



STATE OF WASHINGTON
LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD

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June 16, 2015

To: Members, Select Committee on Pension Policy
Matt Smith, State Actuary

From: Steve Nelsen, Executive Director

Re: 2015 Interim Issues

The Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF 2 Board), would like to thank you for the cooperative working relationship we have shared over the years and look forward to a similar partnership in the upcoming year.

There are several topics I'd like to bring to your attention as we all begin preparations for the 2015 interim. These topics were identified by the LEOFF 2 Board at their May meeting as issues they want to study. It is our hope that the Select Committee on Pension Policy (SCPP), Office of the State Actuary (OSA) and the LEOFF 2 Board can work cooperatively on these issues since these issues could apply to plans other than LEOFF Plan 2. I have provided a brief summary of each topic for your reference:

SB 6076 Garnishment

Governor Gregoire asked the SCPP to review and make recommendations to the Legislature in 2012 as to whether additional exceptions to the general exemption of pensions from garnishment would be appropriate, and if so, what level of garnishment would be appropriate. No recommendations were made. The LEOFF 2 Board would like to work collaboratively with the SCPP on this issue.

SB 6077 Forfeiture

The issue has of whether a person convicted of a felony committed in the course of their employment should forfeit their pension has been considered by the Legislature in the past without recommendation. The LEOFF 2 Board would like to work collaboratively with the SCPP on this issue.

Purchase of Annuity by Retirees

The LEOFF Plan 2 Retirement Board has recently received advice from tax counsel that it would be permissible to allow retirees to roll over money from a qualified governmental plan to purchase an actuarially equivalent annuity from the retirement fund. This issue is of interest to both LEOFF Plan 2 and WSPRS retirees and has been requested by LEOFF Plan 1 retirees in the past. This is a new issue.

Response to Natural Disasters

Members of all retirement plans, including LEOFF Plan 2, who are called up to serve in the military reserves or National Guard during a time of war receive special treatment for their pensions if they are killed or injured during the course of that service. However, members who are called up to federal service to respond to natural disasters such as the Chelan wildfires or the Oso mudslide do not have similar pension protections if they are killed or injured during the course of that service. This is a new issue.

Income Leveling Option

Many states and the federal government provide an actuarially equivalent retirement option that adjusts the amount of a person's pension when they reach Social Security or Medicare eligibility so as to provide a more level stream of income throughout a person's retirement. This is a new issue.

Should you have any question, please feel free to contact me at (360) 586-2320 or steve.nelsen@leoff.wa.gov.

I would be happy to meet with you to discuss these topics at an upcoming SCPP or LEOFF Plan 2 Retirement Board meeting. Thank you for your consideration and we look forward to working with you.

Sincerely,



Steve Nelsen
Executive Director