BOARD MEETING AGENDA

JULY 23, 2025 • 9:30AM

LEOFF Plan 2 Retirement Board

LOCATION - Hybrid Meeting

In-Person:
Washington State Investment Board
2100 Evergreen Park Drive SW, Suite 100
Olympia, WA 98502

Or Virtual Meeting Information at
www.leoff.wa.gov

THEY KEEP US SAFE,
WE KEEP THEM SECURE.

1.	**Approval of June 2025 Minutes**	**9:30 AM**
2.	**Executive Session – *For the purpose of discussing the performance of public employees.***	**9:40 AM**
3.	**Salary Setting Responsibility – Decision Package** Karen Durant, Sr. Research and Policy Manager	**10:20 AM**
4.	**Executive Director Offer** Dennis Lawson, Chair	**10:50 AM**
5.	**Surviving Spouse Medical Reimbursements – Initial Consideration** Jacob White, Sr. Research and Policy Manager	**11:10 AM**
6.	**Catastrophic Disability Survivor Benefit – Initial Consideration** Jacob White, Sr. Research and Policy Manager	**11:40 AM**
7.	**Career Choice 457 Employer Contributions – Initial Presentation** Jacob White, Sr. Research and Policy Manager	**12:10 PM**
8.	**Benefit Enhancement/Career Choice – Initial Consideration** Jacob White, Sr. Research and Policy Manager	**12:40 PM**
9.	**Administrative Update** Steve Nelsen, Executive Director	**1:10 PM**
10.	**Public Comment**	**1:15 PM**

**Public comment can be provided to the Board in writing 24 hours prior to the meeting via our reception mailbox: recep@leoff.wa.gov.*

In accordance with RCW 42.30.110, the Board may call an Executive Session for the purpose of deliberating such matters as provided by law. Final actions contemplated by the Board in Executive Session will be taken in open session. The Board may elect to take action on any item appearing on this agenda.

LEOFF
Plan 2 Retirement Board

Salary Setting Responsibility

July 23, 2025

Background

- Salary setting presentation at May board meeting
- Administrative committee request for July agenda

Revised Salary Ranges

- **Adopted Salary Ranges with 2024 CPI adjustment 3.7%**

	MIN	MID	MAX	RANGE WIDTH
Executive Director	$151,306	$197,328	$257,347	70%
Deputy Director	$121,045	$157,861	$205,878	70%
Senior Research and Policy Manager	$110,480	$144,084	$187,909	70%

Current Salaries

- **Current salaries with annual adjustment to ranges**

	Current PAY	MIN	MID	MAX
Executive Director	**$183,984**	$151,306	$197,328	$257,347
Deputy Director	**$168,804**	$121,045	$157,861	$205,878
Senior Research and Policy Manager (1)	**$159,780**	$110,480	$144,084	$187,909
Senior Research and Policy Manager (2)	**$166,596**	$110,480	$144,084	$187,909

Board Salary Setting

- Market study will be conducted in 2026 (every 2 years)
- Performance evaluation consideration
  - Board received copies of 2024 performance evaluations

Board Salary Setting – Process

- January – Performance Evaluations Calendar Year
- April/May – Even Years Market Analysis
- June - Board Receives Market Data and OFM Consultation
- July - Board Decision Adopted
- August – Write Budget Request
- September – Budget Decision Packages to OFM

2026 Supplemental Budget

Expense Item	Request
Retirement Cashout	$77,000
2023-25 Staff Merit Increases	$33,000
2025-27 GWI Adjustment	$5,000
Office of State Actuary Increase	$16,000
Lease Increase	$11,000
Actuarial Audit Contracts	$15,000
Contract Special AAG	$10,000
Member Communications	$34,000
Trustee and Staff Education	$130,000
TOTALS	**$331,000**

Next Steps

1. Consideration of any staff specific merit salary increases
   - Consideration of 2024 performance evaluations from executive session
2. Direction to staff to amend the supplemental budget request to include any Board action today.

Thank You

Karen Durant

Senior Research and Policy Manager

(360) 586-2325

karen.durant@leoff.wa.gov

July 23, 2025

Surviving Spouse Medical Reimbursements

INITIAL CONSIDERATION

By Jacob White
Senior Research & Policy Manager
360-586-2327
jacob.white@leoff.wa.gov

ISSUE STATEMENT

Surviving spouses of line of duty death are no longer fully reimbursed for medical insurance once they are Medicare eligible.

OVERVIEW

Surviving spouses of line of duty death have an increased cost to their medical insurance premiums when they become eligible for Medicare. LEOFF 2 reimburses for medical insurance coverage provided through the Public Employee Benefits Board (PEBB) only. PEBB requires Medicare eligible members to enroll into Medicare in order to continue to be eligible for PEBB.

BACKGROUND AND POLICY ISSUES

Survivors of LEOFF 2 members who died in the line of duty are eligible for medical insurance coverage through the Public Employee Benefits Board (PEBB) at the Health Care Authority (HCA). In 2006, the LEOFF 2 Board endorsed SB 6723[1] which reimburses "for any payments of premium rates to the Washington state health care authority […]".

In general, for a single person the Medicare eligible PEBB plans cost between $150 to $180 and pre-Medicare PEBB plans cost between $794 to $953. The cost for Medicare Part B (Medical Insurance) is currently $185 per month. Medicare Part B isn't reimbursed by LEOFF 2 and would be paid from the survivor's Social Security payment.

In 2010, the LEOFF 2 Board endorsed legislation (SHB 1679[2]) to reimburse members who are catastrophically disabled in the line of duty for the premiums they pay for employer provided health insurance for themselves and their spouses and dependent children. This legislation,

---

[1] https://lawfilesext.leg.wa.gov/biennium/2005-06/Pdf/Bills/Session%20Laws/Senate/6723.SL.pdf?cite=2006%20c%20345%20s%201

[2] https://lawfilesext.leg.wa.gov/biennium/2009-10/Pdf/Bills/Session%20Laws/House/1679-S.SL.pdf?q=20250530092722

similar to PEBB, required members eligible for Medicare coverage to enroll in Medicare to continue to be eligible for reimbursement from LEOFF. However, catastrophic disability retirees are reimbursed for Medicare Part A (hospital Insurance) and B (Medical Insurance).

When a catastrophic disability retiree dies their survivor is no longer eligible for these catastrophic disability medical insurance coverage and reimbursements. However, if the catastrophic disability retiree's death is determined to be in line of duty, their survivor becomes eligible for line of duty death benefits, including eligibility for PEBB and reimbursements for PEBB coverage.

Data

As of May 30, 2025 there were 90 surviving spouses receiving medical reimbursements for PEBB medical insurance coverage. Thirty of these surviving spouses were enrolled into Medicare. DRS provided a list of the current PEBB reimbursements for line of duty death survivors:

Amount	Survivors
$ 114.80	2
$ 171.19	1
$ 177.41	3
$ 181.55	4
$ 419.36	20
$ 893.00	1
$ 898.12	18
$ 922.97	2
$ 953.54	1
$ 1,088.67	2
$ 1,478.88	1
$ 1,558.46	1
$ 1,567.43	32
$ 1,610.92	1
$ 2,459.84	1

SUPPORTING INFORMATION

Appendix A: Letter from Renee Maher-Zieger, 1/23/25.

LEOFF
Plan 2 Retirement Board

Surviving Spouse Medical Reimbursements

Initial Consideration
July 23, 2025

Issue

- Surviving spouses of line of duty death are no longer fully reimbursed for medical insurance once they are Medicare eligible.

Line of Duty Death Medical Insurance

- Reimbursement for any payments of premium rates to the Health Care Authority for PEBB Coverage
- PEBB requires Medicare eligible survivors to enroll in Medicare Parts A and B once eligible
  - There is no statute authorizing reimbursement for Medicare premiums from LEOFF 2
  - Medicare premiums are deducted from survivor's social security payment

Current PEBB Reimbursements

- **30 Survivors enrolled in Medicare**
- **$185/month - Current Cost for Medicare Part B**

Amount	Survivors
$ 114.80	2
$ 171.19	1
$ 177.41	3
$ 181.55	4
$ 419.36	20
$ 893.00	1
$ 898.12	18
$ 922.97	2
$ 953.54	1
$1,088.67	2
$1,478.88	1
$1,558.46	1
$1,567.43	32
$1,610.92	1
$2,459.84	1

Catastrophic Disability Medical Coverage

- Reimbursement for any payments made for:
  - Premiums on employer-provided medical insurance, COBRA
  - Medicare part A (hospital insurance)
  - Medicare part B (medical insurance)
- A member who is entitled to Medicare must enroll to remain eligible for these reimbursements

Catastrophic Disability Survivors

- If their death is determined to be line of duty
  - Survivor transitions to same coverage as survivors of those killed in the line of duty
- If their death is not line of duty
  - All medical insurance reimbursements from LEOFF 2 stop

Next Steps

1. No further action
2. Motion for a Comprehensive Report

Thank You

Jacob White

Senior Research and Policy Manager

jacob.white@leoff.wa.gov

From: R MZ <reneevkm@gmail.com>
Sent: Thursday, January 23, 2025 6:02 AM
To: Granneman, Jason (LEOFF Trustee) <jason.granneman@leoff.wa.gov>; Rose-Watson, Tarina (LEOFF Trustee) <tarina.watson@leoff.wa.gov>; Stidham, Darell (LEOFF Trustee) <darell.stidham@leoff.wa.gov>; Johnston, Mark (LEOFF Trustee) <mark.johnston@leoff.wa.gov>; Lawson, Dennis (LEOFF Trustee) <dennis.lawson@leoff.wa.gov>; Johnson, AJ (LEOFF Trustee) <aj.johnson@leoff.wa.gov>; Burney, Jay (LEOFF Trustee) <jay.burney@leoff.wa.gov>; Opitz, Wolf (LEOFF Trustee) <wolf.opitz@leoff.wa.gov>; McElligott, Pat (LEOFF Trustee) <pat.mcelligott@leoff.wa.gov>; Holy, Jeff <jeff.holy@leg.wa.gov>; Bergquist, Steve <steve.bergquist@leg.wa.gov>
Cc: Nelsen, Steve (LEOFF) <steve.nelsen@leoff.wa.gov>
Subject: Question about Surviving Spouse Medical Insurance

External Email

LEOFF 2 Board Members,

My name is Renee Maher-Zieger and I am the surviving spouse of Federal Way Officer Patrick Maher (EOW 8/2/03). I am writing with the hopes that you can assist me in understanding some recent confusing developments in regard to the surviving spouse medical benefit.

When we worked on the legislation that provided this benefit to LEOFF 2 widows back in 2006, I distinctly remember telling spouses that they would be covered "for life." Recently, however, a surviving spouse shared with me that when she became eligible for Medicare, she was removed from her PEBB plan and forced on to a Medicare medical plan. I was extremely confused and concerned about this. Never in all of the discussions prior to the 2006 Legislative session nor during the actual session was there any discussion or agreement or suggestion that surviving spouses would be forced off of PEBB once they qualified for Medicare.

Additionally, she also now has Medicare premiums being deducted from her social security benefit. I know when we worked on the catastrophic disability medical legislation a few years later in 2010, there was specific discussion about Medicare being reimbursed to our catastrophically disabled members. So it now seems like some LEOFF members are having Medicare reimbursed while others are not.

I hope you can help me understand this issue. It is now causing a fair amount of concern with other surviving spouses and instead of misinformation getting passed around, I thought it best to go straight to the experts on the matter. And that's you!

Gratefully yours,

Renee Maher-Zieger

LEOFF Plan 2 Retirement Board

July 23, 2025

Catastrophic Disability Survivor Benefit

INITIAL CONSIDERATION

By Jacob White
Senior Research & Policy Manager
360-586-2327
jacob.white@leoff.wa.gov

ISSUE STATEMENT

The current administrative practice for catastrophic disability survivors can result in survivors receiving LEOFF 2 pension payments that are significantly less than the LEOFF 2 pension payments the catastrophic disability retiree received.

OVERVIEW

When LEOFF 2 members qualify for a catastrophic disability retirement they have the option to leave a survivor benefit. Calculating the amount that a catastrophic disability retiree's benefit should be reduced is complicated by multiple factors, including whether the retiree is receiving the 70% minimum catastrophic disability benefit or the service retirement benefit; the changing amounts of LNI and social security offsets that may be applied to the catastrophic disability benefit; and whether when the member dies and their death is determined to be line of duty.

BACKGROUND AND POLICY ISSUES

Catastrophic Disability Benefit

LEOFF 2 members who are totally disabled in the line of duty qualify for a catastrophic disability benefit. The catastrophic disability benefit is the higher of 70% of the member's Final Average Salary (FAS) or the member's service retirement. [1] Members receiving a benefit based on 70% of their FAS cannot receive combined benefits from LEOFF 2, Social Security disability, and Workers Compensation that exceed 100% of the member's FAS.[2] Any amount that exceeds 100% will be offset by decreasing the LEOFF 2 benefit.[3]

[1] RCW 41.26.470
[2] Id.
[3] Id.

Survivor Benefit

When a member retires, they have the option to choose a survivor beneficiary.[4] The survivor receives lifetime monthly payments upon the death of the member. Selecting a survivor is optional and will reduce a member's monthly payments. This reduction is an actuarial reduction and is based on the difference in age between the member and their survivor. The policy intent of the reduction a member takes is for the benefit to be "actuarially equivalent", meaning that the amount paid to the member and their survivor should be equal to the amount that would have been paid to the member without a survivor benefit. To meet this policy goal the Office of the State Actuary (OSA) provides the Department of Retirement Systems (DRS) with administrative factors to calculate the reduction. These administrative factors are used for all LEOFF 2 members, not just catastrophic disability retirees.

DRS Administrative Practice

Initially, when the catastrophic disability benefit was created DRS' administrative practice was for survivors of catastrophic disability retirees to receive whichever benefit was greater: a benefit based on their service or based on their catastrophic disability benefit.

When the first catastrophic disability retirees died DRS began looking at whether this was the correct policy or not. They wrote a decision paper (see Appendix A) identifying the pros and cons of the options for administering this benefit and changed their administrative practice to always pay survivors a benefit based on the service retirement benefit. For many catastrophic disability retirees, the service retirement benefit is substantially lower than the 70% minimum benefit.

DRS identified the following concerns with providing a survivor benefit based on the minimum 70% benefit:

1. Survivors could end up receiving a larger on-going benefit than the retiree (if the retiree selected a survivor option and their benefit was actuarially reduced).
2. Members who are killed in the line of duty will be treated differently than those who are catastrophically disabled and later die as a result of their injuries.

DRS identified the following benefits of changing their administrative practice to always pay survivors a benefit based on the service retirement benefit:

1. Members who are either killed in the line of duty or are catastrophically disabled and later die as a result of their injuries are treated the same.

[4] RCW 41.26.460

2. For future catastrophic disability retirees, survivor benefits will be calculated based on the member's service, rather than the catastrophic disability benefit, because the survivor no longer needs to care for the catastrophically disabled retiree.

DRS' change in practice was in part based on concerns about differences between line of duty death benefits and catastrophic disability benefits. Line of duty death survivors receive a survivor benefit based on the service credit and final average salary of the member, without reductions for early retirement or for a survivor option. There is a minimum benefit of 10% of the member's FAS.

DRS expressed concern in their decision paper (see Appendix A) that a survivor of a member with a catastrophic disability retirement could receive a larger survivor benefit than a survivor of a line of duty death. The legislature has created benefits for those killed in the line of duty that reflect a policy goal of recognizing the sacrifice made by these LEOFF members and an obligation to provide for families in recognition of this sacrifice.

While the policy goals for catastrophic disability retirees are similar, they are not the same and this appears to recognize practical differences between the two situations. For example, members who are killed in the line of duty do not have an opportunity to take a reduction in their retirement to leave their survivor an actuarial equivalent ongoing survivor benefit. Instead, the benefit for members killed in the line of duty is fully subsidized by LEOFF Plan 2. Also, line of duty death survivors receives a combination of a lump sum benefit (with a policy goal that appears to recognize the sudden loss of income, as well as the trauma of that loss, may create a more immediate need for financial support) while still providing a survivor benefit (albeit a potentially smaller benefit than catastrophic disability) for ongoing financial support.

The issue of whether to treat catastrophic disability survivors different than line of duty death survivors is further complicated by the fact that when a catastrophic disability retiree dies their death may be ruled a line of duty death. If the death is found to be in the line of duty the survivor would receive those corresponding benefits, including the fully subsidized survivor benefit. Therefore, under DRS's current administrative practice the survivor of a catastrophic disability member whose death has been determined to be line of duty may need to be refunded any reduction in benefit payments the member made to leave a survivor benefit that is equal to the fully subsidized survivor benefit they are owed.

SUPPORTING INFORMATION

Appendix A: Department of Retirement System Decision Paper, 9/25/13.

Washington State
Department of Retirement Systems

Decision Statement

Issue Summary

Issue	Survivor Benefits for LEOFF Catastrophic Disability Retirees
Decision Objective	Determine how to transition the account of a LEOFF retiree receiving catastrophic disability benefits when the retiree dies, whether as a result of their duty-related disability or not.
Decision Authority	Leadership Team
Status	Final

Background

Background Statistics	There are currently 29 LEOFF Plan 2 Catastrophic Disability retirees. Of these 29, 2 did not select a survivor option at the time of retirement.
Analysis	As part of our analysis, we evaluated statutes and rules related to death benefits. We also reviewed the Duty-Related Death and Disability Issue/Decision Log from 2010-2011.
Issue Significance	In the past 18 months, two retirees receiving catastrophic benefits died as a result of their duty-related disability. There was uncertainty around how to transition their benefits to their survivor. We know that this will become an increasing issue and we need to clearly communicate to members and retirees the benefit their survivor will be entitled to so they can make informed decisions at the time they apply for disability benefits. When the existing catastrophic disability retirees applied for retirement, they were told that the survivor benefits would be based on their catastrophic disability benefit, as opposed to a benefit based on their service.
Historical Context	For the two catastrophic disability retirees that have died as a result of their duty-related disability, their survivors received whichever benefit was greater: a benefit based on their service or based on their catastrophic disability benefit. This was an interim decision until we could make a formal decision and communicate it to members and retirees.

Business Area(s) Impacted

Internal Stakeholders	RSD's Death and Disability Unit and Contact Center
External Stakeholders	Members of LEOFF Plan 2 applying for disability benefits, current retirees receiving catastrophic disability benefits and LEOFF 2 Board.

Key Business Requirements

Key business needs	List the key business needs that must be addressed and/or the required deliverables •

Required Deliverables •

Alternatives

There are multiple issues that impact this issue:

- Whether or not the retiree died as a result of their duty-related disability.
- Whether or not the retiree selected a survivor option.
- Whether or not the retiree is married or has eligible dependents at the time of death.

1. For retirees already receiving a catastrophic disability benefit, their survivor will receive whichever benefit is greater: a benefit based on their service or based on their catastrophic disability benefit.

For new catastrophic disability retirees, the member will be advised on their options at the time of retirement. If they choose a survivor option, their benefit will be reduced based on the underlying service benefit they would be entitled to, not based on the catastrophic benefit (in most cases this reduction would be lower).

If they later die as a result of their duty-related disability, we would treat it like a line of duty death. The on-going benefit would be based on the underlying service retirement, not on the catastrophic disability benefit. The survivor's benefit would not be reduced based on the survivor option selected at time of retirement.

If they later die from something unrelated to their duty-related disability, their survivor benefit (if they selected a survivor option) would be based on the underlying service retirement, not on the catastrophic disability benefit. The survivor's benefit would be reduced based on the survivor option selected at the time of retirement. If the member did not select a survivor option, there is no on-going benefit.

The programming and BSA estimate for this alternative is 330 hours.

Pros

- Survivors of current catastrophic disability retirees will receive the benefit the member was advised of at the time of retirement.
- In the future, members who are either killed in the line of duty or are catastrophically disabled and later die as a result of their injuries are treated the same.
- For future catastrophic disability retirees, survivor benefits will be calculated based on the member's service, rather than the catastrophic disability benefit, because the survivor no longer needs to care for the catastrophically disabled retiree.

Cons

- Not all catastrophic disability retirees will be treated the same. There will be a group that is "grandfathered" into an option that could provide a benefit based on the catastrophic disability benefit, while another group will have survivor benefits based only on service.
- If the retiree selects a survivor option at the time of retirement, their benefit is actuarially reduced. However, if they die as a result of their duty-related disability the survivor benefits always go to a spouse or eligible dependents. The named survivor, if different from the spouse or eligible dependents, will not receive an on-going benefit even though a survivor option was selected.
- Explaining these scenarios to future members could be challenging and will be critical to ensuring members make informed decisions at retirement.

2. At the time of retirement, the member will be advised on their options. If they choose a survivor option, their benefit will be reduced based on the underlying service benefit they would be entitled to, not based on the catastrophic benefit (in most cases this reduction would be lower).

   If they later die as a result of their duty-related disability, we would treat it like a line of duty death. The on-going benefit would be based on the underlying service retirement, not on the catastrophic disability benefit. The survivor's benefit would not be reduced based on the survivor option selected at time of retirement.

   If they later die from something unrelated to their duty-related disability, their survivor benefit (if they selected a survivor option) would be based on the underlying service retirement, not on the catastrophic disability benefit. The survivor's benefit would be reduced based on the survivor option selected at the time of retirement. If the member did not select a survivor option, there is no on-going benefit.

   See Attachment A – LEOFF Catastrophic Disability Matrix for details on this alternative.

   The programming and BSA estimate for this alternative is 200 hours.

Pros	• Members who are either killed in the line of duty or are catastrophically disabled and later die as a result of their injuries are treated the same. • Survivor benefits are calculated based on the member's service, rather than the catastrophic disability benefit, because the survivor no longer needs to care for the catastrophically disabled retiree.
Cons	• If the retiree selects a survivor option at the time of retirement, their benefit is actuarially reduced. However, if they die as a result of their duty-related disability the survivor benefits always go to a spouse or eligible dependents. The named survivor, if different from the spouse or eligible dependents, will not receive an on-going benefit even though a survivor option was selected. • Explaining these scenarios to members could be challenging and will be critical to ensuring members make informed decisions at retirement.

3. If a retiree receiving catastrophic disability benefits dies, give the survivor whichever benefit is greater: a benefit based on their service or based on their catastrophic disability benefit.

   The programming and BSA estimate for this alternative is 390 hours.

Pros	• Explaining these scenarios to members could be easier. • The survivor will always get the best benefit possible.
Cons	• Survivors could end up receiving a larger on-going benefit than the retiree (if the retiree selected a survivor option and their benefit was actuarially reduced). • Members who are killed in the line of duty will be treated differently than those who are catastrophically disabled and later die as a result of their injuries.

Recommendations

Recommended Alternative	We recommend Alternative 1.
Supporting Reasons	Current catastrophic disability retirees may not have been counseled correctly about how their survivor benefit would be calculated. Since those who selected a survivor

option had their benefit was reduced based on the catastrophic benefit, not the underlying service-based benefit, it makes sense to provide their survivor with the benefit they "paid for."

Team Members

Who:	Signature:	Date:
Jennifer Dahl	Jennifer Dahl	5/30/14
Dave Nelsen	[signature]	5/30/14
Alex Kasuske	Alex Kasuske	5-30-2014

Follow-up Required for Implementation:

If implementation of the approved alternative will require follow up of some kind such as communication to staff or members, or writing a policy or WAC, place a check mark by what is required and indicate who is responsible for ensuring that the task gets completed. Due dates and completion dates can be tracked using an action log or other method.

Type of follow-up required		Person responsible
	Policy/Procedure	
X	WAC	
	RCW revision	
X	Update Business Requirements	
X	Update Technical Requirements	
X	Communication	
	Other (List)	

Decision

Selected Alternative Alternative 1.

Decision Support

Washington State Department of Retirement Systems

Decision Statement

Approval

Who:	Signature:	Date:
Marcie Frost		5/30/14
Wilma Eby		5/30/14
Mark Feldhausen		5/30/14
Mike Ricchio		5/30/14
Lee Strehlow		6/2/14
David Brine		5/30/14
Shawn Merchant		5/30/14
Chris Lamb		6/1/14
George Pickett		5/30/14
Dave Nelsen		5/30/14
Jennifer Dahl		5/30/14

LEOFF 2 Catastrophic Disability Matrix

	Member Receiving a Catastrophic Disability	Member Dies From Something Unrelated to Their Duty-Related Disability		Member Dies as a Result of Their Duty-Related Disability (Treated as "Line of Duty Death")							
				Member Married at Time of Death			Member Unmarried at Time of Death				
							Member Had Eligible Dependents at Time of Death			Member Had No Eligible Dependents at Time of Death	
		No Survivor Option	Survivor Option	No Survivor Option	Survivor Option – Spouse	Survivor Option – Other	No Survivor Option	Survivor Option – Eligible Dependent	Survivor Option - Other	No Survivor Option	Survivor Option - Other
1	Is there an ongoing benefit?	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	N
2	Who is entitled to the ongoing benefit?		Named Survivor	Spouse	Spouse	Spouse	Eligible Dependent	Eligible Dependent	Eligible Dependent		
3	What is the benefit based on?		Service	Service	Service	Service	Service	Service	Service		
4	Is the benefit reduced based on the survivor option selected?		Yes	No	No	No	No	No	No		
5	If retiree dies before all contributions are used, who gets remaining contributions?	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene
	If a member dies as a result of their duty-related disability:										
6	Do we "refund" the reduction the member paid due to the survivor option selected?				No	No		No	No		
7	Who is entitled to one-time death benefit?			Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene	Named Bene
8	If member named a non-spouse as their survivor, will the named survivor receive an ongoing benefit when the spouse dies?					No					
9	If the member named a non-dependent as their survivor, will the named survivor receive a benefit when the eligible dependent turns 18?								No		
10	If the member named an eligible dependent as their survivor, will the eligible dependent that was the named survivor continue to receive an ongoing benefit after age 18?							No			

Updated 6/25/13

Catastrophic Disability Survivor Benefit

Initial Consideration
July 23, 2025

Issue

- The current administrative practice for catastrophic disability survivors can result in survivors receiving LEOFF 2 pension payments that are significantly less than the LEOFF 2 pension payments the catastrophic disability retiree received.

Catastrophic Disability Benefit

Higher benefit of:

- Minimum Benefit - 70% FAS
  - Offsets for Worker's Compensation, Social Security Disability so total benefits are not more than 100% FAS
- Service Retirement

Survivor Benefits

- Member takes a reduction in their benefit so that they can leave an ongoing benefit for their survivor
- Reduction is based on the difference in age between the member and survivor
- Policy intent is for the reduction to be cost neutral to the plan

DRS Decision Paper - Original Practice

- Survivor benefit was based on the catastrophic benefit (either 70% FAS or service benefit)
- DRS list of cons :

1. Survivors could end up receiving a larger on-going benefit than the retiree (if the retiree selected a survivor option and their benefit was actuarially reduced).
2. Members who are killed in the line of duty will be treated differently than those who are catastrophically disabled and later die as a result of their injuries.

DRS Decision Paper – Current Practice

- Survivor benefit should be based on the underlying service benefit member would be entitled to, not based on the catastrophic benefit they are receiving.
- DRS list of pros:

1. Members who are either killed in the line of duty or are catastrophically disabled and later die as a result of their injuries are treated the same.
2. For future catastrophic disability retirees, survivor benefits will be calculated based on the member's service, rather than the catastrophic disability benefit, because the survivor no longer needs to care for the catastrophically disabled retiree.

Line of Duty Death Survivor Benefit

- Survivor receives a survivor benefit based on the service credit and final average salary of the member, without reductions for early retirement or for a survivor option.
- Minimum Benefit – 10% of the member's FAS

Policy Goals

- While the policy goals for catastrophic disability and killed in the line of duty benefits are similar, the situations have practical differences, and the benefits reflect this.
- Catastrophic disability retirees have time to take reductions in their benefit to leave cost-neutral survivor benefit.

Current Process Example

Member qualifies for catastrophic disability. He is 35 years old with 10 years of service credit and a FAS of $10,000/month.

- Member receives 70% Minimum Benefit - $7,000/month
  - Service retirement: $2,000 x .3573 (early retirement) = $714.60
- Survivor benefit options are based on unreduced service retirement amount $2,000
  - Wife is 2 years younger, and member chooses 100% benefit (administrative factor .848)
  - Survivor benefit will be $1,696
  - DRS reduces member's $7,000 by $304 a month

Catastrophic Disability Death

- Death not determined to be line of duty
  - Survivor receives the survivor benefit that the retiree has been taking a reduction to provide
- Death determined to be line of duty
  - The survivor now qualifies for the fully subsidized line of duty survivor benefit
  - Retiree has been taking reductions to provide a survivor benefit

Next Steps

1. Recommendation to DRS for rule making
2. Motion for a Comprehensive Report

Thank You

Jacob White

Senior Research and Policy Manager

jacob.white@leoff.wa.gov

July 23, 2025

Career Choice 457 Employer Contributions

INITIAL CONSIDERATION
By Jacob White
Senior Research & Policy Manager
360-586-2327
jacob.white@leoff.wa.gov

ISSUE STATEMENT

When an employer hires a LEOFF 2 retiree into a non-LEOFF position and the retiree does not opt into membership in the position's retirement plan the employer does not pay pension contributions.

OVERVIEW

When LEOFF 2 retirees utilize the LEOFF 2 career choice law to continue to receive their LEOFF 2 pension while also working in a non-LEOFF position covered by one of the other state retirement plans, it creates a situation where the employer saves money by not having to make pension contributions. The policy question that the Board was asked to research is whether the employer should be required to instead make contributions into a 457 plan for the LEOFF 2 retiree.

BACKGROUND AND POLICY ISSUES

Career Choice

Prior to 2005 a LEOFF 2 retiree's pension stopped if they returned to work in a job covered by any state-wide public retirement system. The LEOFF 2 Board recognized members could age out of LEOFF positions before they were ready or could afford to leave the workforce. The Board intended to facilitate members' transition to a less physically demanding profession that would allow LEOFF retirees to utilize their knowledge and skills while continuing to serve the public. The Board endorsed career change legislation in 2005 enabling LEOFF 2 retirees to start a second career in non-LEOFF public employment.

The 2005 career change law allows a LEOFF 2 retiree to return to work in a non-LEOFF position and to choose between two options:

1. receive LEOFF 2 retirement benefits while employed in the non-LEOFF position and be prohibited from entering a new retirement plan; or,
2. enter into the membership in the new position's retirement plan, make contributions and accrue service credit, and have their LEOFF 2 retirement benefit suspended until the employment covered by the other retirement plan ends.[1]

[1] The member receives the suspended pension payments when they separate from their employment.

In 2018, DRS provided data to the LEOFF 2 Board regarding the use of the career change law and LEOFF 2 retirees returning to work. At that time 581 retirees had utilized the provisions of the career change law since 2005. Ten of those retirees opted to enter membership in a new retirement system. Also, 55 LEOFF retirees reentered LEOFF membership by working in a LEOFF eligible position.

When a LEOFF 2 retiree chooses to continue to receive their LEOFF 2 pension and not join their new position's retirement plan both the retiree and their employer do not pay contributions into that pension system. While the employer does end up saving money by hiring a LEOFF 2 retiree who does not join the new pension system, that decision is the member's, so it lowers the risk that employers are intentionally hiring LEOFF 2 retirees to save money on contributions.

Plan Contributions

Contributions to fund LEOFF 2 are split between members, employers and the state: 50% member**,** 30% employer**,** 20% state[2]. The current contribution rate for LEOFF 2 is 8.53% for members, 5.32% for employers and 3.41% for the state. For the other DRS administered state pension plans the contribution rate is split 50% employer, 50% member. The current employer contribution rates, including the DRS administrative fee, for the plans LEOFF 2 retirees would most likely return to work in are:

- PERS 2 – 5.58%
- TRS 2 – 9.86%
- PSERS 2 – 7.11%
- WSPRS 2 – 16.05%

457 Savings Plans

A 457 plan is a retirement savings plan that may be offered by public employers. Like a 401(k) plan in the private sector, a 457 plan allows employees to invest pre-tax (or post-tax with a 457 Roth account) earnings. The state offers a 457 plan, called the Deferred Compensation Program (DCP) which is administered by the Department of Retirement Systems (DRS) and invested through the Washington State Investment Board (WSIB). Not all public employers offer DCP, instead many offer their own 457 plan. Employers are not required to offer a 457 plan. Some employers match a portion of their employee's contributions to their 457 accounts. These matching contributions are typically negotiated through collective bargaining or during the hiring process.

[2] For a small percentage of LEOFF 2 members their employer pays 50% and the State pays 0%.

LEOFF Plan 2 Retirement Board

Career Choice 457 Employer Contributions

Initial Consideration
July 23, 2025

Issue

- When an employer hires a LEOFF 2 retiree into a non-LEOFF position and the retiree does not opt into membership in the position's retirement plan the employer does not pay pension contributions.
- Rep. Burnett requested that the Board study having employers pay what they would have paid in contributions into a 457 plan for the member.

Career Choice

The 2005 career change law allows a LEOFF 2 retiree to return to work in a non-LEOFF position and to choose between two options:

1. Receive LEOFF 2 retirement benefits while employed in the non-LEOFF position and be prohibited from entering a new retirement plan; or,
2. Enter membership in the new position's retirement plan, make contributions and accrue service credit, and have their LEOFF 2 retirement benefit suspended until the employment covered by the other retirement plan ends.

Career Choice Data from 2018

- 581 retirees utilized the career change law since 2005.
- 571 opted out of membership in new retirement system.
- 10 opted into membership in new retirement system.

457 Plans

- A 457 plan is a retirement savings plan that allows employees to invest pre-tax (or post-tax with a 457 Roth) earnings.
- State offers Deferred Compensation Program (DCP).
- Many employers offer a different 457 plan.
- Employers not required to offer a 457 plan.
- Many employers offer matching contributions into 457 plans.

457 Plan Restrictions

- The IRS currently limits annual employer contributions for a 457 plan to $23,500.
- Any contributions the member makes on their own towards the plan lowers that threshold.
  - If a participant contributes $20,000 a year, the employer would be limited to $3,500.
- If the member’s 457 plan is receiving employer contributions the retiree may be restricted from accessing the money in their 457 plan.

Other Possible Policy Concerns

- Current law may create an incentive for employers to hire LEOFF 2 retirees and save money on contributions.
- Risk it mitigated because LEOFF 2 retiree, not the employer, makes the choice to forgo these pension contributions.
- If the Board were to move forward with endorsing a bill, the bill would affect LEOFF 2 retirees but would impact non-LEOFF positions and possibly non-LEOFF employers.

Next Steps

1. No further action.
2. Motion for a Comprehensive Report.

Thank You

Jacob White

Senior Research and Policy Manager

jacob.white@leoff.wa.gov

LEOFF Plan 2 Retirement Board

July 23, 2025

Benefit Enhancement/Career Choice

INITIAL CONSIDERATION

By Jacob White
Senior Research & Policy Manager
360-586-2327
jacob.white@leoff.wa.gov

ISSUE STATEMENT

LEOFF 2 retirees who were only eligible for the lump sum benefit enhancement and are unable to collect the benefit because they are active members in another pension plan may have been unintentionally restricted from having a choice for the tiered multiplier benefit enhancement.

OVERVIEW

The interplay between the LEOFF 2 Career Choice Law, the LEOFF 2 Benefit Enhancement, and other state pension laws resulted in a small number of LEOFF 2 retirees being unable to access their lump sum benefit enhancement until they separate from their current non-LEOFF position. This is a situation that was not considered by the Board in the development of the benefit enhancement and has raised the policy question of whether the benefit enhancement legislation should have given these retirees the option between a lump sum or the tiered multiplier benefit.

BACKGROUND AND POLICY ISSUES

Benefit Enhancement

In 2022 the LEOFF 2 Board endorsed legislation, HB 1701, to provide LEOFF 2 members a benefit enhancement. This legislation set a clear line of delineation, based on the retirement status of the member as of February 1, 2021, for determining which benefits members qualified for which benefits.

- Retired on or before February 1, 2021, qualify for a one-time lump sum benefit equal to $100 per service credit month.
- New to LEOFF 2 after February 1, 2021, qualify for an increased benefit multiplier of 2.5 percent per years of service after 15 years and up to 25 years.
- Active on February 1, 2021, choose between the one-time lump sum payment or the increased benefit multiplier.

The Board determined the date of February 1, 2021 due in part to policy concerns of the impact it would have if the date was after the passage of the bill. There were concerns that this could cause a change to expected member retirement behavior and have unintended impacts to the costs of the proposal and to employers' succession planning.

In the development of the legislation the Board considered numerous different employment, retirement, and beneficiary scenarios and the intended benefits for members in those situations. It was understood at that time that the list of these scenarios was not exhaustive and that it was intended to provide a framework outlining the policy reasoning and logic for determining which benefit enhancement members qualified for.

In 2022, the legislature also passed SB 5791 providing a lump sum benefit enhancement for LEOFF 1 members. The LEOFF 1 benefit enhancement did not include a tiered multiplier benefit for the small number of remaining active members. This benefit enhancement was modeled after the LEOFF 2 lump sum benefit enhancement legislation, except it did include a provision providing interest for LEOFF 1 members who were still active. DRS is applying 2.75% interest to these LEOFF 1 active members lump sum benefit enhancement. For illustrative purposes a member with 45 years of service credit

Career Choice

Prior to 2005 a LEOFF 2 retiree's pension stopped if they returned to work in a job covered by any state-wide public retirement system. The LEOFF 2 Board recognized members could age out of LEOFF positions before they were ready or could afford to leave the workforce. The Board intended to facilitate members' transition to a less physically demanding profession that would allow LEOFF retirees to utilize their knowledge and skills while continuing to serve the public. The Board endorsed career change legislation in 2005 enabling LEOFF 2 retirees to start a second career in non-LEOFF public employment.

The 2005 career change law allows a LEOFF 2 retiree to return to work in a non-LEOFF position and to choose between two options:

1. Receive LEOFF 2 retirement benefits while employed in the non-LEOFF position and be prohibited from entering a new retirement plan; or,
2. Enter into the membership in the new position's retirement plan, make contributions and accrue service credit, and have their LEOFF 2 retirement benefit suspended until the employment covered by the other retirement plan ends.[1]

In 2018 DRS provided data to the LEOFF 2 Board regarding the use of the career change law and LEOFF 2 retirees returning to work. At that time 581 retirees had utilized the provisions of the

[1] The member receives the suspended pension payments when they separate from their employment.

career change law since 2005. Ten of those retirees opted to enter membership in a new retirement system. Also, 55 LEOFF retirees reentered LEOFF membership by working in a LEOFF eligible position.

LEOFF 2 retirees who have used the LEOFF 2 career choice law to return to work in a non-LEOFF position and join the new pension system have their LEOFF 2 pension benefits suspended and are not eligible to receive those benefits until they terminate the employment that cause their benefits to be suspended. [2]

[2] RCW 41.40.690

LEOFF
Plan 2 Retirement Board

Benefit Enhancement/Career Choice

Initial Consideration

July 23, 2025

Issue

- LEOFF 2 retirees who were only eligible for the lump sum benefit enhancement and are unable to collect the benefit because they are active members in another pension plan may have been unintentionally restricted from having a choice for the tiered multiplier benefit enhancement.

Benefit Enhancement

- LEOFF 2 Retirement Status as of February 1, 2021
  - Retired – Lump Sum Benefit
  - Active – Choice of Lump Sum or Increased Multiplier
  - New Hires – Increased Multiplier

Members Impacted

- Members who retired from LEOFF 2 and joined membership in a non-LEOFF system prior to February 1, 2021, and are continuing to work in that non-LEOFF position
- 9 members fit this criteria
- They were “active” as of February 1, 2021, but not in LEOFF 2
- Did not have choice of tiered multiplier benefit
- Value of lump sum benefit has diminished since it is not earning interest

Career Choice

- Retirees who return to work in non-LEOFF positions have two options:
  1. Don’t join the pension plan and continue to receive LEOFF 2 pension
  2. Join new pension plan and have LEOFF 2 benefit suspended
- Impact on benefit enhancement
  - Option 1 - Receive lump sum payment immediately
  - Option 2 - Lump sum benefit is not payable until member separates
    - State law restriction on receiving a pension payment while contributing to another state retirement plan

Policy Concerns

- Why did the benefit enhancement not allow these members to have choice?
  - This specific group was not discussed
  - Generally, Board identified different policy goals for active vs retired members
- Why did the benefit enhancement not allow for interest on lump sum?
  - Assumed retirees would receive it immediately
  - Active members had choice
  - Cost

LEOFF 1 Example

- L1 active member currently has 521 months of service credit
- Lump Sum Base Benefit - $100.00 per service credit = $52,100
- With interest (2.5%) applied = $55,793

Next Steps

1. No further action
2. Motion for a Comprehensive Briefing

Thank You

Jacob White

Senior Research and Policy Manager

jacob.white@leoff.wa.gov

Donald E. Thomsen
[redacted]

June 21, 2025

Select Committee on Pension Policy
PO Box 40914
Olympia, WA 98504-0914

Dear Committee Members,

RE: LEOFF 1 and LOEFF 2 Pensions for Law Enforcement Officers and Fire Fighters

I am a retired Fire fighter under the LOEFF 2 pension plan. I am aware of the multiple House Bills recently regarding the LEOFF 1 plan and use of the funds to address the State budget shortfall. All these Bills failed, but I am extremely concerned that the State would even consider using LOEFF 1 funds to be used for the state budget shortfall.

I began my Fire Fighter career in 1984 and served for 33 years, unfortunately, I was a few years short of qualifying for the LOEFF 1 pension plan which had extremely generous benefits for Fire Fighters and Law Enforcement Officers compared to the LOEFF 2 plan. Those of us who put our lives on the line every day to protect WA citizens, and their property deserve better consideration for the risks we take than the State and our representatives demonstrate when they make proposals like HB 2034 and HB 5085. The very idea that funds from LOEFF 1 would be used for funding other than for law enforcement or fire fighters, is repugnant.

Funds in both LOEFF 1 and LOEFF 2 were contributed by fire and law enforcement employees, their employing municipalities, and the state for the benefit of fire and law enforcement. To even consider robing our retirement plans for use in the state budget, says to us, the funds ***we*** paid in and the funds **our employers** paid into the plan for ***our*** long-term benefits don't matter. How can you, in good conscience, steal the money **WE** contributed?

I understand that many of the LOEFF 1 participants are now deceased and there are excess funds in that plan, therefore LOEFF 1 and LOEFF 2 plans should be **combined** and ALL the funds used to benefit LOEFF 2 participants and the remaining LOEFF 1 retirees. It is a given fact that as our state has grown and more fire and law enforcement officers are employed, they will all eventually draw from the LOEFF 2 program. LOEFF 2 will have more retirees living longer and needing funds for more years in retirement. In addition, we served our communities in dangerous conditions which have only gotten worse, causing lifelong injuries and disabilities.

Give us, the people that keep you and your property safe, the security of knowing our pension plans are safe and funded to meet our long-term needs. Do the right thing and keep your hands off the retirement funds in LOEFF 1, combine them with LOEFF 2 and **keep our funds for our benefit** not yours.

Sincerely,

Donald E. Thomsen
Fire Fighter SCFD #4, retired

Cc: Bob Ferguson, Governor
Drew Hanson, senator district 23
Greg Nance, representative district 23
Tara Simmons, representative district 23
LEOFF 2 Retirement Board
WA State Department of Retirement Systems
WA State Council of Fire Fighters

IAFF Leoff Board
[Recipient's Title]
[Organization Name]
[Organization Address]
[City, State, ZIP Code]

Subject: Request for Reimbursement of Health Insurance Premiums

Dear Leoff Trust Board,

I am writing to formally request reimbursement for health insurance premiums that I have paid due to delays in approving benefits following the line-of-duty death of my husband, Brian Annis-Levings.

Under the presumptive language provisions with Labor and Industries, health insurance benefits are intended to be provided to surviving family members in cases such as ours.

The total amount paid during this period is $22,382.90, and I have attached copy of premiums paid to the Trust for my family's premiums. These payments were made solely because of the delay in processing the benefits that I am entitled to under the presumptive language provision.

I kindly request that your board review this matter and reimburse the amount paid. The delay in processing the presumptive language benefits caused undue financial strain, and I believe reimbursement is both fair and consistent with the intent of the Labor and Industries provisions.

Please let me know if additional documentation or information is required to process this request. I can be reached at [redacted] or Brian.nissa@protonmail.com.

Thank you for your attention to this matter. I look forward to hearing from the board.

Sincerely,

Nissa Annis Levings
[redacted]

[redacted]

IAFF LOCAL 726
Administered by Vimly Benefit Solutions, Inc.
P.O. Box 6, Mukilteo, WA 98275
***P:** (866) 265-5231 | **F:** (866) 676-1530 | **E:** IAFFHealthTrust@vimly.com*

June 11, 2025

Nissa Annis-Levings
[redacted]

RE: COBRA Payment Verification

Dear Ms. Annis-Levings,

Per your request, we are confirming the following details regarding your COBRA premium payments. You were enrolled in COBRA coverage for yourself and your children through the Local 726 Health & Welfare Trust.

Effective Date: 12/1/2022
2022 Monthly Premium: $1,985.14
Stop Date: 12/1/2023
2023 Monthly Premium: $1,868.10
Total Premiums Paid: $22,382.90

If you need any additional information, please contact the Trust Office at 206-859-2678 or IAFFHealthTrust@vimly.com.

Sincerely,
IAFF Local 726 Health and Welfare Trust Office