

Select Committee On Pension Policy

Constituent Correspondence as of June 2, 2011

| Received by OSA | From | To | Subject |
|-----------------|---|---|--|
| 12/14/10 | Representative Seaquist | Sen. Schoesler | PSERS Retirement Age |
| 12/14/10 | Henry Deccio | SCPP | Plan 1 COLA |
| 12/14/10 | Charlene Crider | SCPP | Plan 1 COLA |
| 1/13/11 | Vince Oliveri - IFPTE Local 17 | Matt Smith | CVEOs PERS to PSERS Transfer |
| 1/24/11 | Nancy Easley | SCPP | Plan 1 COLA |
| 2/1/11 | Kent Andrus | SCPP | Divided Retirement Account |
| 2/18/11 | Mark Gjurasic - King County Adult Corrections Guild | Matt Smith | PSERS Retirement Age |
| 3/8/11 | Member Keller - AFSCME/WFSE | Sen. Schoesler | PERS 2 Past, Part-Time Service Credit |
| 4/29/11 | Senator Haugen | Sen. Schoesler | SB 5255: Including Overtime in WSPRS AFS |
| 6/2/11 | Mark Gjurasic - King County Adult Corrections Guild | SCPP Executive Committee and Matt Smith | Review of PSERS |
| 6/15/11 | Bill Peterson | Matt Smith | Early Retirement |
| 6/20/11 | Kelly Fox - LEOFF 2 Board | SCPP | Requests for 2011 Interim |
| 6/30/11 | John Kvamme - WASA/AWSP | Matt Smith | Requests for 2011 Interim |
| 7/5/11 | Jerry Lyszak | SCPP | Actuarial Factors |

Wallis, Keri

Subject: RE: SCPP agenda

From: Seaquist, Rep. Larry
Sent: Tuesday, December 14, 2010 8:10 PM
To: Schoesler, Sen. Mark; Conway, Rep. Steve
Cc: Smith, Matt; Rose, Terra
Subject: SCPP agenda

SCPP Chair Schoesler:

As you know, the PSERS retirement system was created in 2004 in recognition of the high degree of personal risk inherent in the work of certain public employees. Recognizing that risk, the PSERS plan set the standard retirement age at age 60. Since that time other retirement system changes have lowered the standard retirement age for other employees: PERS to 62; LEOFF to 53. My own recent discussions with a number of corrections officers from different institutions suggest it may be time for the Select Committee to revisit the retirement age policy. Specifically, I ask that the King County Corrections Guild be invited to make a short presentation to the committee on their recommendations for adjustment.

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

Wallis, Keri

From: Bud and Pat Deccio [henrypatriciadec@live.com]
Sent: Tuesday, December 14, 2010 4:11 PM
To: Office State Actuary, WA
Subject: PERS 1 RETIREMENT

TO WHOM IT MAY CONCERN.

As of this year, for the first time, my retirement amount does not pay for my health insurance. (increased \$95) My SS has not increased for 2 years, but in the meantime, the last 2 years, everything has went up concerning my home. The last 2+ years my investment are still 30% in the red.

This legislation does not separate the rich from the poor who need that 3% just to TRY and keep our heads above water.

If there is still a need to cut off our 3%, I hope you at least consider replacing it with a cola.

Please respond to my concerns. Thank you. Henry "Bud" Deccio, retired, 2004, age 72, nephew of former Senator Alex Deccio Yakima.

RECEIVED

DEC 16 2010

Office of
The State Actuary

December 14, 2010

Charlene Crider
702 East 1st Ave. C-4
Ellensburg, WA 98926

SCPP
P.O. Box 40914
Olympia, WA 98504-0914

Dear SCPP,

I am writing in regard to the changes the governor wants to make on employee pension plans. It is difficult for me to understand her reasoning. I for one do not have a very big pension and with costs going up in every way, and not getting a COLA every year, would hurt very much. Our insurance premium is going up \$68.00 more a month, gas has gone up, groceries have gone up...etc., etc. They said we don't get a social security raise for two years because there has been no inflation. Where are these people getting their information? Maybe they define "inflation" differently than I do, but we certainly have had inflation. I guess it depends on who you are. If the governor wants to trade me pay checks I would be very happy to trade with her. She needs to take into consideration that not everyone is as wealthy as she seems to be. After all, anyone who has to live from pay check to pay check would never think of the budget cuts she is wanting. I expect she never uses a coupon to shop or wait for sales to buy other needed items.

I would very much like her to see this letter. Maybe it would give her a clue. And to think, I actually voted for her.

Sincerely,



Charlene crider



Office of the State Actuary

"Securing tomorrow's pensions today."

December 17, 2010

Charlene Crider
702 East 1st Avenue C-4
Ellensburg, WA 98926

Dear Ms. Crider,

Thank you for your letter to the Select Committee on Pension Policy (SCPP) dated December 14, 2010. This correspondence was received in the Office of the State Actuary (OSA) on December 16, 2010.

OSA is a non-partisan agency providing technical assistance to the legislative and executive branches, as well as staff support to the SCPP. The SCPP usually meets only during the interim months between sessions.

During the interim, correspondence to the SCPP is typically found in the Executive Committee's meeting materials under the agenda item entitled "Constituent Correspondence." Any correspondence received during the 2011 Session will also be included in the executive meeting materials for the first meeting of the 2011 Interim.

Each year the SCPP receives many requests to study various issues or make specific recommendations to the legislature. All suggestions are made known to the Committee. You can view the SCPP agendas, track the progress of issues studied by the Committee, and find the yearly recommendations made to the Legislature by visiting the SCPP website at <http://www.leg.wa.gov/SCPP/default.htm>.

We are providing a copy of your letter to the Governor's office. If you would like to contact the Governor's office directly regarding your concerns you can contact them at 360.902.4111 or by mail at PO Box 40002, Olympia, WA 98504-0002.

Thank you for your interest in the work of the SCPP.

Sincerely,

Keri Wallis

Cc: Dawn Gothro
Phil Dubois

O:\SCPP\2011\Correspondence\Replies\Crider_12-17-10.docx



January 13, 2011

RECEIVED

JAN 14 2010

Office of
The State Actuary

Mr. Matthew Smith
Office of the State Actuary
P.O. Box 40914
Olympia, WA 98504-0914

Dear Mr. Smith:

The International Federation of Professional and Technical Engineers (IFPTE) Local 17 represents Commercial Vehicle Enforcement Officers (CVEOs) at the Washington State Patrol who were converted from Commercial Vehicle Officers (CVOs) in 2006.

The State Patrol and our organization worked countless hours determining how best to convert these positions into those that required arming of state employees. The conversion was of great benefit to the State Patrol and the citizens of the state.

The former CVOs were participants in the PERS retirement system and were subsequently transferred into the PSERS system. I believe that the impact of this transfer was not fully realized by the parties or the affected employees at the time.

In similar conversion projects subsequent to this one, existing employees have had a limited time option to remain in PERS or convert to PSERS. In the case of this group, they were not given that option.

Many of those employees have since determined that if they had the option it would have been advantageous for them to remain in PERS.

On behalf of those employees I am seeking the opportunity to address this issue during this legislative session if possible.

I request the opportunity to discuss this with you, the Select Committee on Pension Policy and/or your staff at the soonest opportunity.

Sincerely,

A handwritten signature in blue ink that reads 'Vince Oliveri'.

Vince Oliveri
Legislative Director
206-328-7321, Ext. 108
vince@ifpte10.org

VO:dc
opeiu8

2900 Eastlake Avenue East • Suite 300 • Seattle, Washington 98102
Phone: (206) 328-7321 • Fax: (206) 328-7402 • Toll free: 1(800) 783-0017
Web: www.ifpte17.org • Email: union@ifpte17.org



Office of the State Actuary

"Securing tomorrow's pensions today."

January 17, 2011

Vince Oliveri
Legislative Director
IFPTE Local 17
2900 Eastlake Avenue East, Suite 300
Seattle, WA 98102

Dear Mr. Oliveri,

Thank you for your letter to Matt Smith dated January 13, 2011. This correspondence was received in the Office of the State Actuary (OSA) on January 14, 2011. We will forward your correspondence to the SCPP and include it in the executive meeting materials for the first meeting of the 2011 Interim.

You mentioned in your letter that you would prefer for the Legislature to take action with respect to your issue during the 2011 session. If that is the case, you will need to work directly with a member of the legislature and independently from the SCPP. The SCPP usually meets only during the interim months between sessions, and has already finalized its recommendations for the 2011 session.

For future reference, the SCPP receives many requests to study various issues or make specific recommendations to the legislature. All suggestions are made known to the Committee. You can view the SCPP agendas, track the progress of issues studied by the Committee, and find the yearly recommendations made to the Legislature by visiting the SCPP website at <http://www.leg.wa.gov/SCPP/default.htm>.

Aaron Gutierrez of our office will be contacting you soon about your request.

Thank you for contacting our office about your concerns.

Sincerely,

Keri Wallis
Administrative Assistant

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Re: State Retirees' Uniform COLA

Dear Select Committee on Pension Policy Members-

Taking the Uniform COLA away from our oldest retirees now doesn't seem right at all. Maybe a temporary freeze could be enacted. Or if necessary there's always the option of an amendment tying the COLA to inflation, while leaving it basically intact. Either would save the state money. Total repeal without an alternative would be overkill.

These old retirees, many of whom dedicated their entire working lives to public service and did their part in making Washington State a great place to live, have been referred to as a "Liability." Many worked for low wages by today's standards, and their contributions were high in loyalty, work ethic, and productivity.

The COLA was started to offset some of the effects of inflation for Plan I people. They were assured in detailed actuarial projections into the future that the Uniform COLA would be there.

Yes, times have changed. But the economy won't stay bleak forever. It'll continue to go up and down. And I think we'll soon come around to the fact we need some taxes in this state. Please don't forget the Plan I Retirees.

We live in interesting times! Best of luck in this challenging session.

Nancy
Nancy E. Easley
Port Angeles

RECEIVED

JAN 24 2011

Office of
The State Actuary

Wallis, Keri

From: CoachKA [coachka@comcast.net]
Sent: Tuesday, February 01, 2011 8:29 PM
To: Office State Actuary, WA
Subject: Fw: Constituent: State retirement account
Attachments: image001.png; image002.png

To whom it may concern:

I have been in discussions with the Department of Retirement Systems, the Attorney General's Office and with Senator Karen Fraser who represents my district. Senator Fraser suggested I contact the Select Committee on Pension Policy (see previous entry in this message thread) regarding a request I have made to the Department of Retirement Systems. The message I sent to Senator Fraser prior to her last response (see below) explains my request in detail so I won't repeat it here. I would like to know what I need to do in order to bring my request to this committee.

Sincerely,
Kent Andrus

From: [Fraser, Sen. Karen](#)
Sent: Tuesday, February 01, 2011 4:35 PM
To: 'CoachKA'
Subject: RE: Constituent: State retirement account

Dear Mr. Andrus:

Thank you for your second email and additional information.

Staff researched your request and consulted with the Department of Retirement Systems (DRS).

To begin, here is an explanation of why you cannot replace the funds from your retirement account which were claimed by your former wife. You are correct that under certain circumstances when retirement funds are withdrawn, DRS will allow those funds to be replaced. However, in the case of a retirement account that is divided in the course of a divorce, the funds cannot be replaced under the law because the account has actually been divided into separate accounts rather than merely depleted by withdrawals.

DRS also advised that the law, rather than a WAC, prohibits the agency from allowing replacement of funds lost in the course of a divorce. It is most disagreeable that a DRS employee gave you the response you reported.

Successful changes in pension laws are generally studied and then proposed by the Select Committee on Pension Policy. The SCPP may be interested in hearing your well-stated concerns and studying the matter during the interim.

Sincerely,


Karen Fraser
State Senator, 22nd District
360-786-7642 Office
360-786-1323 Fax
To subscribe to Senator Fraser's E-Newsletter [click here](#).



From: CoachKA [mailto:coachka@comcast.net]
Sent: Saturday, January 15, 2011 7:13 PM
To: Fraser, Sen. Karen
Subject: Re: Constituent: State retirement account

Senator Karen Fraser:

Thank you for taking the time to respond. As I stated in the original message, I am recently divorced (December 2010). I attempted to split our assets in a way that would avoid splitting my retirement account, but my wife was not willing to do so. Since she has the legal right to half of everything, I had to pursue splitting my retirement account. Although the final paperwork hasn't made it to the Department of Retirement Systems, I started corresponding with them three months ago in anticipation of the property division dissolution order. There are two options for the property division dissolution order. One awards a percentage amount to the ex-spouse upon the employee's retirement ([WAC 415-02-510](#)). The other option, which my wife selected, awards a specific dollar amount to be set aside in separate account ([WAC 415-02-520](#)). An actuarial reduction is associated with this option due to the removal of funds. My request is to replace the exact amount of funds that are being removed and then remove the actuarial reduction designation from my account. The Department of Retirement Systems has the ability to receive payments in the case where someone leaves state service and removes their retirement funds and subsequently returns and decides to replace the funds thus restoring their retirement benefits. Therefore, they have the ability to receive my payment and deposit it into my account. Also, if they have the ability to flag my retirement account as requiring an actuarial reduction upon retirement, they also have the ability to remove the designation. As I have explained to the DRS representatives, I am prepared to make the funds available immediately. The DRS representatives' last response was that I should talk with my legislator to get the WAC changed to allow for this option. This is why I am corresponding with you.

Sincerely,
Kent Andrus

----- Original Message -----

From: "Sen. Karen Fraser" <Karen.Fraser@leg.wa.gov>
To: "coachka@comcast.net" <coachka@comcast.net>
Cc: "Rep. Sam Hunt" <Sam.Hunt@leg.wa.gov>, "Rep. Chris Reykdal" <Chris.Reykdal@leg.wa.gov>
Sent: Saturday, January 15, 2011 5:24:02 PM
Subject: FW: Constituent: State retirement account

Dear Mr. Andrus:

I've reviewed your inquiry about options for dividing up your pension as part of a divorce settlement.

I think it would be best to contact the Department of Retirement Systems about your questions.

You have not indicated whether your divorce is final yet or not. I assume it is not, since you are making inquiry of legislators.

I believe it would require a court order to divide your pension. Please ask the Department about the laws pertaining to divorce settlements dividing retirement pensions.

If a court does decree that your pension benefit be divided between the two of you, you should ask the Department when the benefit ends for the second spouse when the first one dies. I believe the laws establish how this works. Both parties might want to take this into account in the final settlement.

What you appear to be considering is a little unusual as it pertains to pensions. A pension benefit is one that is paid out monthly over a long time, and not in a one-time lump sum. You appear to be asking if you could take a lump sum out of the retirement account you are building, but then immediately replace those funds. If this is the intent, you could achieve the same end by agreeing to a make a lump sum payment from another financial asset, thus avoiding complexities involving your retirement account.

It could be that your soon to be former wife would prefer open-ended monthly retirement payments rather than a "lump sum" buy-out?

I hope this reply helps you ask the Department of Retirement Systems useful questions to help you with your major decisions ahead.

Please feel free to get back to me after you have spoken with them.

Best wishes,

Karen Fraser
State Senator, 22nd District
360-786-7642 Office
360-786-1323 Fax
To subscribe to Senator Fraser's E-Newsletter click [here](#).

-----Original Message-----

From: coachka@comcast.net [mailto:coachka@comcast.net]
Sent: Thursday, January 13, 2011 9:12 PM
To: Fraser, Sen. Karen
Cc: Reykdal, Rep. Chris; Hunt, Rep. Sam
Subject: Constituent: State retirement account

HOUSE INTERNET E-MAIL DELIVERY SERVICE
SENATE INTERNET E-MAIL DELIVERY SERVICE

TO: Senator Karen Fraser

CC: Representative Chris Reykdal
Representative Sam Hunt

FROM: Mr. Kent Andrus(Constituent)

STREET ADDRESS:
2816 Otis St SE
Olympia, WA 98501-3480

E-MAIL: coachka@comcast.net

PHONE: (360) 943 - 0437

SUBJECT: State retirement account

MESSAGE:

Senator Karen Fraser, Representative Chris Reykdal and Representative Sam Hunt:

As stated in the contact information, my name is Kent Andrus. I am an active state employee and I am a registered voter in the 22nd district. I am writing to you regarding a request I have made to the Department of Retirement Systems. I am recently divorced and as part of the divorce settlement my wife has elected to take part of my state retirement. I have the funds to replace the amount that will be taken out of my state retirement account. I have requested to make a deposit equal to the amount that will be removed so that I won't face an actuarial reduction when I retire. Although DRS has the processes in place to facilitate this request, the department's representatives have stated they cannot do anything that isn't specifically supported by WAC. I have reviewed the applicable WACs and although they specify several processes for handling the division of the retirement account, they do not state any alternative processes nor do they state that there can't be alternative processes. The bottom line is, I would like to be able to pay back the funds and have full benefits when I retire. I would appreciate any assistance you can provide in this matter.

Sincerely,

Kent Andrus

NOTE: We are 99% sure that this constituent is in your district

RESPONSE REQUESTED: Mr. Andrus has requested a response to this message.

Wallis, Keri

From: Mark Gjurasic [mgjurasic@comcast.net]
Sent: Friday, February 18, 2011 12:06 PM
To: Office State Actuary, WA
Cc: Chris Vance & Associates; 'David Brown'; 'Justus, Douglas'; Michael Music; Randy Weaver
Subject: PSERS Retirement
Attachments: 090109 Letter to SCPP.pdf

Hello Matt:

Just want to bring you up to date as I am representing the **King County Adult Corrections Guild** as to my conversations with **Rep. Larry Seaquist** this morning at 8:45 a.m.

Rep. Seaquist tells me that he forwarded to you the attached letter of September 1, 2009 to Sen. Steve Conway that summarizes our issue as well as reviewing the implementation and performance of the **Public Safety Employees' Retirement System in Washington (PSERS)** that was implemented in 2004.

My understanding is that there has not been a complete review of the performance of the system since 2004.

Rep. Seaquist tells me that he made a request that this issue be an **agenda item** in the **Select Committee on Pension Policy meeting** in **May** (after session) and would like to have the King County Adult Corrections Guild make a presentation at that time. This request was apparently related to you after he met with the King County Adult Corrections Guild which I believe was sometime in September and October 2010..

Please confirm with me that I am conveying these thoughts accurately so that I can prepare our people for the May meeting.

Many thanks.

Mark Gjurasic
King County Adult Corrections Guild Lobbyist
Public Affairs of Washington, LLC
mgjurasic@comcast.net
(360) 481-6000



King County Corrections Guild
6417 S. 143rd Pl.,
Tukwila, WA 98168
Phone: (206) 444-9493

September 1, 2009

Representative Steve Conway
Select Committee on Pension Policy
PO Box 40914
Olympia, WA 98504-0914

Dear Representative Conway,

As you know, the Public Safety Employees' Retirement System in Washington, (PSERS) was created by legislation in the year 2004 to create a separate retirement system for certain public employees whose jobs contain a high degree of physical risk to their own personal safety. PSERS was created to appropriately distinguish these employees serving in high risk positions from other employees in the Public Employees Retirement System (PERS) who do not work under conditions that are so dangerous and harsh.

In creating PSERS, the legislature recognized the additional risk that Washington's Public Safety Employees endure, and distinguished these employees by allowing them to retire five years earlier without a reduction of benefits. The standard age for retirement under PERS Plans 2 and 3 was 65 years of age, and the new PSERS plan set the standard retirement age at 60 years of age. It was clear that the legislature believed that allowing these public safety employees to retire five years earlier was an appropriate and sufficient distinction given because of the additional risks and hardships that come with the regular work responsibilities of these public safety employees.

In 2007, the Washington State Legislature changed PERS Plans 2 and 3. This change lowered key PERS standard retirement age requirements, and now allows certain employees that are members of PERS 2 and 3 the ability to retire three years earlier without a reduction to their retirement benefits. The change allows PERS 2 and 3 members with 30 years of service to retire at age 62 instead of 65 without a reduction in benefits. We have also seen the standard retirement age in the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 lowered from 58 years, to 55 years, and has most recently to 53 years of age for LEOFF members to retire without a loss of benefits.

The public safety employees in Washington that are members of PERS now have a standard 60 year age limitation for them to retire without a reduction in benefits. The five year earlier retirement distinction that the Legislature believed was appropriate in 2000 has been reduced to a two year difference between PERS and PSERS.

I would like to request the Select Committee on Pension Policy review the question of:
Is there still an appropriate and sufficient distinction between the PERS, PSERS, and LEOFF retirement systems?

Thank you for your time reviewing this information and addressing this policy question.
We appreciate your commitment to helping make our state a good place to work and live.

With Best Regards,

Sergeant Doug Justus
President
King County Corrections Guild



OLYMPIA FIELD OFFICE

906 COLUMBIA ST. SW, SUITE 500 • OLYMPIA, WA 98501
MAILING ADDRESS: P.O. BOX 456 • OLYMPIA, WA 98507-0456
(360) 786-1303 • 1-800-624-0256 • FAX: (360) 786-1338 • www.wfse.org

March 8, 2011

Senator Mark Schoesler, Chair
Select Committee on Pension Policy
P.O. Box 40409
Olympia, WA 98504-0409

Dear Senator Schoesler:

I have been contacted by some PERS Plan 2 members who feel they are not getting the proper service credit for part-time work between 1977 and 1987. During this period, a member of PERS Plan 2 could pay into the system but not receive any credit if they did not work enough hours that month. The SCPP dealt with some similar issues in higher education with last year's HB1541 and SB 5302. I would ask the SCPP to review this issue in the 2011 interim.

Please let me know if you have any questions. I can be reached in Olympia at (360) 786-1303.

Sincerely,

Bob Keller, Member
SCPP
AFSCME/WFSE

BK:jb

Cc: Matt Smith, State Actuary
Senator Steve Conway



Washington State Senate

Senator Mary Margaret Haugen
10th Legislative District

Olympia Address:
PO Box 40410
Olympia, WA 98504-0410

(360) 786-7618
FAX: (360) 786-1387
e-mail: haugen_ma@leg.wa.gov

April 29, 2011

RECEIVED

MAY 2 - 2011

Office of
The State Actuary

COPY

The Honorable Mark Schoesler
Chair, Select Committee on Pension Policy
Newhouse Building, Room 110

Dear Senator Schoesler,

I am writing to you regarding Senate Bill 5255, which is being referred to the Select Committee on Pension Policy for your review. Senate Bill 5255 deals with employee overtime while working assignments as part of interagency contracts between the Washington State Patrol (WSP) and other public agencies. The bill further directs that this time be considered as part of the employee's Average Final Salary computation.

This bill was heard in the Senate Transportation Committee, and while there is support for the concept for a number of reasons, many questions were left unanswered regarding fiscal impact, costs to the employer and employee, and how abuse could be controlled. Therefore, I would like to request that the SCPP thoroughly review this measure and provide a recommendation before January 1, 2012 as to how to appropriately implement this important policy for the officers of the Washington State Patrol.

I would appreciate the following components of the bill and policy explored:

The bill specifically refers to "Interagency Agreements" between the WSP and WSDOT under RCW 47.46.040, which addresses a state patrol presence at highway constructions sites. However we have learned that the State Patrol enters into agreements with other public entities that contract for appropriate services, and agreements for services mandated by special permits required by the WSDOT. We feel that services required by the state of Washington and normal compensation being provided to the employee should be considered in the calculation of their AFS.

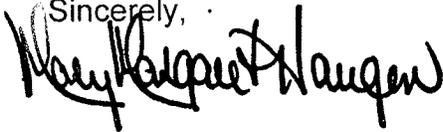
Are there "cost containment" provisions in place for the employee and employer under similar circumstances in other public employee retirement systems?

Can limitations be established on how much an individual AFS can be impacted?
What protections could be initiated to avoid unfunded liabilities in the WSPRS?

Is it feasible to require contracting entities to pay the "present value" of the retirement benefit plus the contribution rates?

I am certain there are other issues that you would normally consider when the committee reviews a policy change of this kind and we would appreciate your thorough and complete analysis in order to make the appropriate decisions during the 2012 legislative session. Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Mary Margaret Haugen". The signature is written in a cursive style with a large, stylized initial "M".

Mary Margaret Haugen
State Senator, 10th Legislative District
Senate Transportation Committee Chairman

cc: Matt Smith, State Actuary

Wallis, Keri

From: Mark Gjurasic [mgjurasic@comcast.net]
Sent: Thursday, June 02, 2011 12:36 PM
To: Schoesler, Sen. Mark; Seaquist, Rep. Larry; Davis, Randy; Office State Actuary, WA
Cc: Wallis, Keri
Subject: PSERS Retirement Request
Attachments: 090109 Letter to SCPP.PDF



KING COUNTY CORRECTIONS GUILD

Thursday, June 2, 2011

TO: **Sen. Mark Schoesler** - Chair– Schoesler.mark@leg.wa.gov
Rep. Larry Seaquist - Larry.Seaquist@leg.wa.gov
Vacant - Vice Chair
Steve Hill, DRS Director – SCPP Request to Forward
Randy Davis, TRS Actives - marysvillecoach@hotmail.com
Glenn Olson, PERS Employers – SCPP Request to Forward
Robert Thurston, WSPRS Retirees – SCPP Request to Forward
Matt Smith, State Actuary – state.actuary@leg.wa.gov

Dear Sen. Schoesler and Rep. Seaquist:

I am following up on my previous request to have the **Select Committee on Pension Policy** to review the **Public Safety Employees Retirement System** (PSERS) which was created in 2004.

As representing the **King County Adult Corrections Guild** (KCACG), we are respectfully **asking for a few minutes** on your **June 21 meeting**, should you have one, or **July 19 meeting** to make a request why PSERS which has not been reviewed since 2004 should be studied to ensure it maintains good public policy.

Since its formulation in 2005, in 2007 the Washington State Legislature changed PSERS Plan II and III. The change allows, with members of 30 years of service, to retire at age 62, instead of 65 without a reduction in benefits. We believe that there should be further review, to see whether the intent, at that time and today, should have been to lower their retirement age to a lower level. For further background information and rationale, please see the attached letter dated September 1, 2009 to then Rep. Steve Conway that further outlines this exploratory request.

Again, the purpose of this letter is to **request that we make a presentation** at the **Select Committee on Pension Policy** on this issue and whether it should be further studied by the Pension Policy Committee and its staff.

Thank you for your time reviewing this information and addressing this policy question.

We would appreciate a spot on the agenda for discussion.

Many thanks.

Mark Gjurasic

King County Adult Corrections Guild Lobbyist

Public Affairs of Washington, LLC

mgjurasic@comcast.net

(360) 481-6000



King County Corrections Guild
6417 S. 143rd Pl.,
Tukwila, WA 98168
Phone: (206) 444-9493

September 1, 2009

Representative Steve Conway
Select Committee on Pension Policy
PO Box 40914
Olympia, WA 98504-0914

Dear Representative Conway,

As you know, the Public Safety Employees' Retirement System in Washington, (PSERS) was created by legislation in the year 2004 to create a separate retirement system for certain public employees whose jobs contain a high degree of physical risk to their own personal safety. PSERS was created to appropriately distinguish these employees serving in high risk positions from other employees in the Public Employees Retirement System (PERS) who do not work under conditions that are so dangerous and harsh.

In creating PSERS, the legislature recognized the additional risk that Washington's Public Safety Employees endure, and distinguished these employees by allowing them to retire five years earlier without a reduction of benefits. The standard age for retirement under PERS Plans 2 and 3 was 65 years of age, and the new PSERS plan set the standard retirement age at 60 years of age. It was clear that the legislature believed that allowing these public safety employees to retire five years earlier was an appropriate and sufficient distinction given because of the additional risks and hardships that come with the regular work responsibilities of these public safety employees.

In 2007, the Washington State Legislature changed PERS Plans 2 and 3. This change lowered key PERS standard retirement age requirements, and now allows certain employees that are members of PERS 2 and 3 the ability to retire three years earlier without a reduction to their retirement benefits. The change allows PERS 2 and 3 members with 30 years of service to retire at age 62 instead of 65 without a reduction in benefits. We have also seen the standard retirement age in the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 lowered from 58 years, to 55 years, and has most recently to 53 years of age for LEOFF members to retire without a loss of benefits.

The public safety employees in Washington that are members of PERS now have a standard 60 year age limitation for them to retire without a reduction in benefits. The five year earlier retirement distinction that the Legislature believed was appropriate in 2000 has been reduced to a two year difference between PERS and PSERS.

I would like to request the Select Committee on Pension Policy review the question of:
Is there still an appropriate and sufficient distinction between the PERS, PSERS, and LEOFF retirement systems?

Thank you for your time reviewing this information and addressing this policy question.
We appreciate your commitment to helping make our state a good place to work and live.

With Best Regards,

Sergeant Doug Justus
President
King County Corrections Guild

Wallis, Keri

From: Bill Peterson [billpeterson1@comcast.net]
Sent: Wednesday, June 15, 2011 4:31 PM
To: Office State Actuary, WA
Cc: billp@dis.wa.gov; billpeterson1@comcast.net
Subject: FW: Constituent: I can save the state 162,500.00

State Representative, Fred Finn, suggested I forward this to your office to the attention of Matt Smith. I believe it's a good way to save the state money and allow me to leave state service early. The calculations done by Fred Finn's fiscal staff were incorrect due to their reading my original email incorrectly and I responded to his email below telling him of the mistake. It would seem like an easy change to make to our retirement system, with no cost to the state and a savings of \$162,500.00. If it were offered as an option to others the cost savings could be extremely substantial. Thank you, in advance, for your time and consideration.

Bill Peterson
6124 Lido CT SW
Olympia, WA 98512
360-956-9301 – Home
360-902-3236 - Work

-----Original Message-----

From: Bill Peterson [mailto:billpeterson1@comcast.net]
Sent: Tuesday, June 14, 2011 4:16 PM
To: 'Finn, Rep. Fred'
Cc: 'billp@dis.wa.gov'
Subject: RE: Constituent: I can save the state 162,500.00

Your fiscal analytic staff is incorrect. Please read my original email closely. As stated, I would not be collecting my retirement until I reached the age of 65, which is 13 months after I would receive the additional 2%. There is **no cost to the state** from January 8, 2012 through February 11, 2013, when I turn 65 and start collecting my retirement. I will take your advice and forward this to the Select Committee on Pension Policy and Matt Smith. Thank you for taking the time to respond.

-----Original Message-----

From: McCann, Jane [mailto:Jane.McCann@leg.wa.gov] **On Behalf Of** Finn, Rep. Fred
Sent: Tuesday, June 14, 2011 2:13 PM
To: 'billpeterson1@comcast.net'
Subject: RE: Constituent: I can save the state 162,500.00

Dear Mr. Peterson:

I asked fiscal analytic staff to take a look at your idea. Their response was that while the difference in your calculated pension seems small, your example does not show that it would take that many years to see a difference. You would be collecting a pension for a full extra year and the costs for that were never added to the system.

Here's my suggestion: Write to the Select Committee on Pension Policy and send a similar email to Matt Smith, the State Actuary. They will be able to best respond to your suggestion.

I'm also wondering if you are aware that you can "purchase" up to 6 or 7 years of service before retiring?

Please let me know if there are other questions you have. We will try to do our best to answer them and if we can't we will find someone who can.

Sincerely,



State Representative
35th Legislative District
Mod B-101
Finn.fred@leg.wa.gov
360-786-7902

To subscribe or unsubscribe for Rep. Finn's E-Memos, click here:
<http://apps.leg.wa.gov/subscriptions/member.aspx?chamber=h&member=finn>

-----Original Message-----

From: billpeterson1@comcast.net [mailto:billpeterson1@comcast.net]
Sent: Monday, May 30, 2011 7:20 PM
To: Sheldon, Sen. Timothy
Cc: Haigh, Rep. Kathy; Finn, Rep. Fred
Subject: Constituent: I can save the state 162,500.00

HOUSE INTERNET E-MAIL DELIVERY SERVICE
SENATE INTERNET E-MAIL DELIVERY SERVICE

TO: Senator Tim Sheldon

CC: Representative Kathy Haigh
Representative Fred Finn

FROM: Mr. William Peterson(Constituent)

STREET ADDRESS:
6124 Lido Ct SW
Olympia, WA 98512-7933

E-MAIL: billpeterson1@comcast.net

PHONE: (360) 956 - 9301

SUBJECT: I can save the state 162,500.00

MESSAGE:

I work for The Department of Information Services and I sent the following email to our Director, Human Resources, Retirement Systems, my immediate supervisor and the Governor a couple of weeks ago. Retirement Systems asked me for additional information, which I sent them, but I haven't heard back since nor have I heard from anyone else. I am sending it to you because I believe it's a great idea, which could easily be instituted and used by others who are nearing retirement. Thank you, in advance, for your time and consideration.

From: Peterson, Bill (DIS)
Sent: Tuesday, May 17, 2011 10:15 AM
To: Ricchio, Mike (DIS); Parsons, Starleen (DIS)
Cc: Governor Gregoire; Cap, Recep (DRS); Starkey, Kim (DIS)
Subject: I can save the State of Washington \$162,500.00, over 13 months, starting January 8, 2012

Please read the New Section 905, below.

If New Section 905 is in the final budget and D.I.S. participates I would like to present the following scenario for your consideration.

I plan on retiring from state service on February 16, 2013. This would give me a retirement based on 42% of my salary (21 years+ x2%=42%) and I would start collecting immediately because I would be 65.

My anniversary date is January 6th and in 2012 I will have 20 years of state service. If D.I.S. would give me an additional year of service on January 7, 2012 (2% more for my retirement, making it 42%) I would leave state service on January 8, 2012. This would be like buying a year of service versus earning it.

This would be an immediate savings to the state of \$162,500.00, 13 months of my salary and benefits and **I would not be able to start collecting my retirement for 13 months.** The savings were calculated as follows and the last 5 years salary average is an educated guess:

Last 5 years salary average, \$70,000.00, multiplied by 42% = \$29,400.00 divided by 12= \$2,450.00 a month

Last 5 years salary average, \$70,000.00, multiplied by 40% = \$28,000.00 divided by 12= \$2,333.33 a month

The 2% difference works out to \$116.67 a month multiplied by 12 months resulting in an additional annual cost to the state of \$1,400.04 but not starting until 2/11/2013, when I will have turned 65.

There is no initial cost and the long term cost is minimal compared to the immediate savings to the state of \$162,500.00.

For the state to start losing money on the deal I would need to live until I was 181 years old.

I'm not sure if incentives will be offered or if this scenario is even plausible but I'm always thinking outside the box and thought it was a good way to save the state money and allow me to retire early.

NEW SECTION. Sec. 905. VOLUNTARY RETIREMENT, SEPARATION, AND

DOWNSHIFTING INCENTIVES

As a management tool to reduce costs and make more effective use of resources, while improving employee productivity and morale, agencies may implement a voluntary retirement, separation, and/or downshifting incentive program that is cost neutral or results in cost savings over a two-year period following the commencement of the program, provided that such a program is approved by the director of financial management. Agencies participating in this authorization may offer voluntary retirement, separation, and/or downshifting incentives and options according to procedures and guidelines established by the office of financial management, in consultation with the department of personnel and the department of retirement systems. The options may include, but are not limited to, financial incentives for: Voluntary separation or retirement, voluntary leave without pay, voluntary work week or work hour reduction, voluntary downward movement, or temporary separation for development purposes. An employee does not have a contractual right to a financial incentive offered pursuant to this section.

I could not include the rest of 905 due to the character limits of your email.

NOTE: We are 99% sure that this constituent is in your district

RESPONSE REQUESTED: Mr. Peterson has requested a response to this message.



STATE OF WASHINGTON
LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD

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

June 20, 2011

RECEIVED

JUN 21 2011

Office of
The State Actuary

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

Dear Honorable Members of the Select Committee on Pension Policy:

On behalf of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF 2 Board), I would like to thank you for the cooperative working relationship we have shared during the past 8 years and look forward to a similar partnership in the upcoming year.

I would like to bring three topics to your attention as you begin preparation for the 2011 interim. It is our hope that the Select Committee on Pension Policy (SCPP) and the LEOFF 2 Board can work cooperatively on these issues. I have provided a brief summary of each topic for your reference:

Purchase of Annuity

Under current law, Plan 3 members (TRS, PERS & SERS) can purchase an annuity out of the comingled trust fund. Plan 2 and Plan 3 members may purchase additional service credit at the time of normal retirement by paying the actuarial cost of the additional service, but they are limited to five years. Members who have assets in excess of the purchase cost for the maximum five years could benefit from another avenue to invest those assets.

Negative COLA

Under the current law, a retired member is entitled to a cost of living adjustment (COLA) effective July 1, after they have been retired for one year. The potential exists for a retired member's monthly pension to be reduced if there is negative inflation (deflation).

Technical Corrections

Should the SCPP introduce their own technical corrections bill, the Board has identified a couple of issues that need to be addressed.

The LEOFF 2 Board also would like to respectfully request that the legislative sponsorship of any bills that are jointly recommended by the Board and the SCPP to the Legislature for the 2011 legislative session be coordinated between the Chair of the LEOFF 2 Board and the Chair of the SCPP.

Select Committee on Pension Policy

June 20, 2011

Page 2

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

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

Sincerely,

A handwritten signature in black ink that reads "Kelly L Fox". The signature is written in a cursive, flowing style.

Kelly Fox, Chair

cc: Matt Smith, State Actuary

Wallis, Keri

From: john kvamme [jekvamme@yahoo.com]
Sent: Thursday, June 30, 2011 10:32 AM
To: Smith, Matt
Subject: 2011-12 WASA/AWSP Interim Issues
Attachments: 2011-12 Inerim Priorities.doc

Matt

Attached is a listing of issue that WASA & AWSP would like the SCPP to consider during this interim. Please include the attached sheet in the committee member's packet for the upcoming SCPP committee meeting. Thank you.

John Kvamme, WASA & AWSP Consultant

WASA & AWSP Priority Issues
For Consideration By The SCPP
During The 2011-12 Interim

- **SB 5163/HB 1261 TRS Plan 1 Survivor Benefit Payment Option** Provides survivors of active retirement-eligible members of TRS 1 with a partial lump sum benefit payment option. (Received SCPP recommendation in 2010 interim)
- **SB 5160 PERS, TRS, & SERS Lump Sum Duty-Death Benefit** Increases the lump sum duty-death benefit for PERS, TRS, and SERS and volunteer fire fighter members from \$150,000 to \$214,000. (Received SCPP recommendation in 2010)
- **SB 5846 Health Benefit Retirement Subsidy** From September 1, 2011 through August 31, 2014 provides an optional subsidy of \$250 per month for health benefit premiums to plan 1 TRS members who are ineligible for Medicare and retire between June 1, 2011, and August 31, 2011 and receive their first retirement allowance before October 31, 2011. Members receiving the subsidy become ineligible for the 867 hour postretirement employment provision or retire/rehire until August 31, 2014. (Change dates and delete reference to postretirement work)
- **HB 1851 Plan 2/3 “Two Month Problem” For Administrators** Solves the two month problem for administrators using the Early Retirement Reduction Factor (ERRF) eligibility option in their 30th year of service.
- **HB 1706 Plan 2 Access to the PEBB** Allows TRS, PERS and SERS Plan 2 members access to the Public employee Benefit Board (PEBB) health plans upon separation (not retirement) from service at age 55 with at least 20 years of service.
- **HB 1704 Establishes 5 year vesting in Plan 3** Present vesting for TRS, PERS and SERS Plan 3 members is 5 years with 12 service credit months after attaining the age of 44. This bill would just require the 5 years which is similar to other plans.
- **SJR 8214/HJR 4219 Constitutional Amendment for Managing Pension Risks** State Treasurer James McIntire proposed a constitutional amendment that would ensure that annual contributions for pensions are paid into the plans in amounts sufficient to fund at least 80% of the expected long-term annual cost of benefits under the plan. It also lays contribution rate floors for paying off the unfunded liabilities of PERS & TRS Plan 1.
- **Eliminate Postretirement Employment Exclusion** for Plan 2 & 3 members taking advantage of the 2008 early retirement ERF

Burkhart, Kelly

From: Liszak, Jerry (ECY) [JLIS461@ECY.WA.GOV]
Sent: Tuesday, July 05, 2011 3:36 PM
To: Office State Actuary, WA
Subject: Pension Policy

Dear Members of the Select Committee on Pension Policy,

I have a couple questions that I think should be addressed in the States retirement system. It is noted that if you retire early your benefit will be reduced, based on life expectancy factors from the state actuary, for each year you are under age 65. My question is if you retire later; say age 70, why can't the benefit be increased, based on life expectancy factors from the state actuary?

I have also noted that if I select a survivor option for my spouse, the greater the age difference, the more my benefit will be reduced. My spouse is 14 years younger than me and I will retire at age 70. My question is, should not the age difference calculation be reduced by 5 years since I will retire 5 years over the age of 65?

These factors deem the system unfair, and especially for me a Vietnam veteran. I do not get the benefit that PERS 1 veterans got by including their military years in their retirement calculation.

Thank you for your consideration,

Jerry L. Liszak, LG, LHG

Technical Unit Supervisor

Water Resources Program

Department of Ecology

(425) 649-7013