

# DUAL RESPONSE

## Our Mission, Values and Goals

In July 2004, the LEOFF Plan 2 Retirement Board finalized its strategic plan. The Board has been planning the future direction of its activities, based on the priorities identified.

### Our Mission

- The mission of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board is to responsibly govern the pension plan for the benefit of the members.

### Our Organizational Values

- We will treat those we serve and each other with respect, fairness, and honesty.
- We will communicate openly and professionally.
- We will foster a climate of innovation, integrity, accountability, and excellence.
- We will work with those we serve to meet their needs.

### Our Priority Goals

- Enhance the benefits for members.
- Provide the stakeholders with a voice in plan governance.
- Maintain the financial integrity of the plan.
- Stabilize contribution rates.

## Board Meeting Schedule

Board meetings are open to the public and take place in the boardroom of the Washington State Investment Board located at 2100 Evergreen Park Dr. S.W., Olympia, WA 98501, unless otherwise noted and are scheduled from 9:30 a.m.-3:00 p.m. For the most up-to-date information and schedules, please visit [www.leoff.wa.gov](http://www.leoff.wa.gov) and click on the Board Meetings link.

### 2005 Board meeting schedule:

- January 26, 2005
- February 23, 2005  *canceled*
- March 23, 2005
- April 27, 2005
- May 25, 2005
- June 23, 2005
- July 27, 2005
- August 24, 2005
- September 28, 2005
- October 26, 2005
- November 16, 2005\*
- December 8, 2005

\* Meeting to be held at 206-10th Ave. in Olympia

## Board Members

### Law Enforcement Representatives

**Jack Simington, Vice Chair**  
Kennewick Police Department

**Michael Edwards**  
Seattle Police Department

**Doug Pendergrass**  
Snohomish County Sheriff's Office

### Fire Fighter Representatives

**Kelly Fox, Chair**  
Olympia Fire Department

**Pat Hepler**  
Edmonds Fire Department

**Mark Johnston**  
Vancouver Fire Department

### Employer Representatives

**Doug Cochran**  
Yakima County

**Maureen Morris**  
Washington State  
Association of Counties

**David Moseley**  
City of Federal Way

### Legislative Representatives

**Senator Linda Evans Parlette**  
Washington State Senate

**Representative Geoff Simpson**  
Washington State  
House of Representatives

*You are a member of the Washington State Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 retirement plan if you were hired on or after October 1, 1977 and are a full-time, fully compensated law enforcement officer or fire fighter.*

## LEOFF Plan 2 Members Now Have Their Own Retirement Board

Welcome to the first edition of the Washington State Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board's newsletter – *Dual Response*. Created in November

2002 by a citizens' initiative, our primary charge is to advocate for and guide policy and manage LEOFF Plan 2 in a way that ensures the maximum benefits for members and beneficiaries.

Our board is made up of 11 members: three active law enforcement officers, three active fire fighters, three employers and two legislators. The Board meets monthly in Olympia and all meetings are open to the public. (*For a schedule of 2005 Board meetings, see "Board Meeting Schedule" on back page.*)

The board is supported by an administrative staff of five, all based in our Olympia office.

The Board also works with other organizations for information and sup-

port. The Washington State Department of Retirement Systems continues to administer the LEOFF Plan 2 retirement plan; paying member benefits, preparing estimates, providing information and answering questions related to the plan. The Washington State Investment Board manages and invests the assets of the plan and the Office of the State Actuary provides actuarial assistance to the Board.

This newsletter will be published and distributed two times per year; once to communicate what proposals the Board plans to bring before the Legislature for that year and again, after the legislative session concludes to let you know how the Board's proposals did and what it may mean to you.

## Message from the Chair



Kelly Fox

It is my distinct honor and privilege to introduce the inaugural edition of *Dual Response*. It is further an honor to introduce the Retirement Board to the over 14,000 members of LEOFF Plan 2.

And finally it is with much gratitude that I thank each of you who worked so hard to make this board a reality. As I reflect on the journey that the State of Washington's law enforcement officers and fire fighters took to gain this voice in the administration of our own retirement plan, I am encouraged and proud of how much has been accomplished in such a short period of time.

Though the notion of Plan 2 pension improvements has been with us for many years (dating back, I believe, to 1978), it took a unique approach and an extraordinary, collaborative effort by police and fire to canvass the state and gather signatures for Initiative 790, which created the Board and provided

the vehicle for changes in LEOFF Plan 2. The initiative passed in November 2002 and was enacted into law on July 1, 2003. Members of the plan were nominated and appointed to the Board shortly after that, and the first meeting of the LEOFF Plan 2 Retirement Board took place in August 2003. It wasn't until October of that year that we were able to employ an acting executive director and executive assistant.

In the short weeks between October and the beginning of the 2004 legislative session, the Board, due in large part to the experience, knowledge and hard work of the two staff members, recommended three

bills to the Legislature. Because of the skill of the staff and the efforts of the Board and its represented organizations, all three bills were approved and each improves pension benefits for Plan 2 members and their beneficiaries. (*For more information regarding bills passed in 2004, please see "2004 Legislature Supports Board's Benefit Improvement*

*Proposals" inside.*)

After a few months of "living" in virtual obscurity in office space graciously provided by the Office of Financial Management (2 cubicles indistinguishable from the hundreds of others in the building!), the Board found a home in Olympia. The Board is co-located with two of our key partners; the Washington State Investment Board and the Office of the State Actuary. We also added two more staff members in May 2004 and

another in December 2004, bringing the total number of employees to five.

Last June, the Board launched our Web site [www.leoff.wa.gov](http://www.leoff.wa.gov).

The Board conducts its business in an open and transparent manner and the Web site is a critical tool that allows members of LEOFF Plan 2 and the public access to all materials considered by the Board – prior to the open, public Board meetings! Also available on the site are summaries of the Board's (*continued inside*)

**"You risk your lives every day you wear the uniform...you deserve a pension that will take care of you and your family."**

# Board Recommends Benefit Improvements to the 2005 Legislature

The LEOFF Plan 2 Retirement Board recommended four bills to the 2005 Legislature and also approved a contribution rate stability plan. You may track the progress of these bills or read more about them on the Board's Web site at [www.leoff.wa.gov](http://www.leoff.wa.gov). If you would like to express your support for these bills, you may call the legislative hotline at (800) 562-6000.

## Duty Disability Benefits – House Bill 1271/Senate Bill 5615

Adding to the success of last year's Duty Disability bill, the Board identified further duty-related disability benefit improvements as a top priority for 2005. The Board's Duty Disability bill has two main pieces:

**Total disability benefit:** Members who are injured in the line of duty so badly that they would be unable to perform any substantial future employment in any capacity will receive a pension benefit of 70% of their average final salary tax-free, for life.

**Occupational disability benefit:** Members who become disabled in the line of duty and their injuries prevent them from continuing their career as a law enforcement officer or fire fighter, would not have their pension reduced for "early retirement" if they are younger than age 53. Members would instead receive the full pension benefit they earned prior to becoming disabled. For example, a member with 15 years of service would receive 30% of their average final salary to supplement their income from their new non-LEOFF career.

## Purchase of Service Credit – House Bill 1269/Senate Bill 5616

This bill would allow a LEOFF Plan 2 member to purchase up to five years of service credit at the time of retirement beginning July 1, 2006. A member's deferred compensation assets could be rolled over tax-free to purchase the credit. For those who would like to use their deferred compensation account to improve their LEOFF Plan 2 pension, this may be a useful retirement tool.

The cost of purchasing this service credit is expensive because the member pays the full value of the increase to their pension. It may cost over \$80,000 to purchase all five years depending a person's age and salary when they retire. At the time of retirement, members have the option to buy from one to five years, or not to buy any service at all.

## Post-LEOFF Employment – House Bill 1270/Senate Bill 5617

This bill would give new choices to a person who moves from a law enforcement or fire fighting career covered under LEOFF Plan 2 to a job covered by one of the state's other public pension plans.

Members could choose to receive their LEOFF Plan 2 pension while they work in the new job or choose to earn a second pension in the other plan. For example, a LEOFF Plan 2 member who retires at age 53 and then works in a bailiff job covered by the Public Employees' Retirement System (PERS) until they are 65 could earn a second PERS pension for those 12 years. Alternatively, the member could choose to receive their LEOFF Plan 2 pension while working in a PERS covered job instead of earning a second pension in PERS.

Currently, a member cannot receive their pension or earn a new pension if they work in another public job after retiring from LEOFF Plan 2.

## Military Service – House Bill 1325/Senate Bill 5261

This bill would provide members whose career is interrupted by military service with the option to get LEOFF Plan 2 service credit for their military time if they are killed or injured and can't return to their LEOFF-covered job.

## Contribution Rate Stability

The Board adopted a four-year plan to return employer, state and member contribution rates to the level that they need to be to adequately fund the plan. Under the plan, the current member rate of 5.09% would increase to 6.75% in July 2005, 7.55% in July 2006, 8.30% in July 2007 and 8.49% in July 2008.

The plan includes a minimum contribution rate floor for the future so that if there are better-than-expected investment gains for the retirement fund, those gains might create a surplus for the plan which may be used for benefit improvements rather than being used to lower contribution rates.

The Board has the authority to adopt contribution rates for LEOFF Plan 2 so no legislation is necessary to make it effective.

## Message from the Chair (continued)

legislative activities, the status of Board proposals, meeting schedules, agendas, minutes and materials, and a variety of pension-related publications and links related to LEOFF Plan 2. I think you will find our Web site is the most user-friendly, navigable and useful site in the State's network! Please visit [www.leoff.wa.gov](http://www.leoff.wa.gov).

That brings us to this year. We are recommending several proposals to the 2005 Legislature that will once again improve your LEOFF Plan 2 retirement benefits. The 2005 legislative session is scheduled to end on April 24, and we will let you know the outcome of our proposals and what impact they will

have on you as a LEOFF Plan 2 member. (For complete information on the 2005 proposals see "Board Recommends Benefit Improvements to the 2005 Legislature" article at left.)

In addition to thanking our police and fire members whose efforts allowed the LEOFF Plan 2 Board to come into existence, we want to recognize and acknowledge the contributions of the Governor's Office, the Washington State Legislature, the Office of Financial Management, the State Investment Board, the Department of Retirement Systems, the Department of Personnel, the Office of the State Actuary and the Department of Information Services for their outstanding assistance and generous support during the start up

phase and for their continued assistance.

On a personal note, you risk your lives for the benefit, welfare and safety of our communities every day that you wear the uniform of your department. We are here because you deserve a pension that will take care of you and your family when you have completed your distinguished service to the citizens of Washington State. There is still much to do, but we are well on our way to realizing the dream of a dignified pension for those who are willing to sacrifice their wellbeing for the sake of others.

Fraternally,  
Kelly Fox, Chair  
LEOFF Plan 2 Retirement Board

## 2004 Legislature Supports Board's Benefit Improvement Proposals

The Legislature overwhelmingly approved all three bills recommended by the LEOFF Plan 2 Retirement Board for the 2004 legislative session and were signed into law by Governor Locke.

### Duty Disability Benefits

House Bill 2418 was passed unanimously by the Legislature and entitles members who are disabled in the line of duty to receive a minimum benefit of 10% of their final average salary. This benefit is tax-free for the member's life. Or, instead of a monthly benefit, the member may choose to withdraw 150% of their retirement contributions with interest, tax-free. The bill was made retroactive for three years so members who had previously retired would have the opportunity to file amended income tax returns.

### Survivor Benefits

House Bill 2419 passed the Legislature unanimously and provides spouses of LEOFF Plan 2 members killed in the line of duty a pension that is unreduced for "early retirement" if the member is younger than age 53 when they die.

### Actuarial Funding

Senate Bill 6249 was also endorsed by the Select Committee on Pension Policy and provides a limit on the deferment of investment losses in order to help ensure adequate funding for all the retirement funds, including the LEOFF Plan 2 retirement fund. This bill was passed by the Legislature with only two dissenting votes out of 144.

## Member Survey

**We Want Your Input!** You can assist us in gaining valuable membership information by completing the short survey below.

1. Are you a

- Law Enforcement Officer  
 Fire Fighter

2. How many years have you been a fire fighter or a law enforcement officer in Washington?

- 0-5 years       11-15 years  
 6-10 years       16 or more years

3. What is your age group?

- 39 or younger       51 to 53  
 40 to 44       54 or older  
 45 to 50

4. Have you reviewed a copy of the LEOFF Plan 2 Member Handbook, available from your employer or on the Department of Retirement Systems' (DRS) Web site at [www.drs.wa.gov](http://www.drs.wa.gov)?

- Yes       No

5. Have you provided your beneficiary information to DRS?

- Yes       No

6. Have you attended a DRS Retirement Planning Seminar?

- Yes       No

Please return to:  
LEOFF Plan 2  
Retirement Board Survey  
P.O. Box 40918  
Olympia, WA 98504-0918

7. Have you requested an estimate of your pension from DRS or used the Online Retirement Benefit Estimator on the DRS Web site?

- Yes       No

8. How familiar are you with your LEOFF Plan 2 retirement benefits?

not familiar at all       $\longrightarrow$       very familiar

- 1     2     3     4     5