



2023 Interim Workplan

June 28, 2023

Actuarial Topics

1. **OSA Request Legislation (June)**
2. **Supplemental Rate Adoption (June, July)**
3. **Long-term Economic Assumptions (Sept) and Report on Financial Condition (Nov)**
4. **Off-Cycle Actuarial Valuation Report Results (Oct)**

Administrative Topics

1. Interim Planning (April, May, June)
2. Agency Operating Budget (July)
3. Election of Officers (July)
4. AGO Training (Sept)
5. DRS/CEM Benchmarking (Sept)
6. Board Staff Succession Planning (Oct)
7. Board Strategic Planning and Expectations (Oct)
7. Recruitment, Retention, Salary Setting Structure for Board Staff (Oct)
8. 2024 Meeting Calendar (Nov)
9. DRS Annual Update (Nov)
10. Financial Expenditure Audit Results (Nov)
11. WSIB Annual Update (Dec)

Benefit Topics

1. Firefighter Definition (June, Nov*, Dec*)
2. Overpayment Responsibility
3. BIA Tiered Multiplier Date
4. BIA Retirees Reestablishing Membership
5. Lump Sum Special Death Benefit
6. Taxation of Catastrophic Disability Benefits
7. DRS Admin Fees/UAAL Charges for Purchasing Service Credit
8. DRS Appeal Deadlines
9. Survivor Reelection Window
10. Use of leave/Non-duty disability
11. Holiday Payments
12. Non-duty to Duty Disability Conversions
13. COLA/Inflation Update
14. DROP Update
15. Part-time LEOFF Members
16. Secure Act 2.0
17. Benchmarking Peer Comparison

** If topic is moved forward by Board*

Types of Benefit Topic Briefings

- **Proposing Legislation –Typically, three briefings:**
 1. Initial Consideration
 2. Comprehensive Report
 3. Final Proposal
- **Educational Briefing – An educational briefing is typically requested by the Board to learn about a specific subject with no expectation of further action**
 - This type of presentation may be made by staff or requested by an outside source

MEETING DATE	AGENDA ITEMS
May 17	Interim Workplan Review
June 28	Interim Workplan Approval OSA Request Legislation (OSA) Supplemental Rate Adoption Preview Firefighter Definition – Initial Report
July 26	Budget Adoption Supplemental Rate Adoption Possible Initial Reports on Benefit Topics
August 23	No Meeting
Sept 27	AGO Board Training (AGO) Board Elections DRS Benchmarking (DRS) Long-term Economic Assumptions and Report on Financial Condition (OSA) Possible Initial Reports on Benefit Topics
Oct 25	Strategic Planning Board Staff Succession Planning Off-Cycle Actuarial Valuation Report Results (OSA) Recruitment, Retention, Salary Setting Structure for Board Staff
Nov 15	DRS Annual Update (DRS) 2024 Meeting Calendar Adoption Financial Expenditure Audit Results Long-term Economic Assumptions and Report on Financial Condition (OSA) Possible Comprehensive Report on Benefit Topics Previously Heard
Dec 13	WSIB Annual Update (WSIB) Possible Final Report on Benefit Topics Previously Heard

1. Firefighter Definition

- Some promotional positions within a fire department may be considered PERS positions by DRS, which may limit the employer's ability to fill those positions
- Board voted to put this on the interim agenda during May meeting
- Possible workload: 3 policy briefings

2. Overpayment Responsibility

- When employers make an error that causes a retiree to receive an overpayment the member is responsible for paying back the overpayment
- Board identified issue last interim
- Possible workload: 3 policy briefings
- Issue impacts all plans, may need SCPP coordination

3. BIA Tiered Multiplier Date

- Members who were retired on or before February 1, 2021, are only eligible for a lump sum benefit improvement, not a tiered multiplier benefit improvement
- Requested by Seattle Fire Fighters' Union and Seattle Police Officer Guild
- Possible workload: 3 policy briefings



1/18/2023

LEOFF II Board
Department of Retirement Systems
PO Box 48380
Olympia, WA 98504

Respected LEOFF II Board Members,

First of all, Seattle Fire Fighters and Seattle Police Officers would like to thank you for all of your hard work on behalf of Fire Fighters and Law Enforcement Officers across the State of Washington.

Seattle Fire Fighters Union, IAFF Local 27 and the Seattle Police Officers Guild are writing you regarding the recent LEOFF 2 enhancement, specifically regarding the effective date for the option to choose the monthly benefit enhancement versus the lump sum payment.

Local 27 and SPOG have several members who are ineligible to select the monthly benefit option as a result of randomly choosing a retirement date several days prior to the cutoff date. Therefore, we would like to ask if any other effective dates were evaluated when developing the original legislation? And, if so, would the LEOFF 2 board consider researching possible legislation to modify the cutoff date from February 1, 2021 to January 1, 2021.

Respectfully,

A handwritten signature in black ink, appearing to be "Kenny Stuart".

Kenny Stuart, President.
Seattle Fire Fighters, Local 27

A handwritten signature in black ink, appearing to be "Mike Solan".

Mike Solan, President
Seattle Police Officers Guild

4. BIA Retirees Reestablishing Membership

- If a member was retired on or before February 1, 2021, and returned to LEOFF employment prior to the benefit improvement lump sum payment being made they are not eligible for a tiered multiplier
- Should the law be changed to allow for a choice between tiered multiplier and lump sum in this situation?
- Possible workload: 3 policy briefings

5. Lump Sum Special Death Benefit

- **Survivors were denied their LEOFF 2 lump sum special death benefit because they missed LNI's deadlines for application**
 - **Lump Sum Special Death Benefit effective July 1 is \$287,781 (adjusted every year with COLA)**
 - **LNI deadlines**
 - **1 year for injury that caused death**
 - **2 years for occupational disease**
- **Possible workload: 3 policy briefings**
- **Issue impacts other plans, may need SCPP coordination**

6. Taxation of Catastrophic Disability Benefits

- DRS received advice from their tax counsel that a portion of some members' catastrophic disability benefits should be taxed
 - DRS will pay all back taxes that were due, and moving forward is withholding taxes from catastrophic benefits where necessary
 - Is the Board interested in amending how catastrophic benefits are calculated so they are not taxable?
- Possible workload: 3 policy briefings

7. DRS Admin Fees/UAAL charges to members

- In certain optional service credit purchases members are charged the DRS administrative fee and UAAL costs, which are otherwise the responsibility of the employer
- Possible workload: 3 policy briefings
- Issue impacts all plans, may need SCPP coordination

8. DRS appeal deadlines

- **Some LEOFF 2 members have missed the deadline to file an administrative appeal with DRS**
 - The deadline to file an appeal and to file a petition are different
 - The deadline to file an appeal does not include tolling to gather additional records, even if DRS requests additional information from the member
- **Possible workload: 3 policy briefings**

9. Survivor reelection window

- Members who requested to change their survivor option between the effective date of SB 6417 (2020) and DRS receiving IRS approval for this new law, were not allowed to do so
- Bill language impacts 1 PERS member, no LEOFF 2 members
- Possible workload: 3 policy briefings

10. Use of Leave/Non-duty Disability

- Non-duty disability pay is not always considered “basic salary”
- Possible workload: 3 policy briefings

11. Holiday Pay

- Holiday pay is not always considered basic salary
- Possible workload: 3 policy briefings

12. Non-duty to Duty Disability Conversions

- The criteria for duty disabilities has changed over time, there may be LEOFF 2 members who were approved for non-duty disability with conditions that may now qualify as duty related
- Possible workload: 3 policy briefings

13. COLA/Inflation

- Retirees expressed concern that the 3% maximum COLA does not meet the recent level of inflation
- Possible workload: 3 policy briefings
- Issue impacts other plans, may need SCPP coordination

14. DROP Update

- **Deferred Retirement Option Plan (DROP) - Allows an employee who is eligible to retire to start earning their pension, while the employer retains the employee's services**
 - **Instead of continuing to add new years of service – thereby increasing the employee's pension benefit amount – the employer will begin placing lump sums into an interest-bearing account**
 - **When the employee retires, they will receive the full value of this account, in addition to their established pension benefits**
- **Request of Fraternal Order of Police**
- **Board last studied DROP in 2006**
- **Possible workload: Educational Briefing**

15. Part-time LEOFF Members

- Law enforcement agencies adopting flexible work policies may help address hiring and retention issues in law enforcement, however, part-time law enforcement officers are not eligible for membership in LEOFF 2
- HB 1413/SB 5424 – Flexible Work for Law Enforcement Officers
- Possible workload: 3 policy briefings

16. Secure Act 2.0

- **SECURE 2.0, signed into law on December 29, 2022, contains 90 provisions, some of which are mandatory, others which are optional for plan administrators to implement**
- **DRS currently implementing 8 mandatory sections**
- **Possible Workload: Educational briefing**

17. Benchmarking Peer Comparison Update

- Board requested an updated peer comparison during strategic planning last interim
- Last presentation to the Board was in 2017 (data collected in 2016)
- Possible workload: Educational briefing

Action

- Board must vote on what topics to include on interim workplan



Thank You

Jacob White

Senior Research and Policy Manager

(564) 999-0738

jacob.white@leoff.wa.gov