


Department of Retirement Systems

Annual Update

Shawn Merchant, Legislative and Community Relations Director


LEOFF Board Meeting
Jan. 18, 2023



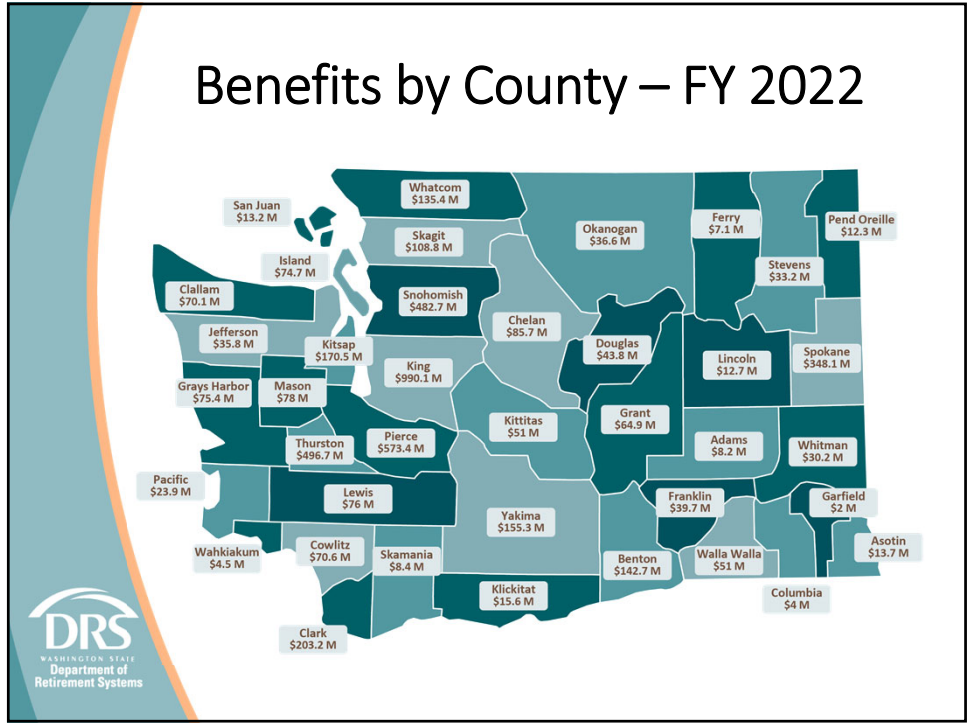
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Pensions at a Glance

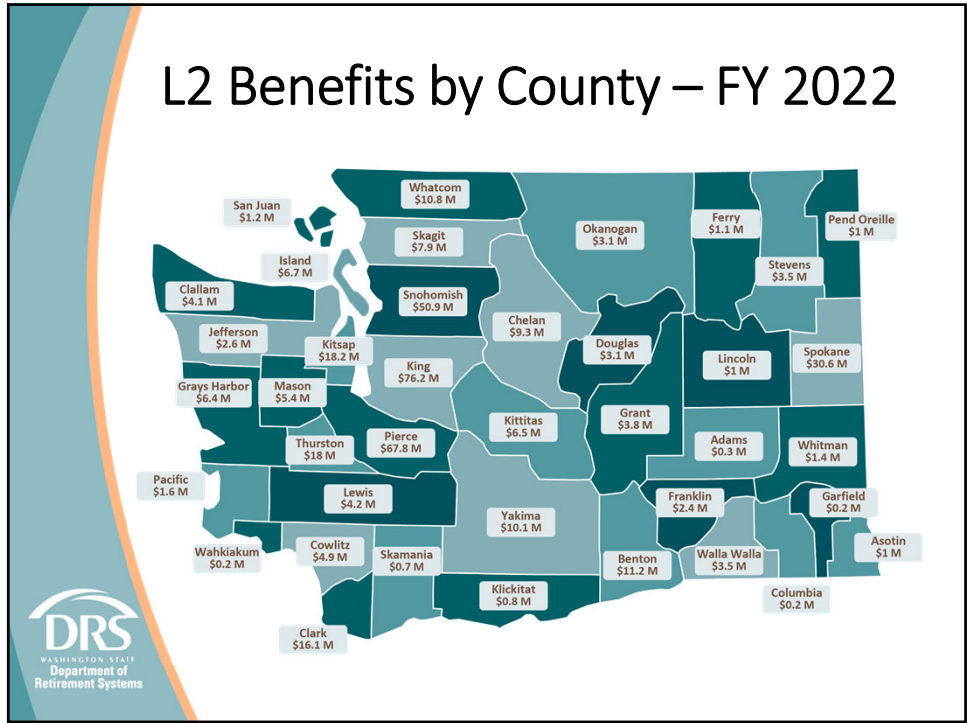
- **Membership**
 - 884,378 members
- **Financial**
 - \$178 billion held in retirement trust fund assets
 - \$5 billion collected annually in contributions
 - \$7.1 billion paid annually in benefits and contribution refunds



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Budget Requests

- ❑ FTEs and compensation to process retirements
- ❑ Congressional pension changes



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LEOFF Benefit Enhancement Project Update

Overview

Beginning January 2023, DRS is providing additional pension benefits in LEOFF 2 and LEOFF 1.

The additional benefits for LEOFF 2 members include a lump sum benefit of \$100 per service credit month for members or beneficiaries of members who were retired as of Feb. 1, 2021. For those who retire after Feb. 1, 2021, they will have an option of the lump sum or an increase to their benefit multiplier to 2.5% for the 10 years of service from years 16 through 25.

For LEOFF 1, a lump sum benefit of \$100 per service credit month for LEOFF 1 members and their beneficiaries will be payable by Jan. 31, 2023.

Members and beneficiaries of members who retire with a line-of-duty disability received the greater of a one-time lump sum benefit equal to \$100 per service credit month or \$20,000.



*HB 1701/SB 5791

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January Payments

As of Dec. 15

	Total \$ Being Paid	Est. Average Payout in January	People Receiving a Payment
LEOFF 1	\$190 M	\$30,100	6,324
LEOFF 2-Lum Sum	\$225.5 M	\$29,200	7,716
LEOFF 2- Tiered Multiplier	\$8.46 M	\$6,000	1,411



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Key Dates

- ❑ As of Dec. 28, new retirees can make their benefit enhancement elections online at the time of retirement
- ❑ Initial lump sum payments made Jan. 13
- ❑ Annuity purchase made by end of January
- ❑ Members who retired prior to October 2022 and selected a tiered multiplier will receive the increase for the first time at the end of January as well as any retroactive payment
- ❑ Members who retired in November or December 2022 will have benefit recalculation done in February to apply the new benefit enhancements for the first time at the end of February



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Questions?





Promoting retirement security for Washington's public employees

15 plans in 8 retirement systems serving state and local government employees

340,054

active members working and contributing to the plans

216,622

retirees and beneficiaries receiving monthly benefit payments

\$5 Billion

in contributions from members and employers

\$7.1 Billion

in benefit payments, with almost 90% paid in-state

1,400+

state and local government employer partners

Goals & results



Reliable

Provide accurate, timely and responsive services.



Equitable

Be respectful and inclusive in all interactions.



Financial

Ensure fiscal accountability in both our trust and administrative funds.

Initiatives

CORE System Modernization

Procure and configure an off-the-shelf pension administration solution and modernize related processes.

Retirement Service Workload

Improve customer service by increasing staffing levels to lower wait times for calls and benefit estimates.

Legislative Updates

Enhance retirement readiness by implementing a post-tax Roth savings option for the Deferred Compensation Program.

Inclusive Workplace

Support Pro-Equity Anti-Racism team efforts to strengthen DRS' culture of diversity and inclusion.



Department of Retirement Systems 2023-25 Budget Request at a Glance

	FTE*	Total funds*	Change
2021-23 Current	294.8	\$86,849	0 %
2023-25 Carry Forward**	312.0	\$116,154	33.7%
2023-25 Maintenance***	314.2	\$116,711	34.4%
2023-25 Policy****	333.8	\$121,351	39.7%

About DRS

DRS' mission is to provide expertise, tools and services to help customers prepare for and experience a secure, successful retirement. Our customers are state and local government employees working in Washington, including firefighters, teachers and police officers.

Key Contacts

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* All totals represent anticipated request levels in thousands per biennium; FTEs are based on average annual counts

** Includes 13.5 FTE and \$28,505 increase for continuation of the CORE: Pension Administration Modernization project.

*** Includes funding for two fiscal notes on bills that passed in the 2022 Session.

**** Includes funding for the two proposals described to the right.

FTEs & Comp to Process Retirements (\$3,953, 18 FTE)*

DRS requests funding to hire additional Retirement Specialists (RS') and adjust the compensation level of their agency-unique job classification series to bring both aspects closer to our US peer group of other large public pension administrators. Recent benchmarking data identified that DRS had 38% fewer "front office" FTEs per member, and the compensation rate for those same FTEs was 12% lower than our peer group.

Congressional Changes to Pensions (\$687, 2 FTE)*

This is a "placeholder" request to notify budget writers that both chambers of Congress are working on changes to federal retirement laws. According to different reports, it is expected that informal negotiations between the House and Senate will develop a compromise version, but final Congressional action may not occur until the end of the year.