

# PSERS and LEOFF 2 Disability Benefits

## Issue

Should the Public Safety Employees’ Retirement System (PSERS) total incapacitation disability benefits be increased similar to those available for the Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plan 2?

## Background

PSERS was created as a middle ground of sorts between the Public Employees’ Retirement System (PERS) and LEOFF 2. While disability benefits for LEOFF 2 members are divided into categories based on type and severity of injury, PSERS disability benefits are the same under all circumstances.

The Select Committee on Pension Policy requested that staff roll forward [House Bill 2533](#) from the 2020 Legislative Session. That bill would have created a total incapacitation duty-disability benefit for PSERS that is similar to the benefit for LEOFF 2.

The following table shows the prospective change from this bill using strikeout and red text:

Summary of Plan Provisions		
	PSERS	LEOFF 2
<b>Non-Duty/Permanent</b>	<ul style="list-style-type: none"> <li>• Refund of contributions with interest</li> <li>Or</li> <li>• Accrued benefit, actuarially reduced*</li> </ul>	<ul style="list-style-type: none"> <li>• Refund of contributions with interest</li> <li>Or</li> <li>• Accrued benefit, actuarially reduced**</li> <li>• Lump sum of 150% of contributions, tax free</li> <li>Or</li> <li>• Accrued benefit, 10% tax free</li> <li>Or</li> <li>• Minimum monthly benefit of 10% FAS</li> </ul>
<b>Duty-Related</b>	Same as Non-Duty/Permanent	<ul style="list-style-type: none"> <li>• Accrued benefit, actuarially reduced**</li> <li>Or</li> <li>• 70% of FAS offset by SSDI and/or L&amp;I (capped at 100% of FAS)</li> </ul>
<b>Total Incapacitation</b>	<ul style="list-style-type: none"> <li>• Same as Non-Duty/Permanent</li> <li>• Same as LEOFF 2, except based on actuarial reduction for PSERS*</li> </ul>	

\*Reduced if the member was under age 65, or age 60 with 10 YOS.  
\*\*Reduced if the member was under age 53.

## Highlights

- ❖ All PSERS positions were originally PERS positions, and PSERS was created to be a middle ground of sorts between PERS and LEOFF.
- ❖ The Legislature has enacted a policy of providing similar benefits unless a difference is warranted.
  - ◇ Public safety plans have typically provided better benefits, particularly for death and disability.

- ❖ When members of another system see an improvement being made, they may want that benefit as well, or want their benefits adjusted accordingly ("pension leapfrogging").
- ❖ Pension benefits can't mitigate job risks.
  - ◇ Earlier retirement ages can reduce the length of exposure to those risks, and disability benefits can help families when tragedies do occur.

## Committee Activity

The Committee held a public hearing at the September 2021 meeting and voted to endorse the bill draft.

## Recommendation to the 2022 Legislature

Sponsor a bill draft to increase PSERS total incapacitation disability benefits such that they more closely align with the benefits available for LEOFF 2 members.

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