



2014 Legislative Session Information

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CAREER CHANGE

Clarifying that the pension of a LEOFF Plan 2 retiree who returns to work as a law enforcement officer or fire fighter will be suspended until the retiree separates from that employment, even if the position technically does not qualify for LEOFF because it is not full-time or fully compensated.

The Board originally proposed Career Change legislation in 2005 to enable LEOFF Plan 2 retirees to start a second career in non-LEOFF public employment. A retiree accepting such a job can either establish membership in another public system, thus suspending their LEOFF Plan 2 pension, or waive membership in the new system and continue to receive a pension.

Neither the Board nor the Legislature intended for a LEOFF Plan 2 retiree to return to work as a law enforcement officer or fire fighter while receiving a pension. Despite this intent some employers have redefined LEOFF chief positions so that they technically do not qualify for LEOFF in order to allow a retiree to draw their pension while working as a police or fire chief.

The Board is proposing remedial legislation clarifying its original intent: a LEOFF Plan 2 retiree who returns to work as a law enforcement officer or fire fighter stops drawing a pension.

PROMOTING INDIVIDUAL SAVINGS FOR RETIREMENT

Authorizing the Department of Retirement Systems (DRS) to convert a member's tax qualified retirement savings to a lifetime annuity.

Retirement is often described as a "three-legged stool" with a pension, Social Security, and individual savings as the three legs. Individual savings is particularly important for LEOFF Plan 2 members since most do not participate in Social Security. The Internal Revenue Service recently changed federal rules to allow members to roll over money from a deferred compensation savings plan to a retirement fund and convert that account balance into an actuarially equivalent lifetime annuity.

The Board is proposing legislation to authorize The Department of Retirement Systems to offer actuarially equivalent annuities in order to encourage members to use deferred compensation plans to save for their own retirement.

TECHNICAL CORRECTION – Definition of Fire Fighter

Correcting a drafting oversight that unintentionally causes the definition of "fire fighter" to expire in 2023.

Emergency medical technicians (EMTs) were added to the definition of fire fighter in 2005, RCW 41.26.030(16). The original legislation which included an expiration date intended to put a time limit on the ability to transfer prior PERS credit into LEOFF. Due to a drafting oversight, the expiration date was applied to the entire bill including the amended fire fighter definition.

The Board is proposing remedial legislation.

ALTERNATE REVENUE

Asking the Legislature to comply with the original alternate revenue disbursement schedule.

LEOFF Plan 2 historically had two sources of revenue to fund plan benefits; contributions and investment earnings. Any benefit improvement required an increase in contributions. The Legislature passed a bill in 2008 to provide additional revenue for LEOFF Plan 2 benefit improvements and local government public safety purposes when the State economy grew by more than 5% from one fiscal biennium to the next.

If the revenue growth requirement was met, the Local Public Safety Enhancement Account (LPSEA) would be funded according to the following schedule:

- \$5 million for 2011
- \$10 million in 2013
- \$20 million in 2015
- \$50 million in 2017 and each biennium after

The 5% revenue growth trigger was not met in 2011. The trigger was met for 2013, however, the Legislature amended the alternate revenue statute in the 2013-15 operating budget to eliminate the requirement to appropriate the \$10 million in 2013.