

Select Committee on Pension Policy

December 18, 2012 Meeting

AGENDA TOPIC: Excess Compensation

Additional Comments by Snohomish County PUD

In our testimony during today's meeting, we expressed concern with the amount of clarification required around the bill's intent to take place in the rule making process. Here are some examples of concerns related to rule making:

- The current proposed language does not clearly spell out the formula on how the excess compensation calculation would be done, specifically how it addresses normal promotions and cost of living adjustments.
- Specifics about the "service creditable time period" are not addressed in the bill language as written.

Other concerns:

- The WA Department of Retirement Systems does not currently have a system to capture all the data required for calculating excess compensation equitably amongst all system participants.
- To be effective, the new legislation should apply to all WA State pension systems equally in order for the state and pension system to receive the perceived potential value/savings.

Final thought:

There may be other alternatives to managing the sustainability of pension plan system in Washington to provide market competitive defined benefit plans. One example is evaluating what is "eligible compensation" and eliminating the excess compensation issue for future new plan participants.