

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



WINTER 2015

DUAL RESPONSE

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

DUAL RESPONSE



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

MESSAGE FROM THE CHAIR



KELLY FOX

SOCIAL SECURITY ESTIMATES INACCURATE FOR MANY LEOFF 2 MEMBERS

You can’t rely on your Social Security estimate if you are a law enforcement officer or fire fighter who does not participate in Social Security through your LEOFF job but you have a Social Security benefit from a non-LEOFF job.

That is important to know because over 10,000 LEOFF 2 members are not covered by Social Security in their LEOFF

jobs. Thousands of those members have worked, are working, or will work after retirement in non-LEOFF jobs that are covered by Social Security and every year they will get a statement from the Social Security Administration with an estimate that overstates what they will actually receive.

The reasons for these inaccurate estimates are two provisions of federal law that reduce a person’s Social Security benefits if they are also receiving a public pension like LEOFF 2; the Windfall Elimination Provision and the Government Pension Offset.

The Windfall Elimination Provision reduces an individual’s own Social Security benefits earned while working in a job covered by Social Security by up to sixty percent. For example, a member works 17 years in another state in a job covered by Social Security and then moves into a LEOFF 2 position in Washington that is not covered by Social Security for another 14 years.

According to their Social Security Administration estimate, they earned monthly benefits of \$540 per month for their contributions paid into the Social Security system while they worked in the first state. But, because their LEOFF position did not participate in the Social Security system, their actual monthly Social Security benefits will be cut \$196 due to the Windfall Elimination Provision. They will receive \$344 per month from Social Security instead of the \$540 they saw on their estimate. The Windfall Elimination Provision does not apply to persons who have more than 30 years of “substantial earnings” under Social Security.

The Government Pension Offset reduces Social Security survivor benefits paid to a person whose deceased spouse had earned Social Security benefits by an amount equal to two-thirds of his/her public pension. For example, a LEOFF 2 retiree who did not participate in Social Security in their LEOFF job has a \$2100/month pension. Their

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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

WE’RE ON FACEBOOK!

Whether you are 21 or 61, you’ll find useful information on retirement savings, planning, taxes, and more. Not to mention staying apprised of Board business, such as meeting dates, legislation, and facts from the Department of Retirement Systems.



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[@LEOFF2Board](https://twitter.com/LEOFF2Board)

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.

SOCIAL SECURITY ESTIMATES INACCURATE FOR MANY LEOFF 2 MEMBERS (cont. from front)

deceased spouse worked in the private sector and paid into Social Security their entire working life.

They normally would be entitled to monthly Social Security survivor benefits of \$850. But, because they did not participate in the Social Security system, the Government Pension Offset cuts their survivor benefits by \$1400/month (two-thirds of their \$2100/month LEOFF 2 pension) so in this case they would receive nothing. Estimates indicate that 9 out of 10 public employees affected by the Government Pension Offset lose all of their spousal benefits, even though their deceased spouse paid Social Security taxes for many years.

A person can be affected by both the Windfall Elimination Provision and the Government Pension Offset so you really need to keep these provisions in mind for your retirement planning if you don't participate in Social Security in your LEOFF job. Particularly since these provisions are not likely to change anytime soon.

Repealing these provisions today would increase the cost of Social Security at a time when the financial health of the program and long-term costs to taxpayers are already in question. Advocates of mandatory enrollment in Social Security have also raised policy objections to eliminating these provisions since they see both the Windfall Elimination Provision and Government Pension Offset as consequences of the choice given to public sector employees back in the 1960s and 70s whether or not to enroll in Social Security.

The Windfall Elimination Provision was enacted in 1983 to remove an unintended advantage that the regular Social Security benefit formula provided to persons who also had pensions from non-Social Security-covered employment. The regular formula was weighted to help workers who spent their work careers in low paying jobs, by providing them with benefits that replace a higher proportion of their earnings than benefits provided for workers with high earnings. However, the formula could not differentiate between those who worked in low-paid jobs throughout their careers and other workers who appeared to have been low paid because they worked many years in jobs not covered by Social Security.

The Social Security system prohibits receiving earned benefits plus full survivor benefits. The Government Pension Offset treats public pensions earned from non-Social Security-covered employment as though they were Social Security benefits.

NEW OMBUDSMAN SERVICES FOR LEOFF 2

Becoming disabled or losing a loved one is a highly emotionally distressing time.

LEOFF 2 members who become disabled, or survivors of those killed in the line of duty often navigate through multiple resources and time-sensitive processes to obtain benefits they are entitled to. Researching and applying for these benefits can be time consuming and overwhelming.

Now there is help.

What is an Ombudsman?

An Ombudsman provides death and disability consultation to LEOFF 2 members and their dependents.

- Answers questions relating to process, timing and what to expect.
- Provides information to assist you in making educated decisions.
- Works with outside agencies to assist on behalf of members.
- Maintain a network of federal, state, and local death and disability resources.
- Identifies roadblocks running counter to member interests and tracks problem areas.
- Makes recommendations for changes to policy or procedure.
- Conducts educational presentations to employers and stakeholder groups on death and disability options.

How will your loved ones be taken care of if you are disabled or die in the line of duty?

**Members:** Do you have questions regarding the disability process or benefits?

**Employers:** Would you like someone to come talk to your group about death and disability issues?

Contact:

Tammy Harman  
Death and Disability Ombudsman  
(360) 586-2324  
tammy.harman@leoff.wa.gov



CONSIDER PURCHASING AN ANNUITY FROM LEOFF PLAN 2

No matter what you see yourself doing in retirement - spending time with family and friends, traveling, or starting a new hobby - you'll need income.

Why purchase an annuity?

Retirement savings can be thought of as a 3-legged stool: a pension, personal savings, and Social Security. A majority of LEOFF Plan 2 members are not enrolled in Social Security, which means more money needs to be put away in personal savings. For this reason, the Board proposed and made it possible for members to purchase annuities from the LEOFF 2 trust fund.

Annuities provide you with guaranteed lifetime monthly income, so you can make the most of your budget during retirement.

How do annuities work?

At the time of retirement, you can roll your retirement savings from a tax qualified plan into LEOFF Plan 2. The Department of Retirement Systems (DRS) will convert this rollover into a monthly life annuity.

A minimum purchase of \$25,000 is required and there are single and joint life options. Additionally, an annual cost of living adjustment (COLA) is applied to your annuity.

Other benefits:

- Taxes are paid as you receive the money, not at the time of the roll over.
- Your LEOFF 2 pension and annuity come to you in one monthly check from DRS.
- If you were to pass away before you received the initial purchase cost of the annuity, your beneficiary receives the balance.
- Leveraging the existing infrastructure of LEOFF Plan 2 provides a larger monthly annuity than a private annuity company can. LEOFF's higher interest rate assumption (7.5% - compared to around 4% for a private annuity company) translates into a larger annuity from the same lump sum, as well as much lower administrative cost to the member.



RETIREMENT SEMINAR SCHEDULE

Seminars are designed to provide you with a broad range of information you need as you near retirement. If you are within 5 years of retirement, you should plan to attend.

Events are conveniently held throughout the state. Visit [www.drs.wa.gov](http://www.drs.wa.gov) and click on "Seminars" under popular links.

Note: LEOFF 2 members will not be turned away from events that are full. If you run across this when registering online, please call DRS directly at (888) 711-6676.

GET LEOFF 2 LEGISLATIVE UPDATES

The 2015 Legislative Session is scheduled to begin January 12. Stay informed of bills impacting LEOFF 2 by tuning in to the Board's Legislative page at [www.leoff.wa.gov](http://www.leoff.wa.gov).

Major updates will also be sent out via social media.



ONLINE CALCULATOR HELPS ANNUITY PURCHASE DECISION

A new online calculator makes it easier than ever for members to make an annuity purchase decision.

"This calculator allows members to receive accurate costs for an annuity purchase, without having to go directly

to a retirement specialist," says DRS Project Manager Greg Deam.

To access the calendar, login to Your Retirement Account on the Department of Retirement Systems' website at [www.drs.wa.gov](http://www.drs.wa.gov).

If you'd like to know more about purchasing an annuity, check out the Members page for LEOFF Plan 2 and click on the link for Purchasing an Annuity.