

SELECT COMMITTEE ON PENSION POLICY

Constituent Correspondence as of July 18, 2013

Received by			
OSA	From	To	Subject
2/3/13	Barb Aboen	Office of the State Actuary	PERS 4
6/12/13	Jerry Lyszak	SCPP	Actuarial Factors
7/10/13	Randy Plain	SCPP	Military Service Credit
7/17/13	Rep. Hunt	Senator Conway and SCPP	PSERS Membership Portability
7/18/13	Marcie Frost, DRS	Senator Conway and SCPP	ESHB 1981 (Retire-Rehire) and TRS 3 Annual Member Contribution Rate Election

## Burkhart, Kelly

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**Subject:** Per 3

**From:** [barb.aboen@gmail.com](mailto:barb.aboen@gmail.com) [<mailto:barb.aboen@gmail.com>]

**Sent:** Sunday, February 03, 2013 8:20 PM

**To:** Gutierrez, Aaron

**Subject:** Per 3

Pers 3 has to be replaced with a retirement plan teachers can actually live on.

I am a physics and math teacher and work an average of 50 hours a week. I get no vacation pay, no overtime pay, no raises (I have over 16 years experience), and few cost-of living increases. When Pers 3 was first offered to teachers, my sister and mother both had breast cancer. The recommendation was for me to change from Pers 2 to Pers 3 because I was a high cancer risk and, if I had to quit teaching because of my health, I would at least have my contribution into the system to live on for the remainder of my life.

The retirement representatives who met with teachers to persuade them to change to Pers 3 were very convincing. Now, of course, I can see the representatives for the retirement system only wanted to move teachers from Pers 2 to Pers 3 for the benefit of the State, not the teachers. We deserve better.

I wondered why the policeMEN and fireMEN are not complaining about Pers 3 and did some investigating. Of course it is because only the teachers (76% women) are subjected to Pers 3. Why would the State determine teachers (76% women) only needed 30% of their pay to live after the age of 65, whereas the fireMEN and policeMEN can have a maximum of 75% of their pay? I wonder if this is because the State assumes the 'little woman' will be taken care of by her husband and doesn't need a 'real' retirement? That's sexual discrimination and that's illegal.

Pers 3 needs to be replaced with Per 4, a retirement system for teachers that compensates them for a lifetime of dedication and financial sacrifice.

Sincerely,

Barb Aboen  
Physics and Mathematics  
Monroe High School

**Wallis, Keri**

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**From:** Lizak, Jerry (ECY) <JLIS461@ECY.WA.GOV>  
**Sent:** Wednesday, June 12, 2013 4:31 PM  
**To:** Office State Actuary, WA  
**Subject:** actuary adjustments to State pension system

Dear Members of the Select Committee on Pension Policy,

I believe the State's retirement pension system should be updated to be more equitable and reflect preferences of the changing work force. It is noted that if someone retires early, their benefit will be reduced based on life expectancy factors from the state actuary. It is reduced for each year one is under age 65. However if one retires some time after age 65, the benefit is not actuarially increased based on one's life expectancy factors.

I request that your committee review this issue and consider revising the system to make it fairer for all.

Thank you for your consideration,

Jerry L. Lizak, LG, LHG  
Technical Unit Supervisor  
Water Resources Program  
Department of Ecology  
(425) 649-7013

**Wallis, Keri**

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**From:** RLPlain <plain@harbornet.com>  
**Sent:** Wednesday, July 10, 2013 7:40 AM  
**To:** Office State Actuary, WA  
**Subject:** SCPP Correspondance

Select Committee on Pension Policy  
C/O  
Office of the State Actuary  
P.O. Box 40914  
Olympia, WA. 98504 - 0914

Honorable Members of the Select Committee on Pension Policy,

I am a LEOFF 1 Fire retiree. I was hired in May 1973 and served for just shy of 31 years with the Tacoma Fire Dept. retiring in Feb. 2004. As a military reservist I was called to active duty within 2 weeks after the attack on our country on Sept. 11<sup>th</sup> 2001 and served for just over 14 months until Dec. 2002. Upon being honorable discharged I returned to my career with the Fire Dept.

I was injured on the job in 2003 and qualified for a disability pension that took affect in Aug of 2004. The disability retirement limited my benefit to 25 years or 50% of my final average salary. The 14 months I served was **not** calculated for the benefit I now receive.

I respectfully request the SCPP consider recommending retirement pension credit for those of us that proudly served our nation in time of need and retired with a disability limiting the number of years of service for pension credit calculation.

If for some reason there is a conflict with the 'disability' (Federally tax exempt) vs. a 'service' (taxable) pension; I request that the SCPP consider extending the time of military service for consideration at least in a taxable form.

The appropriate RCW sections below I believe indicate legislative intent that military service be recognized and support my position.

I thank you in advance for your consideration of this important and principled matter.

RCW 41.18.150

## Credit for military service.

**Every Every person who was a member of the fire department at the time he or she entered and served in the armed forces of the United States in time of war, whether as a draftee, or inductee, and who shall have been discharged from such armed forces under conditions other than dishonorable, shall have added and accredited to his or her period of employment as a firefighter his or her period of war or peacetime service in the armed forces: PROVIDED, That such added and accredited service shall not as to any individual exceed five years.**

RCW 41.26.190

## Credit for military service.

**Each person affected by this chapter who at the time of entering the armed services was a member of this system, and has honorably served in the armed services of the United States, shall have added to the period of service as computed under this chapter, the period of service in the armed forces: PROVIDED, That such credited service shall not exceed five years**

Respectfully,  
Randy L. Plain  
1741 N Jackson Ave.  
Tacoma, WA. 98406  
[plain@harbournet.com](mailto:plain@harbournet.com)

State of  
Washington  
House of  
Representatives



July 15, 2013

Senator Steve Conway, Chair  
Select Committee on Pension Policy  
John A. Cherberg Building, Room 212  
Olympia, WA 98504

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Office of  
The State Actuary

Dear Chair Conway,

I am requesting that the Select Committee on Pension Policy study a potential change to the state pension system, which was suggested to me by a constituent, a 22 year veteran of state employment. Mr. David Walker spent his first 18 years of service as a corrections officer with the Washington State Department of Corrections, and then moved on to work for another state agency. In 2007, Corrections employees became eligible to enroll in the Public Safety Employees Retirement System (PSERS), which was created by the Legislature in 2004. I am requesting that the Select Committee on Pension Policy study the feasibility of allowing PSERS enrolled members transferring to non-PSERS eligible state and local government employment the option to remain enrolled in PSERS.

Mr. Walker has spent the majority of his state employment putting his life and personal health on the line every day to protect our citizens by incarcerating and supervising violent offenders. He served along many incredible men and women who risked their lives for public safety. Even though Mr. Walker and several of his fellow corrections officers have moved on to other agencies, many still carry the horrific memories, injuries and post-traumatic stress from the situations they were exposed to and the requirements of the job. Mr. Walker is now excluded from PSERS because his current employer is not a PSERS eligible employer. Occupations covered by PSERS - such as state patrol, corrections officers, liquor enforcement officers and other limited authority law enforcement officers - are generally considered higher risk compared to other public employees due to the nature of the required job duties. These employees have the authority to arrest, conduct criminal investigations, enforce the criminal laws of the state of Washington, and carry a firearm as part of the job.

The intent section of the PSERS statute explicitly states "a high degree of physical risk" to one's personal safety and providing "public protection of lives and property" as primary criteria of PSERS membership. To be eligible for PSERS, an employee must be employed on a full-time basis and serve as a limited authority peace officer; or ensure the custody and security of incarcerated or probationary individuals as a corrections officer, probation officer or jailer; or have the primary responsibility of supervising eligible members.



In addition, members must be employed by the Department of Corrections, the Parks and Recreation Commission, the Gambling Commission, the State Patrol, the Department of Natural Resources, the Liquor Control Board, county corrections departments and the corrections departments of municipalities not classified as First Class cities.

As you know, PSERS provides more generous retirement benefits; and is substantially more expensive than the Public Employees Retirement System (PERS). Approximately forty-percent more contributions are required to pay for PSERS 2 service than PERS 2. The total contribution rate (employer plus employee) for PERS 2 is currently about 9.2% of pay, and the total PSERS 2 rate is about 12.8%. PSERS members with at least 20 years of service can retire at age 60 with full retirement benefits and can retire at age 53 with a 3% per year reduction in benefits from age 60.

There are approximately 4,197 active PSERS members. Unfortunately the Department of Retirement Systems data is not stored in such a way to easily access it with multiple variables, so I wasn't able to obtain numbers for how many PERS members have prior PSERS membership. There are 1,427 people who were PSERS members, but are no longer active in the system, yet still have contributions in their PSERS account. About 80% of these never vested in PSERS. It is not possible to determine how many of the 1,400+ moved to PERS eligible or other local and state government positions. Since the PSERS system is relatively new, it makes sense that inactive members at this point wouldn't have much service. A large majority of PSERS members are corrections officers. Only 15 members have retired from the PSERS system to date.

There is no history of any bill being introduced in the Legislature or of the SCPP ever examining the effect of allowing those leaving PSERS membership eligible employment for non-PSERS eligible state and local government employment to remain contributing members of PSERS. The impact is still unclear. To make such a change retroactive would carry additional cost, but the amount would depend on how many people were affected and how much service and salaries were involved. I believe more examination is needed before a bill should be introduced. Therefore, I am requesting that the Select Committee on Pension Policy study this proposal so that the Legislature has a better understanding of the impact of such a change on the state retirement system.

Thank you for your consideration of this request.

Sincerely,

A handwritten signature in black ink that reads "Sam Hunt". The signature is written in a cursive, flowing style with a long horizontal stroke at the end.

SAM HUNT

State Representative

22<sup>nd</sup> Legislative District

cc: Matt Smith, State Actuary

**Wallis, Keri**

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**From:** Scott, Renee (DRS) <ReneeS@drs.wa.gov>  
**Sent:** Thursday, July 18, 2013 9:12 AM  
**To:** Conway, Sen. Steve; Office State Actuary, WA  
**Subject:** 2013 Interim work plan  
**Attachments:** SCPP letter 2013 interim.docx

Good morning Senator Conway,

At the request of Director Frost, please find attached a letter addressing two matters for the Select Committee's consideration.

Thank you,

**Renee Scott** | Administrative Assistant

Washington State Department of Retirement Systems | PO Box 48380 | Olympia, Washington 98504-8380

360-664-7160 | [renees@drs.wa.gov](mailto:renees@drs.wa.gov)

 **Think Green!** Please do not print this e-mail unless it is completely necessary.



STATE OF WASHINGTON

DEPARTMENT OF RETIREMENT SYSTEMS

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July 15, 2013

The Honorable Steve Conway  
Chair, Select Committee on Pension Policy  
P.O. Box 40914  
Olympia, WA 98504-0914

Dear Senator Conway;

The Department would like to bring two matters to the attention of the Select Committee for the 2013 interim work plan and request that legislation be recommended to the 2014 Legislature.

First, in the 2012 interim, the Committee studied and recommended legislation that would correct concerns with the PERS retire/rehire language brought about by inadvertent bill language in ESHB 1981 of the 2011 legislature. HB 1226/SB 5633 did not pass the legislature this year, so the concerns with the language remain. The Department requests the Committee take swift action to re-commit to correcting the inadvertent consequences of the 2011 statutory changes.

Second, beginning in 2009, the Department engaged with the Internal Revenue Service to submit all the retirement plans we administer for requalification as tax-favored retirement plans under IRC 26 Section 401(a). The IRS has requalified all our plans, but the Plans 3 were just provided conditional requalification in February of this year. The condition is that statutory language allowing an annual rate change window for Plan 3 members must be repealed during the 2014 legislative session, and the practice allowing the annual change for TRS Plan 3 members must be discontinued after January, 2015. We will gladly work with the Committee and staff to present this issue, and request legislation be recommended to make this change and maintain IRS qualification for our Plans 3.

Thank you for your consideration of these important matters during the 2013 interim work of the Committee.

Sincerely,

Marcie L. Frost, Director  
Department of Retirement Systems

Cc Members of the SCPP