

# DUAL RESPONSE

## Message from the Chair



Kelly Fox

Some of my comments for the third edition of Dual Response may sound sardonically similar to the second edition—because we are attempting to obtain input from you to establish

the long-term goals and objectives for the Board and its membership. The numbers bear repeating: Only 313 of nearly 15,000 surveys were returned to the Board! That is only 2% of our covered membership. We must do better and on behalf of the Board, we expect better!

We have tried to make it easier for you this time by providing the survey as an insert to the publication. Please take a few moments to fill it out and return it. We ask those of you who did take the time to fill out and return the last survey, to please do so again.

The information you provide will have an influence on the direction the Board takes, now and well into the future. It is an opportunity that I hope you do not ignore!

The previous year has seen the Board deliberate numerous LEOFF Plan 2 benefit issues and the costs and policy considerations associated with them. Just what those ideas and concepts are have been included and posted on the Board's Web site (your Web site!) for your perusal. All materials that come before the Board are included on the site and are easily downloaded if you so choose. Look elsewhere in this publication for more information about the LEOFF Plan 2 Web site.

**"We must obtain input from you to establish long-term goals for the Board and its membership. Please take this opportunity to influence the direction the Board will take."**

We have also thanked two former board members for their service to the Board and the LEOFF Plan 2 membership. Local government representatives David Moseley (City of Federal Way) and Doug Cochran (Yakima County Administrator) both have resigned their positions and have advanced their careers in positions outside of the local government arena. We wish them well in their new endeavors and sincerely thank them for providing counsel and guidance in our formative years.

Lastly, I wish to thank the skilled staff of the LEOFF Plan 2 Retirement Board. We are fortunate to have such dedicated and experienced members of state government working on our behalf. It is easy to go on about the qualities of the staff, but one might ask for the "substance" of such declarations.

I would point out that our staff saved the plan nearly \$350,000 in our first biennium! Now we can't expect those results every year, but it is an example of the competencies that we realize with this group of employees. When or if you ever have the benefit of utilizing the staff or just want to call the office to thank them,

I would strongly encourage you to do so. They are among the finest people you will ever meet!

Thank you again for taking the time to read the articles in this publication and don't forget to take it one step further and return the survey! Stay safe and be professional!

Fraternally,

Kelly Fox

*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.*

[www.leoff.wa.gov](http://www.leoff.wa.gov)

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## Board Studies

# Most-Requested Benefit Improvements

One of the priorities of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (Board) when it was first formed was to study a number of benefit improvements that the membership was most interested in and determine the costs of those improvements. The topics that were most frequently requested included:

- increasing the 2% multiplier,
- providing retiree medical insurance,
- eliminating the actuarial reduction for survivor benefits,
- lowering the retirement age from 53, and
- shortening the 5-year period for calculating average final salary.

The Board looked at each of these five topics during 2005, including options for reducing the costs, how much extra it would cost to make the benefits retroactive, how the benefits compare with other state police and fire retirement plans and the policy issues raised. Some of these issues, such as retiree medical insurance, have already been identified by the Board for continued study in 2006. Overall, the Board looked at more than 30 different options in 2005 related to benefit improvements. This article highlights just a few of those options. For more information and a full list of issues studied by the Board, including related research materials, costs and policy considerations, you are encouraged to visit our Web site at [www.leoff.wa.gov](http://www.leoff.wa.gov).

### Increasing the 2% Multiplier

Your LEOFF Plan 2 pension is calculated by multiplying 2% by your years of service, by your average final salary. Increasing the multiplier from 2% to 3% and applying the change to all past and future service, is a benefit improvement that has probably been suggested by plan members more than any other. It is also a very expensive benefit. Your member contribution rate would increase by approximately 8.79% or \$578 a month for the average member. The increased cost to local government employers and the State would be more than \$100 million per year.

The Board studied a number of options for reducing the cost of this benefit, such as having the benefit apply only to service earned in the future; increasing the multiplier to smaller amounts such as 2.75%, 2.5%, or 2.25%; or indexing the multiplier increase to the member's years of service, so members with longer careers would get a higher multiplier. You may look at these different options on the Board's Web site at [www.leoff.wa.gov](http://www.leoff.wa.gov).

### Providing Retiree Health Care Insurance

Providing medical insurance to LEOFF Plan 2 retirees is another frequently mentioned benefit improvement. Many LEOFF Plan 2 members are not eligible to continue in their employer medical coverage after they retire. As you might expect, the cost of this benefit varies greatly depending on plan design, such as coverage for spouses and dependents, how large the deductible is, and what kind of medical expenses are covered. The projected member contribution rate increase ranged from 3% to 16% or \$175-\$933 a month for the average member.

The Board plans to continue studying this issue in 2006.

### Providing a Survivor Benefit

Eliminating the actuarial reduction for survivor benefits is a common suggestion from members. LEOFF Plan 2 retirees who want to provide a survivor benefit for their spouse have their pension benefit reduced substantially depending on the age difference between the member and spouse. Eliminating the reduction so spouses would automatically receive the same pension as the retiree would increase your member contribution rate by approximately 3.27% or \$190 a month for the average member. The increased cost to local government employers and the State would be more than \$34 million per year.

The Board also looked at a number of other options for this topic. Check the Board's Web site for more details.

### Retiring Before Age 53

You can currently retire from LEOFF Plan 2 when you reach age 53, or you can retire at age 50, with at least 20 years of service, but your benefit is reduced 3% per year based on how far you are from age 53. Many plan members have requested providing an option to retire at any age if the member has 20 years of service. This benefit improvement would increase your contribution rate by approximately 1.40% or \$81 a month for the average member. The increased cost to local government employers and the State would be approximately \$15 million per year.

The Board also looked at lowering the retirement age to 50 and other options. If you are interested in these other options, you can view them on the Board's Web site.

## Board Recommends Benefit Improvements to the 2006 Legislature

### Reducing the Final Average Salary Period

Your LEOFF Plan 2 pension is calculated using your “final average salary” which is your average salary over the highest 60 consecutive months (5 years) in your career. Plan members have frequently requested using a 2 or 3-year period to calculate their pension instead of the current 5-year period. Changing to a 2-year period would increase your contribution rate by approximately 1.32% or \$77 a month. The increased cost to local government employers and the State is estimated at \$14 million per year.

All of these benefit improvements have costs. Some are more expensive than others, but all would require an increase in your contribution rate as well as an increase in the contributions paid by local government employers and the State. It probably isn't realistic to expect the State and local governments to support high-cost legislation in the current budget climate. The Board has recognized this limitation and made researching alternative revenue sources for improving pension benefits a priority goal in the Board's 2005-2007 Strategic Plan.

In addition to determining how to pay for any large benefit improvement, one of the next steps for the Board will be to prioritize which benefit improvements to pursue for legislation. Individuals and groups who want to participate in the process of prioritization are encouraged to work with the organizations that represent you on the Board.

The LEOFF Plan 2 Retirement Board recommended four bills to the 2006 Legislature. The 2006 Legislative Session began on January 9, 2006 and is scheduled to run through March 9, 2006.

### Catastrophic Disabilities

A member who is severely disabled in the line-of-duty such that they are incapable of substantial gainful employment in any capacity in the future would be guaranteed to receive 70% of their salary, tax-free, for life from LEOFF Plan 2, or up to 100% of their salary when combined with Workers' Compensation and/or federal Social Security disability benefits for the same injury.

This benefit improvement will raise contributions by approximately \$1.17 a month for the average member.

### Survivor Health Insurance

Surviving spouses and children of LEOFF Plan 2 members, who were killed in the line-of-duty since January 1998, currently have the option to purchase health insurance from the State.

The Board proposes to extend the same option to purchase health insurance from the State to the surviving spouses of LEOFF Plan 2 members who were killed in the line-of-duty prior to 1998. In addition, the proposal allows the LEOFF Plan 2 retirement fund to reimburse survivors of all LEOFF Plan 2 line-of-duty deaths for the cost of purchasing health insurance from the State.

This benefit improvement will raise contributions by approximately \$1.75 a month for the average member.

### \$150,000 Death Benefit

Coverage for the \$150,000 death benefit provided when a member dies as a result of a duty-related injury would be extended to include members who die from a duty-related illness, such as an infectious disease or cancer, which results from job-related exposure. The proposal also includes future annual increases to account for inflation.

The benefit improvement will raise contributions by approximately \$0.58 a month for the average member.

### Fish & Wildlife Enforcement Officers

LEOFF Plan 2 members would be given the opportunity to pay their share of the cost to transfer their past service as enforcement officers from PERS Plan 2 to LEOFF Plan 2.

This benefit will not raise contributions since the affected enforcement officers and the Department of Fish and Wildlife will pay the entire cost.

You may track the progress of these bills or read more about them by going to the Board's Web site at [www.leoff.wa.gov](http://www.leoff.wa.gov) and clicking on the “Legislation” link. If you would like to express your support for these bills or any other bills, you may call the Legislative Hotline at (800) 562-6000.

# Contact Information

In an effort to make sure you can find the answer to questions you may have in regard to LEOFF Plan 2, please use the contact information for the organizations listed below. By using these contacts, you will be able to quickly get answers to your questions or information about your pension system or your specific account from the appropriate office.

## LEOFF Plan 2 Retirement Board

Members who have questions or comments in regard to possible benefit improvements, LEOFF Plan 2 pension policy, the Board's legislative activities or the status of Board sponsored bills, are urged to contact the LEOFF Plan 2 Retirement Board. Members may contact the Board by phone, letter or e-mail using the following contact information:

**LEOFF Plan 2 Retirement Board**  
**PO Box 40918**  
**Olympia WA 98504 - 0918**  
**[www.leoff.wa.gov](http://www.leoff.wa.gov)**  
**[reception@leoff.wa.gov](mailto:reception@leoff.wa.gov)**  
**(360) 586-2320**

## Department of Retirement Systems (DRS)

Members who have questions about current benefits or need help with their retirement account are encouraged to contact DRS using the following contact information:

**Department of Retirement Systems**  
**[www.drs.wa.gov](http://www.drs.wa.gov)**  
**(800) 547-6657 toll free**  
**(360) 664-7000 inside Olympia**

## Washington State Legislature

The Legislature is in session each year beginning the second Monday in January for 60-days in even numbered years and 105-days in odd numbered years. This year, the legislative session began on January 9, 2006 and is scheduled to end on March 9, 2006.

Members may use the Legislative Web site or the Legislative Hotline to find their legislators, gather information on specific bills, search the Revised Code and Administrative Code of Washington

and voice opinions or express support for Board bills or any other legislation. Please use the following contact information to access the Legislature:

**Legislative Hotline**  
**(800) 562-6000**  
**[www.leg.wa.gov](http://www.leg.wa.gov)**

## Your Employer

Often times, employers have pension information for employees. You should also submit address changes to your employer who will then report the change to DRS. It is important to notify employers of address changes to ensure your account has the most current data. The Board uses the latest DRS address list to send communications to members.

## Your Labor Organization

Members may also want to contact their labor organization with benefit improvement ideas. Most frequently requested improvements are typically forwarded to the Board.

## What's on the Web?

From time to time members contact our office for an update on a variety of issues that range from what the Board is currently researching to how the Board's legislative proposals are doing. Far and away the most comprehensive source of information available to LEOFF Plan 2 members is the Board's Web site. Those seeking information should take the time to visit the Board's site at [www.leoff.wa.gov](http://www.leoff.wa.gov).

All of the materials used by the Board to make decisions are made available on the Web site and are usually posted several days prior to the meeting at which they are scheduled to be presented. By electronically publishing all of the materials presented to the Board, LEOFF 2 members may also review the exact same information each Board member reviews prior to board meetings.

To make it easier to find information on all of the topics the Board has researched, the agency recently created a "Board Studies" Web page. The new page indexes all of the research and reports prepared by topic.

Anyone who is interested in tracking proposals the Board has forwarded to the Legislature should take a moment to look at the "Legislation" link on the agency's home page. Under this link you will find comprehensive information on each bill including the text of the bill, hearing dates and the status of the bill. The page is updated at least every other day, so members can be assured they are getting the most up-to-date information.

Please take a moment and go to [www.leoff.wa.gov](http://www.leoff.wa.gov) to check out our Web site. It's the place to look for the most up-to-date information on the Board's activities.

# Member Education

One of the most important things members can do is plan for their retirement. Most people only think of retirement in abstract terms as something they will do “sometime in the future.” While in many cases retirement may be years off, it is still very important to become, and stay familiar with, your pension plan. By educating yourself on the provisions of LEOFF Plan 2, and keeping abreast of the changes the Board makes, you as a member will be better prepared to make wise decisions regarding your retirement.

## Online Benefit Estimator

To help you learn about your plan and even to estimate your retirement benefit, the Department of Retirement Systems (DRS) has developed an online benefit estimator. Using this new feature on the DRS Web site, you are able to use the actual data in your account to determine your benefit. The system will also allow you to figure out the earliest date you would be eligible to retire without a penalty.

To use this new feature, all you have to do is go to the DRS Web site [www.drs.wa.gov](http://www.drs.wa.gov) and register online via the “Online Access to Your Defined Benefit Account” link. Once you are registered, you can use the service at any time to keep track of your account.

In addition to creating benefit estimates, you can review your service credit, beneficiary information and account balance.

## Seminars and Workshops

In addition to the online system, you should also consider attending one of the benefit seminars or workshops sponsored by DRS. Both seminars and workshops are free to members and provide a great opportunity to ask the agency’s representatives specific questions. Members are welcome and encouraged to bring spouses or partners to the seminars and workshops.

Seminars are scheduled from 8:00 a.m.-5:00 p.m. and include presentations by experts in the fields of estate planning, financial planning, health insurance and social security. Seminars also include a workshop on your retirement plan and information on the State’s Deferred Compensation Program.

DRS has scheduled seminars that will include LEOFF 2 information on the following dates:

- Saturday, March 25, 2006–  
Mount Vernon
- Saturday, April 8, 2006–  
Ellensburg

DRS is also planning seminars in other cities after April 2006.

Workshops are scheduled for 60 to 90 minutes and are more tailored to your specific plan. In general, workshops will cover service credit, retirement eligibility, benefit calculations, payment options and other plan specific information. LEOFF 2 workshops are scheduled from 12:30 p.m.-1:30 p.m. during each of the seminars.

Members can register for seminars and workshops through a variety of methods with DRS:

**Online:** [www.drs.wa.gov](http://www.drs.wa.gov) and look for the “Seminar Registration” link

**Telephone:** 1-888-711-6676 or (360) 664-7300 in the Olympia area

**TDD:** 1-866-377-8895 or (360) 586-5450 in the Olympia area

**E-mail:** [registration@drs.wa.gov](mailto:registration@drs.wa.gov)

**Postal Mail:** P.O. Box 48380, Olympia, WA 98504-8380

Watch for the May-August 2006 schedule on the DRS Web site at [www.drs.wa.gov](http://www.drs.wa.gov).

## Board Meetings & 2006 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, and are scheduled from 9:30 a.m.-3:00 p.m., unless otherwise noted. 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.

### 2006 Board meeting schedule:

- January 25, 2006
- February 22, 2006
- March 29, 2006
- April 26, 2006
- May 24, 2006
- June 21, 2006
- July 26, 2006
- August 23, 2006
- September 13, 2006
- October 25, 2006
- November 15, 2006
- December 13, 2006

## Our Mission, Values and Goals

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

## Board Members

### Law Enforcement Representatives

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

**Michael Edwards**  
Seattle Police Department

**Jeff Holy**  
Spokane Police Department

### Fire Fighter Representatives

**Kelly Fox, Chair**  
Olympia Fire Department

**Pat Hepler**  
Edmonds Fire Department

**Mark Johnston**  
Vancouver Fire Department

### Employer Representatives

**Maureen Morris**  
Washington State  
Association of Counties

**Vacant**

**Vacant**

### Legislative Representatives

**Senator Linda Evans Parlette**  
Washington State Senate

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

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LEOFF Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, WA 98504-0918

# Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board

## LEOFF Plan 2 Member Survey

### We Really Need Your Input!

We are asking for your input again in hopes of gaining important membership information.

Please complete the short survey below, fold, tape shut (please do not staple), stamp and drop in the mail.

**1. Are you a Fire Fighter or a Law Enforcement Officer?**

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

**3. What is your age group?**

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

**4. Have you reviewed a copy of the LEOFF Plan 2 Member Handbook, which is 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 requested an estimate of your pension from DRS or used the Online Retirement Benefit Estimator on the DRS Web site?**

Yes       No

**7. Have you attended a DRS Retirement Planning Seminar?**

Yes       No

**8. How familiar are you with your LEOFF Plan 2 retirement benefits? (Use a scale where 5 means you are very familiar, and 1 means you are not familiar at all.)**

1       2       3       4       5

**9. Have you visited the LEOFF Plan 2 Retirement Board's Web site at [www.leoff.wa.gov](http://www.leoff.wa.gov)?**

Yes       No

Thank you for taking the time to complete this survey.