

BOARD MEETING AGENDA

JUNE 19, 2013 • 9:30AM TO 3:00PM



LOCATION

STATE INVESTMENT BOARD
Large Conference Room, STE 100
2100 Evergreen Park Drive S.W.
Olympia, WA 98502
Phone: 360.586.2320
Fax: 360.586.2329
recep@leoff.wa.gov

TRUSTEES

KELLY FOX, CHAIR
Olympia Fire Department

JACK SIMINGTON, VICE CHAIR
Kennewick Police Department

RYAN MARTIN
Vancouver Police Department

REP. JEFF HOLY
Spokane Police Department (Ret)

MARK JOHNSTON
Vancouver Fire Department

PAT HEPLER
Snohomish County Fire District 1

GLENN OLSON
Deputy Clark County Administrator

PAUL GOLNIK
WA Fire Commissioners Association

DAVID CLINE
City of Tukwila Administrator

SEN. JIM HONEYFORD
WA State Senator

REP. KEVIN VAN DE WEGE
WA State Representative

STAFF

Steve Nelsen, Executive Director
Tim Valencia, Deputy Director
Tammy Harman, Admin Services Mgr
Greg Deam, Sr. Research & Policy Mgr
Paul Neal, Sr. Legal Counsel
Ryan Frost, Research Analyst
Jessica Burkhart, Executive Assistant
Dawn Cortez, Assistant Attorney General

***They keep us safe,
we keep them secure.***

- | | | |
|----|--|----------|
| 1. | Approval of Minutes
December 12, 2012 | 9:30 AM |
| 2. | 2013 Legislative Session Update
Paul Neal, Senior Legal Counsel | 9:35 AM |
| 3. | Board Expectations Check-in
Tim Valencia, Deputy Director | 10:30 AM |
| 4. | Interim Planning
Tim Valencia, Deputy Director | 11:00 AM |
| 5. | Administrative Update <ul style="list-style-type: none">• SCPP Update• DRS Update• Budget Report• Outreach Activities• Paperless Board Meetings | 12:00 PM |
| 6. | Board Operating Policy Changes
Tim Valencia, Deputy Director | 12:30 PM |
| 7. | WSIPP Study Follow-up
Ryan Frost, Research Analyst | 1:00 PM |
| 8. | Medicare Briefing
Paul Neal, Senior Legal Counsel | 1:45 PM |
| 9. | Agenda Items for Future Meetings | 2:30 PM |

**Lunch is served as an integral part of the meeting.*

In accordance with RCW 42.30.110, the Board may call an Executive Session for the purpose of deliberating such matters as provided by law. Final actions contemplated by the Board in Executive Session will be taken in open session. The Board may elect to take action on any item appearing on this agenda.



2013 Legislative Update

Status as of 6/10/13

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 2 issues in the House and Senate budget proposals:

- **Plan Funding:** Neither budget bill proposes any alteration to the LEOFF 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 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 2 Board submitted a budget package to fund an ombudsman to assist LEOFF 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 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

HCA Technical Corrections (HB 1587/SB 5442)

This bill proposed several changes to align HCA statutes with changes in state and federal law. One of the proposed changes provides eligibility in HCA-administered Medicare supplemental insurance policies to state registered domestic partners of emergency service personnel killed in the line of duty.

Status: House bill died in Senate rules; Senate bill did not receive a hearing.

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 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.

Workers' Compensation Benefits (SSB 5124)

Changes eligibility for workers' compensation benefits for future employees including LEOFF Plan 2 members. Amends provisions defining calculation of wages, alters percentage of replacement calculation.

Status: Died in Senate Rules.

Occupational Disease Claims (SB 5125)

Narrowed definition of occupational disease for workers compensation claims.

Status: Introduced but not heard.

Other Pension Bills Not Passed

Retiree Return to Work – SCPP request (HB 1226/SB 5633)

SCPP request to amend PERS and TRS retiree return to work rules. Allows all PERS retirees to work 867 hours in eligible position without reducing pension.

Status: died in House Rules/ died in Senate rules.

Replacing PERS, TRS, PSERS, and SERS with Washington Public Employee Savings Plan (SB 5851/5856)

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 defined contribution 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 but not passed out of committee.*



2013 Legislative Update

**Educational Briefing
June 19, 2013**

2013 Legislative Activities

Session Begins	House of Origin	Opposite House	Sine Die	Special Session
Plan Funding				
LEOFF Plan 2 Board				
SCPP Request Bills				
Other Pension Bills				
Other Bills of Interest				

Plan Funding

Session Begins

**House of
Origin**

**Opposite
House**

**Sine
Die**

Special Session

LEOFF Plan 2 Board Contribution Rates fully funded

Ombudsman Position Funded In House Budget

Alternate Revenue Payment not funded

LEOFF Plan 2 Board

Session Begins

**House of
Origin**

**Opposite
House**

**Sine
Die**

Special Session

HCA technical corrections (HB 1587)

Catastrophic Disability Medical Reimbursement (HB 1868)

SCPP Request Bills

Session Begins

**House of
Origin**

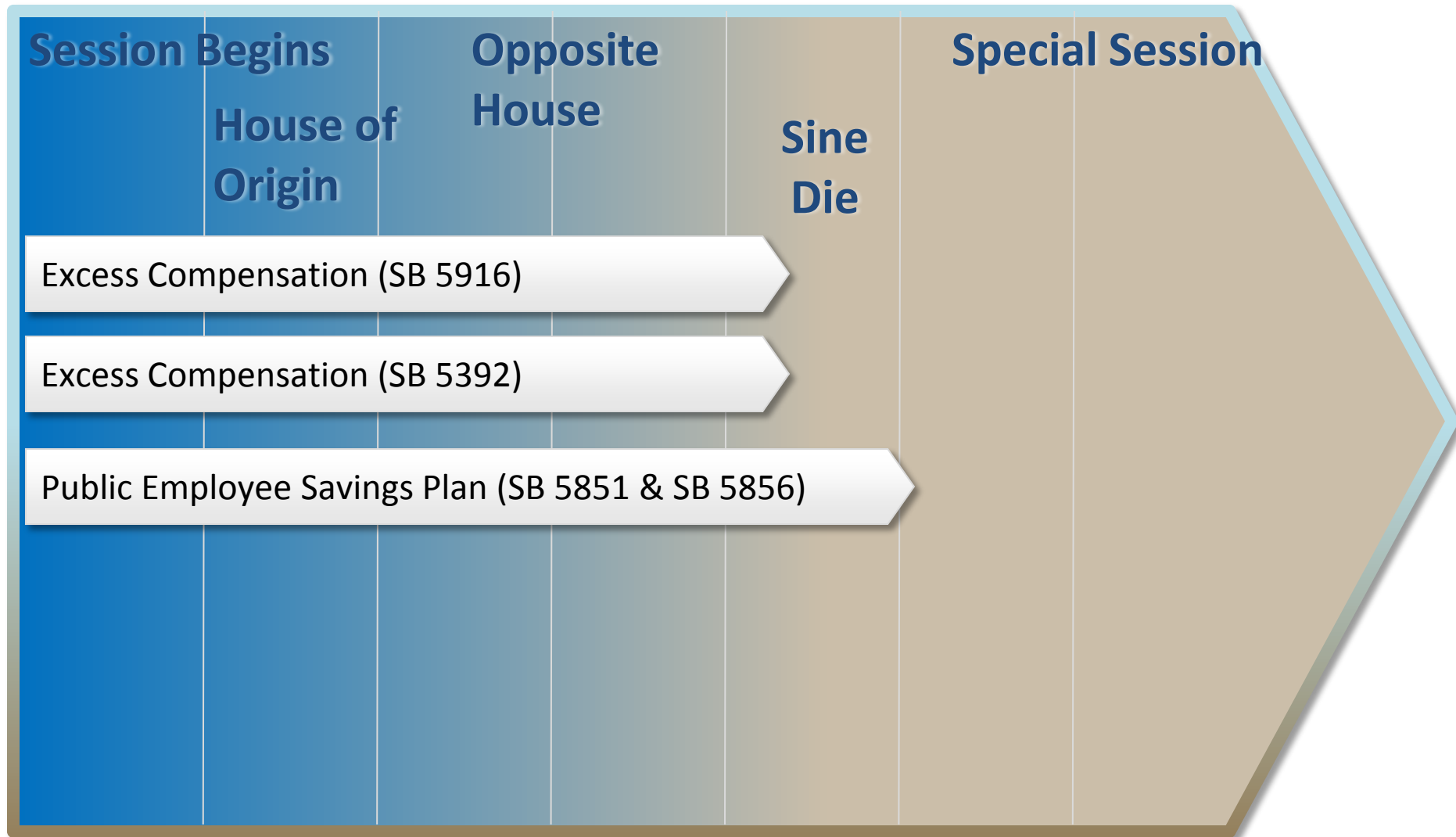
**Opposite
House**

**Sine
Die**

Special Session

Retiree Return to
Work (HB 1226 – SB
5633)

Other Pension Bills



Other Bills of Interest

Session Begins

House of
Origin

Opposite
House

Sine
Die

Special Session

Workers
Compensation

Any Questions?

- **Contact:**

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June 16, 2013

BOARD EXPECTATIONS CHECK-IN

By Tim Valencia
Deputy Director
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EXECUTIVE SUMMARY

In 2012 the Agency Team met with all Board Members, as our primary customers, to clarify and confirm Board member expectations to aid in the development of processes to support your mission. Feedback is needed to determine if the improvements being made are meeting the Board's expectations. This document summarizes the Board's expectations and level of satisfaction as of October, 2012. It also summarizes actions that have been taken towards meeting these expectations and improving satisfaction levels.

STRATEGIC LINKAGE

This process supports the following Strategic Priority Goals:

Goal 1 - Enhance the benefits for the members: Obtains stakeholder input for needed changes in the plan.

Goal 2 - Provide the stakeholders with a voice in the plan governance: Solicits information about stakeholder priorities and issues.

Goal 4 - Inform the stakeholders: Manages expectations and increases understanding of benefits provided by LEOFF Plan 2.

BACKGROUND AND SUPPORTING INFORMATION

RESPONSIBLY GOVERN THE PLAN.		Rating*
Summary	What does “responsibly govern” mean to the Board? <ul style="list-style-type: none"> Supporting this goal is the primary expectation for Board members. 	4.1
Actions Taken	<ul style="list-style-type: none"> Executive Director gave presentation at NCPERS, May 2013. Increased legal and research staff capacity. Implementing Paperless Board Meeting Solution. 	

HELP US GET UP TO SPEED AS SOON AS POSSIBLE.		Rating*
Summary	What do new Board members need to get up to speed ASAP? <ul style="list-style-type: none"> New Board members need to participate effectively as quickly as possible. 	3.1
Actions Taken	<ul style="list-style-type: none"> Redesigned Orientation Manual AG Briefings scheduled for 2013 Interim 	

KEEP US INFORMED.		Rating*
Summary	What do Board members need to stay informed? <ul style="list-style-type: none"> Board members want to be fully informed when they consider policy issues at Board meetings. Some Board members expressed a desire to receive more updates on administrative issues. 	3.1
ACTIONS TAKEN	<ul style="list-style-type: none"> Email notification of stakeholder visits. Emailed LEOFF 2 Board Legislative Update (2/14/13). Emailed WACOPS Legislative Info Handout (1/18/13). Emailed WSCFF Legislative Info Handout (1/28/13). Emailed Dual Response Sneak Peak (2/8/13). Email notification regarding Board Re-Appointment (2/19/13). Emailed Legislative update (4/26/13). Email notification of Director's presentation at NCPERS (5/28/13). Email notification of staff changes. Implementing Paperless Board Meeting Solution. Email notifications of Legislation (End of Regular). Initiation of Twitter account. Actively Tweeting legislative updates and retirement information. Redesigned Legislation web page. Redesigned Home page to better reflect current news and enhance Twitter experience. 	

SUPPORT OUR POLICY DECISIONS.		Rating*
Summary	<p>What do you need from the team in making and supporting policy decisions? Do these expectation change if the Board decision is not unanimous?</p> <ul style="list-style-type: none"> ▪ Support the Board policy decisions and legislative recommendations before the Legislature and other State agencies. ▪ Some Board members questioned the methods used to support Board legislation. 	4.3
Actions Taken	<ul style="list-style-type: none"> – Clarified staff instructions for developing bill language for Legislators. – Clarified staff instructions for testifying on Board Legislation and related issues. – Testimony supporting HCA Bill supported by Board. – Testimony on Catastrophic Medical Coverage legislation. – Attended bill signing Catastrophic Medical Coverage. – Bill language drafted for Alternate Revenue options. 	

EDUCATE THE PLAN STAKEHOLDERS		Rating*
Summary	What do stakeholders need to know? <ul style="list-style-type: none"> ▪ Educate plan members, employers, legislators and the public more about LEOFF Plan 2 and Board activities. ▪ Opportunities exist to use technology to deliver information to a wider audience. 	3.7
Actions Taken	<ul style="list-style-type: none"> – WACOPS Legislative Conference. – WSCFF Legislative Conference. – King County City Administrators. – WSCFF Education Conference. – WACOPS Spring Conference (June 2013). – Newsletter (February). – Initiation of Twitter Account. – Redesigned Legislation web page. – Redesigned Home page to better reflect current news and enhance Twitter experience. – Posted or linked online: <ul style="list-style-type: none"> • Best Practices Really <i>are</i> the Best Practices article regarding pension funding was written by LEOFF Plan 2 Board Staff and published by WACOPS. • Retiree Benefits in Public Pension Systems a study by the Washington State Institute for Public Policy. • Washington State Investment Board's 2012 Annual Report. • DRS 2012 Summary Annual Financial Report (SAFR), and 2012 Comprehensive Annual Financial Report (CAFR). – Implementing Paperless Board Meeting Solution. 	

ASSIST US IN MAKING RESPONSIBLE DECISIONS.		Rating*
Summary	What kind of assistance helps you make responsible decisions? <ul style="list-style-type: none"> Board members want to make responsible decisions for the plan. Board members rely on the expertise and seek advice from agency team members to help achieve the Board's mission. 	4.2
Actions Taken	<ul style="list-style-type: none"> Report Process Improvements. Redesigned Orientation Manual. Implementing Paperless Board Meeting Solution. 	

PROVIDE PROFESSIONAL ADMINISTRATIVE SUPPORT.		Rating*
Summary	What are the most important administrative functions to you? <ul style="list-style-type: none"> Board members rely on the team to support their attendance at meetings and their educational activities outside of Board meetings. Board members rely on the team to operate the agency within the guidelines established by the Board and the State. The quality of agency employees was widely acknowledged and credited for success in this area. Board members expressed a high level of satisfaction with the facilities for Board meetings and the customer service that they receive related to education. 	4.5
Actions Taken	<ul style="list-style-type: none"> Increased legal and research staff capacity. Streamlined Accounting and Travel Reimbursement process. Updated Administrative Procedures. Report Process Improvements. Implementing Paperless Board Meeting Solution. 	

** Ratings based on a scale from 1-5 with 1 being not at all satisfied and 5 being fully satisfied.*



Board Member Expectations Check-in

June 19, 2013

Review

■ Why are we doing this?

You are our primary customers.

- Success for the team means meeting or exceeding your expectations
- The team needs to be clear about Board member expectations as we develop processes to support your mission
- The team needs feedback to ensure we are on the right track

Board Expectations



Responsibly Govern the Plan

Actions toward improvement...

- ✓ Executive Director gave presentation to NCPERS
- ✓ Increased legal and research staff capacity
- ✓ Implementing Paperless Board Meeting Solution



Rating: 4.1



Help Us Get Up To Speed

Actions toward improvement...

- ✓ Redesigned Orientation Manual
- ✓ AG Briefings scheduled for 2013 Interim



Rating: 3.1



Keep Us Informed

Actions toward improvement...

- ✓ Email notification of stakeholder visits with provided handouts/presentations
- ✓ Email notification of staff changes
- ✓ Implementing Paperless Board Meeting Solution
- ✓ Email notifications of Legislation
- ✓ Initiation of Twitter Usage
- ✓ Twitter notifications of Legislation
- ✓ Redesigned Legislative Web Page



Rating: 3.1



Support Our Policy Decisions

Actions toward improvement...

- ✓ Testimony supporting HCA Bill supported by Board
- ✓ Research and Testimony for HB 1868 Catastrophic Medical Coverage
- ✓ Representation at Bill Signing Ceremony



Rating: 4.3



Educate the Plan Stakeholders

Actions toward improvement...

- ✓ Attended Stakeholder Legislative Conferences
- ✓ Attended Stakeholder membership and Educational Conferences
- ✓ King County City Administrators
- ✓ Newsletter
- ✓ Initiation of Social Media
- ✓ Redesigned Legislation Web Page
- ✓ Increased Web postings/links
- ✓ Implementing Paperless Board Meeting Solution



Rating: 3.7



Provide Professional Administrative Support

Actions toward improvement...

- ✓ Implementing Paperless Board Meeting Solution
- ✓ Increased legal and research staff capacity
- ✓ Streamlined Accounting and Travel Reimbursement process
- ✓ Updated Administrative Procedures Handbook
- ✓ Report Process Improvements



Rating: 4.5



Assist Us In Making Responsible Decisions

Actions toward improvement...

- ✓ Report Process Improvements
- ✓ Redesigned Orientation Manual
- ✓ Implementing Paperless Board Meeting Solution
- ✓ Increased legal and research staff capacity



Rating: 4.2



Next Steps

- Clarity regarding expectations is key to success.
 - Are the improvement actions meeting your expectations?
 - Have any expectations changed or new expectations emerged?
 - Future evaluation

Any Questions?

- **Contact:**

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2013 Interim Planning



Benefits

1. Excess Compensation/Salary Spiking
2. 401(a) Defined Contribution Account
3. Career Change
4. Medicare Educational Briefing (June)
5. WSIPP Study Follow-up (June)
6. Hospital Districts as Employers [Informational]
7. Corrections Legislation – L2B, DRS, OSA, HCA

Actuarial

8. Long Term Economic Assumptions (July, Sept/Oct)
9. Actuarial Funding Methodology [Educational]
10. Smoothing Method [Educational]
11. Fiscal Note Pricing [Educational]

Organizational/Administrative

12. Trustee Education & Policy
13. Stakeholder Relationship
14. Board Meeting Format
15. 2013 Off-site Work Session
16. Board Operating Procedure Changes (June)
17. Paperless Board Meeting Training (July or Off-site Work Session)
18. DRS/CEM Benchmarking (July)
19. DRS Administrative Update (July)
20. Board Officer Elections (Aug/Sept)
21. WSIB Update (Fall/ TBD)

Items 11-14 deferred from
October 2012 Work Session



2013 Interim Planning

June 19, 2013

Discussion Points

- 2013 Interim
- Benefits
- Actuarial
- Organizational/Administrative

2013 Interim

- Later start to Interim than normal
- Planning different from past
- Presenting “Rough Draft” list of issues
- Board Direction

Benefits

- Excess Compensation/Salary Spiking
- 401(a) Defined Contribution Account
- Career Change
- Medicare Educational Briefing (June)
- WSIPP Study Follow-Up (June)
- Hospital Districts as Employers [Informational]
- Corrections Legislation – L2B, DRS, OSA, HCA

Actuarial

- Long Term Economic Assumptions (July, Sept/Oct)
- Actuarial Funding Method [Educational]
- Smoothing Method [Educational]
- Fiscal Note Pricing [Education]

Organizational/Administrative

Follow-up items from 2012 Work Session:

- Trustee Education & Policy
- Stakeholder Relationship
- Board Meeting Format
- 2013 Off-site Work Session

Organizational/Administrative

- Board Operating Procedure Changes (June)
- Paperless Board Meeting Training (July or later)
- DRS/CEM Benchmarking (July)
- DRS Administrative Update (July)
- Board Officer Elections (Aug/Sept)
- WSIB Update (Fall/TBD)

Questions?

- **Contact**

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341-LEOFF Plan 2, Budget Status Summary, BTB 2013, Through May 2013 (interim as of June 7, 2013)

<u>Category</u>	<u>Bien Allotment</u>	<u>BTB Allotment</u>	<u>BTB Expenditures</u>	<u>BTB Variance</u>	<u>Bien Remaining</u>
Salaries and Wages	953,169	913,089	839,696	73,393	113,473
Employee Benefits	247,100	237,249	196,394	40,855	50,706
Professional Service Contracts	86,342	82,581	54,243	28,338	32,099
Goods and Other Services	621,392	594,882	525,890	68,992	95,502
Travel	86,005	81,028	63,549	17,479	22,456
Capital Outlays	49,992	48,159	20,617	27,542	29,375
Total	2,044,000	1,956,988	1,700,389	256,599	343,611

<u>Category</u>	<u>Bien Allotment</u>	<u>BTB Allotment</u>	<u>BTB Expenditures</u>	<u>BTB Variance</u>	<u>Bien Remaining</u>
Salaries and Wages	953,169	913,089	839,696	73393.25	113,473
A AA State Classified	568,384	541,793	481,544	60,249	86,840
AC State Exempt	380,086	366,597	354,990	11,607	25,096
AS Sick Leave Buy-Out	4,699	4,699	3,162	1,537	1,537
Employee Benefits	247,100	237,249	196,394	40855.33	50,706
BA Old Age and Survivors Insurance	53,641	51,156	50,622	534	3,019
BB Retirement and Pensions	62,394	59,916	59,195	721	3,199
BC Medical Aid & Industrial Insurance	5,516	5,282	5,158	124	358
BD Health, Life & Disability Insurance	112,080	108,107	106,407	1,700	5,673
BE Allowances	800	700	640	60	160
BH Hospital Insurance (Medicare)	12,644	12,063	11,839	224	805
BT Shared Leave Provided Sick Leave	0	0	6,250	(6,250)	(6,250)
BV Shared Leave Provided Annual Leave	0	0	15,365	(15,365)	(15,365)
BW Shared Leave Received	0	0	(59,133)	59,133	59,133
BZ Other Employee Benefits	25	25	50	(25)	(25)
Professional Service Contracts	86,342	82,581	54,243	28337.57	32,099
CA Management/Org./Major IT Services	30,102	30,102	16,070	14,032	14,032
CB Legal/Expert Witness Services	4,056	3,219	0	3,219	4,056
CC Financial Services	19,132	16,621	9,625	6,996	9,507
CJ Training Services	21,850	21,850	20,869	981	981
CZ Other Professional Services	11,202	10,789	7,680	3,109	3,522
Goods and Other Services	621,392	594,882	525,890	68992.19	95,502
E EA Supplies and Materials	18,000	17,118	8,472	8,646	9,528
EB Communications/Telecommunication	29,856	28,862	26,798	2,064	3,058
EC Utilities	12,025	11,590	10,864	726	1,161
ED Rentals and Leases - Land & Building	98,720	94,890	88,079	6,812	10,642
EE Repairs, Alterations & Maintenance	4,000	3,834	0	3,834	4,000
EF Printing and Reproduction	34,141	34,006	30,965	3,041	3,176
EG Employee Prof Dev & Training	45,900	38,162	40,505	(2,343)	5,395
EH Rental & Leases - Furn & Equipment	12,216	11,707	11,067	640	1,149
EJ Subscriptions	1,861	1,861	1,477	384	384
EK Facilities and Services	12,170	11,760	11,394	366	776
EL Data Processing Services (Interagen	9,983	9,722	7,766	1,956	2,217
EM Attorney General Services	40,600	40,608	35,579	5,029	5,021
EN Personnel Services	381	381	0	381	381
EP Insurance	75	75	50	25	25
ER Other Contractual Services	290,759	279,621	252,209	27,412	38,550
ET Audit Services	0	0	0	0	0
EW Archives & Records Management Sv	120	115	81	34	39
EY Software Licenses and Maintenance	7,100	7,100	420	6,680	6,680
EZ Other Goods and Services	3,485	3,470	164	3,306	3,321

Travel			86,005	81,028	63,549	17478.84	22,456
GA	In-State Subsistence & Lodging		23,828	21,411	13,024	8,387	10,804
GB	In-State Air Transportation		2,233	2,066	1,717	349	516
GC	Private Automobile Mileage		14,925	14,175	12,406	1,769	2,519
GD	Other Travel Expenses		7,794	7,401	5,708	1,693	2,086
GF	Out-Of-State Subsistence & Lodging		25,117	24,284	20,722	3,562	4,395
GG	Out-Of-State Air Transportation		12,108	11,691	9,972	1,719	2,136
Capital Outlays			49,992	48,159	20,617	27541.62	29,375
JA	Noncapitalized Assets		43,992	42,159	13,802	28,357	30,190
JB	Noncapitalized Software		6,000	6,000	994	5,006	5,006
JC	Furnishings & Equipment		0	0	5,821	(5,821)	(5,821)
Total Dollars			<u>2,044,000</u>	<u>1,956,988</u>	<u>1,700,389</u>	<u>256,599</u>	<u>343,611</u>



June 19, 2013

BOARD OPERATING POLICY PROPOSED CHANGES

By Tim Valencia
Deputy Director
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ISSUE

An opportunity to update and clarify Board Operating Policies has been identified. Updates are needed to ensure that the procedures to match Board practices. This document outlines the proposed changes to Rule 7 (Expenses) and Rule 9 (Process for Considering New Benefit Proposals).

BACKGROUND INFORMATION

Rule 7 - Expenses

Under Rule 7 in the Board's Operating Policies, Legislators may be excluded from certain travel expense reimbursement. Rule 7 was put in place to prevent the Board from paying travel expenses for Legislators in lieu of the Legislative Body paying for expenses.

Rule 7 currently reads:

EXPENSES. Legislators' travel expenses shall be paid by the member's legislative body; state employees' expenses shall be paid by their employing agency; other Board members' travel expenses shall be reimbursed by the Board in accordance with RCW 43.03.050 and 43.03.060.

At the time Rule 7 was first adopted, the Legislature was paying travel expenses for Legislative members on the Board. Practices have since changed in the Legislature. According to the Chief Clerk's Office in the house and the Secretary of the Senate's Office, payment for non-legislative per diem, mileage, travel expenses and conference fees is approved on a case-by-case basis, whether in-state or out-of-state.

Trustee education is considered by the Board an integral part of being an effective Trustee. Most of the Trustee education opportunities are out of state and require significant travel expenses. If the expenses are not paid by the Legislature, the current Rule 7 does not allow the Board to pay for the expenses. This leaves Legislative Board members at a disadvantage in accessing education opportunities essential to conducting Board business.

There are no statutory provisions preventing Boards and Commissions from paying travel expenses for Legislative Board members as long as they aren't already being reimbursed by the Legislature, such as per diem during session.

Rule 9 - Process for Considering New Benefit Proposals

Rule 9 was designed to provide staff with a process in which to present materials to the Board for consideration and time for public education and input. The procedure originally adopted included a process for keeping track of issue suggested for consideration by the Board and a three step report process for the Board to consider an issue and recommend legislation.

The report process currently has the following three steps (reports): Initial Consideration, Preliminary Report, and Final Proposal. The Initial Consideration is designed as an introduction to a topic with basic background information such that the Board may decide if it is an issue they want to consider further. The Preliminary Report is more robust adds more in-depth research and analysis; It also includes policy options for consideration. The Final Proposal is last step before a legislative recommendation and includes bill language and actuarial analysis of a policy option selected from the Preliminary Report.

The information and research needs of the Board have become more extensive and complex since the original report process was developed which has resulted in the development and use of reports that are not outlined in the current procedures.

Educational Briefing

The Board has received several "Educational Briefings" which are intended to only provide information to the Board about an issue, rather than being a proposal that may become a recommendation to the legislature.

Follow-up Report

The Board has requested for "Follow-up Reports" during the report process. This type of report is usually requested at the second step in the process and is requested when additional information is needed before the Board can decide if the issue should continue in the process.

Considering the process as a whole, it has been noted that the title "Preliminary" may not accurately reflect the level of content that is provided at the second report stage. Titles reflecting a more complete report than does "preliminary" have been suggested.

SUMMARY OF PROPOSED CHANGES

Rule 7 - Expenses:

- Allow Legislative Board Members to be paid by the Board for travel expenses if not being paid for by the Legislature

(See Appendix A: Rule 7 Current & Proposed Changes)

Rule 9 - Process for Considering New Benefit Proposals:

- Add "Education Briefing" as new report type
- Add "Follow-up Report" as part of report process
- Change the title of the "Preliminary Report" to "Comprehensive Report"

(See Appendix B: Rule 9 Current & Proposed Changes)

POLICY OPTIONS

Option 1: Adopt proposed changes to Rule 7 and Rule 9

Option 2: Adopt only proposed changes to Rule 7

Option 3: Adopt only proposed changes to Rule 9

Option 4: Do not adopt any proposed changes

SUPPORTING INFORMATION

- Appendix A: Rule 7 Current & Proposed Changes
- Appendix B: Rule 9 Current & Proposed Changes

APPENDIX A

RULE 7 CURRENT & PROPOSED CHANGES

RULE 7 - CURRENT

RULE 7. EXPENSES

Legislators' travel expenses shall be paid by the member's legislative body, state employees' expenses shall be paid by their employing agency, other Board members' travel expenses shall be reimbursed by the Board in accordance with RCW 43.03.050 and 43.03.060.

RULE 7 - WITH PROPOSED CHANGE

RULE 7. EXPENSES

Legislators' travel expenses shall be paid by the Board unless paid by the member's legislative body, state employees' expenses shall be paid by their employing agency, other Board members' travel expenses shall be reimbursed by the Board in accordance with RCW 43.03.050 and 43.03.060.

APPENDIX B

RULE 9 CURRENT & PROPOSED CHANGES

RULE 9 - CURRENT

RULE 9. PROCESS FOR CONSIDERING NEW BENEFIT PROPOSALS

The Board will maintain a register of all proposals for benefit changes, sorting them into the following categories:

- Proposals by Board members; or
- Proposals by plan members, employers, and the public; or
- Technical corrections identified by staff, the Department of Retirement Systems, or other agencies/organizations.

Proposals will remain on the register for two years unless withdrawn by the sponsor or acted on by the Board.

In order to provide stakeholders and the public with ample opportunity to comment on proposals and to understand the potential impacts on plan members, beneficiaries and/or contribution rates, the Board will consider proposed benefit changes from the register in the following stages:

Initial Consideration - Staff will prepare background information regarding the topic. A majority of Board members must agree to request that staff prepare a Preliminary Report.

Preliminary Report – Staff will develop key issues and policy alternatives for Board consideration. The Board may invite public and stakeholder comment. A majority of Board members must agree to request that staff prepare a Final Proposal.

Final Proposal – Staff will develop statutory or regulatory language describing the benefit and seek legal review by counsel, an analysis by the State Actuary on the impact of the change, an independent review of fiscal notes by an outside actuarial firm, if available, and supporting analysis and descriptive information.

The Board will review the Final Proposal in a public meeting and hear public testimony before voting to move the proposal forward to the Legislature. A majority of Board members must agree to move the proposal forward to the Legislature.

RULE 9 - WITH PROPOSED CHANGES

RULE 9. PROCESS FOR CONSIDERING NEW BENEFIT PROPOSALS

Register

The Board will maintain a register of all proposals for benefit changes, sorting them into the following categories:

- Proposals by Board members; or
- Proposals by plan members, employers, and the public; or
- Technical corrections identified by staff, the Department of Retirement Systems, or other agencies/organizations.

Proposals will remain on the register for two years unless withdrawn by the sponsor or acted on by the Board.

Educational Briefings

An Educational Briefing may be requested by the Board to learn about a specific subject with no expectation of further action. This type of report and/or presentation may be made by staff or requested of an outside source.

Studying Policy Issues/Proposing Legislation

In order to provide stakeholders and the public with ample opportunity to comment on proposals and to understand the potential impacts on plan members, beneficiaries and/or contribution rates, the Board will consider proposed benefit changes from the Register in the following stages:

1. **Initial Consideration** - Initial Consideration introduces the subject and provides basic facts about how it impacts the plan or members. The report and presentation serves to familiarize Board members with the subject matter. The Board may decide:
 - a. Not to pursue the matter (no action required), or
 - b. Move it to the next step and direct staff to prepare a Comprehensive Report (requires a motion).
2. **Comprehensive Report** - The Comprehensive Report provides more detailed information to Board members and presents options to allow discussion of

policy implications and consideration of further action. As a result of that discussion the Board may decide to:

- a. Identify a need for more information and direct staff to prepare a “Follow-up Report” (requires a motion);
- b. Decide to defer the subject until the next interim or drop the issue (no action required); or
- c. Decide it has sufficient information and wishes to pursue possible legislation, in which case the Board chooses an option and directs staff to prepare a Final Proposal (requires a motion).

3. **Final Proposal** - The Final Proposal adds a summary to the report explaining the impact(s) of the chosen option. A cost analysis of the impact of the potential legislation is provided as well as a bill draft. The Board will review the Final Proposal in a public meeting and hear public testimony before voting to move the proposal forward to the Legislature. The Board may decide to:

- a. Submit the proposal to the Legislature (requires a motion);
- b. Defer to the next interim (no action required); or
- c. Drop the issue (no action required).

A majority of Board members must agree to move the proposal forward to the Legislature.



Board Operating Policy Proposed Changes

June 19, 2013

Overview

- Updates needed to ensure procedures are clarified to match practices
 - Rule 7: Expenses
 - Rule 9: Process for Considering New Benefit Proposals

Rule 7 - Expenses

- “Legislators’ travel expenses shall be paid by the member’ legislative body.”
- Payment for non-legislative travel expenses approved by Legislature on a case-by-case basis. No authorization in procedure to be paid by Board if not paid by Legislature.
- Legislative Board members *may* be excluded from certain travel related expense reimbursement.

Rule 7 - Expenses

Proposed Change:

- Allow Legislative Board members to be paid by the Board for travel expenses if not being paid for by the Legislature.

Rule 9 – Proposals

- Current rule only includes 3 types of reports for consideration by the Board.
- Need for additional categories of report; Clarity reflecting report content.
- Ensure practice matches procedure.

Rule 9 - Proposals

Proposed Changes:

- Add “Education Briefing” as new report type.
- Add the “Follow-Up” report as part of report process.
- Change the title of “Preliminary Report” to “Comprehensive Report”.

Options

1. Adopt proposed changes to Rule 7 and Rule 9.
2. Adopt only proposed change to Rule 7.
3. Adopt only proposed changes to Rule 9.
4. Do not adopt any proposed changes.

Any Questions?

- **Contact:**

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EDUCATIONAL BRIEFING

By Ryan Frost
Research Analyst 1
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EXECUTIVE SUMMARY

At the December 12, 2012 Board Meeting, the Washington State Institute for Public Policy (WSIPP) gave a presentation regarding how LEOFF Plan 2 compared with peer plans throughout the United States. Their peer comparison report focused solely on income replacement as a plan ranking criteria. In order to have a more accurate ranking of plans, it is necessary to look at the many other factors which signify whether a plan is successful. The Board discussed conducting an expanded follow-up study. This report provides for the Board review and comment the additional information that is recommended for collection.

STRATEGIC LINKAGE

This report supports the following Strategic Priority Goals:

Goal 1 – Enhance the benefits for the members: Compares plans from other states and relevant organizations; Assesses existing benefits.

Goal 2 - Provide the stakeholders with a voice in the plan governance: Maintains stakeholder confidence in the integrity of the plan.

Goal 3 – Maintain the financial integrity of the plan: Identifies best practices from other states and organizations; Provides information on the fiscal reality of the plan; Promotes fiduciary education.

Goal 4 - Inform the Stakeholders: Increases member understanding of the benefits provided in the plan.

BACKGROUND INFORMATION

Since retirement plans within each state may have various designs and multiple variables, it is extremely difficult to find a single measure to compare plans. Recognizing that difficulty, WSIPP chose income replacement as the most comparable area to evaluate plans. Income replacement is the percentage of a worker's salary replaced by the pension at the time of retirement. The report ranked LEOFF Plan 2 thirty-third out of forty-two comparison plans in the area of income replacement.

While income replacement allows an “apples to apples” comparison, examining only income replacement provides a limited scope of review and may not be the best way to measure the effectiveness of a plan. An analysis that includes other measures and expanded analysis could provide a more comprehensive comparison of a plans’ adequacy and sustainability. For example, additional measures could include a plan comparison of average salary, contribution rates, benefit multiplier, averaging period, disability benefits, and funding ratio. The next two sections provide examples how analyzing Average Salary and Contribution Rates adds a significant amount of information to the review and comparison of retirement plans.

AVERAGE SALARY EXAMPLE

Average salaries paid in a particular state are important when comparing plans and are important when used in conjunction with benefit multipliers. For example, the average annual salary for LEOFF Plan 2 members in 2011 was \$91,322, and for a fire fighter in the Utah Firefighters Retirement System the average annual salary was \$55,240. In LEOFF Plan 2, a member with 25 years of service would expect an unreduced annual benefit of \$45,661 (2.0% multiplier for twenty-five years) based on the 2011 average annual salary. In Utah, a fire fighter with 25 years of service credit would expect an unreduced annual benefit of \$33,144 (2.5% multiplier for the first twenty years and a 2.0% multiplier for each year of service credit over twenty years) based on the 2011 average annual salary.

CONTRIBUTION RATE EXAMPLE

Contribution rates can also be a very important factor to consider when comparing plans. For example, the LEOFF Plan 2 contribution rates as of 1/1/2011 were 8.46% member, 5.08% employer and 3.38% state for a total of 16.92%. The Minnesota Public Employees Retirement Association Police and Fire Fund have a 3.0% multiplier but their contribution rates as of 1/1/2011 were 9.60% member and 14.40% employer, for a total of 24.00%. That total contribution rate would equate to 12.00% member, 7.20% employer and 4.80% state under the LEOFF Plan 2 funding scheme.

RECOMMENDATION FOR FOLLOW-UP COMPARISON

The tables below provide a list of data collected by the WSIPP study and list of additional data which is recommended for collection and comparison in the follow-up study. This additional information would allow for a more detailed assessment of peer plans. Direction is requested from the Board as to if this additional data meets expectations for the follow-up.

COLLECTED BY WSIPP	DESCRIPTION
Multiplier	A percentage, multiplied by final average salary, and lastly divided by years of service to give the pensioner their annual benefit.
Member Contribution Rate	
Employer Contribution Rate	

ADDITIONAL DATA	DESCRIPTION
Normal Retirement Age	Age a member can retire without any reductions.
Vesting	Years an employee must be enrolled in the plan before s(he) is eligible to receive benefits.
Final Average Salary Period	Average of highest salaries over a specified number of years.
Average Salary	
Funded Ratio	Generally, a ratio of a pension plans assets to its liabilities.
Plan Demographics	Number of active participants in the plan.
Market Value of Assets	Current plan value.
Other Contribution Sources	



WSIPP Study Follow-up

**Educational Briefing
June 19, 2013**

WSIPP Report

- Three topics related to public pension policies:
 - Benefit Levels
 - Portability
 - Excess Compensation
- This presentation focuses on their ‘benefit levels’ section.

WSIPP Report – Benefit Levels

- The WSIPP surveyed all 50 states to analyze pension plan features and benefit levels.
 - Provide an “apples-to-apples” comparison
 - Calculated pension benefits using “income replacement”

Challenges

- Judging a plan solely off of its income replacement ratio ignores many aspects of what makes a plan successful.

Expanded Analysis

- Include other measures
- Comprehensive comparison
 - Adequacy
 - Sustainability

Recommended Follow-up

- WSIPP DATA
 - Multiplier
 - Contribution Rate

Recommended Follow-up

- Additional Data
 - Normal Retirement Age
 - Vesting
 - Final Average Salary Period
 - Average Salary
 - Funded Ratio
 - Plan Demographics
 - Market Value of Assets
 - Other Contribution Sources

Next Steps

- Does the additional data/analysis meet expectations for the follow-up?
- Other data/analysis?

Any Questions?

- **Contact:**

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EDUCATIONAL BRIEFING

By Paul Neal
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EXECUTIVE SUMMARY

Fire fighter Wynn Loiland suffered an injury while on duty in November 2011. His injuries were severe enough to qualify for a catastrophic disability benefit¹. This should have qualified him for reimbursement of post-retirement health insurance premiums². However, Mr. Loiland fell outside the scope of the reimbursement provisions because: (1) His COBRA benefit had expired; (2) his employer did not provide post-retirement medical coverage; and (3) he was not covered by Medicare.

This issue did not come up until after the Legislative session started, so the Board had no opportunity to review the issue during the 2012 interim. Board staff, having fully researched and reported on the underlying benefit, assisted DRS, OSA, and Legislative staff in costing SHB 1868. This primarily consisted of identifying how many persons were potentially outside the scope of the original legislation.

STRATEGIC LINKAGE

This issue supports the following Strategic Priority Goals:

- **Goal 1 - Enhance the benefits for the members**: Monitors benefits for workers injured in the line of duty. Assesses, evaluates, and modifies existing benefits.
- **Goal 3 - Maintain the financial integrity of the plan**: Provides information on the fiscal reality of the plan.
- **Goal 4 - Inform the stakeholders**: Provides stakeholder access to understandable fiscal and policy analysis.

BACKGROUND INFORMATION

In 2009 the Board studied providing post-retirement medical coverage for catastrophically disabled LEOFF 2 retirees. The Board proposed providing coverage, structuring the payment as a reimbursement for post retirement medical premiums through existing programs. This ensured coverage of health care premium costs while protecting the trust fund from paying for unlimited, and potentially extremely expensive, medical coverage.

The Board identified 3 main sources of post-retirement medical coverage for fire fighters and law enforcement officers:

¹ RCW 41.26.470(9).

² RCW 41.26.470(10)

- **Employer provided post-retirement medical insurance:** Typically the employer does not provide direct payment, but the retiree remains in the active employee insurance pool, reducing the cost of medical insurance. According to the Board's most recent employer survey, 46.8% of employers provided this benefit in 2005.
- **COBRA:** Under the federal COBRA program employees can continue to self-pay for medical coverage through their former employers. Essentially all employees have this option, but the coverage is initially limited to 18 months, with an additional 11 months potentially available³ to disabled persons. Mr. Loiland could not apply for 11 additional months of COBRA because, as a person who did not qualify for Medicare or SSI, he could not obtain a federal determination of disability.
- **Medicare:** Medicare provides medical coverage beginning at age 65. Persons who meet the SSI disability standard, which is the same standard contained in the LEOFF 2 catastrophic disability statute, are eligible for coverage at the time of the disability.
 - Prior to 1986, Employees without social security coverage⁴ were also without Medicare coverage. Beginning in April of 1986 LEOFF 2 employers were required to enroll new employees in Medicare.
 - Employees who began employment prior to 1986 were provided an option to join Medicare in 2009. Uncovered law enforcement officers and fire fighters may obtain Medicare coverage through the "divided referendum" process. The employer agrees, usually through collective bargaining, to hold a divided. Individual uncovered employees then opt in or out of Medicare.

The Board introduced HB 1679 in the 2010 Legislative session to provide catastrophically disabled LEOFF 2 retirees with reimbursement for post-retirement medical premiums. The Board intended to provide that reimbursement for all catastrophically disabled retirees as long as the retiree was participating in one of the post-retirement medical coverage opportunities listed above. This requirement balanced the policy supporting providing the benefit with the need to control costs. The Legislature passed the Board's proposal effective June 1, 2010.

Mr. Loiland's case revealed a gap in coverage of the reimbursement benefit. Board staff worked with DRS, OSA, and Legislative staff to research the approximate number of uncovered members:

Coverage exceptions – Members with same employer since before 4/86	# of employees
No Employer Medicare prior to 4/86	599
Unsure if employer provided Medicare	420
Uncovered members who chose Medicare under divided referendum	(44)
Members with 40 quarters of SS employment elsewhere	?

³ Persons who receive a federal determination of disability can apply for 11 additional months of COBRA

⁴ About 50% of law enforcement officers and 90% of fire fighters.

- Maximum number of potential individuals outside scope of original language: 975
- Projected annual rate of catastrophic disability: .0357%
- Estimated disabled members denied reimbursement provision annually: 0.35~1 every 3 years

SHB 1868 closed the coverage gap and limited reimbursement to the COBRA premium amount. There is almost certainly a gap between that amount and the actual cost of individually procured medical insurance.

The actuary estimated the additional reimbursement cost created by SHB 1868 at \$1.2 million over 25 years, which was not significant enough to effect contribution rates. Some unavoidable gaps in the data may have caused that cost to be overestimated:

- The fiscal note estimate does not account for employees with post-retirement medical through their employer. The Board's 2005 employer survey found 46.8% of employers provided that benefit, but the survey is 8 years old and was determined unreliable for fiscal note purposes.
- Persons in the previously uncovered group had to have been employed by the same LEOFF 2 employer since before April 1986. That means they would have at least 27 years of LEOFF 2 service credit and are at or close to retirement age. This cuts two ways:
 - On the one hand, projected rates of service retirement predict that most if not all these members will be retired within the next 10 years.
 - On the other hand, as noted in the actuary's fiscal note, older members have higher rates of disability.

In the short term the higher rates of disability may drive a higher cost. In the longer term these members will be retired one way or the other in 10 years, so there would likely be no additional qualifying members after that time.

Potential direction:

This report was prepared as an informational briefing to provide background on an issue the Board did not have the opportunity to study during the last interim. Given that SHB 1868 has been signed by the Governor, no further action is required. The Board may want to consider updating the 2005 employer survey to provide more recent data for use in responding to future fiscal note requests.

SUPPORTING INFORMATION

Appendix A: SHB 1868 Session Law

Appendix B: SHB 1868 Fiscal Note

Appendix A

CERTIFICATION OF ENROLLMENT

SUBSTITUTE HOUSE BILL 1868

Chapter 287, Laws of 2013

63rd Legislature
2013 Regular Session

LAW ENFORCEMENT OFFICERS AND FIREFIGHTERS--HEALTH INSURANCE

EFFECTIVE DATE: 07/28/13

Passed by the House March 4, 2013
Yeas 98 Nays 0

FRANK CHOPP

Speaker of the House of Representatives

Passed by the Senate April 17, 2013
Yeas 45 Nays 0

BRAD OWEN

President of the Senate

Approved May 20, 2013, 2:17 p.m.

JAY INSLEE

Governor of the State of Washington

CERTIFICATE

I, Barbara Baker, Chief Clerk of the House of Representatives of the State of Washington, do hereby certify that the attached is **SUBSTITUTE HOUSE BILL 1868** as passed by the House of Representatives and the Senate on the dates hereon set forth.

BARBARA BAKER

Chief Clerk

FILED

May 20, 2013

**Secretary of State
State of Washington**

Appendix A

SUBSTITUTE HOUSE BILL 1868

Passed Legislature - 2013 Regular Session

State of Washington

63rd Legislature

2013 Regular Session

By House Appropriations (originally sponsored by Representatives Freeman, Goodman, Van De Wege, Appleton, Morrell, Tarleton, Tharinger, Ryu, Maxwell, Bergquist, and Pollet)

READ FIRST TIME 02/22/13.

1 AN ACT Relating to providing access to health insurance for certain
2 law enforcement officers' and firefighters' plan 2 members
3 catastrophically disabled in the line of duty; amending RCW 41.26.470;
4 and creating a new section.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

6 NEW SECTION. **Sec. 1.** This act may be known as the Wynn Loiland
7 act.

8 **Sec. 2.** RCW 41.26.470 and 2010 c 259 s 2 are each amended to read
9 as follows:

10 (1) A member of the retirement system who becomes totally
11 incapacitated for continued employment by an employer as determined by
12 the director shall be eligible to receive an allowance under the
13 provisions of RCW 41.26.410 through 41.26.550. Such member shall
14 receive a monthly disability allowance computed as provided for in RCW
15 41.26.420 and shall have such allowance actuarially reduced to reflect
16 the difference in the number of years between age at disability and the
17 attainment of age fifty-three, except under subsection (7) of this
18 section.

Appendix A

(2) Any member who receives an allowance under the provisions of this section shall be subject to such comprehensive medical examinations as required by the department. If such medical examinations reveal that such a member has recovered from the incapacitating disability and the member is no longer entitled to benefits under Title 51 RCW, the retirement allowance shall be canceled and the member shall be restored to duty in the same civil service rank, if any, held by the member at the time of retirement or, if unable to perform the duties of the rank, then, at the member's request, in such other like or lesser rank as may be or become open and available, the duties of which the member is then able to perform. In no event shall a member previously drawing a disability allowance be returned or be restored to duty at a salary or rate of pay less than the current salary attached to the rank or position held by the member at the date of the retirement for disability. If the department determines that the member is able to return to service, the member is entitled to notice and a hearing. Both the notice and the hearing shall comply with the requirements of chapter 34.05 RCW, the administrative procedure act.

(3) Those members subject to this chapter who became disabled in the line of duty on or after July 23, 1989, and who receive benefits under RCW 41.04.500 through 41.04.530 or similar benefits under RCW 41.04.535 shall receive or continue to receive service credit subject to the following:

(a) No member may receive more than one month's service credit in a calendar month.

(b) No service credit under this section may be allowed after a member separates or is separated without leave of absence.

(c) Employer contributions shall be paid by the employer at the rate in effect for the period of the service credited.

(d) Employee contributions shall be collected by the employer and paid to the department at the rate in effect for the period of service credited.

(e) State contributions shall be as provided in RCW 41.45.060 and 41.45.067.

(f) Contributions shall be based on the regular compensation which the member would have received had the disability not occurred.

Appendix A

1 (g) The service and compensation credit under this section shall be
2 granted for a period not to exceed six consecutive months.

3 (h) Should the legislature revoke the service credit authorized
4 under this section or repeal this section, no affected employee is
5 entitled to receive the credit as a matter of contractual right.

6 (4)(a) If the recipient of a monthly retirement allowance under
7 this section dies before the total of the retirement allowance paid to
8 the recipient equals the amount of the accumulated contributions at the
9 date of retirement, then the balance shall be paid to the member's
10 estate, or such person or persons, trust, or organization as the
11 recipient has nominated by written designation duly executed and filed
12 with the director, or, if there is no such designated person or persons
13 still living at the time of the recipient's death, then to the
14 surviving spouse or domestic partner, or, if there is neither such
15 designated person or persons still living at the time of his or her
16 death nor a surviving spouse or domestic partner, then to his or her
17 legal representative.

18 (b) If a recipient of a monthly retirement allowance under this
19 section died before April 27, 1989, and before the total of the
20 retirement allowance paid to the recipient equaled the amount of his or
21 her accumulated contributions at the date of retirement, then the
22 department shall pay the balance of the accumulated contributions to
23 the member's surviving spouse or, if there is no surviving spouse, then
24 in equal shares to the member's children. If there is no surviving
25 spouse or children, the department shall retain the contributions.

26 (5) Should the disability retirement allowance of any disability
27 beneficiary be canceled for any cause other than reentrance into
28 service or retirement for service, he or she shall be paid the excess,
29 if any, of the accumulated contributions at the time of retirement over
30 all payments made on his or her behalf under this chapter.

31 (6) A member who becomes disabled in the line of duty, and who
32 ceases to be an employee of an employer except by service or disability
33 retirement, may request a refund of one hundred fifty percent of the
34 member's accumulated contributions. Any accumulated contributions
35 attributable to restorations made under RCW 41.50.165(2) shall be
36 refunded at one hundred percent. A person in receipt of this benefit
37 is a retiree.

Appendix A

(7) A member who becomes disabled in the line of duty shall be entitled to receive a minimum retirement allowance equal to ten percent of such member's final average salary. The member shall additionally receive a retirement allowance equal to two percent of such member's average final salary for each year of service beyond five.

(8) A member who became disabled in the line of duty before January 1, 2001, and is receiving an allowance under RCW 41.26.430 or subsection (1) of this section shall be entitled to receive a minimum retirement allowance equal to ten percent of such member's final average salary. The member shall additionally receive a retirement allowance equal to two percent of such member's average final salary for each year of service beyond five, and shall have the allowance actuarially reduced to reflect the difference in the number of years between age at disability and the attainment of age fifty-three. An additional benefit shall not result in a total monthly benefit greater than that provided in subsection (1) of this section.

(9) A member who is totally disabled in the line of duty is entitled to receive a retirement allowance equal to seventy percent of the member's final average salary. The allowance provided under this subsection shall be offset by:

(a) Temporary disability wage-replacement benefits or permanent total disability benefits provided to the member under Title 51 RCW; and

(b) Federal social security disability benefits, if any; so that such an allowance does not result in the member receiving combined benefits that exceed one hundred percent of the member's final average salary. However, the offsets shall not in any case reduce the allowance provided under this subsection below the member's accrued retirement allowance.

A member is considered totally disabled if he or she is unable to perform any substantial gainful activity due to a physical or mental condition that may be expected to result in death or that has lasted or is expected to last at least twelve months. Substantial gainful activity is defined as average earnings in excess of eight hundred sixty dollars a month in 2006 adjusted annually as determined by the director based on federal social security disability standards. The department may require a person in receipt of an allowance under this subsection to provide any financial records that are necessary to

Appendix A

determine continued eligibility for such an allowance. A person in receipt of an allowance under this subsection whose earnings exceed the threshold for substantial gainful activity shall have their benefit converted to a line-of-duty disability retirement allowance as provided in subsection (7) of this section.

Any person in receipt of an allowance under the provisions of this section is subject to comprehensive medical examinations as may be required by the department under subsection (2) of this section in order to determine continued eligibility for such an allowance.

(10)(a) In addition to the retirement allowance provided in subsection (9) of this section, the retirement allowance of a member who is totally disabled in the line of duty shall include reimbursement for any payments made by the member after June 10, 2010, for premiums on employer-provided medical insurance, insurance authorized by the consolidated omnibus budget reconciliation act of 1985 (COBRA), medicare part A (hospital insurance), and medicare part B (medical insurance). A member who is entitled to medicare must enroll and maintain enrollment in both medicare part A and medicare part B in order to remain eligible for the reimbursement provided in this subsection. The legislature reserves the right to amend or repeal the benefits provided in this subsection in the future and no member or beneficiary has a contractual right to receive any distribution not granted prior to that time.

(b) The retirement allowance of a member who is not eligible for reimbursement provided in (a) of this subsection shall include reimbursement for any payments made after June 30, 2013, for premiums on other medical insurance. However, in no instance shall the reimbursement exceed the amount reimbursed for premiums authorized by the consolidated omnibus budget reconciliation act of 1985 (COBRA).

Passed by the House March 4, 2013.

Passed by the Senate April 17, 2013.

Approved by the Governor May 20, 2013.

Filed in Office of Secretary of State May 20, 2013.

Appendix B

Individual State Agency Fiscal Note

Bill Number: 1868 S HB	Title: Disabled LEOFF plan2 members	Agency: AFN-Actuarial Fiscal Note - State A
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Part I: Estimates

☐ No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Expenditures from:

NONE

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- ☒ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☐ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.
- ☐ Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 03/22/2013
Agency Preparation: Devon Nichols	Phone: 3607866145	Date: 03/25/2013
Agency Approval: Lisa Won	Phone: 360-786-6150	Date: 03/25/2013
OFM Review: Jane Sakson	Phone: 360-902-0549	Date: 03/25/2013

Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.

II. B - Cash receipts Impact

Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.

II. C - Expenditures

Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.

Part III: Expenditure Detail

III. A - Expenditures by Object Or Purpose

NONE

Part IV: Capital Budget Impact

NONE

Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

SUMMARY OF RESULTS

This bill requires the retirement allowance of certain members of the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2, who are not eligible for employer-provided medical insurance, insurance provided through the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), or Medicare, to include reimbursement for health insurance premium payments made after June 30, 2013.

Impact on Contribution Rates (Effective 09/01/2013)	
2013-2015 State Budget	LEOFF 2
Employee	0.00%
Total Employer	0.00%
Total State	0.00%

Budget Impacts			
<i>(Dollars in Millions)</i>	2013-2015	2015-2017	25-Year
General Fund-State	\$0.0	\$0.0	\$0.3
Local Government	\$0.0	\$0.0	\$0.4
Total Employer	\$0.0	\$0.1	\$0.6

Note: We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

HIGHLIGHTS OF ACTUARIAL ANALYSIS

This bill increases the liabilities for LEOFF Plan 2 by providing more medical premium reimbursements than are provided under current law. The liabilities are expected to increase as shown below.

Impact on Pension Liability			
<i>(Dollars in Millions)</i>	Current	Increase	Total
Today's Value of All Future Pensions	\$77,147	\$0.8	\$77,148
Earned Pensions Not Covered by Today's Assets	\$3,797	\$0.0	\$3,797

This bill does not result in supplemental contribution rates in the current biennium as shown above.

We found that the costs presented in this fiscal note are most sensitive to the assumption of the number of members who become totally disabled in the line of duty. If the actual number of members impacted were to double, the cost would also be expected to double. Conversely, if fewer members than expected were to be impacted by this bill, the cost would be reduced accordingly.

See the remainder of this fiscal note for additional details on the summary and highlights presented here.

WHAT IS THE PROPOSED CHANGE?

Summary Of Benefit Improvement

This bill impacts the following systems:

- ❖ Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2.

This bill allows members of LEOFF Plan 2 who have suffered total duty-related disability and who are not eligible for employer-provided medical coverage, COBRA, or Medicare to receive reimbursement for premium payments made for private medical insurance after June 30, 2013. The total amount reimbursed for medical premiums cannot exceed the amount authorized by COBRA.

Effective Date: 90 days after session.

How This Bill Differs From the Prior Version

The substitute bill limits member eligibility. Members are only eligible for health insurance premium reimbursement if they do not qualify for employer-provided medical insurance, COBRA, or Medicare.

What Is The Current Situation?

LEOFF Plan 2 reimburses members who have suffered total disability in the line of duty for the cost of premium payments for employer-provided medical insurance, COBRA, and Medicare Parts A (hospital insurance) and B (medical insurance). If a member is entitled to Medicare they must enroll and maintain enrollment to remain eligible for reimbursement.

A member is considered totally disabled if he or she is unable to maintain substantial gainful employment in any capacity in the future. Substantial gainful employment is defined as average earnings of not more than \$1,010 a month as of March 2012. This definition is adjusted annually as determined by the Department of Retirement Systems and is based on federal Social Security disability standards.

LEOFF Plan 2 members that have been totally disabled in the line of duty may be eligible to participate in employer-provided retiree medical insurance if offered by their employer. According to the LEOFF Plan 2 Retirement Board (LEOFF 2 Board), in 2010 less than half of LEOFF Plan 2 members had access to employer-provided retiree medical insurance.

Members who separate from employment due to total disability in the line of duty may continue to participate in their employer-provided medical insurance under federal law regardless of whether or not their employer provides retiree coverage. Under COBRA, members who separate from employment due to a duty-related total disability may continue to participate in their employer-provided medical insurance plans for up to 29 months. Members participating in

COBRA may be charged higher premiums than active members. Once a member reaches the COBRA coverage limit of 29 months they can elect to purchase private medical insurance coverage but are not reimbursed for the premium payments.

Members meeting the definition of disability under Social Security standards may also be eligible to participate in Medicare prior to age 65 – regardless of whether or not their employer participates in Social Security.

Employer participation in Social Security and Medicare was not available until 1951 (Social Security through a Section 218 Agreement) and 1966 (Medicare). Public employer participation in Medicare did not become mandatory for new hires until April 1, 1986 or July 2, 1991 for Social Security coverage. Employees who were hired prior to April 1, 1986 and have been continuously employed by the same employer since that date may be excluded from both Social Security and Medicare coverage.

Who Is Impacted And How?

We estimate this bill could affect any of the 16,805 current active members in LEOFF Plan 2, who cannot qualify for COBRA, employer-provided insurance, or Medicare coverage, and who might become totally disabled in the line of duty in the future. Future LEOFF Plan 2 members will not be impacted by this bill because all LEOFF employers have participated in Medicare since 1986.

Based on current assumptions, we expect approximately six new members each year to receive total disability benefits. Of those six members, we assume three will have employer-provided retiree medical insurance and three will be covered under COBRA. Some of the members who are covered under COBRA will not qualify for Medicare. Those members can be reimbursed for insurance premiums for a longer period under this bill.

We received information from the Department of Retirement Systems (DRS) that there are 1,019 members who may not qualify for Medicare as of the date of this fiscal note. According to DRS, there are 599 current actives who qualify for the provisions in this bill. There are also 420 members who might qualify for the provisions in this bill, but there is some uncertainty surrounding the qualifications of the latter group. We did not receive information identifying *who* these members are, just *how many* there are.

We estimate this bill will increase the benefits for members not qualifying for employer-provided insurance, COBRA, or Medicare, by extending the length of time their medical premiums may be reimbursed.

This bill impacts all 16,805 LEOFF Plan 2 members through increased contribution rates.

WHY THIS BILL HAS A COST AND WHO PAYS FOR IT

Why This Bill Has A Cost

This bill has a cost to LEOFF Plan 2 because it extends the length of time some members may be reimbursed for medical premiums paid. Additional premiums reimbursed from the retirement fund means additional costs to the plan.

Who Will Pay For These Costs?

The additional costs will be funded in the standard way:

- ❖ LEOFF Plan 2 – 50 percent by the employees, 30 percent by the employers, and 20 percent by the state.

The costs for medical premium reimbursement benefits are included in our pension model and the contribution rates necessary to pre-fund the benefits are calculated in the same way as those calculated for all other pension benefits. However, the benefits are funded through irrevocable trust funds, known as 401(h) accounts, from contribution rates adopted by the LEOFF 2 Board. These contribution rates are "carved out" of the total adopted contribution rate. The LEOFF 2 Board will periodically review the funding requirements for these benefits and adjust the 401(h) contribution rates as necessary.

HOW WE VALUED THESE COSTS

Assumptions We Made

We assumed the type and timing of reimbursement for all benefits where members are not covered under employer-provided insurance, and who do not qualify for Medicare after COBRA coverage ends, would change as follows.

- ❖ **Member:** We added supplemental Medicare insurance premiums following the initial 29-month COBRA period under this bill.
- ❖ **Spouse:** From 29 months from the date of disability under current law to the life of the member under this bill. We assume private insurance coverage after the initial 29-month COBRA period until Medicare age, followed by supplemental Medicare premiums thereafter.
- ❖ **Children:** From 2.5 years from the date of disability under current law to ten years from the date of disability under this bill. The ten-year assumption matches what we use for children covered by employer-provided insurance.

We assumed COBRA-level premiums, which increase with medical inflation trends as described in the *June 30, 2011, Actuarial Valuation Report (AVR)*, would continue throughout the extended coverage period for children. We also

assumed COBRA-level premiums would continue for spouses until they reach the Medicare-eligible age of 65. We assumed that once Medicare coverage begins, their premiums would decrease as follows.

- ❖ **Members:** Supplemental premiums would decrease to the level of employer-provided Medicare premiums.
- ❖ **Spouses of members with disabilities:** Premiums would decrease to employer-provided spousal Medicare premiums.

How We Applied These Assumptions

Using the assumptions above, we valued the additional costs to the plan for the extended premium reimbursement periods.

To estimate the costs under the substitute version of this bill, we multiplied the costs estimated in the original version of the bill by about 12 percent as follows.

$$1,019 \text{ qualified, divided by } (16,805 \text{ actives} \times 50\% \text{ COBRA-Eligible}) = 12.1\%$$

We used this method to estimate the costs because we do not know for certain how many members or the demographics of the members that could be impacted under this version of the bill. The count of *potentially* impacted members used in this pricing may be higher than the *actual* number impacted. This could mean that our cost estimate is too high. We also know that members impacted should have been continuously active since April 1, 1986, which means the impacted members are probably older than the average active LEOFF Plan 2 member. On average, older members are likely to suffer a total disability sooner than younger members. This could mean that our cost estimate is too low. We believe these two facts partially offset each other, and our cost estimate is reasonable for purposes of this fiscal note.

Otherwise, we developed these costs using the same methods as disclosed in the AVR.

Special Data Needed

The Department of Retirement Systems (DRS) provided us with the potential number of members who are not eligible for employer-provided medical insurance, insurance provided through COBRA, or Medicare. We used this data to develop our assumption that approximately 12 percent of the costs calculated in the original bill will be attributed to this substitute bill. An audit of this data was not performed. We relied on the data provided by DRS as sufficient for the purposes of this pricing exercise.

Otherwise, we developed these costs using the same assets and data as disclosed in the AVR.

ACTUARIAL RESULTS

How The Liabilities Changed

This bill will impact the actuarial funding of LEOFF Plan 2 by increasing the present value of future benefits payable under the plan as shown below.

Impact on Pension Liability			
<i>(Dollars in Millions)</i>	Current	Increase	Total
Actuarial Present Value of Projected Benefits			
<i>(The Value of the Total Commitment to all Current Members)</i>			
LEOFF 2	\$8,719.6	0.8	\$8,720.4
Unfunded Projected Unit Credit Liability			
<i>(The Value of the Total Commitment to all Current Members Attributable to Past Service that is Not Covered by Current Assets)</i>			
LEOFF 2	(\$1,044.5)	\$0.8	(\$1,043.7)

Note: Totals may not agree due to rounding.

How The Present Value of Future Salaries (PVFS) Changed

This bill does not change the PVFS of the members as shown below so there is no impact on the actuarial funding of LEOFF Plan 2 due to PVFS changes.

Present Value of Future Salaries			
<i>(Dollars in Millions)</i>	Current	Increase	Total
Actuarial Present Value of Future Salaries			
<i>(The Value of the Future Salaries Expected to be Paid to Current Members)</i>			
LEOFF 2	\$16,910	\$0.0	\$16,910

Note: Totals may not agree due to rounding.

How Contribution Rates Changed

The increase in the required actuarial contribution rate does not round up to the minimum supplemental contribution rate of 0.01 percent, therefore the bill will not affect contribution rates in the current biennium. However, we will use the un-rounded rate increase shown below to measure the budget changes in future biennia. We assumed no contribution rate impacts to future members (New Entrants), who would not benefit from the provisions in this bill.

Appendix B
Actuary's Fiscal Note For SHB 1868

Impact on Contribution Rates <i>(Effective 09/01/2013)</i>	
System/Plan	LEOFF 2
Current Members	
Employee	0.002%
Employer	
Normal Cost	0.001%
Plan 1 UAAL	0.000%
Total	0.001%
State	
Current Annual Cost	0.001%
Plan 1 Past Cost	0.000%
Total	0.001%
New Entrants*	
Employee	0.000%
Employer	
Normal Cost	0.000%
Plan 1 UAAL	0.000%
Total	0.000%
State	
Current Annual Cost	0.000%
Plan 1 Past Cost	0.000%
Total	0.000%

**Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.*

How This Impacts Budgets And Employees

Budget Impacts	
<i>(Dollars in Millions)</i>	LEOFF 2
2013-2015	
General Fund	\$0.0
Non-General Fund	0.0
Total State	\$0.0
Local Government	0.0
Total Employer	\$0.0
Total Employee	\$0.0
2015-2017	
General Fund	\$0.0
Non-General Fund	0.0
Total State	\$0.0
Local Government	0.0
Total Employer	\$0.1
Total Employee	\$0.1
2013-2038	
General Fund	\$0.3
Non-General Fund	0.0
Total State	\$0.3
Local Government	0.4
Total Employer	\$0.6
Total Employee	\$0.6

Note: Totals may not agree due to rounding. We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

The analysis of this bill does not consider any other proposed changes to the system. The combined effect of several changes to the system could exceed the sum of each proposed change considered individually.

As with the costs developed in the actuarial valuation, the emerging costs of the system will vary from those presented in the AVR or this fiscal note to the extent that actual experience differs from the actuarial assumptions.

How The Risk Measures Changed

We have not analyzed this bill using the risk assessment model. We chose not to use the risk assessment model because we believe the impact would be minor.

HOW THE RESULTS CHANGE WHEN THE ASSUMPTIONS CHANGE

To determine the sensitivity of the actuarial results to the best-estimate assumptions selected for this pricing we varied the assumed number of total disabilities. We still have limited experience data on rates of total disablement in this plan. We revised our LEOFF Plan 2 disability assumptions in 2009 and plan to study them again as part of our demographic experience study in 2014.

We expect less than one member per year could go out on duty-related total disability and not have access to employer-provided retiree insurance or Medicare. This assumption results in an estimated Present Value of Future Benefits (PVFB) increase of \$0.8 million. If the number of people who actually qualify for the benefits under this bill differs from our assumption, the actual cost of this bill would change.

For example, if we found that twice as many people per year actually qualified, we would expect the PVFB to increase by \$1.6 million. In fact, the number of potentially qualified members would need to more than double in order to produce a supplemental rate impact for this bill. However, if only half as many people per year qualified under this bill, we would expect a PVFB increase of \$0.4 million.

We also considered how the results would change if actual medical inflation trends were different than we assumed. We performed this sensitivity analysis when we produced the fiscal note for SHB 1679 in the 2010 Legislative Session. That analysis showed that the results would change under different medical inflation assumptions; however, the results are not as sensitive to this type of change as they are to how many people actually benefit from the provisions of this bill. As such, we focused our analysis in this section on the assumption that produced the most sensitive results.

We further considered whether recent changes under the Affordable Care Act (ACA) could impact the medical premium reimbursement provisions discussed in this fiscal note. One area we considered was whether the ACA affected COBRA regulations, which would directly impact our analysis in this fiscal note. However, we determined that the ACA would not affect how we analyze COBRA premium reimbursements in LEOFF Plan 2. There may be other provisions within the ACA that could potentially have impacts on our analysis, but we have not identified any at this point.

WHAT THE READER SHOULD KNOW

The Office of the State Actuary (“we”) prepared this fiscal note based on our understanding of the bill as of the date shown in the footer. We intend this fiscal note to be used by the Legislature during the 2013 Legislative Session only.

Actuary's Fiscal Note For SHB 1868

We advise readers of this fiscal note to seek professional guidance as to its content and interpretation, and not to rely upon this communication without such guidance. Please read the analysis shown in this fiscal note as a whole. Distribution of, or reliance on, only parts of this fiscal note could result in its misuse, and may mislead others.

ACTUARY'S CERTIFICATION

The undersigned hereby certifies that:

1. The actuarial cost methods are appropriate for the purposes of this pricing exercise.
2. The actuarial assumptions used are appropriate for the purposes of this pricing exercise.
3. The data on which this fiscal note is based are sufficient and reliable for the purposes of this pricing exercise.
4. Use of another set of methods, assumptions, and data may also be reasonable, and might produce different results.
5. We prepared this fiscal note for the Legislature during the 2013 Legislative Session.
6. We prepared this fiscal note and provided opinions in accordance with Washington State law and accepted actuarial standards of practice as of the date shown in the footer of this fiscal note.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.

While this fiscal note is meant to be complete, the undersigned is available to provide extra advice and explanations as needed.



Lisa A. Won, ASA, FCA, MAAA
Actuary

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GLOSSARY OF ACTUARIAL TERMS

Actuarial Accrued Liability: Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the present value of fully projected benefits attributable to service credit that has been earned (or accrued) as of the valuation date.

Actuarial Present Value: The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions (i.e. interest rate, rate of salary increases, mortality, etc.).

Aggregate Funding Method: The Aggregate Funding Method is a standard actuarial funding method. The annual cost of benefits under the Aggregate Method is equal to the normal cost. The method does not produce an unfunded actuarial accrued liability. The normal cost is determined for the actuarial accrued group rather than on an individual basis.

Entry Age Normal Cost Method (EANC): The EANC method is a standard actuarial funding method. The annual cost of benefits under EANC is comprised of two components:

- ❖ Normal cost.
- ❖ Amortization of the unfunded actuarial accrued liability.

The normal cost is determined on an individual basis, from a member's age at plan entry, and is designed to be a level percentage of pay throughout a member's career.

Normal Cost: Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year.

Projected Unit Credit (PUC) Liability: The portion of the Actuarial Present Value of future benefits attributable to service credit that has been earned to date (past service) based on the PUC method.

Projected Benefits: Pension benefit amounts that are expected to be paid in the future taking into account such items as the effect of advancement in age as well as past and anticipated future compensation and service credits.

Unfunded PUC Liability: The excess, if any, of the Present Value of Benefits calculated under the PUC cost method over the Valuation Assets. This is the portion of all benefits earned to date that are not covered by plan assets.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any, of the actuarial accrued liability over the actuarial value of assets. In other words, the present value of benefits earned to date that are not covered by plan assets.



Medicare Briefing

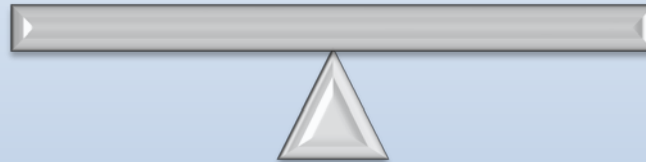
**Educational Briefing
June 19, 2013**

Premium Reimbursement SHB 1679 (2010)

Providing Health
Care Insurance for
Catastrophically
Disabled

Controlling
Cost

Balancing Policy and Cost



Post-Retirement Medical Sources

- 2010 Law Provided Reimbursement of Medical Premiums paid under:
 - COBRA
 - Employer Provided Post-retirement Medical
 - Medicare
- Discovered members who had none of these

Medicare Coverage

Coverage exceptions – Members with same employer since before 4/86	Number of employees
No Employer Medicare prior to 4/86	599
Unsure if employer provided Medicare pre-86	420
Uncovered Members who chose Medicare under divided referendum	(44)
Members with 40 quarters of SS employment elsewhere	?

Possible Issues with Data

- Unable to reliably identify employees with employer provided Post-Retirement Medical.
- Employees in group have at least 27 years service credit.
 - Retired within 10 years
 - No additional beneficiaries of SHB 1868 after that

Any Questions?

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2013

AGENDA ITEMS CALENDAR

MEETING DATE	AGENDA ITEMS
January 23, 2013	Meeting Canceled
February 27, 2013	Meeting Canceled
March 27, 2013	Meeting Canceled
April 24, 2013	Meeting Canceled
May 29, 2013	Meeting Canceled
June 19, 2013	2013 Legislative Session Update Interim Planning Board Operating Policy Changes Board Expectations Check-in WSIPP Study Follow-up Medicare Briefing
July 24, 2013	DRS Administrative Update, Marcie Frost CEM Benchmarking Results, Mark Feldhausen Attorney General Refresher, Dawn Cortez Long Term Economic Assumptions – Office of the State Actuary Orientation Manual Hospital Districts as Employers
August 28, 2013	Board & Administrative Committee Nominations
September 25, 2013	Board & Administrative Committee Elections Long Term Economic Assumptions – Office of the State Actuary
October 23, 2013	Long Term Economic Assumptions – Office of the State Actuary
November 20, 2013	Long Term Economic Assumptions Long Term Economic Assumptions – Office of the State Actuary
December 18, 2013	