Executive Committee Meeting

July 15, 2008
9:00 a.m. – 9:30 a.m.
12:30 p.m. – 1:45 p.m.*
Senate Conference Rooms A/B/C
Olympia

AGENDA

9:00 a.m. – 9:30 a.m.

9:00 a.m. (A) SSCP Recommendation to PFC

9:30 a.m. (B) Adjourn

12:30 p.m. – 1:45 p.m.

12:30 p.m. (C) Approval of Minutes

12:35 p.m. (D) Correspondence

1:00 p.m. (E) Direction on Today's Agenda

1:15 p.m. (F) Draft September Meeting Agenda

1:30 p.m. (G) Options for Legal Services

1:45 p.m. (H) Adjourn

*These times are estimates and are subject to change depending on the needs of the Committee.

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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. SCPP
Recommendation to
PFC

See Full Committee materials, agenda item 5.

C. Approval of Minutes

Select Committee on Pension Policy

P.O. Box 40914
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REGULAR EXECUTIVE COMMITTEE MEETING
DRAFT MINUTES
June 17, 2008

The Select Committee on Pension Policy's Executive Committee met in Conference Rooms A/B/C, Olympia, Washington on June 17, 2008.

**Executive Committee members
attending:**

Senator Schoesler, Chair
Representative Conway, Vice Chair
Elaine Banks
David Westberg

**Other SCPP members
attending:**

Representative Bailey
Charles Cuzzetto
Randy Davis
Representative Fromhold
Glenn Olson

Senator Schoesler, Chair, called the meeting to order at 12:35 p.m.

(A) Approval of Minutes

It was moved to approve the May 13, 2008, Executive Committee Draft Minutes. Seconded.

Amendment to the Draft Minutes

It was moved to amend the May 13, 2008, minutes to include that Elaine Banks requested the SCPP to study Plan 1 loss of purchasing power during the 2008 interim.

Seconded.

MOTION CARRIED

The chair asked Ms. Banks to submit a proposal and she stated she would do so.

(B) Correspondence

Laura Harper, Policy and Research Services Manager, reviewed the correspondence received by the Office of the State Actuary as of May 9, 2008.

LEOFF Plan 2 Retirement Board - Purchase of Annuity

Tim Valencia, Senior Research Policy Manager, LEOFF Plan 2 Retirement Board, spoke on this issue and answered questions from Representative Conway.

***Elaine M. Banks**
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Public Employees for Pension Reform

Matt Zuvich, Chair, Public Employees for Pension Reform, requested to meet with OSA staff to develop options to improve disability retirement benefits. The Chair asked that Mr. Zuvich and Matt Smith, State Actuary, set up a meeting. John Kvamme, Association of Washington School Principals & Washington Association of School Administrators, spoke on disability issues.

Leslie Main, Washington State School Retirees' Association reviewed a handout entitled Options for Plan 1 COLA Improvement.

Elaine Banks asked that the SCPP revisit the issue of increasing purchasing power for retirees in PERS 1 and TRS 1.

(C) Direction on Today's Agenda

Matt Smith, State Actuary, reviewed the issues on today's agenda.

- **National Trends**

No action was taken.

- **Preliminary Experience Study Report and Preliminary Actuarial Valuation Report**

The Pension Funding Council (PFC) Audit Report will be placed on the July 15, 2008, Full Committee agenda.

The final SCPP Recommendation to PFC will be placed on the July 15, 2008, Full Committee meeting agenda.

- **SERS Past Part-Time Service Credit**

The chair asked staff to further study the issue and bring options forward with additional analysis. He encouraged David Westberg to work with staff on this issue.

(D) Draft July Full Committee Meeting Agenda – 9:45 a.m. – 12:00 p.m.

The following items were recommended for the July meeting:

- Election of Retiree Representative to the Executive Committee
- LEOFF 2 Board Coordination
- June 20, 2008 Revenue Forecast
- Pension Funding Council Audit Report
- Final SCPP Recommendation to PFC
- Military Death Benefits

The July Executive Committee Meeting will commence at 9:00 a.m. – 9:30 a.m. to discuss the Final SCPP Recommendation to the Pension Funding Council.

Other Issues

Representative Conway proposed the SCPP study other issues as time permits:

- Plan 1 COLA Improvements
- Health care proposals – Plan 2 Access to PEBB and PEBB 2nd Chance Enrollment
- Removal of post-retirement employment restrictions in HB 2391 (2007)

Elaine Banks requested the SCPP study Plan 3 vesting for all members during the 2008 interim.

(E) Options for Legal Services

Laura Harper reviewed the handout, Options for Legal Services. No action was taken. Staff was asked to provide more information on the options. This issue will be placed on the July 15, 2008, Executive Committee agenda.

(F) Pensions 102

Laura Harper discussed possible follow-up to the optional Pensions 101 class offered in May. Pensions 102 will be scheduled for September 16, 2008 and will focus on plan design.

Chair Schoesler announced that there will not be a SCPP meeting in August.

Meeting adjourned at 2:15 p.m.

Recorded audio of Select Committee on Pension Policy meetings is often available free of charge at www.tow.org. Additionally, you may request a CD-ROM copy of the audio. Please contact the Office of the State Actuary for further information.

D. Constituent Correspondence

SELECT COMMITTEE ON PENSION POLICY

EXECUTIVE COMMITTEE

Constituent Correspondence as of July 10, 2008

July 15, 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. Paul 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>)

SELECT COMMITTEE ON PENSION POLICY

EXECUTIVE COMMITTEE

Constituent Correspondence as of July 10, 2008

July 15, 2008

Received by OSA	From	To	Subject
4/15/2008	Brittell, Tim; Northshore Education Association	SCPP	TRS 2/3 Post-ret. employment
4/15/2008	Kvamme, John - for WASA & AWSP	SCPP received at mtg.	WASA & AWSP legislative priorities for 2008-2009
4/15/2008	Parr, Randy - WEA	SCPP received at mtg.	TRS 2/3 Post-ret. Employment, Plan 3 5-yr. Vesting, Plan 2 member access to PEBB, Disability Benefits, Compulsory Plan 3 Membership, Edu. Staff Assoc w/Multi. Employers
4/15/2008	Public Employees for Pension Reform	SCPP received at mtg.	Prioritization of Pension Benefit Improvements
4/15/2008	Main, Leslie - PEPR	SCPP received at mtg.	Disability Ret. Benefits, Plan 1 Purchasing Power, Plan 2/3 Post-ret. Employment
4/30/2008	Rep. Maralyn Chase	SCPP, cc Matt Smith	Plan 3 Pension Provisions RE: HB 3258, HB 3257
5/1/2008	Beazizo, Ray	SCPP	"Windfall Elimination Program" clarification
5/9/2008	McGuire, John	SCPP via Sen. Schoesler	Disability Retirement - renewed request
5/12/2008	Fox, Kelly - LEOFF 2	SCPP, cc Matt Smith	Interruptive Mil. Srv. Credit, Inflationary Adj. for 150k Death Ben., Mil. Srv. Death Ben., F&W Officer Srv. Credit Transfer
5/15/2008	O'Brien/de la Rosa	SCPP, via Sen. Schoesler	Plan 2 Access to PEBB & second chance PEBB enrollment, PEBB access for retirees from political subdivisions, Plan 1 COLA
5/28/2008	McBride, Angie	SCPP	Retirement Age, YOS + Age
6/9/2008	Fox, Kelly - LEOFF 2	SCPP	Purchase of Annuity
6/5/2008	Zuvich, Matthew D - WFSE, PEPR	SCPP	Disability Retirement Benefits
6/10/2008	Jarboe, Lindajo	OSA	PERS 1 COLA
6/16/2008	Williams, Eryl	SCPP via OSA	PERS 1 retirement - renewed request
6/17/2008	Public Employees for Pension Reform	SCCP received at mtg.	Options for Plan 1 COLA Improvement
6/30/2008	Fox, Kelly - LEOFF 2	SCPP	LEOFF 2 Prioritized Issues for Coordination

Burkhart, Kelly

From: Jarboe, Lindajo (DOR) [LindajoJ@DOR.WA.GOV]
Sent: Tuesday, June 10, 2008 3:48 PM
To: Office State Actuary, WA
Subject: PERS
Follow Up Flag: Follow up
Flag Status: Green

Just an observation -

While I know that the optional COLA available to PERS 1 is not related to Gain Sharing, I do notice that a PERS 2 retiree (who lost nothing in gain sharing) is the ultimate winner in the retirement pool. For a PERS 1 individual to catch-up (ie get 100% of their defined retirement) would take 10 years if choosing the Optional COLA, ie retire @ 57 & get 100% @ 67. As I understand it, a PERS 2 retiree gets an automatic COLA when retiring and can retire @ 100% of their defined retirement @ age 62.

Doesn't seem quite right for those of us in PERS 1. I understand there is a lawsuit that was filed by/for PERS 3, however that does not address the discrepancy in the PERS 1 benefit.

Thank you for your consideration.

Hyde, Elizabeth

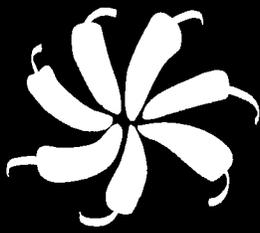
From: Williams, Eryl [Eryl.Williams@kingcounty.gov]
Sent: Monday, June 16, 2008 1:02 PM
To: Office State Actuary, WA
Subject: PERS 1 plan

SCPP:

Would you consider offering those of us who are left under PERS 1, who don't have quite enough service credit to retire and who are at the top of their pay scales, some free service credit if they retire this year?

Eryl Williams

WuWei1946@aol.com



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 (SCPP)
FROM: Public Employees for Pension Reform (PEPR)
DATE: June 17, 2008
RE: Options for Plan 1 COLA Improvement

During the April SCPP meeting, the PEPR coalition requested that the issue of Plan 1 Purchasing Power – COLA Improvement be placed on the Select Committee on Pension Policy's (SCPP) 2008 Interim agenda. At the direction of the Executive Committee, advocates were directed to work with the Office of the State Actuary and legislative fiscal committee staff to explore short and long-term options that address inadequacies of the current Plan 1 COLA.

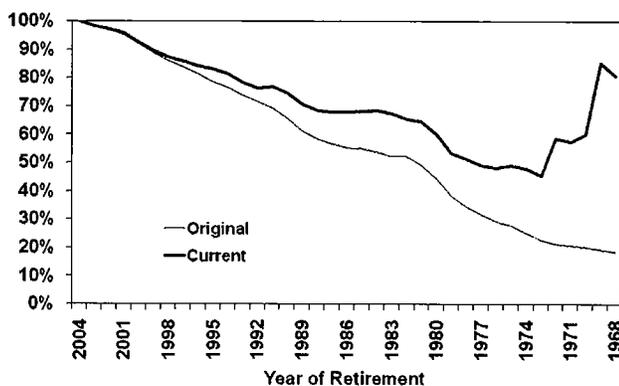
The Uniform Plan 1 COLA is not a true "Cost of Living Adjustment (COLA)" since it is not based on economic indicators such as the Consumer Price Index (CPI), but is "post-retirement adjustment" based on a *dollars/per month/per years of service formula*. The **Annual Increase:**

1. started at \$.59 per month per years of service, effective 7/1/95;
2. increases each year by 3% (estimated at \$1.73 per month, per year of service as of 7/1/08), and
3. is cumulative upon eligibility.

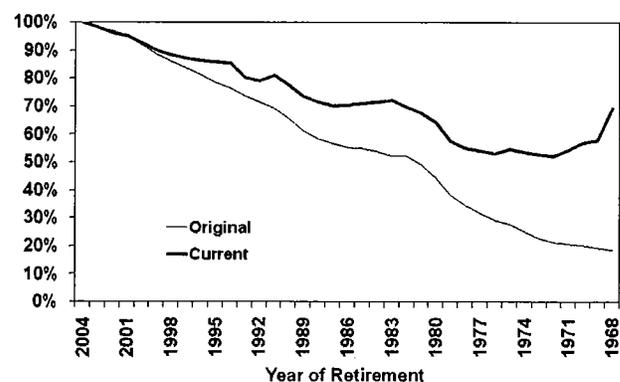
When the Uniform COLA was established in 1995, to help address *inadequacies* of the base annual increase amount and to make the benefit cost neutral with the COLA being replaced, certain "**Adjustments**" to the COLA's *annual increase amount* were granted to retirees based on age. Though these adjustments were of help, long-time retirees continue as those who have experienced the most severe losses of purchasing power.

In June of 2005 the Office of the State Actuary presented a briefing to SCPP members regarding Teachers Retirement System (TRS) and Public Employees Retirement System (PERS) Plan 1 Purchasing Power. The briefing indicated that even with the modest improvements that Gain Sharing provided to the Uniform Plan 1 COLA, erosions in the purchasing power of Plan 1 pension benefits continue. As the dated charts provided for illustration purposes below indicate, members of TRS/PERS Plan 1 who retired during the 1970s have lost approximately 50% of their purchasing power.

**Purchasing Power of TRS 1
Service Benefits in 2004**



**Purchasing Power of PERS 1
Service Benefits in 2004**



Source: Office of the State Actuary 6/8/05

The charts illustrate the percentage of purchasing power lost relative to the date retired. The line "current benefit" represents receipt of the original pension benefit, plus the Uniform Plan 1 "COLA." An updated briefing on the status of Plan 1 Purchasing Power, especially for long-time retirees would be helpful in providing SCPP members with a better picture of the value of pension benefits to Plan 1 retirees.

Short and long-term options that address inadequacies of the current TRS/PERS Plan 1 COLA that the PEPR coalition requests the SCPP's consideration of include:

Short-Term Plan 1 COLA Improvement

New Supplemental Adjustment to the Uniform COLA's **Annual Increase** granted 7/1/09 based on the year of retirement:

- 1985-90 \$0.75 per month/per years of service
(approximate benefit increase of \$22.50 per month for a retiree with 30 years of service)
- 1980-84 \$1.00 per month/per years of service
(approximate benefit increase of \$30.00 per month for a retiree with 30 years of service)
- 1979 and earlier* \$1.50 per month/per years of service
(approximate benefit increase of \$45.00 per month for a retiree with 30 years of service)

* Also includes current recipients of the Minimum Benefit retired before 1979.

The design of the benefit improvement is a variation of the '95 adjustments to provide a supplemental adjustment to the annual increase of the Uniform Plan 1 COLA based on year of retirement. This option would provide relief to those who have been retired the longest, and have experienced the most severe losses in purchasing power.

Long-Term Plan 1 COLA Improvement

Replace Uniform "COLA" with a true Cost-of-Living Adjustment (COLA):

- based on 100% of the Consumer Price Index (CPI) up to 3% (banked)
- CPI: Urban Wage Earners & Clerical Workers, Seattle-Tacoma-Bremerton, WA – All Items
- paid/compounded annually
- beginning 1 year after retirement
- preferably retroactive up to limits provided by the Internal Revenue Service (IRS); but possibly prospective.

This option would bring uniformity to COLA benefit design between systems and plans.

The measure of a defined pension plan's worth is how it retains its value over the retirement years of plan members. The value of TRS/PERS Plan 1 pension benefits needs to be protected from substantial losses in purchasing power which occur due to the design of Plan 1, especially for long-time retirees. The PEPR coalition looks forward to addressing the critical issue of Plan 1 purchasing power with SCPP members this Interim.

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



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

June 30, 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:

At the recent meeting of the Select Committee on Pension Policy (SCPP) the chairman requested that the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF 2 Board) provide a prioritized list of the suggested joint topics that the LEOFF 2 Board would like to work on cooperatively with the SCPP.

During the course of the most recent LEOFF 2 Board meeting we prioritized the suggested topics for cooperation in the following order:

1. **Fish and Wildlife Enforcement Officer Service Credit Transfer**
Allow FWEO members to transfer their PERS Plan 2 service as enforcement officers to LEOFF Plan 2.
2. **Inflationary Adjustment for \$150,000 Death Benefit**
The \$150,000 lump-sum death benefit paid to survivors of public employees who die in the line of duty is not adjusted for inflation.
3. **Interruptive Military Service Credit**
Members whose public employment is interrupted by military service are required to pay member contributions in order to purchase service credit.
4. **Military Service Death Benefit**
Beneficiaries of members who die while serving on active duty with the United States Military do not qualify for duty related death benefits.
5. **Purchase of Annuity**
Members are limited in the amount of money they can convert to a defined benefit by the amount required to purchase 5 years of service.



Select Committee on Pension Policy
June 30, 2008
Page 2

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.

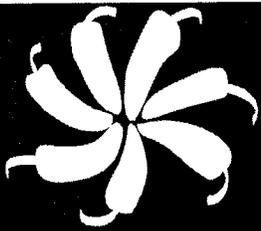
Thank you for your consideration and we look forward to working with you.

Sincerely,

A handwritten signature in black ink that reads "Kelly L Fox". The signature is written in a cursive style with a large, stylized "L" and "F".

Kelly Fox, Chair

cc: Matt Smith, State Actuary



Public Employees for Pension Reform

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

July 8th, 2008

TO: The Honorable Senator, Mark Schoesler, Chair
Select Committee on Pension Policy (SCPP)

FROM: Matthew D. Zuvich, Chair
Public Employees for Pension Reform (PEPR)

RE: September Agenda, Select Committee on Pension Policy

The PEPR coalition would like to respectfully request that our priority issues described in our letter to the committee dated April 15th 2008 be placed on the September agenda for consideration and action.

To review, the PEPR coalition would ask that the following items be scheduled:

- ❖ **Disability Retirement Benefits:** PEPR requests that the state actuary study this issue and present various options toward improving the current substantive benefit inadequacies, and for those options to be considered and acted on by the SCPP.
- ❖ **Plan 1 Purchasing Power-COLA improvement:** PEPR requests that the SCPP develop both short and long term options to address inadequacies of the current Plan 1 COLA.
- ❖ **Plan 2/3 Post-Retirement Employment- Repeal of Penalty of Improved ERRF:** PEPR asks that the SCPP support the repeal of restrictions included in ESHB 2391 (2007) that prevent plan 2/3 post-retirement public employment for those who take advantage of the improved ERRF benefit.

PEPR
(Public Employees for Pension Reform)

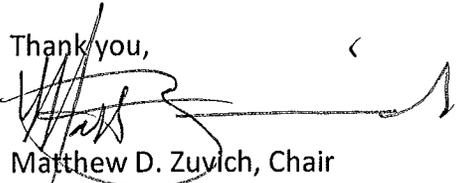
Washington State Federation of State Employees (WFSE)
Matt Zuvich, Chair – 306-352-7603

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Association of Washington School Principals &
Washington Association of School Administrators
Public School Employees of Washington
Retired Public Employees Council of Washington

Teamsters Union – Local 117
Washington Education Association &
Washington Education Association - Retired
Washington Public Employees Association
Washington State School Retirees' Association

Our coalition is concerned that with so few committee meetings remaining until the end of the year, the efforts required to keep these items moving forward could be impeded for want of time. We would appreciate your efforts to address this concern.

Thank you,



Matthew D. Zuvich, Chair
Public Employees For Pension Reform (PEPR)
(360) 352-7603
E-Mail: MattZ@WFSE.org

PEPR
(Public Employees for Pension Reform)

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

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Washington Education Association &
Washington Education Association - Retired
Washington Public Employees Association
Washington State School Retirees' Association

E. Direction on Today's Agenda

Direction on Today's Agenda

Issue

- (2) Election of Retiree Representative to Executive Committee
- (3) LEOFF 2 Board Coordination
- (4) June 20, 2008, Revenue Forecast
- (5) Pension Funding Council (PFC) Audit Report
- (6) Final SCPP Recommendation to PFC
- (7) Military Death Benefits

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F. Draft September Meeting Agenda

Select Committee on Pension Policy

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actuary.state@leg.wa.gov

Regular Committee Meeting

September 16, 2008
9:00 a.m. –12:00 p.m.*
Senate Hearing Rooms 3 /4
Olympia

DRAFT AGENDA

Senate Hearing Room 3

9:00 – 10:00 a.m. **Pensions 102 – Educational Briefing (Optional)**
Dave Nelsen, Senior Policy Analyst, Darren Painter,
Policy Analyst

Senate Hearing Room 4

- 10:00 a.m. (1) **Approval of Minutes**
- 10:05 a.m. (2) **Proposed 2009-11 OSA Budget** – Matt Smith,
State Actuary
- #### Work Session
- 10:30 a.m. (3) **Fish and Wildlife Service Credit Transfer** –
Dave Nelsen, Senior Policy Analyst
- 11:15 a.m. (4) **Interruptive Military Service Credit** – Laura
Harper, Policy and Research Services Manager
- 12:00 p.m. (5) **Adjourn**

*These times are estimates and are subject to change depending on the needs of the Committee.

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***Executive Committee**

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G. Options for Legal Services

Options for Legal Services

Unique Nature of SCPP

- ❖ **The SCPP is a state entity to be represented by the Attorney General's office.** The duties of the AG's office are set under the state's Constitution and by statute. No Assistant Attorney General (AAG) is currently assigned to the SCPP.
- ❖ **The SCPP is quasi-legislative due to its hybrid composition.** The SCPP includes legislators from both the House and the Senate, representatives from the executive branch, and retirement system stakeholders – that is, member, employer and retiree representatives.
- ❖ **The SCPP's authority is limited, so there is a limited need for legal services.** The SCPP is a recommending body only. There are few legal issues arising before the committee.

Options for Legal Services

1. **Ad hoc referral of specific questions to an AAG.** SCPP Rule 8(D) provides: "A recommendation to refer an issue to the Assistant Attorney General will be approved by the Chair or by a majority vote of the Executive Committee. The Chair or the Committee will consider priorities of the SCPP of all legal issues and budget constraints in making this decision." The cost of this option is unknown.
2. **Utilize services of the AAG assigned to the Office of the State Actuary (OSA).** In most instances this can be done without generating conflicts of interest. OSA, the AAG, and the SCPP would need to be vigilant in determining when there is a divergence of interests that would require separate counsel. All services would be billed through OSA. The estimated cost for 2009 is \$7,000. This includes attendance at meetings.
3. **Request assignment of a separate AAG to the SCPP.** This maximizes the independence of counsel. Services would still be billed through OSA. The estimated cost for 2009 is \$7,000 and includes attendance at meetings.

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