

Contact Information

For questions or comments regarding possible benefit improvements, please contact your affiliated association or local labor representative.

The **LEOFF Plan 2 Retirement Board** will gladly assist you in answering questions regarding LEOFF Plan 2 pension policy, the Board's legislative activities or the status of Board-sponsored bills.

LEOFF Plan 2 Retirement Board

P.O. Box 40918
Olympia, WA 98504-0918
(360) 586-2320
recep@leoff.wa.gov
www.leoff.wa.gov

The **Department of Retirement Systems** administers LEOFF Plan 2 and can assist with individual account information.

Department of Retirement Systems

P.O. Box 48380
Olympia, WA 98504-8380
(360) 664-7000 or (800) 547-6657
recep@drs.wa.gov
www.drs.wa.gov

2012 Board Meetings

Board meetings are open to the public and take place in the Washington State Investment Board's large conference room located at 2100 Evergreen Park Drive SW, Suite 100 in Olympia, WA. They are held the fourth Wednesday's of each month from 9:30 A.M. to 3:00 P.M. unless otherwise noted.

- June 13 (2nd Wednesday)
- July 25
- August 22
- September 26
- October 24
- November 28 (5th Wednesday)
- December 12 (2nd Wednesday)

For up-to-date Board meeting information, visit www.leoff.wa.gov.

Board of Trustees

Law Enforcement Representatives

Jack Simington, Vice Chair
Kennewick Police Department

Ryan Martin
Vancouver Police Department

Jeff Holy
Spokane Police Department (Ret)

Fire Fighter Representatives

Kelly Fox, Chair
Olympia Fire Department

Mark Johnston
Vancouver Fire Department

Patrick Hepler
Snohomish County Fire District 1

Employer Representatives

Glenn Olson
Clark County

Paul Golnik
WA Fire Commissioners Association

David Cline
City of Tukwila

Legislative Representatives

Sen. Jim Honeyford
WA State Senator

Rep. Kevin Van De Wege
WA State Representative

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

DUAL RESPONSE

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Our Mission and Priority 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 Priority Goals for 2011 - 2015:

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

www.leoff.wa.gov

Message from the Chair

80% Funding is Not FULL Funding!

"I'll gladly pay you Tuesday for a hamburger today," is the phrase frequently uttered by Popeye's portly friend, J. Wellington Wimpy and unfortunately one that comes to mind when evaluating pension funding proposals in recent years.



Kelly Fox

One would like to believe that funding anything at less than 100%, let alone pension plans, is not considered full-funding. Yet every year since the great recession, that is exactly what some elected officials in the Washington state legislature accept as "full funding." Thanks to the efforts of your LEOFF Plan 2 Retirement Board and other key

advocacy groups; these misguided proposals have been avoided. So, have we seen the last of this nonsense?

Perhaps it would help to understand why we see "less than full funding" proposals in the first place. In difficult economic times, the issue of the budget will dominate almost all discussions and the state's obligation to its pension plans are a significant part of the budget. When these interests collide, it almost certain that pension plans will be attacked, and typically results in reduced contributions. Legislators justify these actions by playing loose and fast with the numbers.

As retirement plan trustees, we must take a long term view of our trust fund. Our responsibilities as

vitaly important, not just today, but 30 and 50 years down the road. Elected officials, by the very nature of their responsibilities, view the budget as merely a 2 year proposal. Coincidentally their re-election cycles are either 2 or 4 year terms. Therefore, elected officials are willing to consider deferring pension payments now, because it can be made up for "tomorrow" when the economy improves.

The problem is that "tomorrow" never comes or the promise to pay later is rescinded. In either scenario, the plan is broken. The gap between "full funding" and actual funding widens, because the plan now requires more than 100% funding "tomorrow" to make up for the underfunding today; and the cries of expensive police and fire pension plans can begin to be heard — not because of extraordinary benefits, but because actual full funding wasn't provided!

Securing full funding for LEOFF Plan 2 has been priority number one since the existence of our Board and the results are obvious to those who want to see them. Through the great recession, we have not, nor will we see contribution rates increasing for LEOFF Plan 2. The same cannot be said for the other state retirement plans...the plans that don't have an independent board and state agency dedicated to their policy development. If history is any indication, it is unlikely that the state will pay us for that hamburger on Tuesday (or ever, for that matter).

Kelly Fox, Chair

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

2012 Legislative Session Update

The 2012 Legislature met for a regular and special session between January 9 and April 11. Below is information on Legislation of interest to LEOFF Plan 2 members. The Board will continue to work on these issues and more during the interim.

Merging LEOFF Plans 1 and 2

Neither HB 2350 nor SB 6563 passed this legislative session. The bills, although having slightly different approaches, would have consolidated the trust funds for both Plan 1 and Plan 2 into a new fund for all LEOFF members and retirees. The authority and duties of the LEOFF Retirement Board would have also been modified to include functions related to the new combined fund. Accordingly, the Board would have established LEOFF Plan 2 contribution rates for the current biennium, and established a funding policy for the new fund.

In addition, the legislation guaranteed LEOFF Plan 1 benefits would not change for LEOFF Plan 1 members, including local disability board benefits and LEOFF 2 members were provided the same protection for LEOFF Plan 2 benefits.

Plan Funding/Contribution Rates

The LEOFF Plan 2 Retirement Board is responsible for adopting contribution rates for LEOFF Plan 2. The Board's goal is to maintain the financial integrity of the plan by adopting adequate and stable contribution rates. The Board has adopted the following rates through June 30, 2017: Members 8.46%, Local Employers 5.08%, State 3.38%.

The State's budget challenges put pressure on the legislature to underfund LEOFF Plan 2 and other pension plans as a way of reducing expenditures. Multiple proposals were considered by the 2012 Legislature which would have reduced the contribution rates adopted by the Board. The supplemental operating budget (3ESHB 2127) passed by the 2012 Legislature *did not change contribution rates set by the LEOFF Plan 2 Retirement Board.*

Pension Benefit Study

The supplemental operating budget (3ESHB 2127) passed this session provides funding for the Washington State Institute for Public Policy (WSIPP) to conduct an evaluation of the benefits provided in the pension plans offered by public employers in the state. The Institute is directed to collaborate with the Office of the State Actuary to solicit input from local government plan sponsors. Findings must be reported to the Select Committee on Pension Policy and the committees on Ways and Means of the House of Representatives and the Senate by December 1, 2012. Specifically, the study will examine:

- The level of benefits offered by the state retirement plans and retirement plans sponsored by local government employers relative to the benefits provided in other states;
- The adequacy of pension benefits provided to public employees, including barriers to retirement;
- Barriers to the portability of retirement benefits between public employers in the state, including opportunities to improve benefit portability and compatibility;
- The treatment of overtime earnings in public employee retirement plans relative to the treatment of earnings in other states, including the impact of excess compensation on state retirement system contribution rates with a particular emphasis on agencies that operate on a 24-hour basis, such as the state patrol, ferry system, and state prisons.

Just a Click Away:

DRS Launches New Online Retirement Application



Some who've tested it compare it to TurboTax®. And they're not just trying to flatter—the new online retirement application developed by the Washington State Department of Retirement Systems (DRS) walks you through the retirement process step by step, very much like the best-selling tax return software.

“Not only do our customers continue to have the more traditional processes available to them,” says deputy director Marcie Frost, “they now have a tool that allows them to complete their retirement application any time, day or night.

If you haven't signed up yet, or logged in to your online account information for awhile, you can do it now from the DRS website.

Retirement planning's for everyone

You may think that the retirement application is only for those who are ready to retire. That's not true with this application. We've included features such as in-depth retirement planning. It's set up so that everyone can access the information they need, when they need it.

For instance: If you're not yet eligible for retirement, you're encouraged to sign in and get the information you need so that you can start planning (if you haven't, it's never too late), or to check in on your plans so far if you've already set up online access at DRS.

What you'll see and what you'll get

After sign up or log in, look for the link in the left navigation that says, “Apply for Retirement.” That's the link that will take you into the application. Once inside, you'll see a list of “I want tos” to choose from. Tailored just for you, the application will display only what you need based on your retirement system, plan and retirement eligibility rules.

Features, features and more features

Here's some of what you can look forward to no matter your age or retirement eligibility:

- A customized, personal experience based on your retirement system and plan.
- Retirement planning information and tools.
- A list of everything you need before you can retire online.
- Lots of access to assistance either through the help text, email or phone.

And once you're ready to retire, the application will be just a click away, ready for you to complete:

- Forms will prefill with your information—you don't need to type in your name, address, phone number and other personal information over and over again.
- A worksheet to help you determine how your medical, dental, life and union dues will affect your monthly benefit.
- Two calculators—one for help with your federal taxes and the other for purchasing service credit.
- The retirement tracker will keep you informed about where your application is in the process and the forms you need to complete and return to DRS.

Frost is excited to offer this new electronic version of the retirement application to customers. “It was a unique opportunity for the project team,” she says. “Now our customers will have the opportunity to let us know if we've met or exceeded their expectations.”

Tell us what you think

Check it out and let us know what you think: www.drs.wa.gov/dbaccess. Send us an email with your comments to recep@drs.wa.gov.

Automatic email notifications of DRS website updates

To help you stay connected to the latest retirement information available, DRS has introduced a free digital subscription service. The service allows you to receive automatic emails when items on the DRS website change or when new information becomes available. The only information that's required from you is your email address. After you sign up, you can change your subscription details or cancel the service at any time.

How it works

Every hour, the service checks the DRS website to see what's been updated and sends emails to people who

have signed up to receive notification (for example, an update to the LEOFF Plan 2 handbook or a new edition of the Retirement Outlook newsletter). As a subscriber, you can tailor the frequency you wish to receive notices: immediately upon posting, daily, weekly or monthly (please note that the page you select may not be updated at each of those intervals, depending upon the topic).

It's easy to use—with just a few clicks you can sign up for updates on a variety of topics including, news and announcements, legislation impacting retirement and informational brochures. And as you browse the DRS website, you'll notice that individual articles also feature

a link reading, “Email me when this page is updated.” Clicking on this link will enable you to subscribe for updates to that particular page and topic.

Subscribe now

To start receiving updates, visit the DRS homepage any time at www.drs.wa.gov and look for the link and envelope icon at the top of the page. Once you click on the link, you can start creating your personalized list of subscription options.

Subscription benefits

- Quick email notification: Know as soon as a publication or news article becomes available or has been updated on the DRS website

- Individual: Sign up only IF you want to; cancel your subscription any time
- Customizable: Offers a list of retirement plans, systems and topics to choose from at sign up that you can change any time
- Automatic: Once you establish a subscription profile, you will **automatically** receive updates without having to check the DRS website for changes

Privacy Policy

DRS values your privacy. Email updates are a free service provided by the DRS. Your email address will only be used to deliver the information you have requested and allow you to access your account.