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# Fish & Wildlife Enforcement Officers Service Credit Transfer Preliminary Follow-up Report

LEOFF Plan 2 Retirement Board

August 22, 2007

# FWEO Service Credit Transfer

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- Review of 2007 Board Proposal
- SCPP Update

# Review of 2007 Board Proposal

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- Service Credit Transfer
  - Only group excluded
  - Payment plan

# SCPP Update

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- Update from August 14, 2007

# Next Step

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- Monitor SCPP Action

# FWEO Service Credit Transfer

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QUESTIONS?

# LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS' PLAN 2 RETIREMENT BOARD

## Fish and Wildlife Service Credit Transfer Preliminary Follow-up Report

August 22, 2007

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### 1. Issue

Fish & Wildlife Enforcement Officers mandated into LEOFF Plan 2 beginning July 27, 2003 were not allowed to transfer their Public Employees' Retirement System (PERS) service as Fish & Wildlife Enforcement Officers to LEOFF Plan 2 as similar groups have been.

### 2. Staff

Greg Deam, Senior Research and Policy Manager  
(360) 586-2325  
greg.deam@leoff.wa.gov

### 3. Members Impacted

The original fiscal note prepared by the Office of the State Actuary (OSA) in January 2003, estimated there were 72 PERS members (66 in PERS Plan 2 & 6 in PERS Plan 3) actively employed by the Department of Fish and Wildlife who would be eligible to transfer into LEOFF Plan 2. Any former Fish and Wildlife Officers who become re-employed after July 23, 2003, could also be affected when they return.

### 4. Current Situation

Fish and Wildlife Enforcement Officers who were members of PERS Plan 2 or Plan 3 on or before January 1, 2003, and were employed on or after July 27, 2003 are mandated into LEOFF Plan 2. Service earned prior to July 27, 2003 remains in PERS and the employee becomes a dual member. Employees who are members of PERS Plan 1 are excluded from LEOFF Plan 2 membership.

## 5. Background Information and Policy Issues

### History

In 2002, the Legislature passed a bill which expanded the definition of general law enforcement officer to include Fish & Wildlife Enforcement Officers. However, the same legislation also excluded the Department of Fish and Wildlife as a LEOFF employer.

In 2003, legislation was passed which added the Department of Fish and Wildlife as a LEOFF employer. Additionally a new section was added to the PERS statutes which mandated PERS Plan 2 or 3 members employed as Fish & Wildlife Enforcement Officers into LEOFF Plan 2, and specifically stated PERS service credit could not be transferred. It further required PERS Plan 1 members employed as Fish and Wildlife Enforcement Officers to remain in PERS Plan 1.

### Policy Issue

The policy issue examined by the Board was if LEOFF Plan 2 Fish and Wildlife Enforcement Officers, who have service credit in PERS Plan 2, should be given the opportunity to transfer that service to LEOFF Plan 2 as prior groups have had the opportunity to do.

Moving service credit from PERS Plan 2 to LEOFF Plan 2 creates a liability to LEOFF Plan 2 which is greater than the money received from the member for paying the difference between the member contribution rates in PERS Plan 2 and LEOFF Plan 2, plus interest, and from the employer who pays the difference between employer contribution rates plus interest.

The Board looked at two options to pay the additional cost or liability and chose option 2:

- **Option 1: Department of Fish & Wildlife would pay the additional cost**  
This option would require the Department of Fish and Wildlife to pay into the LEOFF Plan 2 retirement fund a lump-sum amount sufficient to fund the service credit transfer from PERS Plan 2 to LEOFF Plan 2.
- **Option 2: The additional cost would be paid by a contribution rate increase**  
This option would require a one basis point increase in both the member and state contribution rates.

A bill was submitted by the Board in both the 2006 and 2007 Legislative Sessions. Neither bill passed. The Board sent a letter to the SCPP listing this subject as one of six possible items to work cooperatively on for the 2008 Legislative Agenda. The SCPP will be addressing this topic during the 2007 interim.

## **7. Supporting Information**

### **Appendix A – Bill Comparison Chart.**

APPENDIX A – Bill History of Groups Allowed into LEOFF Plan 2

| <b>Year and Bill Number</b> | <b>Description</b>  | <b>Member Options</b> | <b>Member Costs by Option</b> | <b>Employer Costs by Option</b> |
|-----------------------------|---|-----------------------|-------------------------------|---------------------------------|
| HB 1205<br>2003             | Requires Fish & Wildlife Enforcement Officers to become members of LEOFF Plan 2 on the effective date of the bill | None                  | None                          | None                            |

| <b>Year and Bill Number</b> | <b>Description</b>  | <b>Member Options</b>                             | <b>Member Costs by Option</b>   | <b>Employer Costs by Option</b>   |
|-----------------------------|---|---|---|---|
| HB 1936<br>2005             | Allows emergency medical technicians who are members of PERS providing emergency medical services for a city, town, county, or district to apply for membership in LEOFF Plan 2   | 1. Transfer past PERS EMT service to LEOFF Plan 2 | 1. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest | 1. An amount sufficient to ensure the contribution level of current members of LEOFF Plan 2 will not increase due to the transfer plus an employer rate increase of one basis point |
| SHB 1202<br>2003            | Allowed emergency medical technicians who were members of PERS providing emergency medical services for a city, town, county, or district whose job was relocated to a fire district to transfer PERS Plan 2 service credit as an EMT into LEOFF Plan 2 | 1. Transfer past PERS EMT service to LEOFF Plan 2 | 1. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest | 1. None   |

| <b>Year and Bill Number</b> | <b>Description</b>  | <b>Member Options</b>   | <b>Member Costs by Option</b>  | <b>Employer Costs by Option</b>  |
|-----------------------------|---|---|--|--|
| SHB 2191<br>1996            | Allowed fire fighters at institutions of higher education with fully operational fire departments to apply for membership in LEOFF Plan 2 | <ol style="list-style-type: none"> <li>1. Remain in PERS</li> <li>2. Join LEOFF Plan 2 retroactively</li> </ol> | <ol style="list-style-type: none"> <li>1. None</li> <li>2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest</li> </ol> | <ol style="list-style-type: none"> <li>1. None</li> <li>2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest; and an amount sufficient to ensure the contribution rate level of current members of LEOFF Plan 2, would not increase due to the transfer</li> </ol> |
| SHB 1744<br>1993            | Allowed police employed by the state's universities and port districts to apply for membership in LEOFF Plan 2                            | <ol style="list-style-type: none"> <li>1. Remain in PERS</li> <li>2. Join LEOFF Plan 2 retroactively</li> </ol> | <ol style="list-style-type: none"> <li>1. None</li> <li>2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest</li> </ol> | <ol style="list-style-type: none"> <li>1. None</li> <li>2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest</li> </ol>  |