

Law Enforcement Officers' And Fire Fighters' Plan 2 Retirement Board

Strategic Plan Revision

June 21, 2006

Strategic Planning Model

Guiding Principles

Who We Are

- Mission
- Organizational Values

Priority Goals

What We Want to Accomplish

- Major tasks to be accomplished during the 3 – 5 years

Primary Strategies

How We Will Achieve the Goals

- Objectives
- Key Tactics
- Action Plans

Performance Measures

How We Measure Success

- Measurements of performance success

Actions

What We Will Do

- Specific Actions to take during the next 12 – 18 months

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Who We Are

- **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.

- **Organizational Values**

- We will treat those we serve and each other with respect, fairness, and honesty.
- We will communicate openly and professionally.
- We will foster a climate of innovation, integrity, accountability, and excellence.
- We will work with those we serve to meet their needs.

Priority Goals 2004 – 2009

What We Want to Accomplish

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

Primary Strategies

What We Will Do To Achieve Our Goals

- Goal One : Enhance the benefits for the members.
 - Objectives
 - Add benefits that are affordable for stakeholders
 - Increase benefits for workers injured in the line of duty
 - Key Tactics
 - Propose legislation that improves the plan for the stakeholders
 - Compare plans from other states and relevant organizations
 - Identify potential revenue sources for benefit enhancements
 - Obtain stakeholder input for needed changes in the plan
 - Research and monitor Federal pension and tax laws

Primary Strategies

What We Will Do To Achieve Our Goals

- Goal Two: Provide the stakeholders with a voice in plan governance.
 - Objectives
 - Develop communication media for the stakeholders
 - Maintain stakeholder confidence in the integrity of the plan
 - Key Tactics
 - Provide opportunities for member communication/feedback
 - Make presentations to stakeholder groups
 - Solicit information about stakeholder priorities and issues
 - Make presentations at public hearings
 - Develop a wide range of communication media such as Web site, newsletter and e-mail
 - Inform stakeholders about opportunities for communication/feedback

Primary Strategies

What We Will Do To Achieve Our Goals

- Goal Three: Maintain the financial integrity of the plan.
 - Objectives
 - Establish prudent financial policies
 - Identify additional funding mechanisms
 - Key Tactics
 - Adopt adequate contribution rates
 - Adopt financially sustainable budget for board operations
 - Adopt economic assumptions, actuarial tables and cost methodologies
 - Commission independent audits
 - Research other options for revenue

Primary Strategies

What We Will Do To Achieve Our Goals

- Goal Four: Stabilize contribution rates.
 - Objectives
 - Reduce rate volatility
 - Increase the reliability and duration of rate projections
 - Key Tactics
 - Consult with strategic partners to develop tools to increase rate stability
 - Identify best practices from other states and organizations
 - Examine opportunities to re-structure the plan to stabilize contributions rates

Performance Measures

How We Will Measure Our Success

Goal	Method of Measurement	Target	✓
1	Increased benefits for employees disabled in the line of duty	70% of salary prior to disability	
1	Board proposals that are approved by the Legislature	100% approval rate	
1 & 2	Research supporting proposals	Every proposal includes a research component	
2	Comprehensive communication program with targets and schedule	Plan presented by December 31, 2004	
2	Feedback from the membership	Establish process for gathering input by December 31, 2004 Perform baseline surveying by March 31, 2005	
2 & 3	Independent audits: <ul style="list-style-type: none"> Board member expenses Actuary's assumptions 	<ul style="list-style-type: none"> Board expenses—no findings Actuary's assumptions—performed on timely basis 	
3	Deviation from the expected long term cost of the plan	<ul style="list-style-type: none"> Decrease deviation over next two biennium Maintain deviation within 10% of long term cost 	
3	Current and appropriate funding policies	Review, revise and adopt funding policies for LEOFF Plan 2 by December 31, 2005	
3	Funded ratio under actuarial standards	At least 100%	
4	Actual performance vs. projections in key planning areas	Actual expenditures will not exceed projected expenditures	

Progress Report

July 2004 – June 2006

Action	Goal(s)
Duty Disability Benefits – HB 2418 (2004)	
Survivor Benefits – HB 2419 (2004)	
Actuarial Funding – SB 6249 (2004)	
Duty Disability Benefits –SSB 5615 (2005)	
Purchase of Service Credit – HB 1269 (2005)	
Career Change – HB 1270 (2005)	
Military Service – HB 1325 (2005)	
Contribution Rate Stability Plan (2005)	
Catastrophic Disabilities – HB 2932 (2006)	
Survivor Health Insurance – SB 6723 (2006)	
\$150,000 Death Benefit – SHB 2933 (2006)	

Revisions

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

2004 – 2009 STRATEGIC PLAN

Adopted: July 28, 2004

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How We Measure Success

- Objective measurements of performance

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■ **Performance Objectives**

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■ **Action Plans**

Action	Lead(s)	Schedule	Status

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■ **Performance Objectives**

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■ **Action Plans**

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Primary Strategies, cont.

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■ **Performance Objectives**

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Performance Measures

How We Will Measure Our Success

1. Enhance the benefits for the members
2. Provide the stakeholders with a voice in plan governance
3. Maintain the financial integrity of the plan
4. Stabilize contribution rates

Goal	Method of Measurement	Target	Actual
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Strategic Planning Worksession Agenda

June 21, 2006

Time	Topic
10:45 – Noon	Review of Current Plan <ul style="list-style-type: none">▪ Review plan document developed in 2004▪ Review key accomplishments 2004 – 2006
Noon – 12:45	Lunch
12:45 – 1:45	Review Environmental Factors Affecting the Next Five Years <ul style="list-style-type: none">▪ Group discussion
1:45 – 2:00	Afternoon Break
2:00 – 4:00	Revise the Strategic Plan

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LEOFF Plan 2 Retirement Board Accomplishments

Duty Disability Benefits – HB 2418 (2004)

House Bill 2418 was passed unanimously by the Legislature and entitles members who are disabled in the line of duty to receive a minimum benefit of 10% of their final average salary. This benefit is tax-free for the member's life. Or, instead of a monthly benefit, the member may choose to withdraw 150% of their retirement contributions with interest, tax-free. The bill was made retroactive for three years so members who had previously retired would have the opportunity to file amended income tax returns.

Survivor Benefits – HB 2419 (2004)

House Bill 2419 passed the Legislature unanimously and provides spouses of LEOFF Plan 2 members killed in the line of duty a pension that is unreduced for "early retirement" if the member is younger than age 53 when they die.

Actuarial Funding – SB 6249 (2004)

Senate Bill 6249 was also endorsed by the Select Committee on Pension Policy and provides a limit on the deferment of investment losses in order to help ensure adequate funding for all the retirement funds, including the LEOFF Plan 2 retirement fund.

Duty Disability Benefits –SSB 5615 (2005)

LEOFF Plan 2 members who become disabled in the line of duty and whose injuries prevent them from continuing their career as a law enforcement officer or fire fighter will no longer have their pension reduced for "early retirement" if they are younger than age 53. Members will instead receive the full pension benefit they earned prior to becoming disabled. For example, a member with 15 years of service will receive 30% of their average final salary to supplement their income from their new non-LEOFF career.

Purchase of Service Credit – HB 1269 (2005)

This benefit allows a LEOFF Plan 2 member to purchase up to five years of service credit at the time of retirement, beginning on July 1, 2006. A member's deferred compensation assets can be rolled over tax-free to purchase the credit. This will be a useful retirement planning tool, for those who would like to use their deferred compensation account to improve their LEOFF Plan 2 pension.

Career Change – HB 1270 (2005)

A LEOFF Plan 2 member can now choose to receive their LEOFF Plan 2 pension or earn a new pension if they go to work in another public service job after retiring from LEOFF Plan 2. This legislation gives new choices to a person who moves from a law enforcement or fire fighting career covered under LEOFF Plan 2 to a job covered by one of the state's other public pension plans.

For example, a LEOFF Plan 2 member who retires at age 53, and then works in a courtroom security or arson investigator job covered by the Public Employees' Retirement System (PERS)

until they are 65, could earn a PERS pension for those 12 years. Or, the member could choose to receive their LEOFF Plan 2 pension while working in a PERS-covered job instead of earning a second pension.

Military Service – HB 1325 (2005)

This bill provides members whose career is interrupted by a call to active duty military service with the option to receive LEOFF Plan 2 service credit for their military time, even if they are injured or killed and can not return to their LEOFF-covered job.

Contribution Rate Stability Plan (2005)

The LEOFF Plan 2 Board adopted a four-year plan to return employer, state and member contribution rates to the level they need to be at to adequately fund LEOFF Plan 2. The rate stability plan includes a minimum contribution rate floor, so if there are better-than-expected investment gains for the retirement fund in the future, those gains will be left in the plan.

Catastrophic Disabilities – HB 2932 (2006)

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

Survivor Health Insurance – SB 6723 (2006)

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

\$150,000 Death Benefit – SHB 2933 (2006)

Coverage for the \$150,000 death benefit provided when a member dies as a result of a duty-related injury will be extended to include members who die from a duty-related illness, such as an infectious disease or cancer, which results from job-related exposure.