

# Transition Briefing Paper

## Law Enforcement Officers' and Fire Fighters' (LEOFF) Plan 2 Retirement Board

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Olympia, Washington 98504-0918

Website: [www.leoff.wa.gov](http://www.leoff.wa.gov)

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(360) 586-2320

### Agency Responsibilities

The Board is statutorily required to:

- Study pension policy issues related to the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF Plan 2) and recommend legislation to improve benefits;
- Adopt the required member, employer and state contribution rates for LEOFF Plan 2;
- Provide for an annual actuarial valuation of the LEOFF Plan 2 retirement fund;
- Adopt the funding policies and actuarial methodology for the LEOFF Plan 2 retirement fund;
- Provide an annual summary of member benefits; and,
- Consult with the Department of Retirement Systems on improving the administration of LEOFF Plan 2 benefits.

The Board was created by Initiative 790 (chapter 2, laws of 2003). The statutes governing the operation of the Board are found in RCW 41.26.700 – 41.26.906.

### Operations and Budget

The Board currently has four employees:

Steve Nelsen, Executive Director;

Jessica Burkhart, Executive Assistant;

Tim Valencia, Senior Research and Policy Manager; and

Jeralyn Faulhaber, Administrative Services Manager

A second research and policy position and a policy director/deputy director position have been approved by the Board but are currently vacant.

The agency budget for fiscal year 2005 is \$909,000. The Board is funded entirely from the LEOFF Plan 2 pension fund.

The Board meets monthly in Olympia. Meetings may be canceled during legislative session.

## **Most Pressing Issues or Challenges**

### **Pension Funding**

LEOFF Plan 2 will require substantial increases in contribution rates over the next 3-4 years in order to maintain an appropriate level of funding in the retirement fund. These contribution rate increases will create budget challenges for some local government employers. The increases are due in large part to poor retirement fund investment performance in 2001-02 and a series of legislative actions which decreased pension contribution rates in all the state plans including LEOFF Plan 2 to historically low levels over the past 4-5 years. The Board is developing a proposal for the 2005 legislative session that will phase in the required contribution rate increases over the next four years and establish an ongoing process to ensure rate stability. The goal of this proposal is to prevent a repeat of the current funding challenges in the future.

### **Policy Coordination**

The Board assumed duties related to LEOFF Plan 2 that were previously performed by the legislative Joint Committee on Pension Policy and the Pension Funding Council. The new Select Committee on Pension Policy (SCPP) and the Pension Funding Council (PFC) still perform these policy-setting and pension funding roles for the other public retirement plans administered by the state for teachers, public employees, school employees and the Washington State Patrol. In many cases, the issues being discussed by the Board, the Select Committee and the Pension Funding Council overlap and boundaries of authority are unclear. The Board communicates their ongoing activities to the SCPP and PFC and coordinates their actions with those bodies whenever possible to lower costs and to avoid unnecessary inconsistencies in state-wide pension policy.

### **Pension Governance**

Initiative 790 which created the LEOFF Plan 2 Retirement Board in July 2003 was sponsored by law enforcement officer and firefighter stakeholder groups who felt that they had insufficient opportunities for policy input and management of their pension system. Initiative 790 was opposed by a number of legislators and the issue of stakeholder governance in all of the pension plans administered by the state was the subject of several strongly-debated bills from 2000-2003. The activities of the LEOFF Plan 2 Board and the Board's proposed legislation are likely to be closely scrutinized for some time. The Board has chosen to respond with full disclosure of Board activity in the belief that transparency will build confidence that the Board is acting in a responsible manner.

### **Benefit Adequacy**

There is a general belief by many law enforcement officers and firefighters that the pension benefits provided by LEOFF Plan 2 are inadequate or inferior when compared to the benefits provided to public safety employees by similar plans in other states. The Board intends to research issues in a comprehensive fashion so that meaningful comparisons can be made to other plans. The Board also intends to communicate the current benefits of LEOFF Plan 2 to members of the plan so that any misperceptions can be cleared up. Finally, the Board intends to target their recommendations for benefit improvements on areas of greatest perceived need (such as duty-related death and disability benefits) and plan improvements which have little or no cost (such as contribution rate stability) in recognition of the current state budget situation.

## Board Member Listing by Board Position

### LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS PLAN 2 PENSION BOARD

#### (GS091)

Agency 124 - Department of Retirement Systems	Senate Conf. N	Positions: Maximum 011
Authority	Public Disc. N	Minimum 011
Authoriztn. RCW 41.26.715	Term Length 072	Actual 011
Rem. Auth. GC	Meetings/Yr. 12	

Pos. #	Name and Address	Status	Race	Appointed	Expires
001	Simington, Jack L. 741 S. Dayton Street Kennewick, WA 99336	A	C	07/01/2003	06/30/2009

Terms Served 01  
Position a member  
Comments Law Enforcement

Pos. #	Name and Address	Status	Race	Appointed	Expires
002	Edwards, Michael 5506 NE 26th Street Renton, WA 98059	A	C	07/01/2003	06/30/2007

Terms Served 01  
Position a member  
Comments Law Enforcement

Pos. #	Name and Address	Status	Race	Appointed	Expires
003	Pendergrass, Douglas 15100 40 Avenue NE Marsyville, WA 98271	A	NA	05/28/2004	06/30/2005

Terms Served 01  
Position a member  
Comments Law Enforcement

Pos. #	Name and Address	Status	Race	Appointed	Expires
004	Johnston, Mark 1303 NE Birch Street Vancouver, WA 98607	A	C	07/01/2003	06/30/2005

Terms Served 01  
Position a member  
Comments Fire Fighter

Pos. #	Name and Address	Status	Race	Appointed	Expires
005	Fox, Kelly 1069 Adams Street SE Olympia, WA 98501	A	C	07/01/2003	06/30/2007

Terms Served 01  
Position a member  
Comments Fire Fighter

Pos. #	Name and Address	Status	Race	Appointed	Expires
006	Hepler, Patrick M. 121 5th Avenue N Edmonds, WA 98020	A	C	07/01/2003	06/30/2009

Terms Served 01  
Position a member  
Comments Fire Fighter

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### LAW ENFORCEMENT OFFICERS AND FIRE FIGHTERS PLAN 2 PENSION BOARD

#### (GS091)

Pos. #	Name and Address	Status	Race	Appointed	Expires
007	Moseley, David PO Box 9718 Federal Way, WA 98063-9718	A	C	07/01/2003	06/30/2007
		Terms Served	01		
		Position	a member		
		Comments	Employer		

Pos. #	Name and Address	Status	Race	Appointed	Expires
008	Morris, Maureen 206 Tenth Avenue SE Olympia, WA 98501	A	C	07/01/2003	06/30/2007
		Terms Served	01		
		Position	a member		
		Comments	Employer Wa Assoc of Counties		

Pos. #	Name and Address	Status	Race	Appointed	Expires
009	Cochran, Doug 128 N Second Room 416 Yakima, WA 98901	A	C	07/01/2003	06/30/2007
		Terms Served	01		
		Position	a member		
		Comments	Employer Wa Assoc of Counties		

Pos. #	Name and Address	Status	Race	Appointed	Expires
010	Simpson, Geoff (The Honorable) 16624 SE 254th Place Covington, WA 98042	A	C	07/01/2003	06/30/2007
		Terms Served	01		
		Position	a member		
		Comments	House of Representatives		

Pos. #	Name and Address	Status	Race	Appointed	Expires
011	Evans Parlette, Linda (The Honorable) 661-15 Wheeler Hill Rd. Wenatchee, WA 98801	A	C	07/01/2003	06/30/2007
		Terms Served	01		
		Position	a member		
		Comments	Senate		