

Wallis, Keri

From: Smith, Matt
Sent: Monday, July 19, 2010 10:10 AM
To: 'Doug Miller'
Cc: Burkhart, Kelly; Wallis, Keri; Harper, Laura
Subject: RE: OSA Correspondence

Thanks Doug. We'll bring your correspondence to tomorrow's meeting.

Matt

From: Doug Miller [mailto:doug@pacificpud.org]
Sent: Monday, July 19, 2010 9:44 AM
To: Smith, Matt
Subject: RE: OSA Correspondence

Good morning Matt,

I have been unable to attend Executive Committee Meetings due to the fact that my Board meets on the third Tuesday of each month, same day as SPCP Meetings, beginning at 1:00 p.m. Therefore, I will not be able to attend tomorrow, so would you be able to pass on this request?

Those involved in such a move, from PERS to PSERS if allowed by the SPCP and the Legislature, do not want this to cost the retirement system. Therefore, in order to decide if this is something the effected parties want to take to the SPCP, they need to have an estimated cost that can be evaluated.

Thank you for your help with this request. Please let me know if you have any questions.

Doug

From: Smith, Matt [mailto:Smith.Matt@leg.wa.gov]
Sent: Wednesday, July 14, 2010 8:21 PM
To: Doug Miller
Cc: Schoesler, Sen. Mark
Subject: RE: OSA Correspondence

Hi Doug,

Very busy, but doing well. Thank you. I hope this e-mails finds you well also.

According to the SPCP's rules of procedure, these types of requests go through the executive committee before dedication of staff resources. Would you like me to share this correspondence with the committee? Alternatively, you could bring this directly to the executive committee as a full committee member.

Please let me know if you have any questions for need further assistance.

Matt

From: Doug Miller [mailto:dougm@pacificpud.org]
Sent: Wednesday, July 14, 2010 3:52 PM
To: Office State Actuary, WA
Cc: Schoesler, Sen. Mark
Subject: OSA Correspondence

Hello Matt,

Hope things are going well with you.

IBEW Local Union No. 77 and public utilities in the State of Washington are considering asking the SCPP to allow certain classifications of employees to move from PERS to PSERS. Given that an employee can retire earlier under PSERS than PERS, it is assumed this move would have a cost to the retirement system. We would like to know if OSA could evaluate this cost and provide a figure so that we can talk with potentially affected employees about paying their share of the move should we be allowed to make the change. If you can compute this cost, what sort of information is needed? I assume social security numbers for the particular individuals would be one item, anything else? I know there is no guarantee we will be allowed to move but I've been asked to make this inquiry.

Thanks for your help with this subject.

Doug Miller
P.U.D. No. 2 of Pacific County

Wallis, Keri

From: McCabe, W Mike [mccabem@wsu.edu]
Sent: Monday, July 26, 2010 10:44 AM
To: Office State Actuary, WA
Subject: Retirement with NO return

Hello,

I would like to contact the SCPP about the possibility of changing/amending the 2008 Retirement-NO Return option for PERS Plan 2 people to include making exceptions on a case by case basis.

I am 60 years old, and have worked at WSU for almost 31 years. My wife is in failing health, and I am looking to retire at 62-using the 2008 option of retiring at 100%. This option, however, includes the stipulation that you may not come back to work at WSU-in ANY capacity-until 65. My dilemma is that I am the Timer for WSU football, the Official Scorer for WSU men's and women's basketball, and the Timer and Scoreboard Operator for WSU women's soccer, and in these capacities, I receive a small payment from WSU Athletics for my services. I would really HATE to lose these activities by having my retirement check stopped each month I work them-even though some months I would receive \$100 or less for my services. The services I provide only go for about 6-7 months a year-yet I would be penalized by not receiving a retirement check for that entire length of time. Surely there must be some way to handle cases like mine that "fall through the cracks". Any help you can give to address this issue would be GREATLY appreciated!

Sincerely,

W. Mike McCabe



Washington State School Retirees' Association

4276 Pacific Avenue SE, Lacey, WA 98503-1216 ~ 360-413-5493 / fax 360-413-5497 / 1-800-544-5219 ~ www.wssra.org

MEMORANDUM

TO: Select Committee on Pension Policy

FROM: Ester Wilfong, WSSRA Legislative Committee Co-Chair
Gordon Irle, WSSRA Legislative Committee Co-Chair
Leslie Main, WSSRA Legislative Coordinator

DATE: August 2, 2010

SUBJECT: WSSRA Priorities for 2010-11

RECEIVED

AUG - 4 2010

Office of
The State Actuary

The Washington State School Retirees' Association (WSSRA) again looks forward to working with members of the Select Committee on Pension Policy (SCPP) to address issues of concern to current and future school retirees. WSSRA has general goals and specific objectives which represent the continuing interests and concerns of 16,400+ statewide members that will be pursued as conditions permit. Following are WSSRA's Legislative Goals for 2010-11:

(Due to the continuing economic challenges facing the State of Washington, WSSRA intends on focusing on the objectives in highlighted print.)



WSSRA LEGISLATIVE GOALS ~ 2010-11



WSSRA: Providing leadership and promoting action.

Recovery of lost purchasing power for all TRS/PERS 1 retirees.

Objectives:

- ◆ Preservation and protection of the full value of the Teacher Retirement System / Public Employees Retirement System (TRS/PERS) Plan 1 defined benefit from inflation:
 - ◇ Short-term – Protection / improvement of the Plan 1 dollars/per months/per years of service post-retirement adjustment known as the Uniform Cost-of-Living Adjustment (COLA).
 - ◇ Long-term – Establishment of a true, Consumer Price Index (CPI)-based, Plan 1 COLA, consistent with the COLA provided to Plan 2/3 retirees.

Full funding of Washington State's Plan 1 and Plans 2/3 pension systems.

Objectives:

- ◆ Adherence to RCW 41.45.010 which calls for "dependable and systematic funding processes and pension contribution rates which will remain a relatively predictable proportion of future state budgets."
- ◆ Re-establishment of the June 30, 2024, amortization date for the Teacher Retirement System / Public Employees Retirement System (TRS/PERS) Plan 1 Unfunded Liabilities.

Pension improvements for active members of TRS/SERS/PERS.

Objectives:

- ◆ Establishment of Plan 2 as the default plan for new hires in the Teacher Retirement System / School Employees Retirement System / Public Employees Retirement System (TRS/SERS/PERS).
- ◆ Improvement of the \$150,000 death benefit for survivors of active members of TRS/SERS/PERS killed in the course of employment.
- ◆ Re-establishment of the Employees Retirement Benefits Board (ERBB) to address issues related to Plan 3 member Defined Contribution plans (i.e. self-directed investment options for Plan 3 defined contribution plans, payment options available for Plan 3 members, recommendations on investment options for the Deferred Compensation Program, etc.).
- ◆ Removal of age restrictions on 5-year vesting eligibility criteria for members of TRS/SERS/PERS Plan 3.
- ◆ Improvement of pension benefits which address concerns unique to classified school employees in SERS 2/3 and current TRS/SERS/PERS 3 retirees remaining from the 2007 repeal of Gain Sharing.
- ◆ A full retirement benefit for TRS/SERS/PERS Plan 2/3 members below the alternate Early Retirement Reduction Factor (ERRF) eligibility option of age 62 with 30 years of service.

Improved health insurance benefits and lower premiums for school retirees.

Objectives:

- ◆ Increases in the Public Employee Benefits Board (PEBB) Medicare eligible retiree subsidies that reflect increases in the rate of medical inflation.
- ◆ Protection plan design and containment of costs related to PEBB sponsored retiree health insurance plans (i.e. comprehensive benefit coverage - the type and level of benefit coverage and containment of costs - co-payments, deductibles, and monthly premiums).
- ◆ A "2nd chance" PEBB enrollment window for those state and K-12 employees who retired prior to 1/1/01, missed their initial enrollment opportunity, and can meet PEBB continuity of care requirements.

Improved livelihood for current and future school retirees.

Objectives:

- ◆ Support efforts of other senior advocate groups on long-term care and health care reform.
- ◆ Support efforts of other senior advocate groups on consumer privacy and protection, and fraud prevention.
- ◆ Support efforts of other senior advocate groups when their goals are consistent with ours.

Regarding WSSRA's top objectives for 2010-11:

Objective: Protection / improvement of the Plan 1 dollars/per months/per years of service post-retirement adjustment known as the Uniform Cost-of-Living Adjustment (COLA)

In the context of the current economic climate and the pension system Risk Assessment policies under development, WSSRA is compelled to have **protection** of the Uniform Plan 1 COLA as one of its top priorities for the 2010 Interim and 2011 Session. Much attention has been given to previously enacted benefit improvements, especially for members of TRS/PERS 1, as an underlying cause for the increasing pension costs the state is currently facing. **We believe that it is not the much needed enacted benefit improvements that are the problem, but the Legislature's failure to pay for such improvements that is the problem.**

The worth of a defined benefit is measured by how it retains its value over time. Plan 1 benefit improvements have been enacted because the original design of Plan 1 did not provide for adequate protection from inflation. Moreover, these benefits play a critical role in the economic vitality of the State of Washington. We encourage the SSCP to incorporate objective **and** subjective factors, such as follows, in their considerations of pension Risk Assessment:

- ◆ The principled "value" of maintaining Plan 1 benefit improvements which have **helped** to regain lost purchasing power – According to past reports by the Office of the State Actuary, even with the Gain Sharing improved Uniform Plan 1 COLA, members of TRS Plan 1 who retired during the mid-1970s have lost approximately 50% of their purchasing power (PERS 1, approximately 40%).
- ◆ The potential negative impact on employee recruitment and retention if Washington State becomes known for **not** living up to pension benefit promises that have been, or may be, made to current and future employees and retirees, and
- ◆ The cost/benefit "multiplier effect" of retiree pension benefits as they flow throughout the economy – The National Institute for Retirement Security (NIRS) in their February 2009 study, **Pensionomics: Measuring the Economic Impact of State and Local Pension Plans** found that:
 - ◇ **Every \$1 in state and local pension benefits paid to retirees in Washington State supported \$1.37 in total output.** This "multiplier" incorporates the impacts of retiree spending (\$2.35 billion), and induced impacts of retiree spending (\$1.5 billion), to arrive at a total state economic impact of \$3.2 billion in 2006.

Note: The NIRS study also measured the cost/benefit "multiplier effect" of retiree pension contributions, and found that **every \$1 contributed by taxpayers in the form of employer and employee pension contributions to Washington pension plans over the last 30 years amounts to \$9.69 in increased economic activity.** This reflects the multiplier effect of taxpayer contributions to pension funds that are invested and the impact of those investments as they ripple through the economy.

The **Pensionomics** summary of Washington State is attached, and the complete findings of this important NIRS study are available on the internet using the following link:

http://www.nirsonline.org/index.php?option=com_content&task=view&id=184&Itemid=88.

Objective: Adherence to RCW 41.45.010 which calls for "dependable and systematic funding processes and pension contribution rates which will remain a relatively predictable proportion of future state budgets"

WSSRA appreciates the SCPP's unanimous recommendation of support to the Pension Funding Council for the adoption of the State Actuary's recommended pension contribution rates for the 2011-13 biennium. We are also gratified that the Pension Funding Council has adopted these rates.

The next hurdle will be whether the Legislature adheres to these rates as they build the State's budget for the forthcoming biennium. As pointed out during WSSRA's testimony at the July 20th SCPP meeting, the Legislature has acted over the last decade to cut pension funding by:

- ◆ **reducing** pension contribution rates mid-biennium, *2SSB 6404 (2000)*
- ◆ **amending** statute to provide that, "*The contribution rate changes adopted by the PFC shall be subject to revision by the Legislature,*" *ESSB 6167 (2001)*
- ◆ **changing** economic assumptions and actuarial methods used in pension actuarial valuations, *ESSB 6167 (2001)*
- ◆ **moving** the amortization date from 12-31-16 (realized from '98 and '00 Gain Sharing) back to 6-30-24, *ESSB 6167 (2001)*
- ◆ **suspending** payments on the Unfunded Liability for the 2003-05 and 2005-07 biennia, *SB 6029 (2003)*
- ◆ **amending** statutory pension funding goals to provide increased flexibility in manipulating contribution rates, *ESHB 1044 (2005)*
- ◆ **avoiding** recognition of the cost of future Gain Sharing distributions as a material liability of the pension funds (a.k.a. "pre-funding"), *ESHB 1044 (2005)*
- ◆ most recently, under *SSB 6161 (2009)* ~
 - ◇ **repealing** the 2024 Plan 1 Unfunded Liability amortization date established under the 1989 Pension Reform Act, and **amending** statutory *pension funding goals* by replacing references to the 2024 date with references to the new 10-year rolling amortization schedule in, **plus**
 - ◇ **suspending** adoption of revised mortality tables and two contribution rate floors (levels beyond which rates cannot fall) due to go into effect at the beginning of the 2009-11 biennium: one for the TRS/PERS 1 Unfunded Liability and one for employer and member contribution rates for Plans 2/3 basic benefits in TRS/SERS/PERS, **and**
 - ◇ **reducing** the 2009-11 Unfunded Actuarial Accrued Liability (UAAL) pension contribution rates by 63.7% from those adopted by the Pension Funding Council.

The days of the Legislature manipulating pension contribution rates for short-term budget relief must end now. WSSRA asks SCPP members for their active support during the 2011 Session of enactment of the PFC's 2011-13 adopted pension contribution rates.

Objective: Establishment of Plan 2 as the default plan for new hires in the Teacher Retirement System / School Employees Retirement System / Public Employees Retirement System (TRS/SERS/PERS).

Considering the previously projected long-term savings that would be realized by the enactment of Plan 2 as the default plan for new hires in TRS/SERS/PERS, we also ask that the SCPP reconsider recommending this legislation for consideration before the Legislature during the 2011 Session. As with the issue of responsible pension funding, WSSRA correspondingly requests the active support for the Plan 2 default issue throughout the legislative process.

Objective: Improvement of the \$150,000 death benefit for survivors of active members of TRS/SERS/PERS killed in the course of employment

Regarding improvement of the \$150,000 death benefit provided to active members of TRS/SERS/PERS, WSSRA seeks uniformity of this benefit with that enacted for members of LEOFF 2 and the WSPRS during the 2010 Session: The \$150,000 benefit would be increased to reflect inflation impacts since the benefit was established (approximately \$214,000), and automatically adjusted each year by an amount equal to the Consumer Price Index (CPI) for urban wage earners and clerical workers for the Seattle / Tacoma / Bremerton area up to a maximum of 3 percent per year. Under the best of circumstances, this benefit would never be utilized. However, having this benefit indexed to the CPI will ensure that the value of this important benefit is maintained.

WSSRA looks forward to working with the SCPP during the 2010 Interim and 2011 Session to address these challenging and critical issues. Please contact WSSRA at 1-800-544-5219 if you have any questions regarding these requests. Thank you.

WASHINGTON



NATIONAL INSTITUTE ON
Retirement Security
Reliable Research. Sensible Solutions.

Pensionomics:

Measuring the Economic Impact of State and Local Pension Plans

Key Findings

Benefits paid by state and local pension plans support a significant amount of economic activity in the state of Washington.

Pension benefits received by retirees are spent in the local community. This spending ripples through the economy, as one person's spending becomes another person's income, creating a *multiplier effect*.

Expenditures stemming from state and local pensions supported...

- 21,035 jobs that paid \$1.3 billion in wages and salaries
- \$3.2 billion in total economic output
- \$462.9 million in federal, state, and local tax revenues

... in the state of Washington.

Each dollar paid out in pension benefits supported \$1.37 in total economic activity in Washington.

Each dollar "invested" by Washington taxpayers in these plans supported \$9.69 in total economic activity in the state.

Overview

Expenditures made by retirees of state and local government provide a steady economic stimulus to Washington communities and the state economy. In 2006, 129,378 residents of Washington received a total of \$2.35 billion in pension benefits from state and local pension plans, with \$2.17 billion paid from plans within the state and the remainder originating from plans in other states.

The average pension benefit received was \$1,516 per month or \$18,191 per year. These modest benefits provide retired teachers, public safety personnel and others who served the public during their working careers income to meet basic needs in retirement.

Impact on Jobs and Incomes

Retiree expenditures stemming from state and local pension plan benefits supported 21,035 jobs in the state. The total income to state residents supported by pension expenditures was \$1.3 billion.

Of this, the greatest share, \$717.6 million, was comprised of employee compensation (wages and salaries). Proprietors' income (self-employment income) represented \$101.6 million, and other property income (including payments from interest, rent, royalties, profits and dividends) totaled \$491.3 million.

Economic Impact

State and local pension funds in Washington and other states paid a total of \$2.35 billion in benefits to Washington residents in 2006. Retirees' expenditures from these benefits supported a total of \$3.2 billion in total economic output in the state, and \$1.5 billion in value added in the state.

\$2.3 billion in direct economic impacts were supported by retirees' expenditures on goods and services from businesses in the state. An additional \$472.1 million in indirect economic impact resulted when these businesses purchased additional goods and services, generating additional income in the local economy. \$491.5 million in induced impacts occurred when employees hired by businesses as a result of the direct and indirect impacts made expenditures, supporting even more additional income.

Total Economic Impact **\$3.2 billion**

**DIRECT
IMPACT**
\$2.3 billion

**INDIRECT
IMPACT**
\$472.1 million

**INDUCED
IMPACT**
\$491.5
million

Economic Multipliers

Taxpayer Contribution Factor*



\$1.00

Contributed by taxpayers to Washington pensions over 30 years



\$9.69
total output

Each \$1 in taxpayer contributions to Washington's state and local pension plans supported \$9.69 in total output in the state. This reflects the fact that taxpayer contributions are a minor source of financing for retirement benefits - investment earnings and employee contributions finance the lion's share.

Pension Benefit Multiplier



\$1.00

pension benefits paid to retirees in Washington



\$1.37
total output

Each \$1 in state and local pension benefits paid to Washington residents ultimately supported \$1.37 in total output in the state. This "multiplier" incorporates the direct, indirect, and induced impacts of retiree spending, as it ripples through the state economy.

* Caution should be used in interpreting this number, because the Census data used reflect the taxable status of contributions only; because employee contributions may be reported as taxpayer contributions, the multiplier here may be underestimated.

Impact on Tax Revenues

State and local pension payments made to Washington residents supported a total of \$462.9 million in revenue to federal, state and local governments. Taxes paid by retirees and beneficiaries directly out of pension payments totaled \$82.4 million. Taxes attributable to direct, indirect and induced expenditures accounted for \$380.5 million in tax revenue.

Federal Tax	312.9 million
State/Local Tax	149.2 million
Other Corporate Taxes	0.7 million
Total	\$462.9 million

Economic Impacts by Industry Sector

The economic impact of state and local pension benefits was broadly felt across various industry sectors in the state. The ten industry sectors with the largest employment impacts are presented in the table below.

Industry	Employment Impact (# Jobs)	Value Added Impact (\$ millions)	Income Impact (\$ millions)	Output Impact (\$ millions)
Health Care and Social Assistance	4,778	\$250.9	\$247.9	\$397.0
Retail Trade	4,008	210.8	166.8	316.5
Accommodation and Food Services	2,376	68.6	60.9	133.4
Other Services (Except Public Administration)	1,859	54.9	51.1	101.4
Real Estate and Rental and Leasing	1,099	121.9	101.2	180.7
Finance and Insurance	935	115.4	110.3	206.0
Professional, Scientific, and Technical Services	854	51.0	50.0	95.1
Wholesale Trade	844	102.5	80.1	152.0
Arts, Entertainment, and Recreation	674	20.1	17.9	34.1
Administrative and Waste Services*	648	25.1	57.2	40.4

*The North American Industry Classification System classifies this industry as Administrative and Support and Waste Management and Remediation Services.

Wallis, Keri

From: john kvamme [jekvamme@yahoo.com]
Sent: Friday, August 27, 2010 1:35 PM
To: Smith, Matt
Subject: Survivor Access to TRS 1 Annuity
Attachments: Survivor Access Oct Mtg Re.doc

Matt

Attached is a memo to the SCPP members. I would appreciate if this memo were included in the correspondence portion of the SCPP executive meeting on September 21, 2010.

John Kvamme

TO: Select Committee on Pension Policy

FROM: John Kvamme, WASA & AWSP Consultant

RE: Survivor Access To TRS 1 Annuity

DATE: August 27, 2010

If the “Survivor Access to TRS 1 Annuity” was not on the SCPP September 21, 2010 regular agenda, I would like to remind the SCPP Executive Committee that I would like to request that the Executive Committee ask that the State Actuary Office do a work-up of this issue and present their report at the October 19, 2010 Regular SCPP meeting.

Your consideration of this request is appreciated.

Wallis, Keri

From: Michele Neumann [Mneumann@Rentonwa.gov]
Sent: Tuesday, September 07, 2010 3:57 PM
To: daven@drs.wa.gov; Office State Actuary, WA; levy4@msn.com
Cc: Penny Bartley
Attachments: SCPP-Letter_090710pdf.doc.pdf

Good Afternoon:

Attached is a copy of the letter mailed to Senator Mark Schoesler, Chair, of the Select Committee on Pension Policy regarding SCORE's request for a change to the RCW concerning PSERS eligibility.

Michele Neumann

Executive Assistant

Tel: (425) 430-7509 | Fax: (425) 430-7508 | mneumann@rentonwa.gov





SOUTH CORRECTIONAL ENTITY
Serving the Cities of Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac, and Tukwila

September 7, 2010

Senator Mark Schoesler, Chair
Select Committee on Pension Policy (SCPP)
PO Box 40409
Olympia, WA 98504-0409

Dear Chairman Schoesler:

As the Director of the South Correctional Entity (SCORE), I am writing to you on behalf of our current and future employees regarding retirement eligibility in the Public Safety Employees Retirement System (PSERS). SCORE has talked with state officials and legislators about a very minor technical fix in the law – one that would not impose any new cost issues or burdens upon the state – and I am hoping the SCPP would be willing to sponsor a 2011 legislative request to make this small change.

As background, SCORE is a multi-jurisdictional Administrative Agency that was established in 2009 under RCW 39.34 (the Interlocal Cooperation Act) for the purpose of building and operating a local jail for our member cities. The member cities are: Auburn, Burien, Des Moines, Federal Way, Renton, SeaTac and Tukwila. Collectively, we serve a population of almost 350,000 citizens in South King County.

SCORE is currently building a 164,000 square foot jail in the City of Des Moines. We expect to open the facility in the fall of 2011. SCORE has a maximum capacity of 813 beds and will be the sixth largest jail in Washington State. At completion, we will have 124 full-time corrections officers.

The member cities carefully reviewed our expenses and found that if we worked together we could build and operate a jail for less than we were paying to operate existing independent jails. Additionally, by consolidating services in a single location, we are able to expedite court matters, moving inmates through the criminal justice system more effectively, again saving taxpayer money. SCORE's inmate population will include pre-trial detainees, those that have been arrested and are awaiting trial; and sentenced offenders, those convicted of misdemeanor offenses that are serving jail sentences of up to 365 days in jail.

Currently, the cities of Auburn and Renton also operate municipal jail facilities. These facilities will be closed once SCORE opens and the existing correctional officers will be transitioned to SCORE,

1055 South Grady Way, Renton, Washington 98057 – SCOREjail.org

becoming the first corrections officers for SCORE. Most of these existing Auburn and Renton employees are members of the PSERS retirement system.

After SCORE submitted our employer forms to the Department of Retirement Services (DRS), we learned that SCORE correctional officers would not be eligible for membership in PSERS. The PSERS definition of membership never anticipated the creation of a local jail through the Interlocal Cooperation Act. Employers created through Interlocal Agreements are members of the Public Employees Retirement Systems (PERS) as defined in RCW 41.40.010, Section 13(b).

We believe that the intent of the Legislature, as expressed in RCW 41.37.005, was clearly for employees that work within state, county, and local correctional facilities operated within Washington State are members of PSERS. This belief is based upon the existing employer definition found in RCW 41.37.010, which states:

(4) "Employer" means the Washington state department of corrections, the Washington state parks and recreation commission, the Washington state gambling commission, the Washington state patrol, the Washington state department of natural resources, and the Washington state liquor control board; any county corrections department; ***or any city corrections department not covered under chapter 41.28 RCW*** (emphasis added).

I am asking that you modify the definition of "employer" under RCW 41.37.010 to allow correctional officers that transfer to SCORE to maintain their membership with PSERS. We are not asking to expand membership to new categories of employees or employers. Instead we are asking for the maintenance of membership for our existing staff at the Renton and Auburn Jails and for new employees that will be hired by SCORE.

We have had several conversations with staff at DRS. DRS has been very cooperative and understands the dilemma that we face. They understand that SCORE is serving as a local jail, and they also understand that what we are suggesting will help clarify the legislative intent to allow city correctional staff to participate in this retirement system. However, DRS feels this technical fix is necessary to explicitly ensure that SCORE correctional employees are eligible for PSERS.

I have attached a suggested Amendment that would clarify the membership definition under RCW 41.37. I have spoken with DRS regarding this modification and they are in support of this request.

Thank you for your consideration of this item as one that the SCPP could perhaps sponsor and request of the 2011 Legislature. I am happy to provide you any additional information you might need, and plan to be at the Select Committee's meeting on September 21st to speak about our request. I can be reached at (425) 430-7565 should you have any questions.



Sincerely,



Penny Bartley
Director

Attachment

cc: Representative Steve Conway, Vice Chair
Representative Barbara Bailey
Representative Larry Crouse
Senator Steve Hobbs
Senator Janea Holmquist
Senator Joe McDermott
Representative Larry Seaquist
Steve Hill, DRS
Marty Brown, OFM



AN ACT Relating to public correctional agencies formed by counties or cities pursuant to RCW 39.34.030; amending RCW 41.37.010, and establishing an effective date.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 41.37.010 is amended to read as follows:

The definitions in this section apply throughout this chapter, unless the context clearly requires otherwise.

(1) "Accumulated contributions" means the sum of all contributions standing to the credit of a member in the member's individual account, including any amount paid under RCW 41.50.165(2), together with the regular interest thereon.

(2) "Actuarial equivalent" means a benefit of equal value when computed upon the basis of such mortality and other tables as may be adopted by the director.

(3) "Adjustment ratio" means the value of index A divided by index B.

(4) "Annuity" means payments for life derived from accumulated contributions of a member. All annuities shall be paid in monthly installments.

(5)(a) "Average final compensation" means the member's average compensation earnable of the highest consecutive sixty months of service credit months prior to such member's retirement, termination, or death. Periods constituting authorized leaves of absence may not be used in the calculation of average final compensation except under RCW 41.37.290.

(b) In calculating average final compensation under (a) of this subsection, the department of retirement systems shall include any compensation forgone by a member employed by a state agency or institution during the 2009-2011 fiscal biennium as a result of reduced work hours, mandatory or voluntary leave without pay, or temporary layoffs if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer.

(6) "Beneficiary" means any person in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by another person.

(7)(a) "Compensation earnable" for members, means salaries or wages earned by a member during a payroll period for personal services, including overtime payments, and shall include wages and salaries deferred under provisions established pursuant to sections 403(b), 414(h), and 457 of the United States internal revenue code, but shall exclude nonmoney maintenance compensation and lump sum or other payments for deferred annual sick leave, unused accumulated vacation, unused accumulated annual leave, or any form of severance pay.

(b) "Compensation earnable" for members also includes the following actual or imputed payments, which are not paid for personal services:

(i) Retroactive payments to an individual by an employer on reinstatement of the employee in a position, or payments by an employer to an individual in lieu of reinstatement, which are awarded or granted as the equivalent of the salary or wage which the individual would have earned during a payroll period shall be considered compensation earnable to the extent provided in this subsection, and the individual shall receive the equivalent service credit;

(ii) In any year in which a member serves in the legislature, the member shall have the option of having such member's compensation earnable be the greater of:

(A) The compensation earnable the member would have received had such member not served in the legislature; or

(B) Such member's actual compensation earnable received for nonlegislative public employment and legislative service combined. Any additional contributions to the retirement system required because compensation earnable under (b)(ii)(A) of this subsection is greater than compensation earnable under (b)(ii)(B) of this subsection shall be paid by the member for both member and employer contributions;

(iii) Assault pay only as authorized by RCW 27.04.100, 72.01.045, and 72.09.240;

(iv) Compensation that a member would have received but for a disability occurring in the line of duty only as authorized by RCW 41.37.060;

(v) Compensation that a member receives due to participation in the leave sharing program only as authorized by RCW 41.04.650 through 41.04.670; and

(vi) Compensation that a member receives for being in standby status. For the purposes of this section, a member is in standby status when not being paid for time actually worked and the employer requires the member to be prepared to report immediately for work, if the need arises, although the need may not arise.

(8) "Department" means the department of retirement systems created in chapter 41.50 RCW.

(9) "Director" means the director of the department.

(10) "Eligible position" means any permanent, full-time position included in subsection (19) of this section.

(11) "Employee" or "employed" means a person who is providing services for compensation to an employer, unless the person is free from the employer's direction and control over the performance of work. The department shall adopt rules and interpret this subsection consistent with common law.

(12) "Employer" means the Washington state department of corrections, the Washington state parks and recreation commission, the Washington state gambling commission, the Washington state patrol, the Washington state department of natural resources, and the Washington state liquor control board; any county corrections department; ~~or~~ any city corrections department not covered under chapter 41.28 RCW; and any public correctional agencies created by counties or cities pursuant to RCW 39.34.030 whose delegated authority is to perform correctional duties of the counties or cities.

(13) "Final compensation" means the annual rate of compensation earnable by a member at the time of termination of employment.

(14) "Index" means, for any calendar year, that year's annual average consumer price index, Seattle, Washington area, for urban wage earners and clerical workers, all items, compiled by the bureau of labor statistics, United States department of labor.

(15) "Index A" means the index for the year prior to the determination of a postretirement adjustment.

(16) "Index B" means the index for the year prior to index A.

(17) "Ineligible position" means any position which does not conform with the requirements set forth in subsection (10) of this section.

(18) "Leave of absence" means the period of time a member is authorized by the employer to be absent from service without being separated from membership.

(19) "Member" means any employee employed by an employer on a full-time basis:

(a) Who is in a position that requires completion of a certified criminal justice training course and is authorized by their employer to arrest, conduct criminal investigations, enforce the criminal laws of the state of Washington, and carry a firearm as part of the job;

(b) Whose primary responsibility is to ensure the custody and security of incarcerated or probationary individuals as a corrections officer, probation officer, or jailer;

(c) Who is a limited authority Washington peace officer, as defined in RCW 10.93.020, for an employer; or

(d) Whose primary responsibility is to supervise members eligible under this subsection.

(20) "Membership service" means all service rendered as a member.

(21) "Pension" means payments for life derived from contributions made by the employer. All pensions shall be paid in monthly installments.

(22) "Plan" means the Washington public safety employees' retirement system plan 2.

(23) "Regular interest" means such rate as the director may determine.

(24) "Retiree" means any person who has begun accruing a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer while a member.

(25) "Retirement" means withdrawal from active service with a retirement allowance as provided by this chapter.

(26) "Retirement allowance" means monthly payments to a retiree or beneficiary as provided in this chapter.

(27) "Retirement system" means the Washington public safety employees' retirement system provided for in this chapter.

(28) "Separation from service" occurs when a person has terminated all employment with an employer.

(29) "Service" means periods of employment by a member on or after July 1, 2006, for one or more employers for which compensation earnable is paid. Compensation earnable earned for ninety or more hours in any calendar month shall constitute one service credit month. Compensation earnable earned for at least seventy hours but less than ninety hours in any calendar month shall constitute one-half service credit month of service. Compensation earnable earned for less than seventy hours in any calendar month shall constitute one-quarter service credit month of service. Time spent in standby status, whether compensated or not, is not service.

Any fraction of a year of service shall be taken into account in the computation of such retirement allowance or benefits.

(a) Service in any state elective position shall be deemed to be full-time service.

(b) A member shall receive a total of not more than twelve service credit months of service for such calendar year. If an individual is employed in an eligible position by one or more employers the individual shall receive no more than one service credit month during any calendar month in which multiple service for ninety or more hours is rendered.

(30) "Service credit month" means a month or an accumulation of months of service credit which is equal to one.

(31) "Service credit year" means an accumulation of months of service credit which is equal to one when divided by twelve.

(32) "State actuary" or "actuary" means the person appointed pursuant to RCW 44.44.010(2).

(33) "State elective position" means any position held by any person elected or appointed to statewide office or elected or appointed as a member of the legislature.

(34) "State treasurer" means the treasurer of the state of Washington.

NEW SECTION: Sec. 2. Section 1 of this act is effective January 1, 2011.

Wallis, Keri

From: Mcguire, John (HRD) [mcguija@dshs.wa.gov]
Sent: Thursday, September 09, 2010 7:05 AM
To: Office State Actuary, WA
Subject: SCPP Correspondence

Members of the SCPP;

I have been writing almost every legislator, both on the House and Senate sides along with the SCPP to get some kind of interest in sponsoring a bill for the last four years for the Legislative Sessions. I am currently a PERS Plan 2 member with 30+ years of service who has MS, since 1999 as far as the doctors can tell. However, I just turn 53 years old in 2010 and with the current retirement plans if I was to go out on disability I would be losing about 7-8% of my retirement benefits for each year that I am under the age of 65. If I can hang in there and work till I am 55 years of age I will have 32 years of service and still will be penalized with 2% for each year under age 65 years of age reducing my Retirement Benefits. I am currently being investigated as if I can do my Essential Functions of my position. This would equate to an Involuntary Disability Separation, which would equate to \$960 per month from Department of Retirement System (DRS). Rather than if I am able to continue until I am 55 Years of age my Retirement Pension would be over \$2,000 per month.

I had a Fiscal Tech employee 9 or 10 years ago, who had about 18 years with the state and he then had a stroke which cause him to go out on a disability. I doubt if he had enough retirement pension to continue his medical coverage. Fiscal Techs did not make that much money in the first place. He had a 10 year old son who was counting on him to continue to bring home the money, because his wife did not work.

What I am asking for, is if you and your fellow members could sponsor a retirement bill changing the rules in regards to Disability Retirement based on medical reasons, such as what is describe by the new definition passed in the 2007 Legislative Session. The disability would have to meet the SSA requirements on disability. I am also asking that the retirement Benefits not be reduced because of being disable in accordance to the SSA Definition.

The main reason is to stop the reduction of those State Employees who planned on working for the require amount of time needed to retire, but were dealt a bad hand because of a disability that they did not plan on. You have already changed the LEOFF Retirement system for Law Enforcement employees who get injured in the line of duty. Why are they more important than any other state employee who becomes disabled while working for the State of Washington?

This effects not only State Workers in my District but State Employees in every District throughout the State of Washington. This request is not only for employees in the PERS 2 system, but in the TRS, SERS and so on.

Thank you for hearing me out and I look forward to hear back from you and to see action taken place in the 2011 Legislative Session.

John A. McGuire, CGFM
Department of Social and Health Services
Information Technician Specialist 3
Human Resource Division
Mail Stop: 45830
Phone: (360) 725-5811
John.McGuire@dshs.wa.gov



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253 530.1000 253 530.1010 fax www.psd401.net

September 8, 2010

The Honorable Chris Gregoire
Governor of the State of Washington
Boards and Commissions
PO Box 40002
Olympia, WA 98504-0002

RECEIVED

SEP 10 2010

Office of
The State Actuary

Dear Governor Gregoire:

It is with great sadness that I am sending you my resignation from the Select Committee on Pension Policy. I find that my work requirements, with these ever decreasing resources, do not allow me the time or effort I need to make my participation of value to the Committee. I commend the work of the Committee and of the State Actuary as they move forward on their risk assessment.

I would encourage you to consider a representative from the Washington School Personnel Association (WSPA) as my replacement representing SERS and TRS employers. Chris Burton, the Executive Director of WSPA, would be a great resource. Thank you again for the opportunity to serve and participate on the Select Committee.

Sincerely,

Charles Cuzzetto
Deputy Superintendent

copy to:

The Honorable Mark Schoesler
Chair, Select Committee on Pension Policy
PO Box 40914
Olympia, WA 98504-0914

Matthew Smith
State Actuary
PO Box 40914
Olympia, WA 98504-0914

Chris Burton
Executive Director
Washington School Personnel Association
1219 Cole Street
Enumclaw, WA 98022

Terry Nelsen Bouck
Superintendent
Peninsula School District

Wallis, Keri

From: Seaquist, Rep. Larry
Sent: Tuesday, September 14, 2010 3:48 PM
To: 'Elaine Valencia'; Rolfes, Rep. Christine; Appleton, Rep. Sherry; Kilmer, Sen. Derek; Sheldon, Sen. Timothy; Finn, Rep. Fred; Haigh, Rep. Kathy; Smith, Matt
Cc: Conway, Rep. Steve; Schoesler, Sen. Mark; Rose, Terra
Subject: RE: SB 6157 and SB 6503

As a member of the Select Committee, I ask that the communiqué below from Bremerton Mayor Patty Lent be included in the communications to the Select Committee on Pension Policy and that her request be discussed at the next meeting of the SCPP Executive Board.

Thank you,
Larry

Rep. Larry Seaquist
26th Legislative District Office
LA Terra Rose 253.858-1013
3206 50th St. Ct. NW
Gig Harbor WA 98335
seaquist.larry@leg.wa.gov

From: Elaine Valencia [mailto:Elaine.Valencia@ci.bremerton.wa.us]
Sent: Tuesday, September 14, 2010 1:35 PM
To: Rolfes, Rep. Christine; Appleton, Rep. Sherry; Kilmer, Sen. Derek; Seaquist, Rep. Larry; Sheldon, Sen. Timothy; Finn, Rep. Fred; Haigh, Rep. Kathy
Subject: SB 6157 and SB 6503

Mayor Patty Lent asked me to send this information to you:

Below are the two Senate Bills that were passed regarding reduction in compensation and their effect on an employee's retirement. We are requesting that the legislature consider extending both SB 6157 and SB 6503 through the 2012 biennium.

Due to budget constraints the City of Bremerton may need to negotiate reductions in pay or Furloughs during this time period. It is very difficult to get unions to agree to the reductions if it is going to affect their member's retirement benefit.

Also, we are requesting that SB 6503 be amended to include LEOFF employees who work for local governments. The City of Bremerton has employees whose retirement benefits may be reduced because of reduction in salaries or furloughs that were taken as a part of the City's effort to reduce expenditures.

Senate Bill (SB) 6157 was passed by the 2009 legislature. It allowed any compensation forgone by a Public Employees' Retirement System (PERS) member, due to a furlough during the 2009-2011 biennium, to be included in the average final compensation calculation of that member's retirement benefit. The qualifying factors are a reduction in hours *and* salary and the furlough must have been an integral part of the employer's efforts to reduce expenditures.

SB 6503 was passed by the 2010 legislature and added members of the Teachers' Retirement System (TRS), Washington State Patrol Retirement System (WSPRS), Law Enforcement Officers' and Fire Fighters' Retirement System, (LEOFF), and Public Safety Employees' Retirement System (PSERS) who work for State Agencies or Institutions of Higher Education.

Thank you very much for your help on this important issue.

Elaine Valencia
Executive Asst. to the Mayor
City of Bremerton
345 6th Street, Suite 600
Bremerton WA 98337
360 473-5266 office
360 473-5883 fax
elaine.valencia@ci.bremerton.wa.us