



Review of Benefit Improvement Studies

December 17, 2014

Multiplier

Current Benefit

- 2% multiplier (2% x YOS x Final Average Salary)

Increasing the Multiplier

- 2.50% for all service
 - 8.80% total rate impact
 - Total 2007-2009 cost = \$222 million
 - Total 25 year cost = \$4 billion
- 2.50% for Service Earned After September 2003
 - 4.49% total rate impact
 - Total 2007-2009 cost = \$126.6 million
 - Total 25 year cost = \$3.1 billion

Final Average Salary

Current Benefit

- Average of 60 consecutive highest paid service credit months

Reducing the Final Average Salary Period

- Average of 24 consecutive highest paid service credit months; Applied to all years of service
 - 5.96% total rate impact
 - Total 2009-2011 cost = \$170 million
 - Total 25 year cost = \$3.2 billion

Retirement Age

Current Benefit

- Normal Retirement Age (NRA): Eligible to retire at age 53 with 5 years (unreduced)
- Early Retirement: Eligible to retire at age 50 with 20 years (3% per year reduction below age 53)

Retiring Before Age 53

- Eligible to retire at age 50 with 20 years – all service unreduced
 - 0.82% total rate impact
 - Total 2007-2009 cost = \$20.4 million
 - Total 25 year cost = \$345 million

Survivor Benefits

Current Benefit

- Joint and 100% - survivor receives for their lifetime the same benefit member received

Removing Survivor Benefit Reduction

- No cost Joint and 100% survivor benefit for all retirees (retroactive)
 - 6.54% total rate impact
 - Total 2007-2009 cost = \$162 million
 - Total 25 year cost = \$2.7 billion

Retiree Healthcare

Current Benefit

- LEOFF Plan 2 does not provide service retiree with any health care benefits. Many members are not eligible to continue employer medical coverage after retirement.

Provide Retiree Access to PEBB

- Total 2007-2009 cost = \$9.9 million
- Total 2009-2011 cost = \$21.9 million
- Total 2011-2013 cost = \$37.4 million

Questions?

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**LEOFF Plan 2 Retirement Board
2005 Interim Summary - Frequently Requested Items**

Issue	Summary of Proposal/Options	Total Rate Impact ¹
Multiplier	1. Increase multiplier to 2.25% for all service.	4.40%
	2. Increase multiplier to 2.50% for all service.	8.80%
	3. Increase multiplier to 2.75% for all service.	13.20%
	4. Increase multiplier to 3.00% for all service.	17.58%
	5. Increase multiplier to 2.25% for all service earned after September 2003.	2.25%
	6. Increase multiplier to 2.50% for all service earned after September 2003.	4.49%
	7. Increase multiplier to 2.75% for all service earned after September 2003.	6.73%
	8. Increase multiplier to 3.00% for all service earned after September 2003.	8.96%
	9. Multiplier determined by number of years in career – all service: <ul style="list-style-type: none"> • 2.00% multiplier if less than 20 years • 2.50% multiplier if 20 to 24 years • 2.75% multiplier if 25 to 29 years • 3.00% multiplier if 30 or more years 	12.46%
	10. Apply different multipliers to tiers/years of service – all service: <ul style="list-style-type: none"> • 2.00% multiplier applied to years 1-9 • 2.25% multiplier applied to years 10-14 • 2.5% multiplier applied to years 15-19 • 2.75% multiplier applied to years 20 – 24 • 3.00% multiplier applied to years 25 and over 	6.34%
	11. Apply different multipliers to tiers/years of service – for all service earned after effective date: <ul style="list-style-type: none"> • 2.00% multiplier applied to years 1-9 • 2.25% multiplier applied to years 10-14 • 2.50% multiplier applied to years 15-19 • 2.75% multiplier applied to years 20 – 24 • 3.00% multiplier applied to years 25 and over 	5.14%
Final Average Salary	1. Change Final Average Salary period from 5 years to 2 year - all service	2.64%
	2. Change Final Average Salary period from 5 years to 3 year - all service	1.74%
	3. Change Final Average Salary period from 5 years to 2 year – for all service earned after effective date	1.28%
	4. Change Final Average Salary period from 5 years to 3 year – for all service earned after effective date	0.84%
Retirement Age	1. Normal retirement at Age 50 with 20 years – all service unreduced	0.82%
	2. Normal retirement at Age 50 with 5 years – all service unreduced	1.10%
	3. Normal retirement with 25 years of service – all service unreduced	1.20%
	4. Normal retirement with 20 years of service – all service unreduced	2.80%
	5. Normal retirement at Age 50 with 20 years – all service after effective date unreduced	0.36%
	6. Normal retirement at Age 50 with 5 years – all service after effective date unreduced	0.60%
	7. Normal retirement with 25 years of service – all service after effective date unreduced	0.44%
	8. Normal retirement with 20 years of service – all service after effective date unreduced	1.26%

¹ Total Rate Impact is the combined rate required to be paid by members (50%), employers (30%), and the State (20%).

Issue	Summary of Proposal/Options	Total Rate Impact
Survivor Benefits	1. No cost joint and 100% survivor benefit for all retirees (retro)	6.54%
	2. No cost joint and 100% survivor benefit for retirees after effective date (prospective)	4.36%
	3. No cost joint and 50% survivor benefit for all retirees (retro)	3.28%
	4. No cost joint and 50% survivor benefit for retirees after effective date (prospective)	2.76%
	5. No cost joint and 66.67% survivor benefit for all retirees (retro)	1.84%
	6. No cost joint and 66.67% survivor benefit for retirees after effective date (prospective)	1.38%
Retiree Health Care	1. Active members would pay for retiree health care	3.00% – 16.00%