

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

Strategic Plan Revision

June 21, 2006

# Major Environmental Issues

## *2006 - 2010*

- More recipients of plan benefits
  - Impacts
    - Demands for services
    - Demands on staff

# Major Environmental Issues

## *2006 - 2010*

- Requests for benefit enhancements
  - Impacts
    - Requests for additional or expanded benefits
      - Enhancements to retirement benefits for all recipients
      - Additional services requested
        - » Health insurance after retirement
        - » Long-term care insurance
    - Issues around funding
      - How much are employees willing/able to fund
      - How much are employers willing/able to fund
      - Looking for alternative sustainable revenue streams

# Major Environmental Issues

## *2006 - 2010*

- Increased need for education
  - Impacts
    - Providing stakeholders with information that relates desired enhancements with the realities of costs and funding
      - Comparison of LEOFF 2 benefits with peers
    - Providing stakeholders with information about LEOFF 2 programs and benefits
    - Providing stakeholders with more general information about health and retirement options
      - Health savings accounts
      - Resources for information and services

# 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

# Guiding Principles

## *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 2006 – 2010

## *What We Want to Accomplish*

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. Inform the stakeholders.

# Primary Strategies (Revised)

## *What We Will Do To Achieve Our Goals*

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



# Primary Strategies (Revised)

## *What We Will Do To Achieve Our Goals*

- **Goal Two:** Provide the stakeholders with a voice in plan governance.
  - Objectives
    - Enhance 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
    - Maintain a wide range of communication media such as Web site, newsletter and e-mail
    - Inform stakeholders about opportunities for communication/feedback

# Primary Strategies (Revised)

## *What We Will Do To Achieve Our Goals*

- **Goal Three:** Maintain the financial integrity of the plan.
  - Objectives
    - Maintain prudent financial policies
    - Identify additional funding mechanisms
    - Maintain the stability of contribution rates
  - 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
    - Identify best practices from other states and organizations
    - Consult with strategic partners regarding rate stability
    - Ensure the reliability of rate projections
    - Provide information on the fiscal reality of the plan

# Primary Strategies (Revised)

## *What We Will Do To Achieve Our Goals*

- **Goal Four:** Inform the stakeholders.
  - Objectives
    - Manage expectations
    - Increase member understanding of the balance between desired enhancements and fiscal realities
    - Increase member understanding of the benefits provided in LEOFF 2 Plan
  - Tactics
    - Provide stakeholder access to understandable fiscal and policy analysis
    - Provide additional DRS LEOFF 2 seminars and workshops throughout the state
    - Develop simple and direct forms of communication to the members
    - Provide comparison information to best practices in other states

# Performance Measures (Revised)

## *How We Will Measure Our Success*

Goal	Method of Measurement	Target
4	Seminars and workshops devoted to the priorities of the Board	Make a minimum of five presentations before stakeholders each year  Develop plan with DRS to increase the number of seminars – plan developed by December 31, 2007
1	Board proposals that are approved by the Legislature	100% approval rate
1 & 2	Research supporting proposals	Every proposal includes a research component
2 & 4	Comprehensive communication program with targets and schedule	Updated Communication Plan presented by December 31, 2007
2 & 4	Feedback from the membership	Perform a survey of member concerns by December 31, 2007

# Performance Measures (Revised)

## *How We Will Measure Our Success*

Goal	Method of Measurement	Target
2 & 3	Independent audits: <ul style="list-style-type: none"> <li>• Board member expenses</li> <li>• Actuary's assumptions</li> </ul>	Audit Targets <ul style="list-style-type: none"> <li>• Board expenses—no findings</li> <li>• Actuary's assumptions—performed on timely basis</li> </ul>
3	Deviation from the expected long term cost of the plan	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, 2008
3	Funded ratio under actuarial standards	At least 100%
3	Actual performance vs. projections in key planning areas	Actual expenditures will not exceed projected expenditures
2 & 4	Newsletter	Minimum of two per year
2 & 4	Web site	Provide a report on Web site activity quarterly

# 2006 – 2007 Actions

Action	Goal
Study Health Care proposals	1
Adopt Contribution Rates	3
Legislative Agenda 1. Board membership 2. COLA 150K 3. Dual Membership 4. Temporary Duty Disability	2 1 1 1
Improved Annual Statements	2
Alternate Revenue Source	1 & 3
DROP Plans	1
Smoothed Interest Assumption	2
Deferred Compensation	1