



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

DUAL RESPONSE

2013 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 of each month from 9:30 a.m. to 3:00 p.m. unless otherwise noted.

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

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.

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

LEOFF Plan 2 Retirement Board

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

Department of Retirement Systems

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

DUAL RESPONSE

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

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.

IN THIS ISSUE

Message from the Chair.....	1
2013 Legislative Session Update.....	2
Investment Update and Announcements.....	2
Retirees: Apply Online.....	3
Retirement Planning Seminars.....	3
2013 Board Meeting Schedule.....	4
Contact Information.....	4
Board of Trustees.....	4

www.leoff.wa.gov

BOARD OF TRUSTEES

Law Enforcement Representatives

Jack Simington, Vice Chair
Kennewick Police Department
Rep. Jeff Holy
Spokane Police Department (Ret)
Vacant

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
Washington Fire Commissioners Association
David Cline
City of Tukwila

Legislative Representatives

Sen. Jim Honeyford
WA State Senator
Rep. Kevin Van De Wege
WA State Representative



We Tweet!

Looking for another avenue to stay informed of LEOFF Plan 2 and other retirement news? Your search is over!

The LEOFF Plan 2 Board has added Twitter to its stakeholder meeting information, legislation and retirement news by following us @L2Bnews.

Message from the Chair

A Decade in Review

Our LEOFF Plan 2 Board was created by the voters in November 2002, and we held our first meeting on August 29, 2003. I have had the honor of chairing the Board in the 10 years since. As the Board enters its second decade, I would like to review how we got here and the numerous improvements achieved.



Kelly Fox

The Legislature created LEOFF Plan 2 in 1977 with a governance structure in which members and employers paid 80% of the cost of the plan but had little or no voice in how the plan was designed or managed. Vancouver fire fighter and Board

member Mark Johnston among others, pinpointed the problem with this governance structure, and he did not keep quiet about it.

The result was I-790 which put LEOFF Plan 2 in the hands of a Board that included all the stakeholders. At the time, some had concerns about letting law enforcement officers and fire fighters take a more involved role with their pension plan. I remember this spiteful editorial cartoon from the Vancouver Columbian:



Looking back, one of the things the Board has accomplished that makes me proudest is proving those fears groundless.

Another Board accomplishment that I seem to appreciate more every year was the development of a strategic plan for our pension plan. All Board members found common ground on four goals and this vision has guided our efforts for the past ten years.

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

We are the only state-wide pension plan in the country to come out of the Great Recession and the stock market crash of 2008-2009 fully funded with no contribution rate increases and no benefit cuts. I think that one of the rea-

sons for this success was the Board's extraordinary efforts to make sure our fiscal house is in order. That has not been as easy as it sounds. The Board and all the stakeholder groups have worked hard to convince the Legislature and the Governor not to underfund LEOFF Plan 2 as they sought to provide funding in the State budget for other important items. *(continued on page 3)*

2013 Legislative Update

The 2013 Legislature met for regular session and two special sessions. Key legislative issues affecting the LEOFF Plan 2 retirement systems are included below. The Board will continue to work through the interim on issues impacting our members.

Key Issues

Plan Funding/Contribution Rates

Budget Bill: The Legislature has not yet passed an operating budget. The Senate passed a budget (ESSB 5034) on April 5th. The House held hearings on the budget, adopted a substitute bill and passed it a week later on April 12th. Those two budgets must be reconciled into a final budget before session can end.

Status of LEOFF Plan 2 issues in the House and Senate budget proposals:

- **Plan Funding:** Neither budget bill proposes any alteration to the LEOFF Plan 2 contribution rates adopted by the Board;
- **Alternate Revenue:** In 2008 the Legislature established an alternate revenue account setting aside money to fund future LEOFF Plan 2 benefit improvements if state revenues increased by more than 5% over the prior biennium. Although the statutory requirement was met this year, neither budget includes a transfer to the alternate revenue account at this time.
- **Ombudsman:** The LEOFF Plan 2 Board submitted a budget package to fund an ombudsman to assist LEOFF Plan 2 members and survivors with disability and death benefit issues. The Senate budget does not fund the ombudsman, the House budget does.

Legislation Passed Affecting LEOFF Plan 2

Health Insurance for those Catastrophically Disabled (SHB 1868)

The LEOFF Plan 2 trust fund reimburses catastrophically disabled members for post retirement medical insurance premiums, limited to the amount of the premium for post-retirement insurance available through the employer or through Consolidated Omnibus Budget Reconciliation Act (COBRA) and/or Medicare.

SHB 1868 expands eligibility to include members not eligible for

employer-sponsored medical insurance, Medicare, or coverage under COBRA. The maximum reimbursement amount is pegged to the rate for post-retirement medical coverage under COBRA.

Legislation Not Passed That Would Have Affected LEOFF Plan 2 Members

Excess Compensation Bills

The Senate considered two different bills that would have generated employer excess compensation billings for overtime compensation included in the pension calculation. Each bill required an excess compensation employer billing if the members compensation during the final average salary (FAS) period exceeds the immediate previous five year period by:

- **SSB 5392:** More than 150%. *Status: Died in Senate Rules.*
- **SSB 5916:** More than 125%. SSB 5916 also would have enabled employers who disagreed with an LEOFF Plan 1 disability board award of post retirement medical services to appeal that award to the Department of Retirement Systems. *Status: Died after passing Senate Committee.*

Other Pension Bills Not Passed

Replacing PERS, TRS, PSERS, and SERS with Washington Public Employee Savings Plan

The Senate heard two bills that would have converted PERS, TRS, PSERS, and SERS to a defined contribution plan.

- **SB 5851:** Persons hired on or after July 1, 2014, could choose the new defined contribution plan (Washington Public Employee Savings Plan). Plan 3 would be the default plan. *Status: Passed Senate, not heard in House.*
- **SB 5856:** All new hires and current members under age 45 would be placed in defined contribution plan. *Status: Heard in Senate, not passed out of committee.*

Investment Update and Announcements



The Washington State Investment Board (WSIB) manages investments for 17 public retirement plans including the LEOFF Plan 2 system. As active or retired members, you dedicated your lives to protecting the safety and health of our citizens, their properties, and Washington's communities. In return, the WSIB rigorously works to protect and invest your hard-earned retirement dollars with integrity, prudence, and skill.

As of March 31, 2013, the state's Commingled Trust Fund (CTF), in which your pension money is invested and managed, totaled \$68 billion with an 11.3% rate of return. The success of the WSIB's long-term, diversified investment strategy has helped make Washington's pension fund one of the best performing in the nation.

Our 15-member Board of Trustees and WSIB staff are committed to managing pension and other public fund investments with the highest standard of professional conduct. Of particular interest to LEOFF Plan 2 participants is the recent appointment of Kelly Fox as the Board's representative for active public safety employees.

Kelly replaces Tacoma fire fighter Pat McElligott who left the Board after 16 years of exemplary and conscientious service. Kelly comes to the Board with a wealth of experience. He is a Lieutenant and active member of the Olympia Fire Department; chairs the LEOFF Plan 2 Retirement Board; and, has served as President of the Washington State Council of Fire Fighters (WSCFF) Executive Board since 1996. We welcome the opportunity to work with him to meet or exceed your financial objectives.

For more information about the WSIB please visit our website at www.sib.wa.gov.

2,500 Online Retirement Application Users and Counting

A year ago this past spring DRS launched the Online Retirement Application (ORA) and so far over 2,500 members from the DRS administered systems have submitted their retirement application with ORA. If your retirement is coming soon, keep in mind that ORA is convenient and easy to use.

The Online Retirement Application can be reached by accessing "Your Retirement Account" on the DRS website. Once you've signed up (or logged in), simply click the "Apply for Retirement" link on the left hand side of the page and away you go. The application provides detailed instructions to help you complete every step in the process.

If you haven't seen ORA yet, here are some of the features that will help make the retirement process as convenient as possible for you:

- A customized, personal experience based on your retirement system and plan.
- Retirement planning information and tools.
- A list of everything you need before you 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 personal information.
- A worksheet to help you determine how your medical, dental and life insurance premiums 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.

Is My Benefit Final?

If you are nearing retirement, or perhaps already completing the retirement process, keep in mind that it's not unusual for new retirees to discover that their initial retirement benefit payment is less than the amount indicated in the benefit estimate they received from DRS.

Why is this? The reason for this is that the original calculation of your benefit at retirement does not include items like sick leave cashout, furloughs or service credit purchase. If any of these apply to you, then it's possible that your first retirement check will be less than what was indicated in your estimate.

Once these items are included in your benefit calculation, your benefit will be adjusted. But keep in mind that this could take several months. If you have questions about your benefit or would like more information, contact DRS.

Retirement Planning Seminars

Are you within five years of retirement? If so, consider attending a DRS Retirement Planning Seminar. Seminars are held 9:00 a.m. to 2:30 p.m. at locations around the state.

Employers can schedule a workshop tailored just for LEOFF Plan 2 members, call 1-800-547-6657 for more information.

Can't attend in person? A webinar is available online at: www.drs.wa.gov/education.

Upcoming Seminars	
Wenatchee	08/10/2013
Ellensburg	08/17/2013
Kirkland	09/07/2013
Spokane	09/21/2013

Message from the Chair: A Decade in Review

(continued from cover)

The Board has never made any apologies for its statutory mission to enhance LEOFF Plan 2 benefits. We have studied and priced many different benefit improvements; some expensive, some with little or no cost at all. Our guiding principle: any benefit enhancement must be affordable and must apply equally to all members.

Our first priority was fixing one of LEOFF Plan 2's most glaring shortcomings: the lack of adequate duty-related disability and death benefits. In fact, LEOFF Plan 2 had no duty-related disability benefits when the Board was first created. We have received a lot of support from employers and policy-makers on this issue and we have built a responsible and meaningful program of benefits over the past ten years. A duty-related injury could happen to any of us, and now there is at least some level of security for all of us.

The Board also partnered with employers to ensure that a portion of future state revenue growth was directed toward local public safety expenses and a long-term account to improve LEOFF Plan 2 benefits without raising contributions. The bill was passed but it has been an ongoing struggle to get the Legislature to fund the first promised payment. It is a fight we will continue, along with the fight to make sure full funding of the plan continues.

I want to take a moment to thank the Board members and staff for all their hard work. I especially want to thank Board members Mark Johnson, Pat Hepler, and Jack Simington, who have been there from day 1. The Board and I look forward to decades more of working with members, employers, the Legislature, and the Governor to ensure LEOFF Plan 2 continues to provide retirement security to the men and women who keep us safe.

Kelly Fox, Chair