

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.

Rep. Jeff Holy
Spokane Police Department (Ret)

Employer Representatives

Pat McElligott
Pierce County Fire and Rescue

Ade' Ariwoola
City of Federal Way

Dwight Dively
King County

Legislative Representatives

Sen. Judy Warnick
WA State Senator

Rep. Steve Bergquist
WA State Representative

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BOARD MEETINGS

Board meetings are open to the public and take place in the Washington State Investment Board's large conference room located at 2100 Evergreen Park Drive SW, Suite 100 in Olympia, WA. They are held on the fourth Wednesday of each month from 9:30 a.m. to 3:00 p.m. unless otherwise noted.

For up-to-date Board meeting information, visit www.leoff.wa.gov.



January 2019

DUAL RESPONSE

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

DUAL RESPONSE



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



Dennis Lawson

MESSAGE FROM THE CHAIR

WHO DO YOU CALL FOR DISABILITY BENEFIT QUESTIONS?

Since its creation, one of the goals of the LEOFF Plan 2 Board has been to improve disability and survivor benefits for its members. Over the years this has led to a number of new laws, rules and administrative procedures for the Department of Retirement Systems (DRS) – the agency that administers our plan.

Additionally, LEOFF 2 disability retirement and survivor benefits are largely dependent upon the Department of Labor and Industries (LNI) determination of whether or not the incident happened in the course of employment.

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Together, these changes initiated a lot of questions from membership regarding the determination and coordination of benefits. Board members listened and in June 2014 answered with the creation of a new staff position, a Benefits Ombudsman, within the Board.

The purpose of this position is to assist members with navigating the complex world of disability and survivor benefits. Our Ombudsman, Tammy Harman, will walk members through all of the benefits a member has available to them whether it be local, state or federal. She specializes in workers' compensation and retirement benefits and pulls all these benefits together to provide options for our families. Should a conflict arise, she will work on your behalf to address the issue.

Having a resource, advocate, and confidant is critical as our members face tough challenges. Some of our members have found comfort in talking about their issue and concerns with someone not associated with LNI, their local, or their department. Your ombudsman treats these conversations very seriously and works to ensure members are treated very well. Her experience and understanding has brought another level of professionalism to a fantastic state agency.

For those critical issues that Tammy may be of assistance with, please contact her directly at 360.586.2324. Your inquiry will be confidential.

Be assured that your LEOFF 2 Board and team continues to explore ways to better their product. If you have ideas and/or suggestions, you are encouraged to reach out to us.

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

DO YOU HAVE AN ONLINE ACCOUNT?

One of the best ways to stay on top of your retirement is by creating an online account with the Department of Retirement Systems (DRS).

With an online account, you can:

- Track Retirement Savings
- Estimate Future Benefits
- Change Your Beneficiary
- Retire Online
- *and more*

Visit www.drs.wa.gov and sign up today!

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.



2019 LEGISLATIVE REPORT

The regular legislative session began Monday, January 14 and is expected to convene Sunday, April 28. For more information and to stay up to date on bills impacting LEOFF 2, visit www.leoff.wa.gov.

LEOFF/PERS ELIGIBILITY GAP - HB 1297 / SB 5355

There was a period of time from 1971-1994 that some law enforcement officers and firefighters were not reported in any pension plan. The Legislature fixed this gap in 1994 and put these members in Public Employees Retirement System (PERS) but by that time, these members owed 17 years or more of back pension contributions. Given the unusually large expected payment and the fact that these employees had already worked at least 17 years, it may have been difficult to finish repaying before they stopped working.

When a member is unable to finish paying before they separate employment, they are supposed to be informed by the Department of Retirement Systems (DRS) that they can still complete payment by taking a reduction in their pension.

The LEOFF 2 Board became aware of at least one member who was unable to repay everything he owed before he stopped working in 1999 after a duty-related patrol car crash and was not informed by DRS about his repayment option. DRS only gave this officer the option to withdraw, so he now has no pension after 22 years of service.

This LEOFF 2 Board bill provides this officer with the pension from LEOFF Plan 2. There is no additional cost to the member's former employer since they have already paid 19 years of contributions. The officer will pay back his contributions owed and the contributions he withdrew through taking an actuarial reduction in his benefit.

Do you know any other law enforcement officers or fire fighters who may be impacted by this bill? See article "Do You Know Someone Who Was Left-out" on page 3.

MONTH OF DEATH – HB 1414 / SB 5335

Retirement benefits are paid on a monthly basis, but annuitants (retirees and survivors) generally only receive benefits up to their date of death. If DRS is not notified of the death before the cut-off time for processing the payment, the estate will receive a payment for the full month. In these cases, DRS sends an invoice to the estate for repayment of any benefits paid beyond the date of death.

This bill would pay benefits to annuitants for the full month in which the member (or survivor) dies.

SPOUSAL CONSENT – HB 1408

Under current law, written consent is required for any married member who does not elect a survivorship benefit, names someone other than a spouse as their survivor beneficiary, or elects a benefit that is not the Joint and 50 Percent Option.

This bill would permit DRS to require written consent only when a member provides a benefit less than the Joint and 50 Percent Option, or names someone other than their spouse as their survivor beneficiary.

BENEFIT IMPROVEMENT ACCOUNT

Beginning in 2011, and by September 30 of odd-numbered years in each subsequent fiscal biennium in which general state revenue collections increase by more than 5 percent from the prior fiscal biennium, the State Treasurer is required to transfer, subject to appropriation, prescribed funds to the Local Public Safety Enhancement Account (LPSEA). Fifty percent of those funds are then transferred to the LEOFF 2 Benefit Improvement Account (BIA).

The trigger was met for 2017, but the \$50 million payment (\$25 million into BIA) was not made. The trigger was also met for 2019, and Governor Inslee's proposed 2019-21 operating budget appropriates the required \$50 million payment into the LPSEA. \$25 million of that would be sent to the BIA. The past due 2017 payment may possibly be included in the 2019 supplemental or 2019-21 operating budgets.

DO YOU KNOW SOMEONE WHO WAS LEFT-OUT?

The LEOFF 2 Board recently learned there may be law enforcement officers and fire fighters who worked a career serving the public and did not receive a pension for this service. This issue occurred due to gaps in eligibility under LEOFF 1 and issues with communicating changes to a law that occurred in 1994.

Since these employees may have never been reported to Department of Retirement Systems (DRS), we need your help in locating them.

The LEOFF 2 Board worked with DRS to ensure any members who should have been enrolled into a state retirement system under the 1994 law, will be enrolled if they contact DRS. DRS will work with the employee and their employer to verify eligibility.

If you are aware of any law enforcement officers or fire fighters who worked prior to 1977 and were not in LEOFF 1 because they did not meet the minimum medical and health standards, and were not later enrolled into LEOFF 2 or PERS, please ask them to contact DRS to see if they are entitled to a pension. DRS can be reached at (360) 664-7000.

For more information about this issue, including an audio recording from the December 2018 meeting, please visit our website www.leoff.wa.gov, click Meetings, 2018, December 19, 2018 and look for item 6. LEOFF/PERS Eligibility Gap.

DEFERRED COMPENSATION SAVES MORE THAN YOU MIGHT THINK.

Most LEOFF 2 members have some sort of deferred compensation program (DCP) available to them. These savings programs can lower taxes, annually and after you retire. The amount of lowered taxes will depend on your income, current tax bracket and any contribution decisions you make. Here's how:

While you are contributing to your DCP account, you lower your taxable income. This is because contributions are tax-deferred, meaning you don't pay tax on them until you withdraw the funds.

Additionally, with the Federal Tax Saver's Credit, you can write off 10% to 50% of your first \$2,000 in contributions. The credit can be taken for your contributions to a traditional or Roth IRA; your 401(k), SIMPLE IRA, SARSEP, 403(b), 501(c)(18) or governmental 457(b) plan; and your voluntary after-tax employee contributions to your qualified retirement and 403(b) plans.

2019 Limits are:

- \$64,000 for married couples filing jointly
- \$48,000 for heads of household
- \$32,000 for single or married filing separately

Later, when you move into retirement, it is likely you will have a lower income than you did while working. Lower income means lower federal taxes, which means your DCP contributions could have lower tax when you withdraw them.

Consult a financial advisor for advice or visit www.irs.gov for more information.

RETIREMENT

IN-PERSON SEMINARS

Are you within 5 years of retiring? Consider attending a seminar.

- Preparing for retirement
- Social Security
- Health insurance
- VEBA (Voluntary Employee Beneficiary Association)
- How to apply for retirement

Visit www.drs.wa.gov and click "Seminars" under the popular links heading.

LIVE WEBINARS

Seminars don't fit into your schedule? Try a webinar!

Learn more about your benefits and get specifics like: how to purchase an annuity, prepare for retirement, the basics of Medicare and Social Security.

Register online at: www.drs.wa.gov/education/webinar.html

MID CAREER CHECK

Get on track, or learn how to stay there with a variety of online resources.

www.drs.wa.gov/education