



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

August 31, 2011

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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 (SCPP):

The 2010 Risk Assessment prepared by the Office of the State Actuary identified some risks associated with LEOFF Plan 1 funding. These risks include the possibility that LEOFF Plan 1 could require additional funding in the future; the LEOFF Plan 1 fund could become exhausted putting the plan in “pay as you go” status, and that contribution requirements for LEOFF Plan 1 could spike leading up to 2024.

The LEOFF Plan 2 Retirement Board believes these risks create a possibility that LEOFF employers could have to pay increased costs for LEOFF Plan 1 in the future and that future LEOFF employees (Plan 2 members) are likely to share in paying those costs through the bargaining process.

The Board respectfully requests that the SCPP study the current LEOFF 1 funding policies and make recommendations which will reduce the risk of future negative impacts on the state budget as well as local government and LEOFF member family budgets. The Legislature passed a bill during the 2009 legislative session that dealt with similar issues for PERS 1 and TRS 1.

Sincerely,

Kelly Fox
Chair