



December 18, 2019

Interruptive Military Service Credit

FINAL PROPOSAL

By Jacob White

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ISSUE STATEMENT

For purposes of receiving no-cost interruptive military service credit, the legislature has attempted to distinguish between service in combat zones and other types of service, however, the state law has continually resulted in inequities as not all service in combat zones qualifies for no-cost interruptive military service credit.

OVERVIEW

LEOFF Plan 2 members may establish service credit for military service interrupting their LEOFF service. Member contributions are waived for LEOFF 2 members whose interruptive military service was: 1) during a period of war; or 2) during a specified conflict for which they earned a campaign badge or medal.

This report will provide information on interruptive military service credit; Department of Defense (DoD) regulations for awarding military service medals; and, policy considerations for making changes to the current law.

BACKGROUND AND POLICY ISSUES

General Background

Interruptive military service credit applies to all Washington state retirement systems, including LEOFF 2. A member qualifies for this benefit when a leave of absence is taken from a DRS covered position to serve in the United States military and the member returns to employment with their employer within 90 days of being honorably discharged. When this occurs, membership in the retirement system is considered to be interrupted.

There are two types of pension benefits for interruptive military service: fully subsidized ("no-cost interruptive military service credit") and partially subsidized.

No-cost interruptive military service credit is awarded if the service took place during a period of war, or certain armed conflicts in which an approved campaign medal or badge was obtained. A member can qualify for up to five years of no-cost interruptive military service credit. The employer and state pay their contributions plus interest and the system subsidizes the member contributions and interest.

Partially subsidized interruptive military service credit is awarded if the service did not take place during a period of war, or an armed conflict in which an approved campaign medal was obtained.¹ A member can qualify for up to five years of partially subsidized military service credit. The member must pay the member contribution cost; however, the interest on the member contributions is subsidized by the plan. The member has five years from when they return to work to pay their contributions or they must pay those contributions prior to retirement, whichever occurs first. After the member has paid their contributions, the employer and state are billed the employer contributions plus interest.

A member may receive a total of 10 years of interruptive military service credit (up to 5 years no-cost interruptive military service credit and up to 5 years of partially subsidized). The member must fully pay the required contributions within 5 years of reemployment.

Qualifying for No-Cost Interruptive Military Service Credit

To qualify for no-cost interruptive military service credit the member must meet the definition of “veteran” under RCW 41.04.005. The statute limits veterans to persons serving during a “period of war” defined as:

- World War I, World War II, the Korean conflict, the Vietnam era, the Persian Gulf War, and any future period of war declared by Congress.
- Specified military operations where the member earned a campaign badge or medal.

The DoD awards a campaign badge or medal to service members who served during a specified conflict and were stationed in a designated war zone.²

Campaign medals, as defined by the DoD manual 1348.33 Volume 2, are medals which:

“recognize service members who are deployed to the geographic area where the combat is actually occurring. Members awarded campaign medals have the highest degree of personal risk and hardship as they are conducting the combat operations and are deployed to the area where the combat is actually occurring.”

Members who served during a specified operation but were not stationed in a war zone did not earn a campaign badge or medal. Because they do not meet the definition of “veteran”, those members are not eligible for no-cost interruptive military service credit; however, they are eligible for partially subsidized interruptive military service credit.

¹ Responsibility for payment varies by the dates of service. If the military service was completed: Between October 1, 1977, and March 31, 1992, the member pays both the employer and member contributions plus interest; After March 31, 1992, and before October 6, 1994, the member pays the member contributions plus interest and the employer and state pay their contributions plus interest; After October 6, 1994, a member pays the member contributions (no interest) and the employer and state pays their contribution plus interest.

² Defined conflicts include: the crisis in Lebanon, the invasion of Grenada, Operation Just Cause in Panama, Operation Restore Hope in Somalia, Operation Uphold Democracy in Haiti, Operation Joint Endeavor in Bosnia, Operation Noble Eagle, Operation Enduring Freedom in Southern or Central Asia, Operation Iraqi Freedom; Iraq and Syria, Operation Inherent Resolve; and Afghanistan, Operation Freedom’s Sentinel.

Legislative History

No-cost interruptive military service credit was created in 2009, with the passage of HB 1548. The legislative history of HB 1548 does not explicitly state the policy goals of the legislature in creating a no-cost interruptive military service credit benefit or the reasons for placing the lines of demarcation between partially subsidized and no-cost at receiving a campaign badge. However, HB 1548 was endorsed by the Select Committee on Pension Policy and the LEOFF 2 Board.

In 2009, the LEOFF 2 Board report³ on this proposed benefit stated:

Arguments for eliminating the cost to the member include encouraging military service, supporting the ability to recruit military personnel into state/local government service, benefits (direct and indirect) to the State from military service rendered by public employees, recognition and support for plan members serving the public at large in a high risk situation, and supplementing federal benefits which may be viewed as inadequate.

Some of the policy pros and cons of providing special or increased benefits to members based on military service, identified in presentations to the LEOFF 2 Board and the SCPP in 2008 and 2009, included:

No Additional Benefits	Additional Benefits
Members serve voluntarily; no draft requires them to leave employment	Encourage military service; help avoid need for a draft
Members already receive adequate federal compensation and benefits for military service	Support ability to recruit more military personnel into state service and more state personnel into military service
Other members and employers would not have to absorb extra costs for these members	Support view that all WA citizens benefit, directly or indirectly, from military service rendered by public employees
More favorable service credit treatment is already given to these members (partially subsidized service credit)	Recognize that members who serve in conflicts are at higher risk for injury or death; pension plans typically offer extra support for high risk occupations that serve the public at large
Military service is unrelated to the service rewarded by state pension plans	Supplement federal benefits, which may not be viewed as adequate

During the 2017 legislative session SB 5661 was signed into law requiring the LEOFF 2 Board to study interruptive military service credit where the member was not awarded a campaign badge or medal. The LEOFF 2 Board completed that study during the 2017 interim and submitted the report to the legislature on January 1, 2018.

³ http://leoff.wa.gov/wp-content/uploads/2015/06/121708.6_Interruptive-Military-Service-Credit.pdf

As a result of that study the LEOFF 2 Board endorsed legislation (HB 2701) in 2018. This legislation added a provision that ensured members are eligible for free interruptive military service credit for multiple deployments to the same conflict; added an end date in statute for the end of the Gulf War; and made two additional combat operations (Inherent Resolve, Iraq and Syria; and Freedom's Sentinel, Afghanistan) eligible for no-cost interruptive military service credit. This legislation passed the legislature and became effective June 7, 2018.

The statute which defines veteran, for purposes of not only receiving interruptive military service credit but also other non-pension benefits, has been amended eleven times since its creation in 1969. The majority of these amendments have been to update the list of periods of war and armed conflicts.

Department of Defense

Campaign, Expeditionary, and Service (CE&S) medals recognize service members for participation in military campaigns, expeditions, or other significant military operations, and for otherwise meritorious military service. Eligibility criteria for CE&S medals are based on a service member's:

- Degree of personal risk (e.g., proximity to the enemy, service in a combat zone, imminent threat of hostilities);
- Degree of personal hardship;
- Participation in designated military operations; and,
- Extent of military service during specified time periods, duration, or types of duty.⁴

There are four categories of CE&S medals:⁵

- **Campaign Medals** - Campaign medals recognize deployed participation in large-scale or long-duration combat operations. Campaign medals are associated with the highest level of personal risk and hardship. They are awarded to Service members who are deployed to the geographic areas where the combat is actually occurring. Service members deployed to areas where combat is occurring as a result of prolonged or large-scale military combat operations should be recognized with a separate and distinct campaign medal.
- **Expeditionary Medals** - Expeditionary medals recognize deployed participation in small scale and/or short-duration combat operations or military operations where there is an imminent threat of hostilities. Expeditionary medals are also awarded to members deployed in support of combat operations, but who are not in the geographic area

⁴ DOD MANUAL 1348.33, VOLUME 2,
https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodm/1348.33_Vol2.pdf?ver=2018-03-29-102726-900

⁵ DOD MANUAL 1348.33, VOLUME 2,
https://www.esd.whs.mil/Portals/54/Documents/DD/issuances/dodm/1348.33_Vol2.pdf?ver=2018-03-29-102726-900

where the actual combat is occurring. Expeditionary medals are associated with high levels of personal risk and hardship.

- **Deployed Service Medals** - Deployed service medals recognize deployment or assignment to a designated Area of Eligibility (AOE) to participate in, or directly support, a designated military operation where there is no foreign armed opposition or imminent threat of hostile action.
- **Individual Service Medals** - Individual service medals recognize individual merit, direct participation in a DoD approved military activity, undertaking, event or operation, or service during a specified period. Some individual service medals, such as the Prisoner of War (POW) medal, may recognize service involving significant personal risk and hardship, while others only recognize being in active military service during a particular period of time.

Below is a table from the DoD Manual 1348.33, Volume 2, of current and recent CE&S medals:

Table 1: Categories of CE&S Medals

Title of Decoration ¹	Sub-category of CE&S Medals
Southwest Asia Service Medal ²	Campaign Medal
Kosovo Campaign Medal	Campaign Medal
Afghanistan Campaign Medal	Campaign Medal
Iraq Campaign Medal	Campaign Medal
Inherent Resolve Campaign Medal	Campaign Medal
Armed Forces Expeditionary Medal	Expeditionary Medal
Global War on Terrorism Expeditionary Medal	Expeditionary Medal
Antarctic Service Medal	Deployed Service Medal
Armed Forces Service Medal	Deployed Service Medal
Korea Defense Service Medal	Deployed Service Medal
National Defense Service Medal	Individual Service Medal
Armed Forces Reserve Medal	Individual Service Medal
Humanitarian Service Medal	Individual Service Medal
Prisoner of War Medal	Individual Service Medal
Military Outstanding Volunteer Service Medal	Individual Service Medal
Global War on Terrorism Service Medal	Individual Service Medal
<p>Note 1: This list is not all-inclusive. Military Departments also have CE&S medals (e.g., Navy Expeditionary Medal; Air Force Good Conduct Medal; Army Good Conduct Medal). Refer to each Military Department’s specific award guidance for additional information.</p> <p>Note 2: Before DoD established comprehensive CE&S medal policy, the naming conventions for DoD CE&S medals were inconsistent. This resulted in several medals with names that do not match the CE&S medal category to which they are assigned.</p>	

Since the LEOFF 2 Board endorsed legislation passed in 2018, additional military campaigns, and underlying operations in support of those campaigns, have been identified as qualifying for a campaign medal. For example, the Air Force recently created a new campaign medal called the “Remote Combat Effects Campaign Medal.” This medal is “to recognize drone operators and

other airmen who directly supported a combat operation from a remote location.”⁶ To be eligible for this new medal, an airman’s contributions must have occurred on or after Sept. 11, 2001, while assigned or attached to a unit directly in support of a Pentagon combat operation.⁷ The qualifying combat operations are: Enduring Freedom, Iraqi Freedom, New Dawn, Nomad Shadow, Freedom’s Sentinel, Inherent Resolve, Odyssey Lightning and Pacific Eagle – Philippines.⁸ Not all of these qualifying combat operations are identified under the current definition of “period of war”. Therefore, the law would need to be amended to recognize service in the following combat operations: Odyssey Lightning and Pacific Eagle – Philippines; New Dawn; and, Nomad Shadow.

Furthermore, the Kosovo Campaign Medal identified in the table above is not currently identified in the state statute as qualifying for no-cost interruptive military service credit. The Kosovo Campaign Medal was established in 2000, by executive order 13154 by President Clinton.⁹ The end date of the Kosovo Campaign Medal was 2013 and at that time it shifted to an Expeditionary Medal.¹⁰ There are 10 underlying campaigns that qualify for the Kosovo Campaign Medal. The Kosovo Campaign Medal may be awarded to United States military personnel for participating in the operations and campaigns listed below:

- Allied Force - March 24, 1999 through June 10, 1999;
- Joint Guardian - June 11, 1999 to December 31, 2013;
- Allied Harbour - April 4, 1999 through September 1, 1999;
- Sustain Hope, Shining Hope - April 4, 1999 through July 10, 1999;
- Noble Anvil - March 24, 1999 through July 20, 1999;
- Hawk - April 5, 1999 through June 24, 1999;
- Saber - March 31, 1999 through July 8, 1999 ;
- Falcon - June 11, 1999 through November 1, 1999; and,
- Hunter - April 1, 1999 through November 1, 1999.¹¹

Additionally, the DoD has recognized that service in an operation could qualify for either a campaign medal or some other medal depending on the degree of personal risk involved in the service. For example, Service in Operation New Dawn can qualify for either an Expeditionary Medal or an Iraq Campaign Medal.^{12 13}

⁶ <https://www.governing.com/news/headlines/Air-Force-Creates-New-Medal-to-Decorate-Drone-Pilots.html>

⁷ <https://www.governing.com/news/headlines/Air-Force-Creates-New-Medal-to-Decorate-Drone-Pilots.html>

⁸ <https://www.governing.com/news/headlines/Air-Force-Creates-New-Medal-to-Decorate-Drone-Pilots.html>

⁹ <https://www.hsdl.org/?abstract&did=462829>

¹⁰ <https://www.jba.af.mil/News/Article-Display/Article/772954/kuosovo-campaign-medal-shifts-to-armed-forces-expeditionary-medal/>

¹¹ https://web.archive.org/web/20110722181345/http://www.apd.army.mil/pdf/r600_8_22.pdf

¹² <https://prhome.defense.gov/Portals/52/Documents/RFM/MPP/OEPM/Docs/ICM%20-%20Approved%20Campaign%20Phases%20-%20Apr%202012.pdf>

¹³ <https://fas.org/sgp/crs/natsec/RS21405.pdf>

Furthermore, in some instances the DoD has encouraged veterans of past campaigns to apply for an upgrade to campaign medal if they believe that their personal service had the highest degree of personal risk and hardship as they were conducting combat operations and were deployed in the area where the combat was actually occurring.¹⁴

LEOFF 2 Interruptive Military Service Credit Data

Since 2009, 534 LEOFF 2 members have received no-cost interruptive military service credit. Those members have received an average of 9.75 months of service credit.

During that same time period, 24 LEOFF 2 members have purchased partially subsidized interruptive military service credit. Those members purchased an average of 8.85 months of service credit. 40 LEOFF 2 members requested a bill from DRS to purchase partially subsidized interruptive military service credit, but elected not to purchase the service credit. Those members would have received an average of 11.68 months of service credit.

Cost of Expanding to Expeditionary Medals

OSA analyzed the potential impact to LEOFF 2 of expanding no-cost interruptive military service credit to include all past and future military conflicts if the member earns a campaign or expeditionary medal. At the request of LEOFF 2 Board staff, OSA broke down the potential costs of this proposal into three different components.

The first component was the estimated cost of reimbursing LEOFF 2 members who paid for partially subsidized interruptive military service credit that would qualify as no-cost interruptive military service credit under this proposed expansion. OSA did not have data that showed whether the members who purchased partially subsidized interruptive military service credit, had received an expeditionary medal. Therefore, for purposes of estimating the potential costs, OSA assumed that all of these members would now qualify for no-cost interruptive military service credit, resulting in a contribution rate impact as outlined in the table below:

Impact on Contribution Rates	
System/Plan	LEOFF 2
Current Members	
Employee	0.0005%
Employer	0.0003%
State	0.0002%

This component alone does not result in a supplemental contribution rate increase in the first biennium. However, OSA has quantified the expected budget impact over the next 25 years as outlined in the table below:

¹⁴ <https://dod.defense.gov/News/Article/Article/708382/carter-announces-operation-inherent-resolve-campaign-medal/>

Budget Impacts	
<i>(Dollars in Millions)</i>	25-Year
Total Employee	\$0.2
General Fund- State	0.1
Local Government	0.1
Total Employer	\$0.2

The second component was the estimated cost impact of providing no-cost interruptive military service credit prospectively. OSA estimates the present value of future benefits (i.e. the liabilities) would increase by approximately \$1.0 million. The accrued liability would also increase by \$0.7 million, which would reduce the Funded Status by less than 0.1%. Below is a table of the estimated impact to contribution rates:

Impact on Contribution Rates	
System/Plan	LEOFF 2
Current Members	
Employee	0.0023%
Employer	0.0014%
State	0.0009%
Future Entrants*	
Employee	0.0008%
Employer	0.0005%
State	0.0003%

**Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.*

This component alone does not result in a supplemental contribution rate in the first biennium. However, OSA has quantified the expected budget impact over the next 25 years as outlined in the table below:

Budget Impacts	
<i>(Dollars in Millions)</i>	25-Year
Total Employee	\$1.3
General Fund- State	0.5
Local Government	0.8
Total Employer	\$1.3

The actual amount of no-cost interruptive military service credit granted in the future is heavily dependent on the levels of troop engagement in unknown conflicts down the road, and potential medals created for these conflicts. As a result, the cost of this proposal could be significantly higher (or lower) than assumed. For context, OSA anticipated the annual amount of no-cost interruptive military service credit would have to at least double the assumption they used in order to impact rounded contribution rates in LEOFF Plan 2.

The third component was the estimated cost of providing no-cost interruptive military service credit on a retroactive basis to members who did not pay for partially subsidized interruptive military service credit. There was not a data source that OSA could rely on to quantify how many members might meet the criteria under this component. Therefore, OSA found the cost of this component to be indeterminate. However, OSA anticipates these retroactive costs could be fairly limited. Compared to the second component of this proposal, OSA expects the cost of this retroactive benefit will be smaller overall.

POLICY OPTIONS

Option 1 – Move and simplify definition. To avoid the continual need for updates to the statute, move definition of “veteran” to LEOFF 2 statutes and rewrite to include all past and future armed conflicts where Campaign Badges are awarded.

Option 2 – Expand to include Expeditionary Medals. Move definition of “veteran” to pension statutes and rewrite to include all past and future armed conflicts where Campaign Badges and Expeditionary Medals are awarded.

- a) Should members who purchased partially subsidized interruptive military service credit, who would now qualify because they received an Expeditionary Medal, be refunded the money they paid?
- b) Should the change in law apply to retirees, so that retirees who qualify under the new definition would have their pension benefit adjusted to include new service credit after the effective date of the bill?

Option 3 – Update existing statute. Update existing list of armed conflicts to include any additional campaign medals not currently included in law.

SUPPORTING INFORMATION

Appendix A: Office of the State Actuary Memo re: Interruptive Military Service, December 6, 2019.

Appendix B: Bill Draft Option 2



Office of the State Actuary

“Supporting financial security for generations.”

December 6, 2019

Mr. Jacob White
Senior Research and Policy Manager
LEOFF Plan 2 Retirement Board
P.O. Box 40918
Olympia, Washington 98504-0918

SUBJECT: Interruptive Military Service

Dear Jacob:

As requested, we analyzed the potential impact to the Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 of modifying the pension benefits related to interruptive military service. At a high-level, it's our understanding that this benefit improvement redefines current law to include all past and future military conflicts defined by the United States Department of Defense such that members receive no-cost retirement service credit if they earn a campaign or expeditionary medal.

Also at your direction, we separately identified the estimated costs associated with the three numbered components of this proposal as outlined below. Please note that (a) this actuarial analysis is based on our understanding of the proposal discussed with you in person and via email, and (b) our office has not received or reviewed any draft bill language. Upon receipt of the final bill language and after we clarify the Department of Retirement Systems' (DRS) administrative interpretation, we anticipate the results of our actuarial fiscal note will likely vary from the analysis presented in this letter.

As a result, this analysis is intended to be used by the LEOFF 2 Board during the 2019 Interim only. If you have interest in pursuing a form of this proposal next legislative session, we will prepare a formal actuarial fiscal note including sensitivity and risk analysis based upon that bill language. The results shared in that communication may vary from those presented in this estimate.

One contextual item I wanted to share up front is that we don't currently have a demographic assumption related to interruptive military service credit as it exists under current law. From our preliminary *2013-18 Demographic Experience Study Report* (DEXTER), "we assume most of the free interruptive service that is granted for the named conflicts is already reflected in our census data." In essence, this means we don't have a prospective expectation that service will be granted for ongoing military conflicts, nor do we anticipate any retroactive service will be applied.



Actuarial Results

1) Reimburse Past Member Contributions Related To Military Service Credit

We relied on data from DRS which as of June 2019 indicated LEOFF 2 members have paid approximately \$0.23 million in past payments to receive partially subsidized military service credit. Because we cannot distinguish which of these members has the required medal under the proposal, we've provided the impact of reimbursing all members who paid for the partially subsidized credit. The actual costs may be less if some members are determined to not be eligible under this proposal.

In reimbursing these contributions, this component of the proposal would reduce plan assets and correspondingly increase the normal cost rate under the aggregate funding method as follows.

Impact on Contribution Rates	
System/Plan	LEOFF 2
Current Members	
Employee	0.0005%
Employer	0.0003%
State	0.0002%

In isolation, this does not result in a supplemental contribution rate in the first biennium. However, we have quantified the expected budget impact over the next 25 years as outlined in the table below.

Budget Impacts	
(Dollars in Millions)	25-Year
Total Employee	\$0.2
General Fund-State	0.1
Local Government	0.1
Total Employer	\$0.2

2) Provide No-Cost Military Service Credit On A Prospective Basis To Eligible Members

To estimate the impact of this benefit, we reviewed recent historical data from DRS on interruptive military service credit granted as both no-cost and partially subsidized. In total over the last eight years (2011-18), we're observing on average 0.8 years of service per member who received credit (recall that the total amount of military service credit that can be granted is limited to five years). For illustration purposes only, we assumed roughly this level of service credit would continue into the future.

We used this data to establish a load that we applied to the active employee annuity-based benefits in our valuation model. The load was estimated by taking (1) the portion of the population that applied for interruptive military service credit each year, times the ratio of



(2) average years of service granted per year per impacted member, divided by (3) average total years of service for current retirees.

1. 0.2 percent of actives impacted per year (= a / b).
 - a. 36 people on average applied for interruptive military service credit.
 - b. 17,100 active members on average during 8 year period.
2. 0.8 years of service granted per year per impacted member on average.
3. 23 years of service for current retirees on average.

On a yearly basis, the historical load ranged from 0.004 percent to 0.011 percent for LEOFF 2. We also reviewed data provided by the State’s Human Resource Management System (HRMS) which showed slightly higher loads for the Public Employees’ Retirement System Plan 2 when compared to the DRS data; on average 0.0020 percent for HRMS vs. 0.0018 percent for DRS over the same time period. This suggests a slightly higher assumption than what we’re observing in the DRS data for LEOFF 2 may be reasonable. However, we decided we could not completely rely on the HRMS data because it appears the reported hours/days could include any form of military service leave (including national guard duty, etc.), some of which may not qualify for retirement service credit.

Given the level of uncertainty in future no-cost military service credit for eligible LEOFF 2 members, we selected a load assumption of 0.010 percent for purposes of this illustration. The assumption we chose for this estimate may not match the best estimate assumption we ultimately use as part of an actuarial fiscal note next legislative session.

After running our valuation model, we estimate that the present value of future benefits (i.e., the liabilities) would increase by approximately \$1.0 million. The accrued liability would also increase by \$0.7 million, which would reduce the funded status by less than 0.1 percent.

In providing this no-cost military service credit prospectively, this component of the proposal would increase plan liabilities and correspondingly increase the normal cost rate under the aggregate and entry age funding methods as follows.

Impact on Contribution Rates	
System/Plan	LEOFF 2
Current Members	
Employee	0.0023%
Employer	0.0014%
State	0.0009%
Future Entrants*	
Employee	0.0008%
Employer	0.0005%
State	0.0003%

**Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.*



By itself, this does not result in a supplemental contribution rate in the first biennium. However, we have quantified the expected budget impact over the next 25 years as outlined in the table below.

Budget Impacts	
(Dollars in Millions)	25-Year
Total Employee	\$1.3
General Fund-State	0.5
Local Government	0.8
Total Employer	\$1.3

The actual amount of no-cost interruptive military service credit granted in the future is heavily dependent on the levels of troop engagement in unknown conflicts down the road, and potential medals created for these conflicts. As a result, the cost of this proposal could be significantly higher (or lower) than assumed. For context, we anticipate the annual amount of no-cost military service credit would have to at least double the assumption we used in order to impact rounded contribution rates in LEOFF 2.

3) Provide No Cost Military Service Credit On A Retroactive Basis

We anticipate the actual costs for this component of the proposal will emerge from members who performed military service in the past, but chose not to pay for the partially subsidized service credit. Unfortunately, we're not aware of a data source that can reliably quantify how many people might be in this position.

As a result, the cost associated with this aspect of the proposal is indeterminate. That said, considering our comments related to the preliminary DEXTER as noted above, we anticipate these retroactive costs could be fairly limited. Compared to the prospective component of this pricing, we expect the cost of this retroactive benefit will be smaller overall.

Disclosures

We believe the data supplied by DRS is appropriate for the purposes of this pricing; while we did not audit the data, we found it to be reasonable. We assumed an effective date of July 1, 2020, for this proposal when preparing this analysis.

Unless otherwise noted above, we used the same data, assets, assumptions, and methods as disclosed in our [June 30, 2018, Actuarial Valuation Report](#). We performed this analysis consistent with the Actuarial Standards of Practice. The undersigned meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein.



Please let us know if we can be of any further assistance.

Best Regards,

Michael Harbour

Michael T. Harbour, ASA, MAAA
Actuary

cc: Steve Nelson, Executive Director
LEOFF Plan 2 Retirement Board
Lisa Won, ASA, FCA, MAAA
Deputy State Actuary
Kaitlyn Donahoe, MPA
Associate Policy Analyst
Mitch DeCamp,
Senior Actuarial Analyst

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APPENDIX B

RCW 41.26.030 and 2018 c 230 § 1 are each amended to read as

follows:

As used in this chapter, unless a different meaning is plainly required by the context:

(1) "Accumulated contributions" means the employee's contributions made by a member, including any amount paid under RCW [41.50.165](#)(2), plus accrued interest credited thereon.

(2) "Actuarial reserve" means a method of financing a pension or retirement plan wherein reserves are accumulated as the liabilities for benefit payments are incurred in order that sufficient funds will be available on the date of retirement of each member to pay the member's future benefits during the period of retirement.

(3) "Actuarial valuation" means a mathematical determination of the financial condition of a retirement plan. It includes the computation of the present monetary value of benefits payable to present members, and the present monetary value of future employer and employee contributions, giving effect to mortality among active and retired members and also to the rates of disability, retirement, withdrawal from service, salary and interest earned on investments.

(4)(a) "Basic salary" for plan 1 members, means the basic monthly rate of salary or wages, including longevity pay but not including overtime earnings or special salary or wages, upon which pension or retirement benefits will be computed and upon which employer contributions and salary deductions will be based.

(b) "Basic salary" for plan 2 members, means salaries or wages earned by a member during a payroll period for personal services, including overtime payments, and shall include wages and salaries deferred under provisions established pursuant to sections 403(b), 414(h), and 457 of the United States Internal Revenue Code, but shall exclude lump sum payments for deferred annual sick leave, unused accumulated vacation, unused accumulated annual leave, or any form of severance pay. In any year in which a member serves in the legislature the member shall have the option of having such member's basic salary be the greater of:

(i) The basic salary the member would have received had such member not served in the legislature; or

(ii) Such member's actual basic salary received for nonlegislative public employment and legislative service combined. Any additional contributions to the retirement system required because basic salary under (b)(i) of this subsection is greater than basic salary under (b)(ii) of this subsection shall be paid by the member for both member and employer contributions.

(5)(a) "Beneficiary" for plan 1 members, means any person in receipt of a retirement allowance, disability allowance, death benefit, or any other benefit described herein.

(b) "Beneficiary" for plan 2 members, means any person in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by another person.

(6)(a) "Child" or "children" means an unmarried person who is under the age of eighteen or mentally or physically disabled as determined by the department, except a person who is disabled and in the full time care of a state institution, who is:

(i) A natural born child;

(ii) A stepchild where that relationship was in existence prior to the date benefits are payable under this chapter;

(iii) A posthumous child;

(iv) A child legally adopted or made a legal ward of a member prior to the date benefits are payable under this chapter; or

(v) An illegitimate child legitimized prior to the date any benefits are payable under this chapter.

(b) A person shall also be deemed to be a child up to and including the age of twenty years and eleven months while attending any high school, college, or vocational or other educational institution accredited, licensed, or approved by the state, in which it is located, including the summer vacation months and all other normal and regular vacation periods at the particular educational institution after which the child returns to school.

(7) "Department" means the department of retirement systems created in chapter [41.50](#) RCW.

(8) "Director" means the director of the department.

(9) "Disability board" for plan 1 members means either the county disability board or the city disability board established in RCW [41.26.110](#).

(10) "Disability leave" means the period of six months or any portion thereof during which a member is on leave at an allowance equal to the member's full salary prior to the commencement of disability retirement. The definition contained in this subsection shall apply only to plan 1 members.

(11) "Disability retirement" for plan 1 members, means the period following termination of a member's disability leave, during which the member is in receipt of a disability retirement allowance.

(12) "Domestic partners" means two adults who have registered as domestic partners under RCW [26.60.020](#).

(13) "Employee" means any law enforcement officer or firefighter as defined in subsections (17) and (19) of this section.

(14)(a) "Employer" for plan 1 members, means the legislative authority of any city, town, county, or district or the elected officials of any municipal corporation that employs any law enforcement officer and/or firefighter, any authorized association of such municipalities, and, except for the purposes of RCW [41.26.150](#), any labor guild, association, or organization, which represents the firefighters or law enforcement officers of at least seven cities of over 20,000 population and the membership of each local lodge or division of which is composed of at least sixty percent law enforcement officers or firefighters as defined in this chapter.

(b) "Employer" for plan 2 members, means the following entities to the extent that the entity employs any law enforcement officer and/or firefighter:

(i) The legislative authority of any city, town, county, district, or public corporation established under RCW [35.21.730](#) to provide emergency medical services as defined in RCW [18.73.030](#);

(ii) The elected officials of any municipal corporation;

(iii) The governing body of any other general authority law enforcement agency;

(iv) A four-year institution of higher education having a fully operational fire department as of January 1, 1996; or

(v) The department of social and health services or the department of corrections when employing firefighters serving at a prison or civil commitment center on an island.

(c) Except as otherwise specifically provided in this chapter, "employer" does not include a government contractor. For purposes of this subsection, a "government contractor" is any entity, including a partnership, limited liability company, for-profit or nonprofit corporation, or person, that provides services pursuant to a contract with an "employer." The determination whether an employer-employee relationship has been established is not based on the relationship between a government contractor and an "employer," but is based solely on the relationship between a government contractor's employee and an "employer" under this chapter.

(15)(a) "Final average salary" for plan 1 members, means (i) for a member holding the same position or rank for a minimum of twelve months preceding the date of retirement, the basic salary attached to such same position or rank at time of retirement; (ii) for any other member, including a civil service member who has not served a minimum of twelve months in the same position or rank preceding the date of retirement, the average of the greatest basic salaries payable to such member during any consecutive twenty-four month period within such member's last ten years of service for which service credit is allowed, computed by dividing the total basic salaries payable to such member during the selected twenty-four month period by twenty-four; (iii) in the case of disability of any member, the basic salary payable to such member at the time of disability retirement; (iv) in the case of a member who hereafter vests pursuant to RCW [41.26.090](#), the basic salary payable to such member at the time of vesting.

(b) "Final average salary" for plan 2 members, means the monthly average of the member's basic salary for the highest consecutive sixty service credit months of service prior to such member's retirement, termination, or death. Periods constituting authorized unpaid leaves of absence may not be used in the calculation of final average salary.

(c) In calculating final average salary under (a) or (b) of this subsection, the department of retirement systems shall include:

(i) Any compensation forgone by a member employed by a state agency or institution during the 2009-2011 fiscal biennium as a result of reduced work hours, mandatory or voluntary leave without pay, temporary reduction in pay implemented prior to December 11, 2010, or temporary layoffs if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer; and

(ii) Any compensation forgone by a member employed by the state or a local government employer during the 2011-2013 fiscal biennium as a result of reduced work hours, mandatory leave without pay, temporary layoffs, or reductions to current pay if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer. Reductions to current pay shall not include elimination of previously agreed upon future salary increases.

(16) "Fire department" includes a fire station operated by the department of social and health services or the department of corrections when employing firefighters serving a prison or civil commitment center on an island.

(17) "Firefighter" means:

(a) Any person who is serving on a full time, fully compensated basis as a member of a fire department of an employer and who is serving in a position which requires passing a civil service examination for firefighter, and who is actively employed as such;

(b) Anyone who is actively employed as a full time firefighter where the fire department does not have a civil service examination;

(c) Supervisory firefighter personnel;

(d) Any full time executive secretary of an association of fire protection districts authorized under RCW [52.12.031](#). The provisions of this subsection (17)(d) shall not apply to plan 2 members;

(e) The executive secretary of a labor guild, association or organization (which is an employer under subsection (14) of this section), if such individual has five years previous

membership in a retirement system established in chapter [41.16](#) or [41.18](#) RCW. The provisions of this subsection (17)(e) shall not apply to plan 2 members;

(f) Any person who is serving on a full time, fully compensated basis for an employer, as a fire dispatcher, in a department in which, on March 1, 1970, a dispatcher was required to have passed a civil service examination for firefighter;

(g) Any person who on March 1, 1970, was employed on a full time, fully compensated basis by an employer, and who on May 21, 1971, was making retirement contributions under the provisions of chapter [41.16](#) or [41.18](#)RCW; and

(h) Any person who is employed on a full-time, fully compensated basis by an employer as an emergency medical technician that meets the requirements of RCW [18.71.200](#) or [18.73.030](#)(12), and whose duties include providing emergency medical services as defined in RCW [18.73.030](#).

(18) "General authority law enforcement agency" means any agency, department, or division of a municipal corporation, political subdivision, or other unit of local government of this state, and any agency, department, or division of state government, having as its primary function the detection and apprehension of persons committing infractions or violating the traffic or criminal laws in general, but not including the Washington state patrol. Such an agency, department, or division is distinguished from a limited authority law enforcement agency having as one of its functions the apprehension or detection of persons committing infractions or violating the traffic or criminal laws relating to limited subject areas, including but not limited to, the state departments of natural resources and social and health services, the state gambling commission, the state lottery commission, the state parks and recreation commission, the state utilities and transportation commission, the state liquor and cannabis board, and the state department of corrections. A general authority law enforcement agency under this chapter does not include a government contractor.

(19) "Law enforcement officer" beginning January 1, 1994, means any person who is commissioned and employed by an employer on a full time, fully compensated basis to enforce the criminal laws of the state of Washington generally, with the following qualifications:

(a) No person who is serving in a position that is basically clerical or secretarial in nature, and who is not commissioned shall be considered a law enforcement officer;

(b) Only those deputy sheriffs, including those serving under a different title pursuant to county charter, who have successfully completed a civil service examination for deputy sheriff or the equivalent position, where a different title is used, and those persons serving in unclassified positions authorized by RCW [41.14.070](#) except a private secretary will be considered law enforcement officers;

(c) Only such full time commissioned law enforcement personnel as have been appointed to offices, positions, or ranks in the police department which have been specifically created or otherwise expressly provided for and designated by city charter provision or by ordinance enacted by the legislative body of the city shall be considered city police officers;

(d) The term "law enforcement officer" also includes the executive secretary of a labor guild, association or organization (which is an employer under subsection (14) of this section) if that individual has five years previous membership in the retirement system established in chapter [41.20](#) RCW. The provisions of this subsection (19)(d) shall not apply to plan 2 members; and

(e) The term "law enforcement officer" also includes a person employed on or after January 1, 1993, as a public safety officer or director of public safety, so long as the job duties substantially involve only either police or fire duties, or both, and no other duties in a city or town with a population of less than ten thousand. The provisions of this subsection (19)(e) shall not apply to any public safety officer or director of public safety who is receiving a retirement allowance under this chapter as of May 12, 1993.

(20) "Medical services" for plan 1 members, shall include the following as minimum services to be provided. Reasonable charges for these services shall be paid in accordance with RCW [41.26.150](#).

(a) Hospital expenses: These are the charges made by a hospital, in its own behalf, for

(i) Board and room not to exceed semiprivate room rate unless private room is required by the attending physician due to the condition of the patient.

(ii) Necessary hospital services, other than board and room, furnished by the hospital.

(b) Other medical expenses: The following charges are considered "other medical expenses," provided that they have not been considered as "hospital expenses".

(i) The fees of the following:

(A) A physician or surgeon licensed under the provisions of chapter [18.71](#) RCW;

(B) An osteopathic physician and surgeon licensed under the provisions of chapter [18.57](#) RCW;

(C) A chiropractor licensed under the provisions of chapter [18.25](#) RCW.

(ii) The charges of a registered graduate nurse other than a nurse who ordinarily resides in the member's home, or is a member of the family of either the member or the member's spouse.

(iii) The charges for the following medical services and supplies:

(A) Drugs and medicines upon a physician's prescription;

(B) Diagnostic X-ray and laboratory examinations;

(C) X-ray, radium, and radioactive isotopes therapy;

(D) Anesthesia and oxygen;

(E) Rental of iron lung and other durable medical and surgical equipment;

(F) Artificial limbs and eyes, and casts, splints, and trusses;

(G) Professional ambulance service when used to transport the member to or from a hospital when injured by an accident or stricken by a disease;

(H) Dental charges incurred by a member who sustains an accidental injury to his or her teeth and who commences

treatment by a legally licensed dentist within ninety days after the accident;

(I) Nursing home confinement or hospital extended care facility;

(J) Physical therapy by a registered physical therapist;

(K) Blood transfusions, including the cost of blood and blood plasma not replaced by voluntary donors;

(L) An optometrist licensed under the provisions of chapter [18.53](#) RCW.

(21) "Member" means any firefighter, law enforcement officer, or other person as would apply under subsections (17) or (19) of this section whose membership is transferred to the Washington law enforcement officers' and firefighters' retirement system on or after March 1, 1970, and every law enforcement officer and firefighter who is employed in that capacity on or after such date.

(22) A "period of war" includes:

(a) World War I;

(b) World War II;

(c) The Korean conflict;

(d) The Vietnam era, which means:

(i) The period beginning on February 28, 1961, and ending on May 7, 1975, in the case of a veteran who served in the Republic of Vietnam during that period;

(ii) The period beginning August 5, 1964, and ending on May 7, 1975;

(e) The Persian Gulf War, which was the period beginning August 2, 1990, and ending on February 28, 1991, or ending on November 30, 1995, if the participant was awarded a campaign badge or medal for such period;

(f) The period beginning on the date of any future declaration of war by the congress and ending on the date prescribed by presidential proclamation or concurrent resolution of the congress;

(g) Any armed conflict, if the participant was awarded the respective campaign badge or medal, or if the service was such

that a campaign badge or medal would have been awarded, except that the member already received a campaign badge or medal for a prior deployment during that same conflict; and,

(h) Any armed conflict, if the participant was awarded the respective expeditionary badge or medal, or if the service was such that a expeditionary badge or medal would have been awarded, except that the member already received a expeditionary badge or medal for a prior deployment during that same conflict.

~~(22)~~ (23) "Plan 1" means the law enforcement officers' and firefighters' retirement system, plan 1 providing the benefits and funding provisions covering persons who first became members of the system prior to October 1, 1977.

~~(23)~~ (24) "Plan 2" means the law enforcement officers' and firefighters' retirement system, plan 2 providing the benefits and funding provisions covering persons who first became members of the system on and after October 1, 1977.

~~(24)~~ (25) "Position" means the employment held at any particular time, which may or may not be the same as civil service rank.

~~(25)~~ (26) "Regular interest" means such rate as the director may determine.

~~(26)~~ (27) "Retiree" for persons who establish membership in the retirement system on or after October 1, 1977, means any member in receipt of a retirement allowance or other benefit provided by this chapter resulting from service rendered to an employer by such member.

~~(27)~~ (28) "Retirement fund" means the "Washington law enforcement officers' and firefighters' retirement system fund" as provided for herein.

~~(28)~~ (29) "Retirement system" means the "Washington law enforcement officers' and firefighters' retirement system" provided herein.

~~(29)~~ (30)(a) "Service" for plan 1 members, means all periods of employment for an employer as a firefighter or law enforcement officer, for which compensation is paid, together with periods of suspension not exceeding thirty days in duration. For the purposes of this chapter service shall also include service in the armed forces of the United States as provided in RCW [41.26.190](#). Credit shall be allowed for all

service credit months of service rendered by a member from and after the member's initial commencement of employment as a firefighter or law enforcement officer, during which the member worked for seventy or more hours, or was on disability leave or disability retirement. Only service credit months of service shall be counted in the computation of any retirement allowance or other benefit provided for in this chapter.

(i) For members retiring after May 21, 1971 who were employed under the coverage of a prior pension act before March 1, 1970, "service" shall also include (A) such military service not exceeding five years as was creditable to the member as of March 1, 1970, under the member's particular prior pension act, and (B) such other periods of service as were then creditable to a particular member under the provisions of RCW [41.18.165](#), [41.20.160](#), or [41.20.170](#). However, in no event shall credit be allowed for any service rendered prior to March 1, 1970, where the member at the time of rendition of such service was employed in a position covered by a prior pension act, unless such service, at the time credit is claimed therefor, is also creditable under the provisions of such prior act.

(ii) A member who is employed by two employers at the same time shall only be credited with service to one such employer for any month during which the member rendered such dual service.

(b) "Service" for plan 2 members, means periods of employment by a member for one or more employers for which basic salary is earned for ninety or more hours per calendar month which shall constitute a service credit month. Periods of employment by a member for one or more employers for which basic salary is earned for at least seventy hours but less than ninety hours per calendar month shall constitute one-half service credit month. Periods of employment by a member for one or more employers for which basic salary is earned for less than seventy hours shall constitute a one-quarter service credit month.

Members of the retirement system who are elected or appointed to a state elective position may elect to continue to be members of this retirement system.

Service credit years of service shall be determined by dividing the total number of service credit months of service by twelve. Any fraction of a service credit year of service as so

determined shall be taken into account in the computation of such retirement allowance or benefits.

If a member receives basic salary from two or more employers during any calendar month, the individual shall receive one service credit month's service credit during any calendar month in which multiple service for ninety or more hours is rendered; or one-half service credit month's service credit during any calendar month in which multiple service for at least seventy hours but less than ninety hours is rendered; or one-quarter service credit month during any calendar month in which multiple service for less than seventy hours is rendered.

~~(30)~~ (31) "Service credit month" means a full service credit month or an accumulation of partial service credit months that are equal to one.

~~(31)~~ (32) "Service credit year" means an accumulation of months of service credit which is equal to one when divided by twelve.

~~(32)~~ (33) "State actuary" or "actuary" means the person appointed pursuant to RCW [44.44.010](#)(2).

~~(33)~~ (34) "State elective position" means any position held by any person elected or appointed to statewide office or elected or appointed as a member of the legislature.

~~(34)~~ (35) "Surviving spouse" means the surviving widow or widower of a member. "Surviving spouse" shall not include the divorced spouse of a member except as provided in RCW [41.26.162](#).

RCW 41.26.520 and 2016 c 115 § 2 are each amended to read as follows:

(1) A member who is on a paid leave of absence authorized by a member's employer shall continue to receive service credit as provided for under the provisions of RCW [41.26.410](#) through [41.26.550](#).

(2) A member who receives compensation from an employer while on an authorized leave of absence to serve as an elected official of a labor organization, and whose employer is reimbursed by the labor organization for the compensation paid to the member during the period of absence, may also be considered to be on a paid leave of absence. This subsection shall only apply if the member's leave of absence is authorized by a collective bargaining agreement that provides that the

member retains seniority rights with the employer during the period of leave. The basic salary reported for a member who establishes service credit under this subsection may not be greater than the salary paid to the highest paid job class covered by the collective bargaining agreement.

(3) Except as specified in subsection (7) of this section, a member shall be eligible to receive a maximum of two years service credit during a member's entire working career for those periods when a member is on an unpaid leave of absence authorized by an employer. Such credit may be obtained only if the member makes the employer, member, and state contributions plus interest as determined by the department for the period of the authorized leave of absence within five years of resumption of service or prior to retirement whichever comes sooner.

(4) A law enforcement member may be authorized by an employer to work part time and to go on a part-time leave of absence. During a part-time leave of absence a member is prohibited from any other employment with their employer. A member is eligible to receive credit for any portion of service credit not earned during a month of part-time leave of absence if the member makes the employer, member, and state contributions, plus interest, as determined by the department for the period of the authorized leave within five years of resumption of full-time service or prior to retirement whichever comes sooner. Any service credit purchased for a part-time leave of absence is included in the two-year maximum provided in subsection (3) of this section.

(5) If a member fails to meet the time limitations of subsection (3) or (4) of this section, the member may receive a maximum of two years of service credit during a member's working career for those periods when a member is on unpaid leave of absence authorized by an employer. This may be done by paying the amount required under RCW [41.50.165](#)(2) prior to retirement.

(6) For the purpose of subsection (3) or (4) of this section the contribution shall not include the contribution for the unfunded supplemental present value as required by RCW [41.45.060](#), [41.45.061](#), and [41.45.067](#). The contributions required shall be based on the average of the member's basic salary at both the time the authorized leave of absence was granted and the time the member resumed employment.

(7) A member who leaves the employ of an employer to enter the uniformed services of the United States shall be entitled to retirement system service credit for up to five years of military service. This subsection shall be administered in a manner consistent with the requirements of the federal uniformed services employment and reemployment rights act.

(a) The member qualifies for service credit under this subsection if:

(i) Within ninety days of the member's honorable discharge from the uniformed services of the United States, the member applies for reemployment with the employer who employed the member immediately prior to the member entering the uniformed services; and

(ii) The member makes the employee contributions required under RCW [41.45.060](#), [41.45.061](#), and [41.45.067](#) within five years of resumption of service or prior to retirement, whichever comes sooner; or

(iii) Prior to retirement and not within ninety days of the member's honorable discharge or five years of resumption of service the member pays the amount required under RCW [41.50.165](#)(2); or

(iv) Prior to retirement the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW [41.04.005](#) [41.26.030](#). Any member who made payments for service credit for interruptive military service during a period of war as defined in RCW [41.04.005](#) [41.26.030](#) may, prior to retirement and on a form provided by the department, request a refund of the funds standing to his or her credit for up to five years of such service, and this amount shall be paid to him or her. Members with one or more periods of interruptive military service credit during a period of war may receive no more than five years of free retirement system service credit under this subsection.

(b) Upon receipt of member contributions under (a)(ii), (d)(iii), or (e)(iii) of this subsection, or adequate proof under (a)(iv), (d)(iv), or (e)(iv) of this subsection, the department shall establish the member's service credit and shall bill the employer and the state for their respective contributions required under RCW [41.26.450](#) for the period of military service, plus interest as determined by the department.

(c) The contributions required under (a)(ii), (d)(iii), or (e)(iii) of this subsection shall be based on the compensation the member would have earned if not on leave, or if that cannot be estimated with reasonable certainty, the compensation reported for the member in the year prior to when the member went on military leave.

(d) The surviving spouse, domestic partner, or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States and died while serving in the uniformed services may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in the uniformed services. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children:

(i) Provides to the director proof of the member's death while serving in the uniformed services;

(ii) Provides to the director proof of the member's honorable service in the uniformed services prior to the date of death; and

(iii) Pays the employee contributions required under chapter [41.45](#) RCW within five years of the date of death or prior to the distribution of any benefit, whichever comes first; or

(iv) Prior to the distribution of any benefit, provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW [41.04.005](#) [41.26.030](#). If the deceased member made payments for service credit for interruptive military service during a period of war as defined in RCW [41.04.005](#) [41.26.030](#), the surviving spouse or eligible child or children may, prior to the distribution of any benefit and on a form provided by the department, request a refund of the funds standing to the deceased member's credit for up to five years of such service, and this amount shall be paid to the surviving spouse or children. Members with one or more periods of interruptive military service during a period of war may receive no more than five years of free retirement system service credit under this subsection.

(e) A member who leaves the employ of an employer to enter the uniformed services of the United States and becomes totally incapacitated for continued employment by an employer while serving in the uniformed services is entitled to retirement

system service credit under this subsection up to the date of discharge from the uniformed services if:

(i) The member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while serving in the uniformed services;

(ii) The member provides to the director proof of honorable discharge from the uniformed services; and

(iii) The member pays the employee contributions required under chapter [41.45](#) RCW within five years of the director's determination of total disability or prior to the distribution of any benefit, whichever comes first; or

(iv) Prior to retirement the member provides to the director proof that the member's interruptive military service was during a period of war as defined in RCW [41.04.005](#) [41.26.030](#). Any member who made payments for service credit for interruptive military service during a period of war as defined in RCW [41.04.005](#) [41.26.030](#) may, prior to retirement and on a form provided by the department, request a refund of the funds standing to his or her credit for up to five years of such service, and this amount shall be paid to him or her. Members with one or more periods of interruptive military service credit during a period of war may receive no more than five years of free retirement system service credit under this subsection.

(f) The surviving spouse, domestic partner, or eligible child or children of a member who left the employ of an employer to enter the uniformed services of the United States, federal emergency management agency, or national disaster medical system of the United States department of health and human services and died while performing service in response to a disaster, major emergency, special event, federal exercise, or official training on or after March 22, 2014, may, on behalf of the deceased member, apply for retirement system service credit under this subsection up to the date of the member's death in such service. The department shall establish the deceased member's service credit if the surviving spouse or eligible child or children provides to the director proof of the member's death while in such service.

(g) A member who leaves the employ of an employer to enter the uniformed services of the United States, federal emergency management agency, or national disaster medical system of the

United States department of health and human services and becomes totally incapacitated for continued employment by an employer while providing such service is entitled to retirement system service credit under this subsection up to the date of separation from such service if the member obtains a determination from the director that he or she is totally incapacitated for continued employment due to conditions or events that occurred while performing such service.

(8) A member receiving benefits under Title [51](#) RCW who is not receiving benefits under this chapter shall be deemed to be on unpaid, authorized leave of absence.