

**2013 Board Meetings**

Board meetings are held monthly and are open to the public. They take place in the Washington State Investment Board's large conference room located at 2100 Evergreen Park Drive SW, Suite 100 in Olympia, WA.

For up-to-date Board meeting information, visit [www.leoff.wa.gov](http://www.leoff.wa.gov).

**Contact Information**

For questions or comments regarding possible benefit improvements, please contact your affiliated association or local labor representative.

The **LEOFF Plan 2 Retirement Board** will gladly assist you in answering questions regarding LEOFF Plan 2 pension policy, the Board's legislative activities or the status of Board-sponsored bills.

The **Department of Retirement Systems** administers LEOFF Plan 2 and can assist with individual account information.

**LEOFF Plan 2 Retirement Board**

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

# DUAL RESPONSE

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**Our Mission and Priority Goals**

**Our Mission:**  
The mission of the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board is to responsibly govern the pension plan for the benefit of the members.

- Our Priority Goals for 2011 - 2015:**
- Enhance the benefits for the members.
  - Provide the stakeholders with a voice in plan governance.
  - Maintain the financial integrity of the plan.
  - Inform the stakeholders.

[www.leoff.wa.gov](http://www.leoff.wa.gov)

## DUAL RESPONSE

LEOFF Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, WA 98504-0918

**Message from the Chair**

**How Does LEOFF 2 Rank?**

The 2012 Legislature directed the Washington State Institute for Public Policy (WSIPP) to evaluate pension benefits (including LEOFF Plan 2) provided by public employers in Washington and other states and report back in December 2012.



Kelly Fox

**The study covers:**

- benefit levels and adequacy;
- benefit portability; and
- impacts from overtime and excess compensation.

A link to the full study can be found on the LEOFF 2 Board website at [www.leoff.wa.gov](http://www.leoff.wa.gov) but two findings from the study are particularly important with respect to LEOFF 2:

**Pension Benefit Levels.** WSIPP surveyed all 50 states to analyze pension plan features and benefit levels. To provide an "apples-to-apples" comparison, they calculated pension benefits using an "income replacement" measure (the percentage of a worker's salary replaced by the pension at the time of retirement). Washington's state pension income replacement for general employees and teachers is near the average of 65 state pension plans reviewed.

For law enforcement and fire fighters, Washington's state pension income replacement is in the lower end of the distribution (#31) among 43 plans in other states. LEOFF 2 pensions

for a member retiring at age 55 would fall short of the 60% income replacement threshold that is widely considered the minimum by retirement planners. This is an area of concern for me and for many trustees of the Board. We will continue to discuss the ability to maintain the financial integrity of the plan, while at the same time, meet our objective to add benefits that are affordable for the stakeholders of the plan.

**Excess Compensation.** Washington's excess compensation law requires public employers to increase contributions to the state pension fund if a retiree's pensionable income is more than twice the salary earned in the last year of working. Such late career compensation growth may be due to substantial increases in overtime hours. To examine this issue, WSIPP analyzed salary histories of all recent state retirees. On average, the study did not find systematic increases in hours worked in the years just prior to retirement. There are, however, exceptions; a small fraction of employees work substantially more in the years that determine their pension benefits than they did in earlier years.

For law enforcement officers and fire fighters, overtime occurs on a regular basis throughout a members' career. In fact, the study found that LEOFF 2 members work an average of 195 hours/month, more than 20 hours/month more than general PERS employees and 15 hours/month more than PERS employees in overtime intensive fields such as corrections and ferries.

(cont. inside)

## BOARD OF TRUSTEES

**Law Enforcement Representatives**

- Jack Simington, Vice Chair**  
Kennewick Police Department
- Ryan Martin**  
Vancouver Police Department
- Rep. Jeff Holy**  
Spokane Police Department (Ret)

**Fire Fighter Representatives**

- Kelly Fox, Chair**  
Olympia Fire Department

**Mark Johnston**  
Vancouver Fire Department

**Patrick Hepler**  
Snohomish County  
Fire District 1

**Employer Representatives**

- Glenn Olson**  
Clark County
- Paul Golnik**  
WA Fire Commissioners  
Association

**David Cline**  
City of Tukwila

**Legislative Representatives**

- Sen. Jim Honeyford**  
WA State Senator
- Rep. Kevin Van De Wege**  
WA State Representative

**Follow us on Twitter**  
Get LEOFF Plan 2 tweets  
@L2Bnews today!



## All-in-One Retirement Account Access Gets You Where You Want to Go

Your DRS login can take you to your state Deferred Compensation Program account

The Department of Retirement Systems (DRS) is proud to offer you a new time-saving online account access feature called Single Sign-on. Starting now, you can use your current DRS user ID and password to access *all* of your retirement accounts.

"You've always been able to view your investment accounts through online account access," says DRS deputy director Marcie Frost. "But once you clicked on the link for the Deferred Compensation Program (DCP), you were asked to log in with a separate user ID and password. What's new – and a key timesaver – is the ability to access your DCP account through the DRS website with just your current online account access user ID and password."

Before this enhancement, some customers had to maintain as many as three different user IDs and passwords. "Making sure DRS services are aligned to meet our customers' needs is our most important goal," says Frost.

A small number of customers who will not be able to use the new feature:

- Those without an address on record with DRS
- Legal order payees with an "interest" in another customer's account (such as in a divorce)
- Potential customers (such as a substitute)
- Designated beneficiaries of customers who are deceased
- Customers' dependents

### Get Started with Single Sign-On

Your existing DRS online account access user ID and password is all you need. If you don't have one yet, sign



up is easy on the DRS website home page: [www.drs.wa.gov](http://www.drs.wa.gov). Once you're in, you can select the link for DCP to be automatically

logged into that account. To navigate to a different account, first return to DRS's online account access and make another selection. You must always log in at DRS online account access before you can move between your retirement accounts. If you start in DCP, you will not be able to access your DRS account unless you use a separate user ID and password for both of them.

### Manage Your Retirement Accounts Your Way

Want to continue using your separate user IDs and passwords? If you decide not to log in through DRS online account access, nothing has changed for you. You may continue to use your DCP and DRS user IDs and passwords to log in to those accounts separately as you have in the past.

### Questions?

Single Sign-on: DRS (360) 664-7000 in Olympia or (800) 547-6657

DCP Vendor: Great-West (888) 327-5596

## Practices Proved Prudent

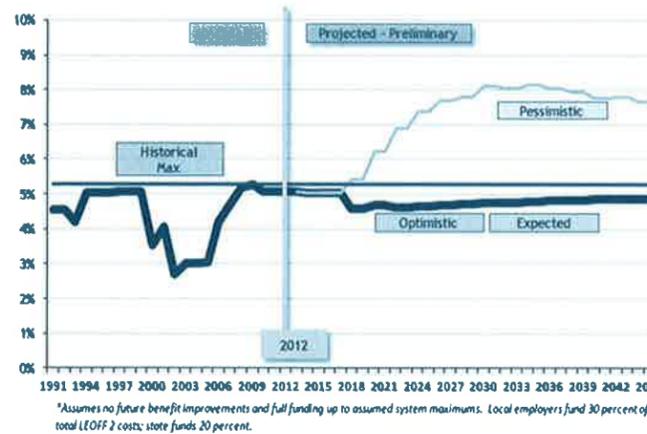
One of the LEOFF Plan 2 Retirement Board's primary goals is to adopt policy that ensures the financial integrity of the plan, maintain fully funding of the plan and keep contribution rates stable for our members and employers. Stable contribution rates result in more predictable budget obligations for plan members, their employers and the State.

These graphs show contribution rate history and preliminary rate projections for LEOFF Plan 2 and the Public Employees' Retirement Plan (PERS). Their projected futures are different because the LEOFF Plan 2 Board developed and supported funding policies and practices designed to moderate swings in contribution rates.

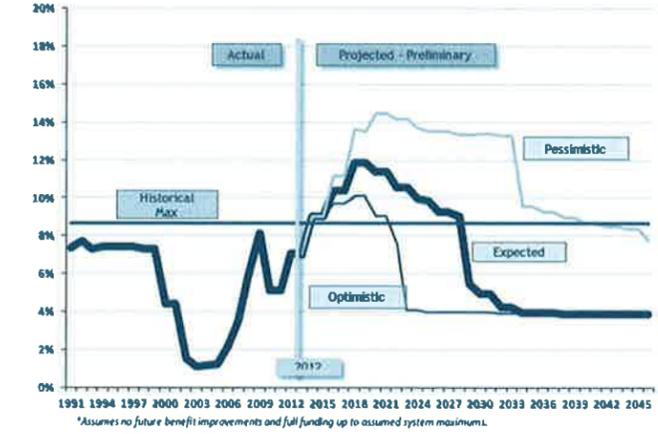
Successful management of a defined benefit plan requires both long-term vision and short-term discipline with respect to funding policies. By adopting sound policies and not wavering, the LEOFF Plan 2 Retirement Board has demonstrated that a defined benefit plan can maintain full funding and stable contribution rates even through periods of great investment volatility, as we saw in 2008-2009.

More information on this subject was published in the winter 2013 edition of *Shield and Star*. The article was written by LEOFF 2 Board staff and is titled *Best Practices Really Are Best Practices*. It can be found online at [www.wacops.org](http://www.wacops.org).

### Projected Local Employer Contribution Rates – LEOFF 2\*



### Projected Employer Contribution Rates – PERS\*



## Message from the Chair

(cont. from cover)

Even though the WSIPP study clearly shows that overtime use in general is not a concern for LEOFF Plan 2, the LEOFF 2 Board may study this issue in the upcoming interim to determine whether excessive use of voluntary overtime by some individuals nearing retirement is creating a cost to the plan or risk of negative public perception. We will never tolerate actions that exploit the financial integrity of LEOFF Plan 2 for the benefit of the few.

Kelly Fox, Chair

## Planning to Retire in the Next Five Years?

Free retirement planning seminars offered by Washington State Department of Retirement Systems (DRS) include information on Social Security, VEBA, retiree health insurance, the State Deferred Compensation Program, and State retirement plans.

If you're five years away from retirement, we encourage you to invite your spouse or partner to attend a seminar with you.

## 2013 SEMINARS

9:00 a.m. to 2:30 p.m.

TACOMA.....January 26	YAKIMA..... June 1
LONGVIEW.....February 9	SEATTLE..... June 21, 22
KIRKLAND..... March 9	TUMWATER..... June 28, 29
EVERETT..... March 30	PASCO..... July 13
TUMWATER.....April 13	EDMONDS..... July 20
PORT ORCHARD.....April 20	WENATCHEE.....August 10
MOUNT VERNON....April 27	ELLENSBURG...August 17
SPOKANE..... May 4	SEATTLE AREA..... Sept. 7
TACOMA..... May 18	SPOKANE..... Sept. 21

Reserve online at [www.drs.wa.gov](http://www.drs.wa.gov) or call (360) 664-7300 in Olympia or (888) 711-6676 toll free. For the hearing impaired, the TDD line is (360) 586-5450 or (866) 377-8895.

## Electronic Annual Retirement Statement... Coming Soon

In March, your 2012 annual retirement statement will be available online instead of in paper form. To access it, log into your online retirement account and look for the annual statement link.

If you haven't created an online account, why not register now? It's easy, secure and will only take a few minutes. If you need assistance, Department of Retirement Systems (DRS) staff is available to help at (800) 547-6657.

While visiting [www.drs.wa.gov](http://www.drs.wa.gov), consider subscribing to the email notification service to receive news and announcements. The service will send you a reminder when your annual statement is ready in March.

The change to electronic delivery is part of a joint effort with DRS to focus on giving you the very best in service while being responsible, careful stewards of not only our environment, but also dollars spent on the rising costs of paper and postage.

## Updated Administrative Factors Available this March

At its December 12 meeting, the LEOFF Plan 2 Retirement Board approved new administrative factors that will take effect in **October 2013**.

Administrative factors are used to calculate adjustments in pension benefits. There are several types of benefit adjustments, but the most common are: survivor, early retirement and purchasing service credit.

The LEOFF Plan 2 Board also agreed to follow the implementation timeline proposed by the Department of Retirement Systems (DRS). This timeline was created to increase transparency and maximize customer awareness.

In March, the new administrative factors will be available in the system for purposes of calculating retirement benefit estimates. Customers will then be able to login to their accounts at [www.drs.wa.gov](http://www.drs.wa.gov) and compare benefits with both the current and future (as of October 2013) administrative factors for the most accurate estimate possible.