



Dennis Lawson

## MESSAGE FROM THE CHAIR

Your LEOFF-2 Board has seen substantial growth in our membership – both active and retired – over the last two years. The LEOFF Plan 2 Retirement System has 18,625 active members and 8,597 annuitants (service retirement, disability retirement, and survivors). With this significant membership growth, a simple review of who we are may be beneficial.

The Washington State Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board (LEOFF Plan 2 Board) was created by Initiative 790 and passed by the people of Washington State in November 2002. It was established as a state agency in July 2003 and is governed by a Board of Trustees.

The LEOFF-2 Board of Trustees consists of 11 appointed members who represent the stakeholders of the plan – three (3) from employers, three (3) fire/EMS members, three (3) law enforcement officers; and two (2) Washington State legislators.

**We are the only standalone retirement plan in the state of Washington, which allows our members a greater say on what we do and how we operate.**

### The Board of Trustees' responsibilities include the following:

- Adopt actuarial standards to be applied to the plan.
- Provide additional benefits for firefighters and law enforcement officers within cost limitations provided for in chapter 2, Laws of 2003.
- Exercise fiduciary responsibility in the oversight of those pension management functions assigned to the board.
- Monitor the plan by providing an annual report to the legislature, the members and beneficiaries of the plan, and the public.
- Establish contribution rates for employees, employers, and the state of Washington that will guarantee viability of the plan, subject to the limitations provided for in chapter 2, Laws of 2003.
- Provide an annual budget and pay expenses from the trust, as part of the normal cost of the plan.
- Retain professional and technical advisors as necessary for the fulfillment of statutory responsibilities.

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## 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.

# 2023 LEGISLATIVE REPORT

This legislative interim the LEOFF 2 Board is researching multiple policy topics for consideration as possible legislation in the upcoming legislative session. These topics include, but are not limited to:



## ENSURING PROMOTED FIREFIGHTERS REMAIN IN LEOFF 2

Some promotional positions within a fire department that require an experienced firefighter may be considered Public Employee Retirement System positions, not LEOFF 2 positions. This may limit employer's ability to fill those positions, as LEOFF 2 members may be unwilling to move into a position which does not continue their membership in LEOFF 2. During the 2022 legislative session there was a bill proposed (HB 1279/SB 5468) to change the definition of firefighter to ensure that firefighters in these positions remain in LEOFF 2. The bill did not pass. However, the Board has decided to look into the issue further this interim.

## OVERPAYMENT RESPONSIBILITY

When employers make an error reporting salary or service credit to the Department of Retirement Systems, and that error causes a LEOFF 2 retiree to receive an overpayment, the member is responsible for paying back the overpayment that they incorrectly received. However, there are exceptions to this policy in the state pension systems, including situations where the employer is liable for the overpayment and situations where overpayments, as well as other funds not provided to the system due to employer error, are subsidized by the plan. The Board is considering whether the policy requiring members to pay back overpayments they received due to employer error should be changed.

## LUMP SUM SPECIAL DEATH BENEFIT

LEOFF 2 beneficiaries are eligible for a one-time lump sum special death benefit (currently \$287,781) if the member died because of a workplace injury or occupational disease. Some LEOFF 2 beneficiaries have been denied this benefit because the Department of Labor and Industries (LNI) deadline for application. The law governing this benefit states that the determination of eligibility for the benefit must be made consistent with LNI law. However, the benefit is paid from the LEOFF 2 pension fund. The Board is considering whether changes to the law should be made to ensure that beneficiaries receive the benefits they are owed.

If you are interested in the Board's progress on these issues you can follow the Board's work on our website: [leoff.wa.gov](https://leoff.wa.gov)

## LEOFF OMBUDSMAN



The LEOFF Plan 2 Board has created a video for members introducing the Benefits Ombudsman, a program designed to assist

members, their families, and employers in the event of a duty-related disability or death. Ombudsman Introduction Video (Disability and Survivor Assistance) [youtube.com/watch?v=cHT3kdFkX84](https://youtube.com/watch?v=cHT3kdFkX84)

For more information about the Ombuds or to get contact information, visit [leoff.wa.gov/benefits-ombudsman](https://leoff.wa.gov/benefits-ombudsman).

## RETIREMENT

### RETIREMENT SEMINARS

DRS Seminars provide you with information you need as you approach retirement. They are available online and in-person.

Visit [drs.wa.gov/life/retire/seminar](https://drs.wa.gov/life/retire/seminar) for a listing of webinars available and a sample agenda.

### LIVE WEBINARS

A variety of information can be found in these webinars including;

- Purchasing Service Credit or an Annuity
- Applying for Retirement
- Payment Options
- Social Security Basics and more

Register online at: [drs.wa.gov/webinars](https://drs.wa.gov/webinars)

### MID CAREER CHECK

Get on track, or learn how to stay there with a variety of online resources for things that impact mid-career employees. Such things may include:

- Marriage or Divorce
- Death
- Leaving Employment
- Returning to Work and more

[drs.wa.gov/life/mid](https://drs.wa.gov/life/mid)

The Trustees meet monthly to review data, listen to presentations, provide direction, and act on the business of the plan. The Trustees take great pride in ensuring that your LEOFF Plan 2 is funded to a level that will provide the participants’ benefits and ensure the long-term solvency of the fund. The Board balances benefit improvements and rates annually—a task the board takes very seriously.

As a Board of Trustees, we keep our eyes and ears open when it comes to the economy and how economic changes impact our fund. Our pension dollars are managed by the Washington State Investment Board, which monitors and controls our investments and works to grow our contributions. The current funding status has the plan funded at 104%, which is an enviable place for many other retirement plans across our country.

Our membership growth, positive investments, and a dedicated board puts your LEOFF Plan 2 on solid ground.

Your board is honored to represent all of you and would like to thank you for the opportunity to serve. We would be remiss to not acknowledge and show our appreciation to the assembled LEOFF-2 Agency Team, which is based in Olympia, and works for all of us. Their dedicated efforts ensure that the plan remains sustainable and continues to provide the necessary benefits to our members. They are an extremely talented and dedicated group which provides the resources for the board so we can do the work you have trusted us all to do.

Thank you.

## LEOFF PLAN 2 FISCAL HEALTH RANKING

Since the passage of the Benefit Improvement Bill (SHB 1701) a year ago, many members have asked about the overall financial health of LEOFF Plan 2. LEOFF 2 continues to be one of the most well-funded public pension plans in the country. Figure X is the most recent chart provided by the National Association of State Retirement Administrators (NASRA), showing that LEOFF Plan 2 ranked 3rd in funding status among public pension plans in 2022. This data was prior to the passage of the Benefit Improvement, which along with changes in actuarial assumptions lowered the plan status to 104%. Even with these changes, LEOFF 2 continues to be one of the top funded plans in the country.

Fiscal Year 21 funding levels of the 128 plans in the survey are depicted. The size of each circle is roughly proportionate to the size of each plan’s actuarial liabilities—larger bubbles reflect larger plans and smaller bubbles reflect smaller plans. The median funding level is 76.5 percent, and the range is 20.0 percent to 117.9 percent funded. This chart illustrates the wide distribution of funding conditions among public pension plans.

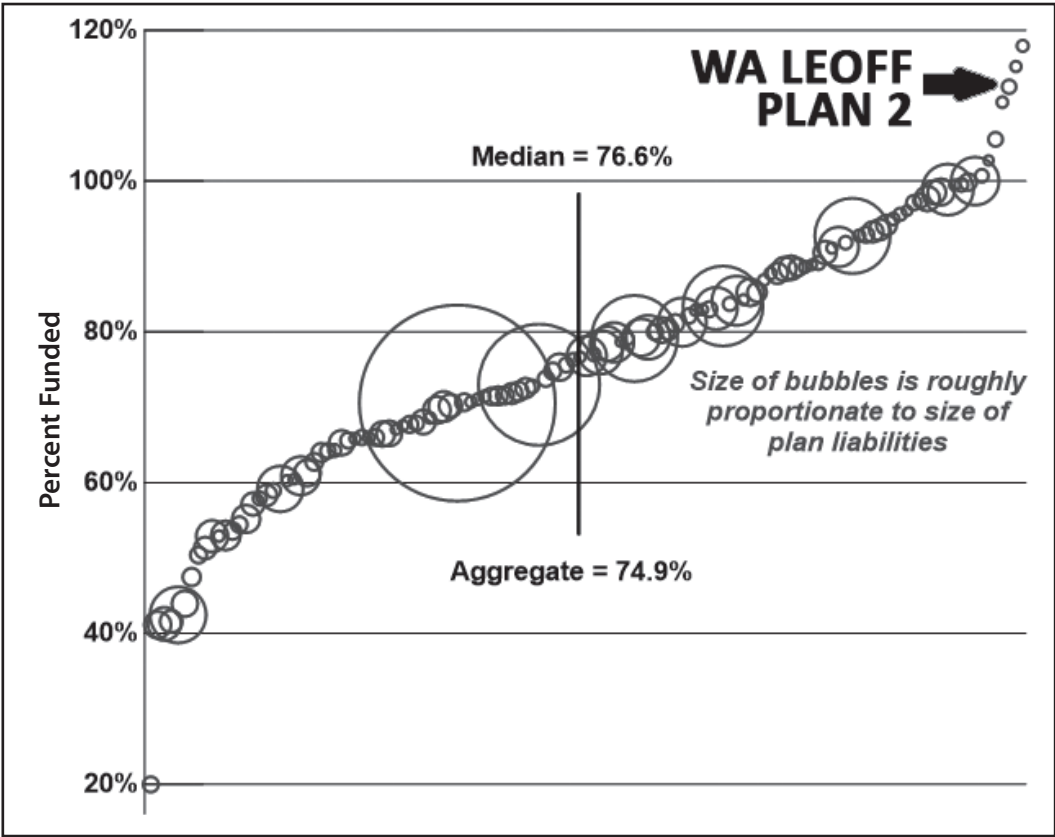


Figure X: 2021 Comparison of funding levels of 128 national retirement plans.

*Public Fund Survey Oct 22, 2021*

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## BOARD MEETINGS

Board meetings are open to the public.

All regular meetings are held both virtually and in-person at the State Investment Board, located at 2100 Evergreen Park Dr SW in Olympia, on the fourth Wednesday of each month beginning at 9:30 a.m. unless otherwise noted.

For up-to-date meeting information and to learn how to gain access to virtual meetings, visit [leoff.wa.gov](http://leoff.wa.gov).

## BOARD OF TRUSTEES

### Fire Fighter Representatives

Dennis Lawson  
Central Pierce Fire and Rescue,  
(Ret.)

Mark Johnston  
Vancouver Fire Department, (Ret.)

AJ Johnson  
Snohomish County Fire

### Law Enforcement Representatives

Jason Granneman  
Clark County Sheriff's Office

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

### Employer Representatives

Pat McElligott  
East Pierce County Fire and Rescue

Wolf Opitz  
Pierce County

Jay Burney  
City of Olympia

### Legislative Representatives

Sen. Jeff Holy  
WA State Senator

Rep. Steve Bergquist  
WA State Representative

# DUAL RESPONSE



c/o DES  
PO Box 798  
Olympia, WA 98507-0798

## RETIREE RESOURCES

Did you know that the Department of Retirement Systems (DRS) has a webpage for retirees? They do!

Visit [drs.wa.gov/retirees](https://drs.wa.gov/retirees) to update your address, find tax forms, and more.

Want to know when your next pay day is? It's there! Getting a divorce? Yep, that's there too. Need more information about PEBB health insurance? You'll find a link there. Check it out today!

## 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  
[leoff.wa.gov](http://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  
[drs.wa.gov](https://drs.wa.gov)