



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

6639 Capitol Blvd., PO Box 43113 • Olympia, Washington 98504-3113 • (360) 664-7767

January 26, 2004

The Honorable Gary Locke  
Washington State Governor  
Mail Stop 40002

The Honorable Helen Sommers  
House Appropriations Committee Chair  
Mail Stop 40600

The Honorable Joseph Zarelli  
Senate Ways and Means Committee Chair  
Mail Stop 40418

Dear Governor Locke, Representative Sommers and Senator Zarelli:

Initiative 790 created the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board and requires the Board to submit an annual actuarial funding status report to the Governor and the Legislature.

The Department of Retirement Systems (DRS) produces a *Comprehensive Annual Financial Report* that includes the funding status of each retirement fund including LEOFF Plan 2. The current DRS report uses the final audited market value of LEOFF Plan 2 assets as of the end of the 2003 fiscal year. The solvency test for LEOFF Plan 2 that was published in the current DRS report indicates that LEOFF Plan 2 is fully funded. A copy of the solvency test is copied below.

<b>Solvency Test: LEOFF Plan 2</b>									
(dollars in millions)									
Aggregate Accrued Liabilities for:					Portion of Accrued Liabilities Covered by Assets				
Valuation Date	(1)	(2)	(3)	(1+2+3)	Valuation Assets	(1)	(2)	(3)	
	Active Member Contributions	Retirees and Beneficiaries	Active Members (Employer Financed Portion)						
09/30/02	\$750.8	\$99.9	\$1,795.3	\$2,646.0	\$2,646.0	100%	100%	100%	
09/30/01	686.8	72.1	1,816.7	2,575.6	2,575.6	100%	100%	100%	
12/31/00	650.3	55.2	1,753.8	2,459.3	2,459.3	100%	100%	100%	
12/31/99	568.8	38.7	1,555.4	2,162.9	2,162.9	100%	100%	100%	
12/31/98	511.5	33.3	1,227.2	1,772.0	1,772.0	100%	100%	100%	
12/31/97	437.7	18.8	993.1	1,449.6	1,449.6	100%	100%	100%	

Source: Washington State Office of the State Actuary

2003 Actuarial Funding Status Report

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The 2002 Washington State Actuarial Valuation Report prepared by the Office of the State Actuary (OSA) in October 2003 also analyzed the funding ratio of all public retirement plans including LEOFF Plan 2. The OSA valuation uses the Credited Projected Liability actuarial reporting method as required by the Government Accounting Standards Board. The OSA report found that LEOFF Plan 2 had a credited projected liability of \$1,937 million and assets of \$2,646 million for a funding ratio of 137%. This ratio compares favorably to similar funds in the United States.

I hope that you find this report useful. Please feel free to contact the Board's Interim Director Steve Nelsen at (360) 664-7776 or [steve.nelsen@ofm.wa.gov](mailto:steve.nelsen@ofm.wa.gov) if you would like additional information.

Sincerely,

Kelly Fox  
Chair