<table>
<thead>
<tr>
<th>Received by OSA</th>
<th>From</th>
<th>To</th>
<th>Subject</th>
</tr>
</thead>
<tbody>
<tr>
<td>12/10/08</td>
<td>Philips, Hal</td>
<td>SCPP</td>
<td>Plan 1 COLA, Plan 3 Retirement Age, Health Care</td>
</tr>
<tr>
<td>12/12/08</td>
<td>Swan, Gail</td>
<td>SCPP</td>
<td>Pre-LEOFF Benefits</td>
</tr>
<tr>
<td>12/23/08</td>
<td>Burns, Joseph W.</td>
<td>SCPP</td>
<td>Pre-LEOFF Survivor Benefits</td>
</tr>
<tr>
<td>12/29/08</td>
<td>Hogg, Marcella</td>
<td>Governor Gregoire</td>
<td>Early Retirement Reduction Factor</td>
</tr>
<tr>
<td>1/11/09</td>
<td>Gallagher, Kristine</td>
<td>Randy Davis</td>
<td>Dispute With TRS Over Self-Directed Accounts</td>
</tr>
<tr>
<td>2/12/09</td>
<td>Wagner, Barbara</td>
<td>SCPP Members</td>
<td>Inequity Between Plans 1 and 2</td>
</tr>
<tr>
<td>2/13/09</td>
<td>King, Garrison</td>
<td>SCPP</td>
<td>Early Retirement Incentive</td>
</tr>
<tr>
<td>3/19/09</td>
<td>Bloomingdale, TJ</td>
<td>SCPP</td>
<td>Communications Officers’ Retirement Benefits</td>
</tr>
<tr>
<td>3/23/09</td>
<td>Krohn, Tommie</td>
<td>SCPP</td>
<td>Early Retirement Incentive</td>
</tr>
<tr>
<td>3/29/09</td>
<td>Tennant, Dan</td>
<td>SCPP Members</td>
<td>Complaint RE: TRS 3 Self-Directed Account</td>
</tr>
<tr>
<td>3/30/09</td>
<td>Altenhauser, Michael</td>
<td>SCPP Members</td>
<td>Peace Corps Service Credit</td>
</tr>
<tr>
<td>4/8/09</td>
<td>Elwell, Sandra</td>
<td>DRS</td>
<td>Dispute Over Beneficiary’s Benefit</td>
</tr>
<tr>
<td>4/23/09</td>
<td>Warriner, Dale</td>
<td>DRS</td>
<td>Equity in Benefit Structures, TAP Investment Option Performance</td>
</tr>
<tr>
<td>5/11/09</td>
<td>Pillow, Tommie</td>
<td>Sen. Schoesler, Chair</td>
<td>Request for Sub-Committee to Review WSPRS Governance</td>
</tr>
<tr>
<td>5/13/09</td>
<td>Sen. Prentice</td>
<td>SCPP</td>
<td>LEOFF 1 Survivor Benefits</td>
</tr>
<tr>
<td>5/12/09</td>
<td>Stoermer, Paul</td>
<td>SCPP</td>
<td>Lower Retirement Age for PERS 2</td>
</tr>
<tr>
<td>6/8/09</td>
<td>Fox, Kelly - LEOFF 2</td>
<td>SCPP</td>
<td>LEOFF 2 Issues for Coordination</td>
</tr>
<tr>
<td>6/8/09</td>
<td>Moe, Royce</td>
<td>SCPP</td>
<td>Court Commissioners’ Pension Bill</td>
</tr>
<tr>
<td>6/12/09</td>
<td>Representative Seaquist</td>
<td>Sen. Schoesler, Chair &amp; Rep. Conway, Vice Chair</td>
<td>Long-Term Planning, Best Practices</td>
</tr>
<tr>
<td>6/26/09</td>
<td>Wilfong, Ester and Leslie Main</td>
<td>SCPP</td>
<td>WSSRA Priorities for 2009-10</td>
</tr>
<tr>
<td>7/23/09</td>
<td>Senator Zarelli</td>
<td>Rep. Conway, Chair &amp; Sen. Schoesler, Vice Chair</td>
<td>SB 6046</td>
</tr>
<tr>
<td>8/3/09</td>
<td>Representative Seaquist</td>
<td>SCPP</td>
<td>Benefit Multiplier Addressed in SB5523/HB1742</td>
</tr>
<tr>
<td>8/26/09</td>
<td>Walker, Arne</td>
<td>Rep. Conway, Chair</td>
<td>Retirement Age for Public Safety Employees Retirement System</td>
</tr>
<tr>
<td>9/2/09</td>
<td>Walker, Arne</td>
<td>Rep. Conway, Chair &amp; SCPP</td>
<td>Retirement Age for Public Safety Employees Retirement system</td>
</tr>
<tr>
<td>9/4/09</td>
<td>Kvamme, John - WASA &amp; AWSP</td>
<td>SCPP</td>
<td>WASA &amp; AWSP Interim Issues</td>
</tr>
<tr>
<td>9/11/09</td>
<td>Senator Pridemore</td>
<td>SCPP</td>
<td>SB 6157 (Furloughs)</td>
</tr>
<tr>
<td>9/11/09</td>
<td>Parr, Randy - WEA</td>
<td>SCPP</td>
<td>WEA 2009 Interim Issues</td>
</tr>
<tr>
<td>9/14/09</td>
<td>Zuvich, Matt - PEPR</td>
<td>SCPP</td>
<td>PEPR Priorities for 2009 Interim</td>
</tr>
<tr>
<td>9/24/09</td>
<td>Nelson, Doug - PSE / SEIU 1948</td>
<td>SCPP</td>
<td>PSE / SEIU 2009 Interim Issues</td>
</tr>
<tr>
<td>10/5/09</td>
<td>Simoni, Bob</td>
<td>SCPP</td>
<td>Retirement Age for TRS 2/3</td>
</tr>
<tr>
<td>10/7/09</td>
<td>Kvamme, John - WASA &amp; AWSP</td>
<td>SCPP</td>
<td>Administrator Eligibility for Alternate Early Retirement</td>
</tr>
</tbody>
</table>
Members
Select Committee on Pension Policy
c/o Matt Smith, State Actuary
PO Box 40914
Olympia, WA 98504-0914

September 10, 2009

Dear Members of the SCPP,

I understand that the SCPP has a work session scheduled for September 15 to discuss the implementation of SB 6157, passed in the 2009 legislative session. I am writing to convey my support for a model that final compensation for state employees that is used to calculate a retirement benefit for a PERS member would not be affected by salary reduction that are due to reduced hours, leave without pay or furloughs taken as part of an employer’s effort to reduce expenditures during the 2009-2011 biennium. I request that this issue receive particular attention related to local government.

Many local government employees were also required to take salary reductions in order for local governments to balance their budgets, as well. Local governments’ fiscal year is not the legislative fiscal year of July 1 to June 30, but rather the calendar year, January 1 to December 31. This benefit should also be available to local government PERS members, effective January 1, 2009. I would like to request the support of the SCPP to include local government PERS members on the calendar year fiscal year, effective January 1, 2009.

I would be pleased to prime sponsor such a bill. Thank you very much for your consideration.

Best regards,

Craig A. Pridemore
State Senator
49th Legislative District
OSA staff and SCPP Members;

Attached please find WEA’s letter regarding the issue we would ask the committee to study during this brief 2009 interim. I plan to bring copies for sharing with the committee and/or executive committee at next Tuesday’s meeting, but wanted to send this a few days in advance for possible inclusion in committee materials at your next meeting.

Please feel free to contact me should you have any questions.

Randy Parr  
Budget Analyst-Lobbyist  
Olympia Public Policy Center  
Washington Education Association  
360-943-3150  
253-765-7155  
rparr@washingtonea.org
September 11, 2009

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 issue for study and/or action during the 2009 interim in preparation for the 2010 Legislative Session.

The WEA has a number of priorities for pension improvements that we expect to address in the future. However, we recognize the committee has only a limited time for studying issues this interim, and are not seeking any efforts on your behalf that require prolonged deliberation. However, while we are not asking the SCPP to act this year, the WEA does continue to have as its highest priority the enactment of Rule of 85 legislation.

The one issue WEA would seek the committee to study this year would be an option for those members of TRS and SERS Plan 3 who were hired in to that plan tier to transfer to their respective Plan 2. We would expect such a transfer to be effected in a manner that would be revenue neutral to the pension system. Should such an undertaking be deemed too large for the short time available to the committee this interim, we would suggest a means by which such an effort could be “piloted” with a small sub-class of system members. The WEA has raised this specific issue in the past, but this year would seek your consideration as a means to explore methods for affecting the larger objective:

- **Education Staff Associates with multiple employers.** Several certificated 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 this issue in more detail and would welcome the opportunity to work with the committee in determining the best way to address the issue. Thank you for your consideration.

Sincerely,

[Signature]

Randy Farr
Budget Analyst/Lobbyist
Washington Education Association
(360) 943-3150
(360) 481-2825
Attached you will find PEPR’s 2009 request letter. It is my hope that this can be included in tomorrow’s packets, even with its late arrival (for which I apologize!) A hard copy will follow via the US Mail.

Thank You,

Matthew D. Zuvich
Legislative and Political Action,
Washington Federation of State Employees
1212 Jefferson St. SE, Ste. 300
Olympia WA. 98501
Office: 360.352.7603 x 636
E-Mail: mattz@wfse.org
TO: Select Committee on Pension Policy  
FROM: Public Employees for Pension Reform (PEPR)  
DATE: September 15, 2009  
SUBJECT: Requested Prioritization of Pension Benefit Improvements

As you know, PEPR is comprised of organizations representing various active and retired members of the Washington State retirement systems. Though member organizations of PEPR will be individually submitting their respective priorities for study by the SCPP during the 2009 interim, we have joined together in support of three specific issues for addressing during 2009. The PEPR Coalition requests that the following issues be placed on the Select Committee on Pension Policy’s 2009 interim agenda:

- **Disability Retirement Benefit Study:**  
  PEPR continues to be very interested in finding a resolution to the lack of a true disability benefit for the Plans 2 and 3. We are very interested in the outcome of the study of disability benefits and “opt-in” insurance being performed by the Washington State Institute for Public Policy. PEPR looks forward to working with the SCPP this interim on proposals to address this shortcoming in the pension plans.

- **Default Plan Option for New Hires:**  
  The SCPP addressed this issue last year and the members of PEPR would appreciate your consideration of recommending legislation again this year. In short, new hires that fail to select between Plans 2 and 3 upon being hired are then automatically enrolled in Plan 3. We believe those members who have not taken an active interest in which pension plan they are placed are better served by being in a fully defined benefit plan and would seek a change for all system members to “default” in to Plan 2 instead of Plan 3.

- **Select Committee on Pension Policy Organizational Structure:**  
  Legislative proposals this past session and recent conversations with SCPP members and legislative leaders has indicated there are some serious concerns regarding the operations and credibility of the SCPP in recommending legislation to the full legislature. Members of PEPR would like to work with the SCPP to find ways to address these concerns. PEPR member organizations have several different thoughts in this regard, but all believe that we each have a stake in maintaining a credible committee whose recommendations are trusted by the full legislature.

Sincerely,

Matthew D. Zuvich, PEPR Coalition Chair  
Washington Federation of State Employees
PEPR
(Public Employees for Pension Reform)
Washington State Federation of State Employees (WFSE)
Matt Zuvich, Chair – 306-352-7603

American Federation of Teachers of Washington
Teamsters Union – Local 117
Washington Public Employees Association
Washington State Council of City & County Employees – Council 2
Retired Public Employees Council of Washington

Association of Washington School Principals
Washington Association of School Administrators
Public School Employees of Washington
Washington Education Association (WEA) & WEA-Retired
OSA and Executive Committee Members,

Please find attached a letter detailing the issues PSE/SEIU 1948 would appreciate you considering during the 2009 interim.

If you have any questions, please feel free to contact me.

Thanks,

Doug Nelson
PSE/SEIU 1948 Governmental Relations Director
cellphone: 206.919.8581
Auburn phone: 253.876.7428
Select Committee on Pension Policy
Executive Committee Members
PO Box 40914
Olympia, WA 98504-0914

RE: 2009 Interim Issues

Dear Executive Committee Members,

On behalf of the 26,000 K 12 and Higher Education members of Public School Employees of Washington / SEIU 1948 (PSE), we want to thank you for your service on the select committee and would appreciate your consideration of the following issues during the 2009 interim.

We continue to have an interest in pursuing the partial service credit bill, HB 1541 that unanimously passed the House and died in the Senate Ways and Means Committee in the 2009 legislative session. We are pleased to see that the SCPP has this issue on its October 2009 meeting agenda.

Our second issue of interest is to inform the SCPP, as a result of the discussion at the September 2009 executive committee meeting, that we support adding SERS participants to the furlough bill (SB 6157) and/or discussion. There are numerous SERS members who have experienced furloughs and payroll reductions in order to help districts weather the financial shortfalls.

Another issue is to support the Washington Education Association’s (WEA’s) efforts to give PERS 2 / SERS 3 members (members who originally were in a PERS 2 position with a previous employer and then took a SERS 3 position in a school district) the ability to get SERS 2 service in order to provide them a complete retirement option.

Lastly, we would appreciate your support for a resolution to the Internal Revenue Service (IRS) which would encourage them to provide PERS 3 and SERS 3 members an annual option to change the employee’s contribution rate. RCW 41.34.040 (4) provides all plan 3 participants an annual opportunity to change their contribution rates. Unfortunately, only one plan, TRS 3, has this ability. We have been unable so far to convince the IRS to allow us to apply our State law fairly and equitably to all plans. We are spearheading a federal lobbying effort which has so far received strong Washington State delegation support for this change. A resolution from this committee would help our efforts to convince the IRS that PERS and SERS 3 participants deserve this option.
We look forward to working with you on these issues in the coming months. Thank you for your cooperation and assistance.

Sincerely,

[Signature]

Doug Nelson
Director of Governmental Relations
Please take a look at helping teachers in Plan 2 get an unreduced retirement. Thanks Bob

Help teachers get an unreduced retirement at age 55 for TRS plan 2/3 members with 30 years of service
Matt

Attached is an expanded explanation of the "Administrator ERRF Early Retirement Problem and Solution" for the SCPP Executive Committee to consider for further action. At the September SCPP Executive Committee meeting this issue was discussed, however it appeared that a more detailed explanation of the issue was needed. A draft bill has been requested from the Code Revisor's Office, however is not yet available. If it is not too late I would appreciate the attached sheet to be included in the SCPP Executive Committee packet. Please let me know if this request is too late so that I can bring copies for the committee.

John Kvamme, WASA & AWSP Consultant
Plan 2/3 Final Year Contract

PROBLEM

- Many school administrators that are in Plans 2 & 3 who decide to retire on July 1st effectively are short two months of service credit to reach full years of service when completing their last contract year of active service.
- The reason for this is that a good proportion of administrators served as teachers in this state prior to moving into an administrative position. The contract year for teachers generally runs from September 1st through August 31st even though they generally complete their contract in June. The teacher’s pay is spread through August and they generally start drawing retirement on September 1st. The contract for school administrators by statute is required to run from July 1st through June 30th and their pay ends at the end of the contract. The shift from teacher to administrator contract causes many of these administrator’s final contract year to be short two months of reaching an even total number of service credit years when converting the total service credit months into service credit years.
- This hasn’t been a problem in the past because most retirees have been Plan 1 members. Plan 1 member service is counted by the service year, whereas Plans 2 and 3 count service by the month.
- This now causes problems for some school administrators that wish to take advantage of Plan 2 and 3 early retirement requirements (ERRF), a major requirement being that the member must have completed thirty service credit years.
- The problem of Plan 2 member access to the PEBB upon separation could also play into this situation.

SOLUTION OPTION

- Legislatively add a short paragraph to each of the TRS, SERS and PERS Plan 2 & 3 RCWs dealing with the alternate early retirement criteria.
- The paragraph would state that “a school administrator member completing twenty-nine service credit years and additionally completing ten additional service credit months through June 30 of the school administrator’s fiscal thirtieth member year is eligible to retire under this RCW41………..provision.”
- This language would allow administrators wishing to begin retirement at the end of their fiscal year to not have to work an additional two months or an additional year in order to take advantage of alternate early retirement.

John Kvamme, WASA & AWSP Consultant – 253 232 0375
Plan 3 Defined Contribution Rate Changes

- SERS or PERS Plan 3 is a hybrid retirement plan that is a 50% defined contribution plan along with a 50% defined benefit plan.
- SERS Plan 3 was effective in 2000 and consists of classified education support professionals working in K 12 education. There are approximately 32,747 employees currently in SERS 3.
- PERS Plan 3 was effective in 2002 and consists of Washington state government employees who chose this plan. There are approximately 26,900 employees in PERS 3.
- When employees are eligible to participate in either SERS or PERS 3, they choose how much they want to contribute to the plan:
  - 5%
  - 5% up to age 35, 6% ages 35 through 44, 7.5% ages 45 and older
  - 6% up to age 35, 7.5% ages 35 through 44, 8.5% age 45 and older
  - 7%
  - 10%
  - 15%

- Once they make this contribution decision, it cannot be changed while they are employed with their employer.
  - This inflexibility puts a strain on employees and their families when they experience financial problems.
  - Conversely, employees with personal financial improvements are not allowed to increase their contribution rate.

Complication

- The TRS (Teachers Retirement System) has the same plan 3 (established in 1996) but with an important difference.
- Teachers can change their plan 3 contribution rate on an annual basis.
- When the IRS approved the TRS Plan 3 annual contribution rate changes in May 2002, they made the decision approximately three years prior to SERS or PERS 3 requested the same option for annual contribution rates. In September 2005, the IRS approved the SERS and PERS 3 plans only after the plans were changed so that employees would not get a chance to make annual contribution rates.

Solution

Support PSE/SEIU 1948’s effort to give Washington state employees in SERS and PERS Plan 3 the same flexibility the IRS provided TRS Plan 3 in 2002. In these difficult financial times, providing employees flexibility will help them provide for their immediate budget challenges, their children and will in some circumstances, help them hold onto their homes.