

Select Committee on Pension Policy



PSERS Plan Review

Aaron Gutierrez, Policy Analyst

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Today's Presentation

- At the July meeting, the Executive Committee requested a high-level review of the Public Safety Employees Retirement System
- Review will include
 - Brief history/overview
 - Demographics
 - Brief comparison of plan provisions
 - Comparison of contribution rates

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Created For Employees With Limited Law Enforcement Authority

- Created in 2004
- Defined benefit plan
- To be eligible for PSERS an employee must
 - Serve as a corrections officer or limited-authority peace officer
 - Be employed by a PSERS employer



Who Is A PSERS Employer?

- Original list
 - Department of Corrections
 - Parks and Recreation Commission
 - Gambling Commission
 - Washington State Patrol
 - Liquor Control Board
 - Washington State counties
 - Washington State cities
 - Except for Seattle, Tacoma, and Spokane
- In 2007 the legislature added the Department of Natural Resources to the list

Existing Employees At Time Of Creation Were Given Option to Transfer

- Prior to PSERS, employees in limited authority law enforcement positions were in PERS
- PSERS membership mandatory for eligible employees hired after July 1, 2006
- Existing employees provided the option to make irrevocable transfer from PERS to PSERS
- Additional limited transfer window made available to eligible DNR employees in 2007
- Those who transferred are dual members of PERS and PSERS
 - Service credit in both systems



Member Transfers

From PERS to PSERS	Estimated Eligible to Transfer	Estimated Transfers	Actual Transfers
Original window (7/1/2006 - 9/30/2006)	7,200*	5,965*	1,860
Dept. of Natural Resources window (7/1/2007 - 9/30/2007)	7**	7**	4

* OSA estimated that not all PERS members eligible to transfer would be able to take advantage of the enhanced benefits, and thus would not transfer. Please see the actuarial fiscal note for HB 2537 (2004) for more information.

** Please see the actuarial fiscal note for SHB 1124 (2007) for more information.

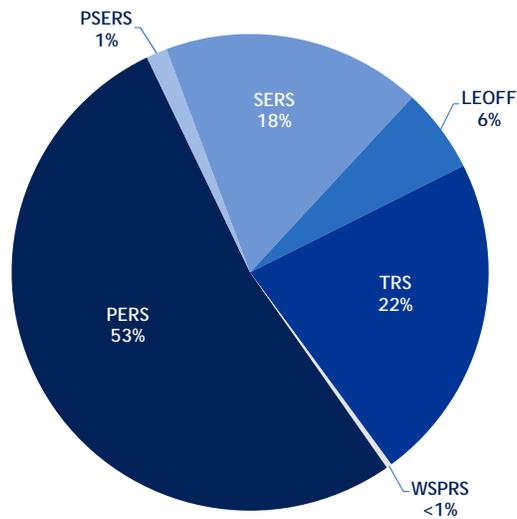
Active PSERS Members As Of June 30, 2010

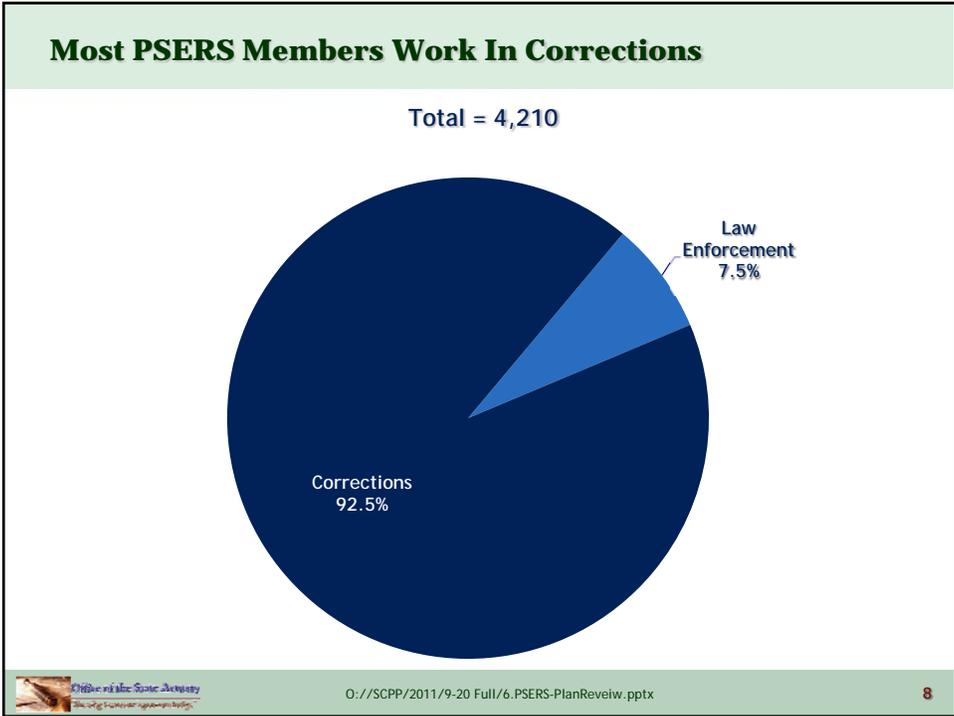
	Averages			
	Count	Age	PSERS Service	Salary
Actives	4,210	38.37	2.88	53,610



PSERS Is A Relatively Small Plan

Total Employees = 297,563





Active Corrections Members As Of June 30, 2010

Corrections	Average			
	Count	Age	PSERS Service	Salary
State	2,060	37.38	2.70	49,310
Counties	1,666	39.46	3.10	59,480
Cities	166	33.05	2.48	49,881
All Corrections	3,892	38.08	2.86	53,687

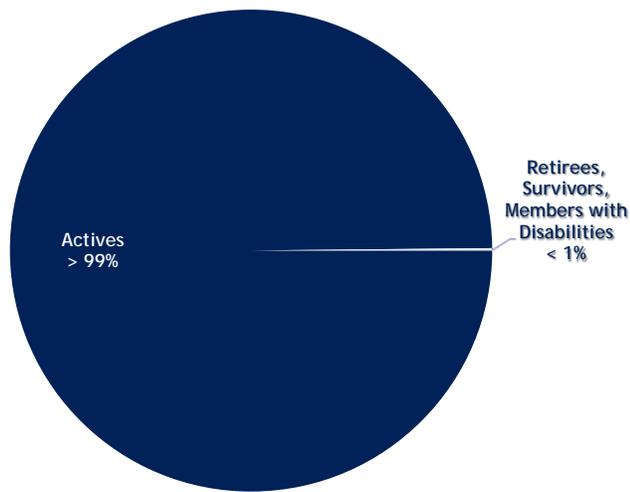
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Active Law Enforcement Members As Of June 30, 2010

Law Enforcement	Average			
	Count	Age	PSERS Service	Salary
Dept. Of Natural Resources	5	46.43	2.65	52,139
State Patrol	85	44.14	2.48	44,537
Liquor Control Board	43	42.75	3.39	58,923
Parks & Rec. Commission	148	40.35	3.30	53,389
Gambling Commission	37	42.13	3.05	59,874
All Law Enforcement	318	41.92	3.07	52,667



PSERS Is A Comparatively Young Plan



PSERS Annuitants

	Count
Retirees	4
Members with Disabilities	2
Survivors	1



PSERS Shares Many Benefit Provisions

Provision	PSERS
Salary Average for Pension Calculation	Highest consecutive 60 months
COLAs	Lesser of CPI, or 3%
Air Time Available for Purchase	Up to 60 months
Benefit Calculation	2% x SVC x salary avg
Vesting	5 years

- For complete details on plan provisions, please refer to the statutes or the Department of Retirement Systems plan handbooks

Key Differences Between Plans

- Retirement Eligibility
- Death Benefits
- Disability Benefits

Comparison Of Retirement Eligibility

Provision	System/Plan			
	PSERS	PERS 2	LEOFF 2	WSPRS 2
Retirement Eligibility (Age/Years of Service)	65/5 (total) 60/10 (PSERS)	65/5*	53/5	Age 55 <u>or</u> 25 YOS
Early Retirement**	53/20	55/20	50/20	n/a

* Unreduced retirement for some PERS 2/3 members with 62/30 currently the subject of litigation.

** Includes actuarial reduction factors.

Comparison Of Non-Duty Death Benefits

Member Service	System/Plan			
	PSERS	PERS 2	LEOFF 2	WSPRS 2
< 10 YOS	ROC*	ROC	ROC	ROC
> 10 YOS	Choice of ROC Monthly benefit**	Choice of ROC Monthly benefit**	Choice of 150% ROC Monthly benefit**	Choice of 150% ROC Monthly benefit

* ROC = Return of Contributions.

** May include actuarial reduction based on age. The age from which benefits will be reduced varies by plan.



Comparison Of State Pension Benefits For Line Of Duty Death

Provision	System/Plan			
	PSERS	PERS 2	LEOFF 2	WSPRS 2
Additional Line of Duty Death benefit	Lump sum payment of \$150,000	Lump sum payment of \$150,000	1. Lump sum payment of \$214,000 (adjusted yearly) and 2. No YOS requirement for choice of 150% ROC or monthly benefit	1. Lump sum payment of \$214,000 (adjusted yearly) and 2. Monthly benefit w/o actuarial reduction



Comparison of Disability Benefits

Provision	System/Plan			
	PSERS	PERS 2	LEOFF 2	WSPRS 2
Disability Benefit	Accrued benefit, actuarially reduced from age 60	Accrued benefit, actuarially reduced from age 65	<p>Non-Duty Accrued benefit, actuarially reduced from age 53</p> <p>Duty, Occupational Accrued benefit w/o actuarial reduction Minimum 10% AFC</p> <p>Duty, Total 70% of AFC, with offsets for L&I and Social Security, not to exceed 100% AFC</p>	50% of comp, with offsets for L&I and Social Security

How Do Contribution Rates¹ Compare?

	System/Plan			
	PSERS	PERS 2	LEOFF 2	WSPRS 2
Member	6.36%	4.64%	8.46%	6.59%
Employer*	8.86%	7.25%	5.24%	8.07%
State	n/a	n/a	3.38%	n/a**

* Includes 0.16% DRS Administrative Expense Rate.

** Employer is the state.

¹ Effective September 1, 2011.

Recap

- PSERS is a defined benefit plan for limited authority law enforcement personnel
- It is a comparatively small and young plan
- PSERS is mandatory for eligible new hires
 - Existing employees were given a limited transfer window
- PSERS shares some benefit provisions with the other Plans 2
- PSERS benefits generally fall between plans for general public employees and other public safety employees

