



Fish & Wildlife Enforcement Officers' Service Credit Transfer Final Proposal

LEOFF Plan 2 Retirement Board

December 17, 2008

Background Summary

- Previous membership conversions have allowed service credit to be transferred
- Boards previous actions

Key Issues

- Allow Fish & Wildlife Enforcement Officers the opportunity to transfer PERS service credit into LEOFF Plan 2

Proposal Summary

- Select Committee update
- 2008 Board proposal

2008 Board Proposal

- Member pays difference in contribution rate plus interest
- Member has five-year window to pay
- Department of Fish & Wildlife pays an amount sufficient to ensure no increase in contribution rates
- Department of Fish & Wildlife payment due one year after member deadline

Fish & Wildlife Enforcement Officers' Service Credit Transfer

Questions?

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

Fish and Wildlife Service Credit Transfer

Final Proposal

December 17, 2008

1. Issue

Fish & Wildlife Enforcement Officers mandated into LEOFF Plan 2 beginning July 27, 2003 were not allowed to transfer their Public Employees' Retirement System (PERS) service as Fish & Wildlife Enforcement Officers to LEOFF Plan 2 as similar groups have been.

2. Proposal Summary

The Board has previously proposed legislation that would allow Fish & Wildlife Enforcement Officers to transfer eligible PERS Plan 1 or Plan 2 service into LEOFF Plan 2. Members would pay the difference between the LEOFF Plan 2 and PERS member rate and interest. The employer would then pay the difference between LEOFF Plan 2 and the PERS employer rate and interest. The proposal also stated the Department of Fish and Wildlife would be required to pay an amount sufficient to ensure that the contribution level to the LEOFF Plan 2 system would not increase due to the transfer.

3. Staff

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4. Members Impacted

The original fiscal note prepared by the Office of the State Actuary (OSA) in January 2003, estimated there were 72 PERS members (66 in PERS Plan 2 & 6 in PERS Plan 3) actively employed by the Department of Fish and Wildlife who would be eligible to transfer into LEOFF Plan 2. Any former Fish and Wildlife Officers who become re-employed after July 23, 2003, could also be affected when they return.

5. Current Situation

Fish and Wildlife Enforcement Officers who were members of PERS Plan 2 or Plan 3 on or before January 1, 2003, and were employed on or after July 27, 2003 are mandated into LEOFF Plan 2. Service earned prior to July 27, 2003 remains in PERS and the employee

becomes a dual member. Employees who are members of PERS Plan 1 are excluded from LEOFF Plan 2 membership.

6. Background Information and Policy Issues

History

In 2002, the Legislature passed a bill which expanded the definition of general law enforcement officer to include Fish & Wildlife Enforcement Officers. However, the same legislation also excluded the Department of Fish and Wildlife as a LEOFF employer.

In 2003, legislation was passed which added the Department of Fish and Wildlife as a LEOFF employer. Additionally a new section was added to the PERS statutes which mandated PERS Plan 2 or 3 members employed as Fish & Wildlife Enforcement Officers into LEOFF Plan 2, and specifically stated PERS service credit could not be transferred into LEOFF Plan 2. It further required PERS Plan 1 members employed as Fish and Wildlife Enforcement Officers to remain in PERS Plan 1.

In 2006, the Board submitted a bill to the Legislature that would allow enforcement officers to transfer their PERS Plan 2 service credit as enforcement officers from PERS to LEOFF Plan 2. The bill did not pass and it was reintroduced by the Board in 2007. This bill also did not pass. In 2008, the Board endorsed a similar bill introduced by the Select Committee on Pension Policy (SCPP). This bill passed the Senate, but never received a hearing in the House.

Background

Transferring service credit from PERS Plan 2 to LEOFF Plan 2 creates a liability to LEOFF Plan 2 which is greater than the money received from the member paying the difference between the member contribution rates in PERS Plan 2 and LEOFF Plan 2, plus interest, and from the employer who pays the difference between employer contribution rates, plus interest.

The original proposals the Board reviewed dealt with the transfer of service for PERS Plan 2 members only. The difference between the two proposals was how the increased liability of the transfer would be funded. One option was for the Department of Fish and Wildlife to pay an amount sufficient to ensure contribution rates would not increase as a result of the transfer. The second option would have socialized the costs by increasing contribution rates. The option chosen for all three Legislative sessions was to have the Department of Fish and Wildlife pay for the increase.

This year the Board sent a letter to the SCPP asking to work together on this proposal. The SCPP held a public hearing on the subject at their October meeting and reviewed it at their November Executive Session, but took no action at that time.

Policy Issue

The policy issue examined by the Board was if LEOFF Plan 2 Fish and Wildlife Enforcement Officers, who have service credit in PERS Plan 2, should be given the opportunity to transfer that service to LEOFF Plan 2, as prior groups have had the opportunity to do.

A secondary issue involves PERS Plan 3 members. Since the creation of PERS Plan 3 in March of 2002, the Department of Retirement Systems has excluded PERS Plan 3 members from being able to transfer their PERS Plan 3 service credit to LEOFF Plan 2. This includes both bills permitting emergency medical technicians to transfer PERS service credit to LEOFF Plan 2 (SHB 1202 in 2003, and SHB 1936 in 2005).

7. Options

Option 1: Reintroduce the same bill as last year

Under this option the Board would update the current proposed bill and submit it to the 2009 Legislature for their consideration. The Board would need updated cost estimates from the Office of the State Actuary.

Option 2: Introduce a bill similar to last year's bill, but include PERS Plan 3 members

Under this option the Board would update the current proposal to include PERS Plan 3 service credit and submit it to the 2009 Legislature. Some of the issues surrounding this option include how to manage the transfer from a defined contribution account to a defined benefit account. There is also the issue of what to do if a member has more funds in their defined contribution account than are necessary to pay for the transfer.

8. Supporting Information

Appendix A – Bill Comparison Chart

Appendix B – 2008 Bill

Appendix C – Office of the State Actuary Fiscal Note – 2008 Session

APPENDIX A – Bill History of Groups Allowed into LEOFF Plan 2

Year and Bill Number	Description	Member Options	Member Costs by Option	Employer Costs by Option
HB 1205 2003	Requires Fish & Wildlife Enforcement Officers to become members of LEOFF Plan 2 on the effective date of the bill	None	None	None

Year and Bill Number	Description	Member Options	Member Costs by Option	Employer Costs by Option
HB 1936 2005	Allows emergency medical technicians who are members of PERS providing emergency medical services for a city, town, county, or district to apply for membership in LEOFF Plan 2	1. Transfer past PERS EMT service to LEOFF Plan 2	1. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. An amount sufficient to ensure the contribution level of current members of LEOFF Plan 2 will not increase due to the transfer plus an employer rate increase of one basis point
SHB 1202 2003	Allowed emergency medical technicians who were members of PERS providing emergency medical services for a city, town, county, or district whose job was relocated to a fire district to transfer PERS Plan 2 service credit as an EMT into LEOFF Plan 2	1. Transfer past PERS EMT service to LEOFF Plan 2	1. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest	1. None

Year and Bill Number	Description	Member Options	Member Costs by Option	Employer Costs by Option
SHB 2191 1996	Allowed fire fighters at institutions of higher education with fully operational fire departments to apply for membership in LEOFF Plan 2	<ol style="list-style-type: none"> 1. Remain in PERS 2. Join LEOFF Plan 2 retroactively 	<ol style="list-style-type: none"> 1. None 2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest 	<ol style="list-style-type: none"> 1. None 2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest; and an amount sufficient to ensure the contribution rate level of current members of LEOFF Plan 2, would not increase due to the transfer
SHB 1744 1993	Allowed police employed by the state's universities and port districts to apply for membership in LEOFF Plan 2	<ol style="list-style-type: none"> 1. Remain in PERS 2. Join LEOFF Plan 2 retroactively 	<ol style="list-style-type: none"> 1. None 2. Difference in member contribution rates between PERS and LEOFF Plan 2, plus interest 	<ol style="list-style-type: none"> 1. None 2. Difference in employer contribution rates in PERS and the combined employer and state contribution rates in LEOFF Plan 2, plus interest

HOUSE BILL 3023

State of Washington

60th Legislature

2008 Regular Session

By Representatives Crouse, Conway, Fromhold, VanDeWege, Hurst, Simpson, Kretz, and Linville; by request of Select Committee on Pension Policy and LEOFF Plan 2 Retirement Board

Read first time 01/21/08. Referred to Committee on Appropriations.

1 AN ACT Relating to allowing department of fish and wildlife
2 enforcement officers to transfer service credit; and adding a new
3 section to chapter 41.26 RCW.

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

5 NEW SECTION. **Sec. 1.** A new section is added to chapter 41.26 RCW
6 to read as follows:

7 (1) A member of plan 2 who was a member of the public employees'
8 retirement system plan 2 while employed as an enforcement officer for
9 the department of fish and wildlife has the option to make an election
10 no later than June 30, 2013, filed in writing with the department of
11 retirement systems, to transfer service credit previously earned as an
12 enforcement officer in the public employees' retirement system plan 2
13 to the law enforcement officers' and firefighters' retirement system
14 plan 2. Service credit that a member elects to transfer from the
15 public employees' retirement system to the law enforcement officers'
16 and firefighters' retirement system under this section shall be
17 transferred no earlier than June 30, 2013, and only after the member
18 completes payment as provided in subsection (2) of this section.

1 (2)(a) A member who elects to transfer service credit under
2 subsection (1) of this section shall make the payments required by this
3 subsection prior to having service credit earned as an enforcement
4 officer with the department of fish and wildlife under the public
5 employees' retirement system plan 2 transferred to the law enforcement
6 officers' and firefighters' retirement system plan 2.

7 (b) A member who elects to transfer service credit under this
8 subsection shall pay, for the applicable period of service, the
9 difference between the contributions the employee paid to the public
10 employees' retirement system plan 2 and the contributions that would
11 have been paid by the employee had the employee been a member of the
12 law enforcement officers' and firefighters' retirement system plan 2,
13 plus interest on this difference as determined by the director. This
14 payment must be made no later than June 30, 2013, and must be made
15 prior to retirement.

16 (c) No later than June 30, 2014, the department of fish and
17 wildlife shall pay an amount sufficient to ensure that the contribution
18 level to the law enforcement officers' and firefighters' retirement
19 system will not increase due to this transfer. Payments made prior to
20 June 30, 2014, are authorized as determined by the department and
21 coordinated with the state actuary.

22 (d) Upon completion of the payment required in (b) of this
23 subsection, the department shall transfer from the public employees'
24 retirement system to the law enforcement officers' and firefighters'
25 retirement system plan 2: (i) All of the employee's applicable
26 accumulated contributions plus interest and all of the applicable
27 employer contributions plus interest; and (ii) all applicable months of
28 service, as defined in RCW 41.26.030(14)(b), credited to the employee
29 under this chapter for service as an enforcement officer with the
30 department of fish and wildlife as though that service was rendered as
31 a member of the law enforcement officers' and firefighters' retirement
32 system plan 2.

33 (e) If a member who elected to transfer pursuant to this section
34 dies or retires for disability prior to five years from their election
35 date, the member's benefit is calculated as follows:

36 (i) All of the applicable service credit, accumulated
37 contributions, and interest is transferred to the law enforcement

1 officers' and firefighters' retirement system plan 2 and used in the
2 calculation of a benefit.

3 (ii) If a member's obligation under (b) of this subsection has not
4 been paid in full at the time of death or disability retirement, the
5 member, or in the case of death the surviving spouse or eligible minor
6 children, have the following options:

7 (A) Pay the bill in full;

8 (B) If a continuing monthly benefit is chosen, have the benefit
9 actuarially reduced to reflect the amount of the unpaid obligation
10 under (b) of this subsection; or

11 (C) Continue to make payment against the obligation under (b) of
12 this subsection, provided that payment in full is made no later than
13 five years from the member's original election date.

14 (f) Upon transfer of service credit, contributions, and interest
15 under this subsection, the employee is permanently excluded from
16 membership in the public employees' retirement system for all service
17 related to time served as an enforcement officer with the department of
18 fish and wildlife under the public employees' retirement system plan 2.

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