

BOARD OF TRUSTEES

Fire Fighter Representatives

Kelly Fox, Chair
Olympia Fire Department

Mark Johnston
Vancouver Fire Department

Michael White
Valley Regional Fire Authority

Law Enforcement Representatives

Jason Granneman
Clark County Sheriff's Office

Rep. Jeff Holy
Spokane Police Department (Ret)

Wally Loucks
Spokane County Sheriff's Office

Employer Representatives

Paul Golnik
WA Fire Commissioners Association

David Cline
City of Tukwila

Dwight Dively
King County

Legislative Representatives

Sen. Judy Warnick
WA State Senator

VACANT
WA State Representative

Follow us on...



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 on 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.



January 2017

DUAL RESPONSE

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

DUAL RESPONSE



P.O. Box 40918
Olympia, WA 98504-0918

MESSAGE FROM THE CHAIR



KELLY FOX

THE LONG AND WINDING ROAD ... TO SUCCESS

As my position as the chair of the LEOFF Plan 2 Board begins to wind down, it is a good time to reflect on the numerous successes of the Board and your plan. Not to focus on the number of bills that have been passed to enhance the plan, there have been many. But more the principles that have been established and what they mean to generations of law enforcement officers, fire fighters and EMTs.

To have developed and adopted policies that created a fully funded plan is a tribute to the Board and the LEOFF Plan 2 staff that supported us. The first and ultimately the best decision we made was

to hire the current Executive Director, Steve Nelsen. His knowledge and expertise in "all things pension related" have shaped the philosophy and direction of the Board. As we hear and read about distressed pension plans across the United States (some real and others fabricated), this plan sits at the very top of active, open plans with regard to funding levels. This is due to the vigilance of member organizations and the diligence of the LEOFF Plan 2 staff and trustees.

The plan trustees who have served the membership in LEOFF Plan 2 managed to navigate the financial storms of the "dot com" era and the Great Recession and come out the other side without reducing the benefits of any member and without saddling future members with a substandard retirement plan. We stand among very few peers with regard to this accomplishment and no one has risen above us.

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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.

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

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

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

RETIREES: LOOKING FOR YOUR 1099-R?

Beginning January 23, you can get a copy of your 1099-R by signing in to your retirement account and then selecting the 1099-R link on the left side of the page. From there you can view it or print a copy.

This year, some Plan 3 members may receive more than one 1099-R form due to a transition in record keeping mid-2016.

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

- 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.

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SUCCESS CONT.

Our future as a stable retirement plan is bright and exciting.

With exceptional leadership in the LEOFF Plan 2 office and on the Board, we will see research and proposals to address the inadequacies contained within the plan. Enhancements are difficult to achieve in today's political environment. Each and every proposal must become a legislative bill and as such, must receive the approval of the House, the Senate and the Governor. That is to say, we need 50 votes in the House, 25 in the Senate and the one signature from the Governor.

Sounds simple, but consider the fact that most of these elected officials have an arms length knowledge of pension policy, other than it impacts the budget. Most of what they know is from National headlines that convey doom and an impending crisis in public pensions. So the member associations spend most of their time dispelling that notion of crisis before they can discuss the proposals that will enhance the plan (in legislative speak "enhance" is Latin for "hold onto your wallet!").

It is up to each and every one of you to stay tuned to legislative activities that impact your pension, your future retirement! Contact the LEOFF Plan 2 trustees and your member organization to see how you can help. We've come too far to let up now - do your part and step up to support your LEOFF Plan 2 Board.

2017 LEGISLATIVE SESSION ACTIVITIES

No bills are being requested by the LEOFF Plan 2 Retirement Board during the 2017 legislative session.

Contribution Rates

Governor Inslee's 2017-2019 budget includes the full required contribution to the plan as adopted by the Board. The current adopted contribution rates, effective July 1, 2017 are:

8.75% Members | 5.25% Employers | 3.5% State

Benefit Improvement Account (BIA)

LEOFF Plan 2 historically had two sources of revenue to fund plan benefits; contributions and investment earnings. Any benefit improvement requires an increase in contributions.

The Legislature passed a bill in 2008 to provide additional revenue, paid out of the state general fund. The new revenue is intended to fund LEOFF 2 benefit improvements when the State economy grows by more than 5% from one fiscal biennium to the next.

The 5% trigger was met in 2017, creating a \$25 million payment coming due into the BIA. This payment was not included in the Governor's 2017-19 budget.

State Rate Reimbursement for Special Events

During fiscal years 2018 and 2019: When an employer charges a fee or recovers costs for work performed by a plan member where: (a) The member receives compensation that is includable as basic salary under RCW 41.26.030; and the service is provided, whether directly or indirectly, to an entity that is not an "employer" under RCW 41.26.030; the employer shall contribute both the employer and state shares of the cost of the retirement system contributions for that compensation. Nothing in this subsection prevents an employer from recovering the cost of the contribution from the entity receiving services from the member.

WANT LEGISLATIVE UPDATES?

Bills impacting LEOFF 2 members are followed by Board staff and can be found on the 2017 Legislation page at www.leoff.wa.gov.

We also post hearing information and major changes to our social media accounts. Follow us on Facebook (LEOFF2Board) and Twitter (@LEOFF2Board) to stay informed.



WHAT IS AN ACTUARY?

When discussing your pension benefits, you may have heard the term 'actuary'. Or at some point, been told that your benefit calculation will be 'actuarially equivalent' to something else. What does that mean and what is an actuary?

Actuaries are math professionals who measure and manage financial risk. They are employed by insurance companies, banks, or investment firms. In state government, agencies administering pension, health care, unemployment, or worker's compensation benefits rely on actuarial calculations in one way or another.

Pension actuaries estimate the financial implications and consequences of events twenty, thirty, or more years into the future. They study and analyze demographic trends and statistics within pension plan membership. They analyze the economic factors that may affect the value of a pension plan's benefits or assets. This work relies on mathematical principles and assumptions, statistics, probabilities, and experience.

In Washington State, the Office of the State Actuary provides actuarial services for LEOFF Plan 2. Several times a year they report to the Board on issues impacting your plan. For more information, visit their website at www.osa.leg.wa.gov.

ANNUITY PURCHASE WINDOW OFFERED FOR LEOFF, WSPRS RETIREES WHO MISSED OUT

LEOFF and WSPRS retirees who retired before having an opportunity to buy a state-offered annuity are being provided a special window to do so.

The purchase option, which will be available between Jan. 1 and June 1, 2017, applies to specified retirees of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System and the Washington State Patrol Retirement System (WSPRS). Retirees who can purchase the annuity are:

- LEOFF Plan 2 members who retired before June 1, 2014
- WSPRS members who retired before July 24, 2015
- LEOFF Plan 1 members who retired before June 9, 2016

The minimum purchase amount is \$25,000 and must be made by rolling over funds from an eligible retirement plan. An eligible plan is a tax qualified plan, like a deferred compensation or retirement plan, offered through employment with a city, county, state or federal government agency. The annuity is available through the state Department of Retirement Systems (DRS).

Active members of LEOFF and WSPRS can purchase an annuity at retirement. Earlier this year, the Legislature decided to open a special purchase window for LEOFF and WSPRS retirees who retired before an annuity option became available in their respective plans. The window was approved through the passage of Substitute Senate Bill 6264.

An annuity purchase is a way to convert a lump sum of money to a guaranteed income stream. For more information on this annuity purchase and the window of opportunity, see the frequently asked questions from DRS. Starting in January, a calculator will be available in online account access that will help users project how much their benefit could be increased by an annuity purchase.

2017 RETIREMENT SEMINARS

If you are within five years of retirement, consider attending one of these seminars offered by the Department of Retirement Systems.

To register, visit www.drs.wa.gov and click "Seminars" under the popular links heading. LEOFF members are ALWAYS welcome. If your seminar is full, call (800) 547-6657 and they'll fit you in.

Centralia	Sat, 2/25
Edmonds	Sat, 7/8
Everett	Sat, 3/11
King County	Sat, 9/30
Kirkland	Sat, 2/11
Longview	Sat, 1/28
Mount Vernon	Sat, 3/25
Pasco	Sat, 7/22
Port Orchard	Sat, 4/1
Seattle	Fri, 6/16
Seattle	Sat, 6/17
Spokane	Sat, 5/20
Spokane	Sat, 5/20
Tacoma	Sat, 4/22
Tumwater	Fri, 6/23
Tumwater	Sat, 6/24
Vancouver	Sat, 8/26
Wenatchee	Sat, 8/12
Yakima	Sat, 5/6

