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BOARD MEETINGS

Board meetings are open to the public and due to COVID-19, are being held strictly online until further notice. They are held on the fourth Wednesday of each month beginning at 9:30 a.m. unless otherwise noted.

For up-to-date Board meeting information and to learn how to gain access to meetings, visit www.leoff.wa.gov.

BOARD OF TRUSTEES

Fire Fighter Representatives

Dennis Lawson
Central Pierce Fire and Rescue

Mark Johnston
Vancouver Fire Department

AJ Johnson
Snohomish County Fire

Law Enforcement Representatives

Jason Granneman
Clark County Sheriff's Office

Tarina Rose-Watson
Spokane Int'l Airport Police Dept.

Sen. Jeff Holy
Spokane Police Department (Ret)

Employer Representatives

Pat McElligott
Pierce County Fire and Rescue

Wolf Opitz
Pierce County

Ade' Ariwoola
City of Federal Way

Legislative Representatives

Sen. Ann Rivers
WA State Senator

Rep. Steve Bergquist
WA State Representative



August 2020

DUAL RESPONSE

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

DUAL RESPONSE



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

2020 Cost-of-Living-Adjustments

Effective July 1, 2020, LEOFF Plan 2 will be as follows:

Retirement Dates	Adjustments
July 2, 2019 to July 1, 2020	0.00%
January 1, 2019 to July 1, 2019	2.14%
July 2, 2018 to December 31, 2018	3.00%
January 1 2018 to July 1, 2018	2.50%

Remember, because of COLA banking, your retirement date has little to no impact on your benefit. Watch this video for how it works at www.leoff.wa.gov/member-resources/board-videos.

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 (DRS) 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



Dennis Lawson

MESSAGE FROM THE CHAIR

SOME THINGS CHANGE, SOME REMAIN THE SAME

A lot has changed since our last newsletter. COVID-19 has changed the way we work and live. The historic stock market run-up that began in 2009 has come to an end. Local government employers facing budget challenges are considering layoffs. But, some very important things have not changed.

Last year we were considering what to do with the Benefit Improvement Account. The police and fire stakeholder groups were working cooperatively and had come to a consensus that any benefit improvement should apply to everyone including retirees even though that meant the benefit

improvement would be more modest. The LEOFF 2 Board had priced a number of potential benefit improvements and planned to narrow down possible options for consideration as we move forward. Even with the current situation we find ourselves still working on this issue, however, it is highly likely that plan has probably been pushed back a year by the current economic climate but it hasn't been derailed.

This pandemic has also caused us to look at our current presumptive coverage and found that the COVID-19 virus is not considered a presumptive disease. Both Police and Fire representatives will be exploring options to expand the presumptive language as a job-related illness. We are thankful that Governor Inslee has issued proclamations to consider COVID-19 to be work-related for first responders and we will work with the Legislature next session to ensure this protection continues.

The financial solvency of your LEOFF 2 pension has not been put at risk in any way by the stock market volatility. Benefits are not in jeopardy of being reduced and contributions required from plan members and employers are not expected to increase. A year ago LEOFF 2 was one of the healthiest pension plans in the entire country and that hasn't changed.

Another thing that hasn't changed is the cooperation between fire fighters, law enforcement officers and local government employers on the LEOFF 2 Board. The Board has continued to meet this interim, although we do it electronically now, and work together to address the new issues that the pandemic and economic turmoil have created. The Board's prudent long-term policies and mutual interest by all stakeholders in the health of LEOFF 2 may even be stronger now than a year ago.

IN THIS ISSUE

Chair Article	1
2020 Legislative Report.....	2
Demographic Experience Study Results	2
Impacts of Covid-19 to Retirement Services	3
Other Covid-19 Impacts	3
Contribution Rate Changes Coming.....	3
2020 Cost-of-Living Adjustments.....	4
Board and Contact Information	4

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

- 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.

2020 LEGISLATIVE REPORT

For more information and to stay up to date on bills impacting LEOFF 2, visit www.leoff.wa.gov.



SURVIVOR OPTION REELECTION

When a LEOFF Plan 2 member is getting ready to retire they get an estimate from the Department of Retirement Systems of what their pension benefit will be and they make a decision about how much of a survivor benefit to leave their spouse based on that estimate. Sometimes the pension amount can be much different than the estimate received from DRS. Under the previous law, the decision about how much of a survivor benefit to leave cannot be changed.

Contingent on approval by the IRS, this law would allow LEOFF Plan 2 retirees up to 90 days after receipt of their first retirement payment the ability to change their survivor option election. The LEOFF Plan 2 Board is currently working with the Department of Retirement Systems to seek IRS approval.

INTERRUPTIVE MILITARY SERVICE CREDIT

The definition of “period of war” is expanded for purposes of qualifying for fully subsidized interruptive military service credit for LEOFF Plan 2 members to include any armed conflicts where a campaign medal was awarded. The LEOFF Plan 2 Board and the Select Committee on Pension Policy are required to study the cost of expanding fully subsidized military service credit to members who received an expeditionary medal, but not a campaign medal. The report is due to the Legislature on January 2, 2021.

DEMOGRAPHIC EXPERIENCE STUDY RESULTS

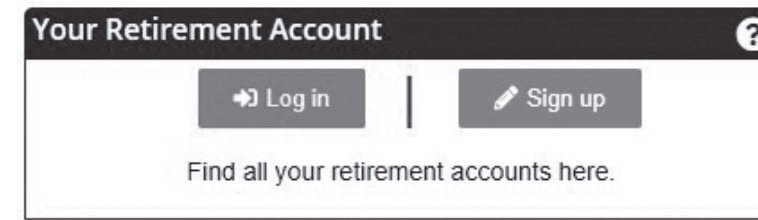
Every six years the Office of the State Actuary (OSA) must complete a Demographic Experience Study and present their finding to the LEOFF Plan 2 Board. The Demographic Experience Study is a thorough analysis of member behaviors and demographics, such as mortality, retirement age, disability rate, and more. This results of this study assist the board with determining contribution rates and determining the costs of legislation, including proposed benefit improvements.

The results of the most recent study showed an overall minor decrease to the total cost of the plan due to changes in demographics. These changes included the following:

- **Mortality Rate** – This measures life expectancy of LEOFF Plan 2 members. LEOFF members typically live longer than average population. However, the rate of mortality improvements were slower than previously expected, which resulted in a lowering of the mortality rate assumption and a decrease to the total cost of LEOFF Plan 2. For example: a 55 year old retiree was previously expected to live 86.6 years. Under the new mortality assumption that has been lowered to 86.0 years.
- **Retirement Age** – This is the age at which LEOFF Plan 2 member will stop working and start collecting their pension benefit. The study found that members are generally delaying retirement later than previously expected. By delaying retirement, members contribute longer to the Plan and will collect larger pensions for a shorter amount of time. This is expected to decrease the total cost of LEOFF Plan 2.
- **Termination Rate** – This is used to determine if/when a member will leave employment without becoming disabled or retiring. Terminated members are eligible for a deferred retirement benefit or a refund of their contributions. Fewer members are terminating than expected. This means that more members are expected to make it to retirement, which increases the total cost of LEOFF Plan 2.
- **Disability Rate** – This is used to determine if/when an active member will experience a disabling incident and elect a disability pension benefit. The study found that fewer members are disabling than expected. This resulted in a minor decrease to the total cost of LEOFF Plan 2.

OSA recommended Demographic Experience Study assumptions to the Board in May, and the Board voted to adopt those assumptions in June. The adoption of these assumptions does not impact the contribution rates for the plan; however, they are a component considered by the Board in determining contribution rates.

IMPACTS OF COVID-19 TO RETIREMENT SERVICES



Due to COVID-19, the Department of Retirement Systems (DRS) has closed its doors to in-person customer visits and onsite services. However, Most DRS team members are working remotely, and they continue to process retirement applications and benefit payments per the usual schedule.

Online services at www.drs.wa.gov are still available and offer robust features, allowing you to do most anything you may require.

Employed members can:

- Update beneficiaries
- View your contributions and service credit details
- Estimate benefits in preparation for retirement
- Send secure messages to DRS
- Edit your contact information
- Retire from LEOFF 2

Retired members can:

- Update your address information
- Get copies of 1099-Rs
- Send secure messages to DRS
- Track your return-to-work hours
- Sign up for direct deposit

Additionally, DRS has suspended in-person Nearing Retirement Seminars scheduled around the state and replaced them with live online webinars covering the same topics. Webinars, videos and other helpful information can be found under the Education tab at the top of their website.

Should you require additional services, DRS can be reached at (800) 547-6657 or for disability or survivor benefit information, contact the LEOFF 2 Ombudsman, Tammy Sadler at (360) 790-3190 or tammy.sadler@leoff.wa.gov.

OTHER COVID-19 IMPACTS

LNI Benefits – LEOFF Plan 2 Board staff had discussions with LNI staff regarding how they are treating Covid-19 claims from first responders. Covid-19 is not considered a presumptive disease for first responders, or any other workers. Therefore, first responders will have to prove that they more likely than not contracted Covid-19 from the workplace in order to qualify for LNI benefits. If you have applied for LNI coverage after contracting Covid-19 and been denied please contact the LEOFF Plan 2 Board, at (360) 586-2320 or recep@leoff.wa.gov.

Furloughs – During difficult economic times, it is common for employers to consider measures like furloughs as a way to balance budgets. DRS has published an emergency rule (WAC 415-02-170) to address concerns around furloughs. If your employer participates in the Shared Work Program during the period of time you were furloughed or temporarily laid off, you will receive the same retirement benefit as if your hours had not been reduced. Participation in the Shared Work Program under Chapter 50.60 RCW will not impact, in any manner, the retirement benefits of any member of a plan administered by the Department of Retirement Systems. This does not apply to members whose employer does not participate in the Shared Work Program.

Temporary Return to Work Policy - Governor Jay Inslee issued a proclamation related to the COVID-19 outbreak which waives return-to-work restrictions for retirees in specific retirement systems and plans, including LEOFF Plan 2. Under the governor’s proclamation, retirees may return to work without suspension of their pension benefits. This policy was temporary and has expired.

CONTRIBUTION RATE CHANGES COMING

Member, employer and state contribution rates are approved by the LEOFF Plan 2 Retirement Board.

During the July Board Meeting the Board voted to approve new contribution rates based on the results of the new Valuation Report conducted by the Office of the State Actuary and the Board’s rate setting policies.

New contribution rates effective July 1, 2021 are:

- **Member 8.53%**
- **Employer 5.12%**
- **State 3.41%**