

# 2013 Interim Issues

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## 1. Salary Spiking

A recent study by the Washington State Institute for Public Policy did not identify any cost impacts to LEOFF 2 associated with overtime use during the past ten years. But, the Board is interested in studying this issue further and determining whether there are risks.

## 2. Final Average Salary Protection

Some local government employees, including LEOFF 2 members as well as members of other State retirement plans, agreed to salary cuts for 2013 to help their employers deal with budget issues. Legislation protecting retiring members from having their pensions reduced by these cuts expired June 30, 2013 so members will have their pensions reduced.

## 3. Career Change

LEOFF 2 members cannot return to work in a LEOFF-covered position after retirement and receive their pension. There is some concern that employers may attempt to reclassify LEOFF positions as PERS positions in order to circumvent this restriction and undermine the intent of the LEOFF career change legislation.

## 4. Hospital District EMTs

There are some emergency medical technicians employed by public hospital districts who are not being reported to the Department of Retirement Systems in LEOFF. The Board is interested in working with DRS and employers to gather information and determine if legislation is necessary or appropriate.

## 5. 401(a) Individual Savings Account

A recent Internal Revenue Service ruling may make an individual savings account attached to a 401(a) defined benefit plan like LEOFF Plan 2 a better option for members to save for their retirement than other current methods like 457 deferred compensation plans. The Board is interested in studying the feasibility of creating this option for LEOFF 2.

## 6. Correction Legislation

A number of state agencies and the SPP were unsuccessful in getting corrections legislation passed in the 2013 session. The Board is interested in exploring the possibility of partnering with other agencies on a single corrections bill for the 2014 session to improve the likelihood of passage.