



APRIL 2014

DUAL RESPONSE

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

MESSAGE FROM THE CHAIR

As we wind down on the 2014 Legislative session, we appear to be on our way to accomplishing a couple of things, but not able to meet a very important objective of closing some post-retirement loopholes. This is both disconcerting and disappointing given that the Washington State Senate had the opportunity to pass the corrective legislation (researched and recommended by the Board) and chose not to move the legislation. HB 2479 closed loopholes that currently allow a LEOFF 2 member to collect a LEOFF pension while still working as a law enforcement officer or fire fighter. The bill was pulled from the Rules committee by Senate Democratic Leader Sharon Nelson (D-34), making it eligible for the a vote by the entire Senate but the Majority Coalition Caucus chose not to bring it up for a vote.



KELLY FOX

Why is this important? Because the LEOFF Plan 2 board has gone to great lengths to manage our pension plan responsibly. Part of the responsibility is the maintenance of the plan's reputation. We have been diligent about contribution rate stability; we have created an additional funding mechanism (see another disappointing legislative development on page 2); and we continue to maintain extremely prudent fiscal policies. It is no accident that LEOFF Plan 2 is the "best funded state-wide defined benefit plan in the country." We are very proud of our accomplishments and the reputation that we have earned, but we also know how fleeting that can be.

We have all read sensationalized stories about potential pension abuses in Washington state and throughout the United States. LEOFF Plan 2 has passed legislation and developed policies that have provided sound best practices and effective management of the plan. When issues arise, the Board is quick to rectify any ambiguities or inadequacies in the statute, which we attempted to do with HB 2479. Public perception can deal a mighty blow to the reputation of any agency and pensions are easy prey in the new budget debate that pits corporate tax incentives versus the funding of expressed assurances to retirement plan commitments. One should certainly question the motives of elected officials who choose to maintain poor public policy when the solutions are on their doorstep.

IN THIS ISSUE...

Message from the Chair.....	1
Board Outreach Program.....	2
2014 Legislative Session Update	2
Annual Statement Information	3
Retirement Planning Seminars	3
LEOFF Demographic Study	3
Board Meeting Information.....	4
Contact Information.....	4
Board of Trustees.....	4

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.



LEGISLATIVE UPDATE



State Operating Budget Bill

Making 2014 Supplemental Operating Appropriations (ESSB 6002)

The operating expenses of state government and its agencies and programs are funded on a biennial basis by an omnibus operations budget adopted by the Legislature in odd-numbered years. In subsequent legislative sessions, a supplemental budget is adopted, making various modifications to agency appropriations. State operating expenses are paid from the state general fund and from various dedicated funds and accounts.

The 2013-15 biennial budget does not change contribution rates set by the LEOFF Plan 2 Retirement Board, and did not include an alternate revenue payment.

- *Delivered to Governor 3/13*

Board Bills

Correcting the Expiration Date of the Definition of Fire Fighter (HB 2456)

Eliminates the expiration date on the statutory provision in the LEOFF definition of fire fighter that includes emergency medical technicians (EMTs). This continues EMTs eligibility for LEOFF membership.

- *Signed by the Governor 3/28*

Creating an Optional Life Annuity Benefit for LEOFF Plan 2 Members (SB 6201)

Allows LEOFF Plan 2 members to roll over funds from certain tax-qualified plans to purchase a life annuity from the LEOFF Plan 2 trust fund at the time of retirement.

- *Signed by the Governor 3/27*

Career Change (HB 2479/SB 6397)

This bill would restrict the ability of a LEOFF Plan 2 retiree from continuing to receive their pension while employed in a position that performs primarily LEOFF duties but is not LEOFF eligible. An example of this type of position would be a less than full-time police chief or fire chief.

- *Did not pass*

WE'LL SEE YOU THERE!

Keeping members informed is an essential function of the LEOFF Plan 2 Board. So, in 2014 we improved our Outreach Program to include staff attendance at several statewide law enforcement and fire fighter conferences.

We will be setting up a display booth with handouts, and staff will be on hand to talk and answer any questions you may have about your retirement or plan benefits.

For the remainder of the year, we will be at the following conferences:

- April 22-24, WA State Council of Fire Fighters Educational Seminar in Wenatchee
- May 19-22, WA Association of Sheriffs and Police Chiefs Spring Expo in Spokane
- June 24-26, WA State Council of Fire Fighters Annual Convention in Spokane
- October 15-17, WA Council of Police and Sheriffs General Meeting in Leavenworth
- October 24, WA Fire Commissioners Association Eye to Eye Expo in Spokane

We'd love to see you there! This article and links to the conferences are on the home page of our website at www.leoff.wa.gov.

If you are not able to attend any of these conferences, consider joining the conversation on Twitter by following us @LEOFF2Board.



ANNUAL STATEMENTS

Your annual statement detailing your retirement benefits is now available electronically. You can access your 2013 statement by logging in to Your Retirement Account on the Department of Retirement Systems (DRS) website. If you have questions about your statement, contact DRS.



RETIREMENT SEMINAR SCHEDULE

If you are within five years of retirement, you should consider attending one of the Retirement Seminars offered by DRS. Seminars are held throughout the year at locations around the state of Washington.

UPCOMING SEMINARS	
Edmonds	Sat. July 26
Mount Vernon	Sat. April 26
Pasco	Sat. July 12
Pullman	Sat. August 23
Seattle	Fri. June 20
Seattle	Sat. June 21
Seattle/Kirkland	Sat. September 13
Spokane	Sat. May 17
Spokane	Sat. September 27
Tacoma	Sat. May 3
Tumwater	Fri. June 27
Tumwater	Sat. June 28
Wenatchee	Sat. August 9
Yakima	Sat. June 7

For additional information, visit www.drs.wa.gov.



DEMOGRAPHIC EXPERIENCE STUDY RESULTS EXPECTED LATER THIS YEAR

Every six years, the Office of the State Actuary (OSA) conducts a Demographic Experience Study comparing the current demographic assumptions to the actual experience of the plan. This is prepared to determine if any adjustments are required to ensure our assumptions remain reasonable. The main demographic assumptions are:

- Life expectancy
- Retirement rate
- Disability rate
- Service-based salary increase

These assumptions help estimate when benefits are paid, how much is paid, and how long they're paid for. These estimates are used to set contribution rates as well. The important thing to remember about these demographic assumptions is that any changes made to them do not change the actual cost of benefits, they simply change when the costs are accounted for.

The 2007-2012 Experience study is set to be released later this year, with OSA's presentation of their findings to the LEOFF Plan 2 Board scheduled afterward. Any recommended changes from OSA are heard and voted on by the LEOFF Plan 2 Board before the assumptions are approved into the plan.

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.

P.O. Box 40918
Olympia, WA 98504-0918
(360) 586-2320
www.leoff.wa.gov

The Department of Retirement

Systems administers LEOFF Plan 2 and can assist with individual account information.

P.O. Box 48380
Olympia, WA 98504-8380
(360) 664-7000 or (800) 547-6657
www.drs.wa.gov

BOARD MEETINGS

Board meetings are open to the public and take place in the Washington State Investment Board's large conference room located at 2100 Evergreen Park Drive SW, Suite 100 in Olympia, WA. They are held on the fourth Wednesday of each month from 9:30 a.m. to 3:00 p.m. unless otherwise noted.

For up-to-date Board meeting information, visit www.leoff.wa.gov.

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P.O. Box 40918
Olympia, WA 98504-0918

BOARD OF TRUSTEES

Fire Fighter Representatives

Kelly Fox, Chair
Olympia Fire Department
Mark Johnston
Vancouver Fire Department
Patrick Hepler
Snohomish County Fire District 1

Law Enforcement Representatives

Jack Simington, Vice Chair
Kennewick Police Department
Rep. Jeff Holy
Spokane Police Department (Ret)
Wally Loucks
Spokane County Sheriff's Office

Employer Representatives

Paul Golnik
WA Fire Commissioners Association
David Cline
City of Tukwila
Vacant

Legislative Representatives

Sen. Sharon Brown
WA State Senator
Rep. Kevin Van De Wege
WA State Representative



TWEET US!

@LEOFF2Board