

OFM

Allotment Expenditure FYTD Flexible

(*)

Report Number: AEF01 Date Run: Aug 8, 2011 9:52AM
 Biennium: 2011 Transactions Through: Aug 5, 2011 8:17PM

As of Fiscal Month: Adj FY2

Program Function Content	*	All
Report Group 1:	None	None
Report Group 2:	None	None
Report Group 3:	None	None
Report Group 4:	None	None
Report Group 5:	None	None
Account / Expenditure Authority Section:	Account/Expenditure Authority Index	Account/Expenditure Authority Index
Expenditure Authority Type Section:	None	None
Organization Structure Section:	None	None
Project Structure Section:	None	None
Custom Section 1 Group 1:	None	None
Custom Section 1 Group 2:	None	None
Custom Section 1 Group 3:	None	None
Custom Section 1 Group 4:	None	None
Custom Section 2 Group 1:	None	None
Custom Section 2 Group 2:	None	None
Custom Section 2 Group 3:	None	None
Custom Section 2 Group 4:	None	None
Object Structure Section:	Object/Subject/Sub-subobject	Object/Subject/Sub-subobject
Staff Section:	Yes	Yes

3410 - Law Enforcement & Fire Fighters Plan2 Re
Allotment Expenditure FYTD Flexible

OFM

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Report Number:	AEF01	As of Fiscal Month:	Adj FY2	FYTD	Disbursement	FYTD	Accrual	Encumbrance	FYTD	Total Expenditures	FYTD	Variance
Biennium:	2011											
<p align="center">Date Run: Aug 8, 2011 9:52AM Transactions Through: Aug 5, 2011 8:17PM</p>												
By Account/Expenditure Authority Index												
548 - LEOFF System Plan 2 Expense Account		1,004,408		857,360.88		5,689.89		0.00		863,050.77	141,357.23	141,357.23
960 - Salaries & Expenses		1,004,408		857,360.88		5,689.89		0.00		863,050.77	141,357.23	141,357.23
Total for Agency												
By Account/Expenditure Authority Index												
By Object/Subobject/Sub-subobject												
A - Salaries and Wages												
AA - State Classified												
SW01 - State Classified-Regular Salaries		335,716		289,417.50		(3,038.17)		0.00		286,379.33	49,336.67	49,336.67
AC - State Exempt												
SW01 - State Exempt-Regular Salaries		176,942		166,864.08		0.00		0.00		166,864.08	10,077.92	10,077.92
AS - Sick Leave Buy-Out												
SW01 - Sick Leave Buy-Out OASI Taxable		0		715.31		0.00		0.00		715.31	(715.31)	(715.31)
A - Salaries and Wages		512,658		456,996.89		(3,038.17)		0.00		453,958.72	58,699.28	58,699.28
B - Employee Benefits												
BA - Old Age and Survivors Insurance												
- Not Specified		31,734		27,665.91		(191.28)		0.00		27,474.63	4,259.37	4,259.37
BB - Retirement and Pensions												
- Not Specified		27,120		24,228.67		(161.33)		0.00		24,067.34	3,052.66	3,052.66
BC - Medical Aid & Industrial Insurance												
- Not Specified		2,235		2,009.03		9.76		0.00		2,018.79	216.21	216.21
BD - Health, Life & Disability Insurance												
- Not Specified		64,191		59,557.75		(14.25)		0.00		59,543.50	4,647.50	4,647.50
BE - Allowances												
SW21 - Allowance - Commute Trip Reduction		360		366.00		(8.00)		0.00		358.00	2.00	2.00
BH - Hospital Insurance (Medicare)												
- Not Specified		7,430		6,470.25		(44.72)		0.00		6,425.53	1,004.47	1,004.47
BT - Shared Leave Provided Sick Leave												

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	FY	FYTD	Alotment	FYTD	Disbursement	FYTD	Accrual	FYTD	Encumbrance	FYTD	Total Expenditures	FYTD	Variance	FY	Variance
- Not Specified	0		0	2,001.94		0.00		0.00		2,001.94		(2,001.94)		(2,001.94)	
BW - Shared Leave Received	0		0	(4,013.66)		0.00		0.00		(4,013.66)		4,013.66		4,013.66	
- Not Specified															
BZ - Other Employee Benefits	25		25	25.00		0.00		0.00		25.00		0.00		0.00	
- Not Specified															
B - Employee Benefits	133,095		133,095	118,310.89		(409.82)		0.00		117,901.07		15,193.93		15,193.93	
C - Personal Service Contracts															
CB - Legal/Expert Witness Services															
- Not Specified	5,000		5,000	3,161.25		2,091.45		0.00		5,252.70		(252.70)		(252.70)	
CC - Financial Services															
- Not Specified	(20,000)		(20,000)	0.00		0.00		0.00		0.00		(20,000.00)		(20,000.00)	
0001 - Fiscal Note Review	10,000		10,000	0.00		0.00		0.00		0.00		10,000.00		10,000.00	
0002 - Actuarial Audit	0		0	5,355.00		7,610.00		0.00		12,965.00		(12,965.00)		(12,965.00)	
0003 - Financial Audit	17,000		17,000	4,600.00		0.00		0.00		4,600.00		12,400.00		12,400.00	
CC - Financial Services	7,000		7,000	9,955.00		7,610.00		0.00		17,565.00		(10,565.00)		(10,565.00)	
CZ - Other Services															
- Not Specified	28,000		28,000	3,294.17		(3,294.17)		0.00		0.00		28,000.00		28,000.00	
C - Personal Service Contracts	40,000		40,000	16,410.42		6,407.28		0.00		22,817.70		17,182.30		17,182.30	
E - Goods and Services															
EA - Supplies and Materials															
- Not Specified	4,780		4,780	3,835.30		148.82		0.00		3,984.12		795.88		795.88	
9999 - Supplies Recovery	0		0	(260.38)		0.00		0.00		(260.38)		260.38		260.38	
EA - Supplies and Materials	4,780		4,780	3,574.92		148.82		0.00		3,723.74		1,056.26		1,056.26	
EB - Communications/Telecommunications															
0001 - Telephone	6,812		6,812	6,966.39		3.76		0.00		6,970.15		(158.15)		(158.15)	
0002 - Postage	7,698		7,698	0.00		0.00		0.00		0.00		7,698.00		7,698.00	
0003 - Internet	4,628		4,628	4,619.00		49.90		0.00		4,668.90		(40.90)		(40.90)	
9999 - Recov for Phone	0		0	(146.64)		0.00		0.00		(146.64)		146.64		146.64	
EB - Communications/Telecommunications	19,138		19,138	11,438.75		53.66		0.00		11,492.41		7,645.59		7,645.59	

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						FY	FYTD	FYTD	FYTD		FYTD	FYTD
						Allocation	Disbursement	Accrual	Encumbrance	Total Expenditures	Variance	Variance
EC - Utilities												
- Not Specified	4,883	4,883	5,151.49	15.00	0.00	5,166.49	(283.49)					(283.49)
ED - Rentals and Leases - Land & Buildings												
- Not Specified	45,960	45,960	45,954.00	0.00	0.00	45,954.00	6.00					6.00
EE - Repairs, Alterations & Maintenance												
0003 - Other (Copier/telephone)	601	601	447.62	0.00	0.00	447.62	153.38					153.38
EF - Printing and Reproduction												
- Not Specified	4,701	4,701	1,325.21	(66.20)	0.00	1,259.01	3,441.99					3,441.99
9999 - Refund Printing Cost	0	0	(136.05)	0.00	0.00	(136.05)	136.05					136.05
EF - Printing and Reproduction	4,701	4,701	1,189.16	(66.20)	0.00	1,122.96	3,578.04					3,578.04
EG - Employee Prof Dev & Training												
- Not Specified	2,500	2,500	0.00	0.00	0.00	0.00	2,500.00					2,500.00
0002 - Non-IT Training	17,850	17,850	17,592.97	(1,722.68)	0.00	15,870.29	1,979.71					1,979.71
9999 - Refund Reg Fee	0	0	(78.29)	0.00	0.00	(78.29)	78.29					78.29
EG - Employee Prof Dev & Training	20,350	20,350	17,514.68	(1,722.68)	0.00	15,792.00	4,558.00					4,558.00
EH - Rental & Leases - Furu & Equipment												
0001 - Equipment Rental/Lease	6,636	6,636	6,106.77	(0.06)	0.00	6,106.71	529.29					529.29
EJ - Subscriptions												
- Not Specified	645	645	734.85	0.00	0.00	734.85	(89.85)					(89.85)
EK - Facilities and Services												
0001 - GA-Facilities & Services	1,514	1,514	1,381.58	0.00	0.00	1,381.58	132.42					132.42
0002 - GA-Campus Mail (Monthly)	1,825	1,825	1,937.58	39.69	0.00	1,977.27	(152.27)					(152.27)
0005 - GA-Other	1,479	1,479	975.02	0.00	0.00	975.02	503.98					503.98
EK - Facilities and Services	4,818	4,818	4,294.18	39.69	0.00	4,333.87	484.13					484.13
EL - Data Processing Services (Interagency)												
0001 - OFM Financial Systems	1,800	1,800	1,224.88	(63.85)	0.00	1,161.03	638.97					638.97
0002 - DIS Mainframe Services	(12)	(12)	(12.86)	(1,017.77)	0.00	(1,030.63)	1,018.63					1,018.63
0003 - DOP Payroll Services	2,100	2,100	1,910.40	(25.56)	0.00	1,884.84	215.16					215.16
0004 - Other (Jls,dis Policy)	500	500	0.00	0.00	0.00	0.00	500.00					500.00
EL - Data Processing Services (Interagency)	4,388	4,388	3,122.42	(1,107.18)	0.00	2,015.24	2,372.76					2,372.76

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				FY	Alotment	FYTD	Alotment	FYTD	Accrual	FYTD	Encumbrance	FYTD	Total Expenditures	FYTD	Variance	FY	Variance
EM - Attorney General Services				9,550		9,550	13,112.81	2,779.15	0.00	15,891.96	0.00	(6,341.96)			(6,341.96)		
- Not Specified																	
EN - Personnel Services				381		381	381.00	0.00	0.00	381.00	0.00	0.00			0.00		
0002 - System Surcharge																	
EP - Insurance				5		5	0.00	0.00	0.00	0.00	0.00	5.00			5.00		
0001 - OFM Risk Management				1,000		1,000	0.00	0.00	0.00	0.00	0.00	1,000.00			1,000.00		
0002 - Self Insurance				25		25	25.00	0.00	0.00	25.00	0.00	0.00			0.00		
0003 - Other Insurance																	
EP - Insurance				1,030		1,030	25.00	0.00	0.00	25.00	0.00	1,005.00			1,005.00		
ER - Other Purchased Services				18,226		18,226	16,609.00	0.00	0.00	16,609.00	0.00	1,617.00			1,617.00		
0004 - Sacs Financial Services				1,576		1,576	1,386.07	24.29	0.00	1,410.36	0.00	165.64			165.64		
0006 - IT Website Software Support				11,056		11,056	0.00	0.00	0.00	0.00	0.00	11,056.00			11,056.00		
0007 - Other				104,580		104,580	104,581.96	0.00	0.00	104,581.96	0.00	(1.96)			(1.96)		
0009 - State Actuary																	
ER - Other Purchased Services				135,438		135,438	122,577.03	24.29	0.00	122,601.32	0.00	12,836.68			12,836.68		
ET - Audit Services				2,500		2,500	0.00	0.00	0.00	0.00	0.00	2,500.00			2,500.00		
- Not Specified																	
EW - Archives & Records Management Svcs				76		76	43.84	0.00	0.00	43.84	0.00	32.16			32.16		
- Not Specified																	
EY - Software Licenses and Maintenance				3,640		3,640	3,547.62	0.00	0.00	3,547.62	0.00	92.38			92.38		
- Not Specified																	
EZ - Other Goods and Services				100		100	156.80	10.40	0.00	167.20	0.00	(67.20)			(67.20)		
- Not Specified				0		0	(120.51)	120.51	0.00	0.00	0.00	0.00			0.00		
9999 - US Bank Incentive																	
EZ - Other Goods and Services				100		100	36.29	130.91	0.00	167.20	0.00	(67.20)			(67.20)		
E - Goods and Services				269,615		269,615	239,252.43	295.40	0.00	239,547.83	0.00	30,067.17			30,067.17		
G - Travel				4,168		4,168	3,608.13	2,445.25	0.00	6,053.38	0.00	(1,885.38)			(1,885.38)		
GA - In-State Subsistence & Lodging																	
- Not Specified																	

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						FY	FYTD	FYTD	FYTD					
		Alotment	FYTD	Disbursement	FYTD	Accrual	FYTD	Encumbrance	FYTD	Total Expenditures	FYTD	Variance	FY	Variance
GB - In-State Air Transportation		2,165	2,165	917.60	917.60	0.00	0.00	0.00	917.60	917.60	1,247.40	1,247.40	1,247.40	
- Not Specified														
GC - Private Automobile Mileage		6,935	6,935	5,167.72	5,167.72	1,124.66	1,124.66	0.00	6,292.38	6,292.38	642.62	642.62	642.62	
- Not Specified														
GD - Other Travel Expenses		3,124	3,124	3,035.05	3,035.05	(108.32)	(108.32)	0.00	2,926.73	2,926.73	197.27	197.27	197.27	
- Not Specified														
GF - Out-Of-State Subsistence & Lodging		10,484	10,484	5,871.19	5,871.19	156.65	156.65	0.00	6,027.84	6,027.84	4,456.16	4,456.16	4,456.16	
- Not Specified														
GG - Out-Of-State Air Transportation		2,164	2,164	1,182.51	1,182.51	(586.51)	(586.51)	0.00	596.00	596.00	1,568.00	1,568.00	1,568.00	
- Not Specified														
G - Travel		29,040	29,040	19,782.20	19,782.20	3,031.73	3,031.73	0.00	22,813.95	22,813.95	6,226.07	6,226.07	6,226.07	
J - Capital Outlays														
JA - Noncapitalized Assets														
0001 - IT Equipment < \$5000		18,795	18,795	4,538.67	4,538.67	0.00	0.00	0.00	4,538.67	4,538.67	14,256.33	14,256.33	14,256.33	
0003 - Furniture < \$5000		1,205	1,205	1,827.05	1,827.05	(605.23)	(605.23)	0.00	1,221.82	1,221.82	(16.82)	(16.82)	(16.82)	
9999 - IT Equipment Reimb		0	0	(124.54)	(124.54)	0.00	0.00	0.00	(124.54)	(124.54)	124.54	124.54	124.54	
JA - Noncapitalized Assets		20,000	20,000	6,241.18	6,241.18	(605.23)	(605.23)	0.00	5,635.95	5,635.95	14,364.05	14,364.05	14,364.05	
JB - Noncapitalized Software														
- Not Specified		0	0	256.20	256.20	0.00	0.00	0.00	256.20	256.20	(256.20)	(256.20)	(256.20)	
J - Capital Outlays		20,000	20,000	6,497.38	6,497.38	(605.23)	(605.23)	0.00	5,892.15	5,892.15	14,107.85	14,107.85	14,107.85	
N - Grants, Benefits & Client Services														
NZ - Other Grants/Benefits/Client Svcs														
- Not Specified		0	0	110.67	110.67	8.70	8.70	0.00	119.37	119.37	(119.37)	(119.37)	(119.37)	
Total for Agency		1,004,408	1,004,408	857,360.88	857,360.88	5,689.89	5,689.89	0.00	863,030.77	863,030.77	141,357.23	141,357.23	141,357.23	
By Object/Subobject/Sub-subject														

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By Staff	FY		FYTD		Disbursement		FYTD		FYTD		FYTD		FY	
	Allotment		Allotment				Accrual	Encumbrance	Total Expenditures	Variance			Variance	
Staff Months	72.00		72.00		62.28		2.50	64.78	7.22			7.22		7.22
Months	12.00		12.00		12.00		12.00	12.00	12.00			12.00		0.00
FTE	6.00		6.00		5.19		0.21	5.40	0.60			0.60		0.60

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Input Parameters:	Entered As	As of Fiscal Month:	Adj FY2	Interpreted As
User ID:	dwsa105			
Agency:	541			341
Fiscal Month:	24A-Adj FY2			24A-Adj FY2
Account:	*			All
Expenditure Authority:	*			All
Expenditure Authority Index:	*			All
Expenditure Authority Type:	*			All
Program:	*			All
Subprogram:	*			All
Activity:	*			All
Subactivity:	*			All
Task:	*			All
Program Index:	*			All
Object:	*			All
Subobject:	*			All
Sub-subobject:	*			All
Objects to Expand:	*			All
Division:	*			All
Branch:	*			All
Section:	*			All
Unit:	*			All
Cost Center:	*			All
Organization Index:	*			All
Budget Unit:	*			All
Project:	*			All
Subproject:	*			All
Project Phase:	*			All
Allotment Content:	Approved & Adjusted			Approved & Adjusted
Expenditure Content:	Cash, Accr(all), Encum			Cash, Accr(all), Encum

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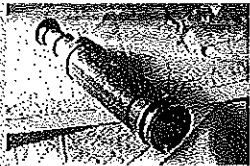
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As of Fiscal Month: Adj FY2

Program Function Content:	*	All
Report Group 1:	None	None
Report Group 2:	None	None
Report Group 3:	None	None
Report Group 4:	None	None
Report Group 5:	None	None
Account / Expenditure Authority Section:	Account/Expenditure Authority Index	Account/Expenditure Authority Index
Expenditure Authority Type Section:	None	None
Organization Structure Section:	None	None
Project Structure Section:	None	None
Custom Section 1 Group 1:	None	None
Custom Section 1 Group 2:	None	None
Custom Section 1 Group 3:	None	None
Custom Section 1 Group 4:	None	None
Custom Section 2 Group 1:	None	None
Custom Section 2 Group 2:	None	None
Custom Section 2 Group 3:	None	None
Custom Section 2 Group 4:	None	None
Object Structure Section:	Object/Subobject/Sub-subobject	Object/Subobject/Sub-subobject
Staff Section:	Yes	Yes



Office of the State Actuary

"Securing tomorrow's pensions today."

August 12, 2011

Merger Study – LEOFF Plan 1 and Plan 2

Under Chapter 50, Laws of 2011, the Office of the State Actuary (OSA) is required to study the issue of merging the Law Enforcement Officers and Fire Fighters Retirement System (LEOFF) Plan 1 and Plan 2.

As part of the study, OSA is required to solicit input from the LEOFF 2 Board, and organizations representing LEOFF 1 members and retirees. OSA will also solicit input from employers of LEOFF members.

You are receiving this letter because you have been identified as a representative of one of these groups.

You will soon be contacted by the Department of Retirement Systems (DRS), as OSA has contracted with DRS to conduct and facilitate public meetings for the purpose of soliciting your input, along with input from other identified stakeholders.

The details of the process and timeline have not been finalized. However, we anticipate the process will begin with an initial meeting of the combined group of stakeholders. The group will be asked to discuss issues such as:

- ❖ If a plan merger took place, what would be the goals or benefits?
- ❖ If a plan merger took place, what concerns would be raised?
- ❖ What questions would lawmakers want to consider before enacting a merger?

When appropriate, DRS will hold follow up meetings with the group to provide for additional discussion, or to allow DRS or OSA to answer questions that may arise in the group discussion.

If you are not able to attend, you are welcome to send a representative who can speak on your behalf. Additionally, you are welcome to provide written input to DRS.

We appreciate your efforts and patience in helping us prepare this study, and we look forward to working with you.



Please direct inquiries as follows:

Stakeholder Input Process

Dave Nelsen
Legal and Legislative Services Manager
Department of Retirement Systems
P.O. Box 48380
Olympia, WA 98504-8380
daven@drs.wa.gov
360-664-7304

Other Aspects of Merger Study

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STATE OF WASHINGTON
LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • (360) 586-2329 FAX • recep@leoff.wa.gov

August 3, 2011

Mr. Matt Smith, State Actuary
Post Office Box 40914
Olympia, Washington 98504-0914

Dear Mr. Smith:

At the July 27, 2011 meeting of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (Board), the Board received an initial presentation on the topic of merging LEOFF Plan 1 and LEOFF plan 2. In response to the request from your office to provide input for the study that is being conducted on this topic by OSA, the Board has identified information and/or issues they would like OSA to include in the report. Many of these items were covered in the fiscal note prepared by OSA on HB 2097 during the 2011 session but the information may change as a result of the 2010 Actuarial Valuation Report.

1. How would the merger of the LEOFF Plan 1 and LEOFF Plan 2 affect the projected contribution rates for both plans and impact the Board's goal of stable contribution rates? Project rates for both plans separately, both before and after the merger. Use stochastic analysis to show the range and likelihood of possible outcomes. Please show the impact on 10% member rate risk measure. Demonstrate the impact of the merger on the possibility that LEOFF 2 member rates will exceed 10%.
2. How would the merger affect the Board's goal of full funding for LEOFF Plan 2? Provide the funding ratios for both plans before the merger and the funding ratio of the merged plan using both the actuarial and market value of assets. Please identify differences in liabilities using the projected unit credit cost method and the entry age normal cost method.
3. Are there any material differences between the current funding cycles for LEOFF Plan 1 and LEOFF Plan 2? For example, are there any differences on when rates are set or when assumptions are adopted that might create a policy issue? The Board is not familiar with the LEOFF 1 processes.
4. What funding policy differences currently exist between LEOFF Plan 1 and LEOFF Plan 2? For example, the Board is aware of differences in the salary growth assumption, payment of LEOFF 1 Unfunded Accrued Actuarial Liability by 2024, and demographic assumptions related to projected improvements in mortality. Are there others? Have projected improvements in mortality been incorporated into LEOFF 1 demographic

assumptions as of the most recent valuation? If not, what is the projected liability associated with projected improvements in mortality for LEOFF 1? Does the use of the Frozen Initial Liability Cost Method for LEOFF 1 create any issues in the context of a merger?

5. What are the projected liabilities for LEOFF Plan 1? How would a merger affect those liabilities? What are the risks and risk measures? The Board is aware that both inflation and investment returns are significant risks. Are there others? Provide stochastic projections for investment returns and inflation. Please explain how these risks are mitigated or enhanced by the status of LEOFF 1? For instance, do earlier years affect investment return disproportionately because the ability to recover is limited in a closed plan with no active members?
6. How would a merger affect the analysis of the current LEOFF Plan 1 investment policies? Does a merger eliminate any need to consider a separate investment policy for LEOFF 1 assets?
7. What is the risk of LEOFF Plan 1 going into "pay as you go" status and how would a merger affect that risk? Are there other measures which might mitigate this risk besides a merger?
8. What is the effect of a merger on state pension risk measures identified in the Pension Score card? For instance, what is the effect of a merger on the chance that pensions will consume more than 8% of the State general Fund? What is the effect on the total weighted score? If the total weighted score changes, would this be positive or negative and would the change be significant? Is there a risk measure associated with the impact of pension liabilities on State bond issuances?
9. How would a merger affect the current cost policies for LEOFF 1? What are the projected costs if the State pays 100% of LEOFF 1 costs? What are the projected employer rates if any future LEOFF 1 costs are paid for via a supplemental rate charged to LEOFF employers?
10. How would a merger affect the current 50-30-20 cost sharing policy for LEOFF 2 liabilities? How would a merger affect the current cost policy for LEOFF Plan 1? Could you continue to track LEOFF Plan 1 and LEOFF Plan 2 liabilities separately? What would rates be if current LEOFF Plan 2 cost-sharing policy was extended to cover LEOFF Plan 1 liabilities?
11. How much revenue would be generated by resuming 6% contributions for LEOFF Plan 1 members and/or LEOFF Plan 1 employers effective July 1, 2012? How much would be generated if employers began paying the LEOFF 2 employer rate for LEOFF 1 members? What policy issues are raised when employers do not pay the same rate for all employees?

12. To what extent could benefits be decreased in LEOFF Plan 1 under current law if an unfunded liability emerges in LEOFF Plan 1 and the decrease in liabilities is determined to be necessary for the actuarial soundness of the plan? Do LEOFF Plan 1 members have a *Bakenhus* right to a 0% rate?
13. How would a change to a 4.5% salary growth assumption for LEOFF Plan 1 affect Present Value of Future Service for a merged plan? Would the change be significant?
14. The most recent risk assessment included a chart projecting the future LEOFF Plan 1 funded ratio. Could this chart include an overlay of the projected assets associated with those funding ratios? There are some who are assuming that a projected 160% funding ratio in the future means that the plan is projected to have a surplus of over \$1 billion. What is the underlying data that is responsible for the projected increase in the funding ratio for LEOFF 1 after 2024?
15. You are scheduled to make recommendations regarding any changes to long-term economic assumptions later this interim. Please evaluate the impact of any proposed changes on the risk measures previously discussed for merging LEOFF 1 and LEOFF 2.
16. Would it be possible to graph the actuarial value of assets over time (maybe the last 20 years) with the 30% corridor to demonstrate where the assets have fit in the corridor? Could there be a second line showing the market value of assets over the same period of time to demonstrate how much the actuarial and market values have deviated from each other.

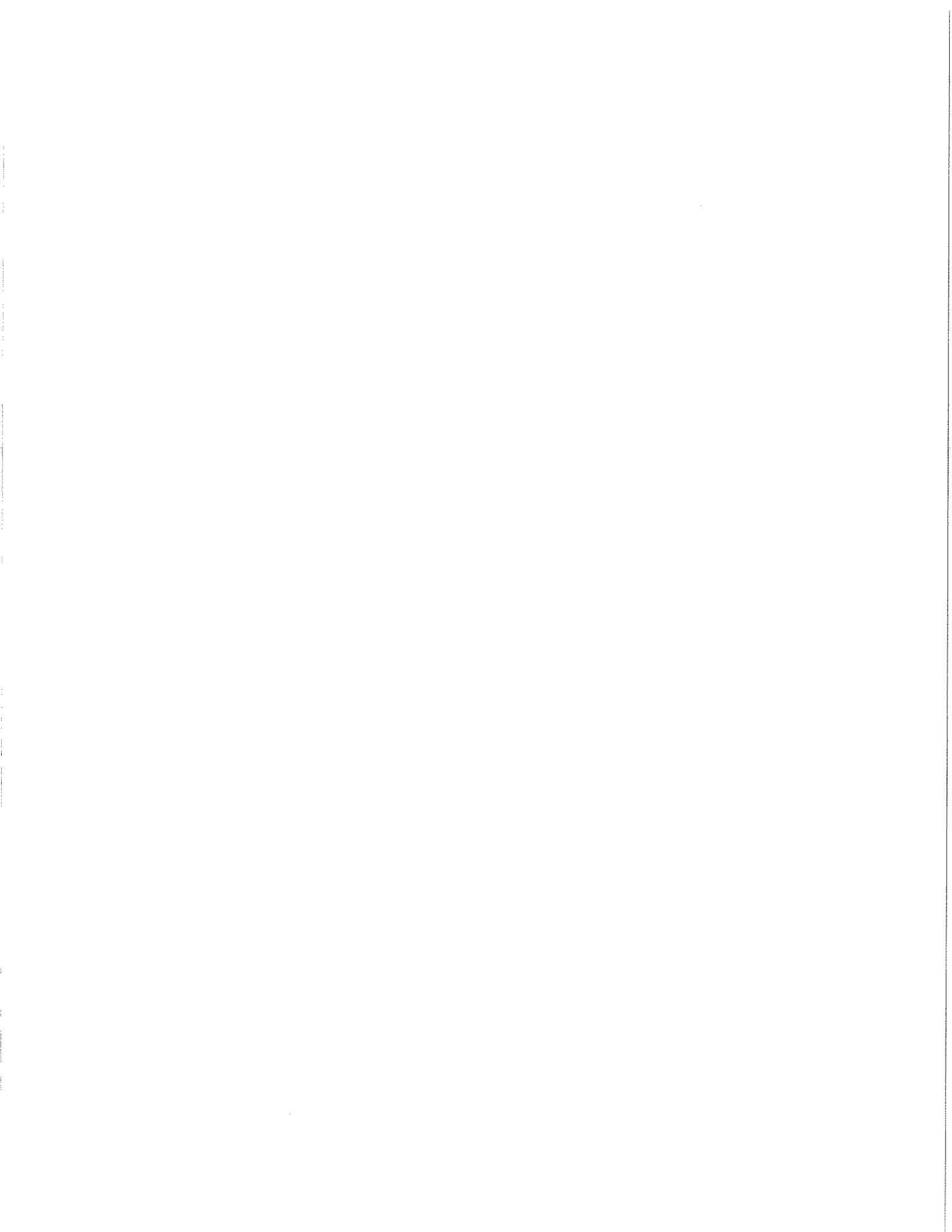
I hope this input is helpful for your study. Please contact me if you have any questions concerning the items covered in this letter or need additional information. The Board may have additional input later this interim. They are aware of your timeframe and will make every effort to provide input in a timely manner.

Sincerely,

Steve Nelsen

Steve Nelsen
Executive Director

cc: Marcie Frost, Deputy Director





STATE OF WASHINGTON
LAW ENFORCEMENT OFFICERS' AND FIRE FIGHTERS'
PLAN 2 RETIREMENT BOARD

P.O. Box 40918 • Olympia, Washington 98504-0918 • (360) 586-2320 • (360) 586-2329 FAX • recep@leoff.wa.gov

July 29, 2011

James L. McIntire, State Treasurer
Department of Retirement Systems
Post Office Box 40200
Olympia, Washington 98504

Marty Brown, Director
Office of Financial Management
Post Office Box 43113
Olympia, WA 98504-3113

Dear Treasurer McIntire and Director Brown:

Revised Code of Washington 41.26.802(1) states:

"By September 30, 2011, if the prior fiscal biennium's general state revenues exceed the previous fiscal biennium's revenues by more than five percent, subject to appropriation by the legislature, the state treasurer shall transfer five million dollars to the local public safety enhancement account."

Pursuant to statute, the Board respectfully requests a written response to the following:

1. Has the criteria been met triggering the five million dollar transfer to the local public safety enhancement account?
2. What were the amounts of the prior fiscal biennium's general state revenues and the previous fiscal biennium's revenues used in the determining if the transfer was triggered?

Please feel free to contact me should have any questions, need additional information or if there is anything our office can do to provide further assistance in this matter.

Sincerely,

A handwritten signature in black ink that reads "Kelly L Fox".

Kelly Fox, Chair

cc: Wolfgang Opitz, Assistant Treasurer



STATE OF WASHINGTON

August 18, 2011

Kelly Fox, Chair
Law Enforcement Officers' and Firefighters' Plan 2 Retirement Board
P.O. Box 40918
Olympia, WA 98504-0918

Dear Chairman Fox:

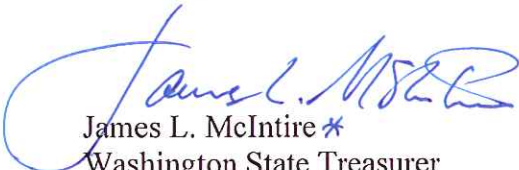
Thank you for asking about how and when transfers are to be made to the local public safety enhancement account (LPSEA) – an account created by the Legislature in 2008 in the state treasury, subject to appropriation.

While RCW 41.26.802 is silent about the role of the State Treasurer and the Office of Financial Management, staff from our offices examined whether growth in general state revenue from 2007-09 to 2009-11 meets or exceeds the statutory five percent level needed to trigger a transfer to the LPSEA. We have determined that general state revenue actually decreased by 0.28 percent from 2007-09 to 2009-11, so the five percent growth level has not been met.

In addition to making expenditure from the account subject to appropriation, the Legislature also appears to have made transfers into the account subject to appropriation. As a result, our understanding is that even with revenue growth that meets the criteria no transfer can be made until after the Legislature appropriates the funds into the account.

We hope this helps answer your questions about how and when transfers can be made to LPSEA. Please do not hesitate to contact Pam Davidson, Senior Budget Assistant with the Office of Financial Management, at 360.902.0550 should you have any additional questions or concerns.

Sincerely,


James L. McIntire *
Washington State Treasurer


Marty Brown, Director
Office of Financial Management

cc: Wolfgang Opitz, Assistant Washington State Treasurer

** I voted for this!*

