

Select Committee on Pension Policy

P.O. Box 40914
Olympia, WA 98504-0914
actuary.state@leg.wa.gov

Regular Executive Committee Meeting

September 16, 2008
12:30 p.m. – 1:30 p.m.*
Senate Conference Rooms A/B/C
Olympia

AGENDA

12:30 p.m. – 1:30 p.m.

- 12:30 p.m. (A) Approval of Minutes
- 12:35 p.m. (B) Introduction, Assistant Attorney General
- 12:40 p.m. (C) Correspondence
- 12:55 p.m. (D) Direction on Today's Agenda
- 1:10 p.m. (E) Draft October Meeting Agenda
- 1:25 p.m. (F) State Actuary's Evaluation
- 1:30 p.m. (G) Adjourn

*These times are estimates and are subject to change depending on the needs of the Committee.

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Exec_Agenda.doc

Representative Barbara Bailey

Don Carlson
TRS Retirees

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

Representative Larry Crouse

Charles E. Cuzzetto
TRS and SERS Employers

Randy Davis
TRS Actives

Representative Bill Fromhold

Senator Steve Hobbs

Senator Janea Holmquist

Robert Keller
PERS Actives

***Sandra J. Matheson,** Director
Department of Retirement Systems

***Corky Mattingly**
PERS Employers

Doug Miller
PERS Employers

Victor Moore, Director
Office of Financial Management

Senator Ed Murray

Glenn Olson
PERS Employers

***Senator Mark Schoesler,**
Chair

J. Pat Thompson
PERS Actives

***David Westberg**
SERS Actives

***Executive Committee**

(360) 786-6140
Fax: (360) 586-8135
TDD: 1-800-635-9993

A. Approval of Minutes

Select Committee on Pension Policy

P.O. Box 40914
Olympia, WA 98504-0914
actuary.state@leg.wa.gov

REGULAR EXECUTIVE COMMITTEE MEETING

July 15, 2008
DRAFT MINUTES

The Select Committee on Pension Policy's Executive Committee met in Conference Rooms A/B/C, Olympia, Washington on July 15, 2008.

9:00 a.m. – 9:30 a.m.

Executive Committee members attending:

Senator Schoesler, Chair
Representative Conway, Vice Chair
Elaine Banks
Sandra Matheson
Corky Mattingly

Other SCPP members attending:

Charles Cuzzetto
Randy Davis
Robert Keller
Doug Miller
Victor Moore
Glenn Olson

Senator Schoesler, Chair, called the meeting to order at 9:10 a.m.

(A) SCPP Recommendation to PFC

Matt Smith, State Actuary, reported on the status of the actuarial audit and reviewed the attachments to his 2008 letter to the Pension Funding Council (PFC). Laura Harper, Policy and Research Services Manager, reported on the procedural issues related to the SCPP's recommendation to the PFC and reviewed options for the SCPP's recommendation. Staff answered members' questions during the presentation.

Representative Conway moved to recommend to the Full Committee that the Pension Funding Council adopt the State Actuary's recommended contribution rates for the 2009-2011 biennium with projected mortality improvements, using the general salary increase assumption of 4.25 percent and further, that the SCPP recommend legislation for 2009 that reduces the salary growth assumption in RCW 41.45.035 (b) from 4.50 to 4.25 percent. Seconded.

MOTION CARRIED

Representative Barbara Bailey

Don Carlson
TRS Retirees

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

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SERS Actives

***Executive Committee**

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(B) The meeting adjourned at 9:40 a.m.

12:20 p.m. – 1:40 p.m.

Executive Committee members

attending:

Senator Schoesler, Chair
Representative Conway, Vice Chair
Elaine Banks
Corky Mattingly
David Westberg

Other SCPP members

attending:

Representative Bailey
Charles Cuzzetto
Randy Davis
Representative Fromhold
Senator Holmquist
Robert Keller

(C) **Approval of Minutes**

*It was moved to approve the June 17, 2008, Executive Committee Draft Minutes.
Seconded.*

MOTION CARRIED

(D) **Correspondence**

Darren Painter, Policy Analyst, reviewed the correspondence received by the Office of the State Actuary as of July 10, 2008.

- Member Westberg asked if some of the issues listed on the correspondence log would be scheduled for upcoming meetings.
- Leslie Main, PEPR Coalition, requested that three issues be scheduled. (1) "Disability Retirement Benefits," (2) "Plan 1 Purchasing Power-COLA Improvement," and (3) "Plan 2/3 Post-Retirement Employment–Repeal of Penalty of Improved ERF."
- Member Banks asked that Plan 1 COLA Purchasing Power be put on the September agenda.

(E) **Direction on Today's Agenda**

Matt Smith, State Actuary, reviewed the issues on the day's agenda.

- Election of Retiree Representative to Executive Committee
Postponed until September meeting.
- Remaining Full Committee agenda items
(See Full Committee agenda minutes for a description of actions taken by the SCPP.)

(F) Draft September Meeting Agenda – 9:00 a.m. – 12:00 p.m.

The following items were recommended for the September meeting:

- Pensions 102
- Election of Retiree Representatives to Executive Committee
- Proposed 2009-11 OSA Budget

Work Sessions

- Fish and Wildlife Service Credit Transfer
- Interruptive Military Service Credit
- Plan 1 COLA Proposals

Public Hearing with Possible Executive Session

- SSCP Recommended Legislation to Lower General Salary Increase Assumption

(G) Options for Legal Services

Laura Harper, Policy and Research Services Manager, reviewed several options for legal services. Assistant Attorneys General Anne Hall and Kyle Crews, answered member questions.

Chair Schoesler asked staff to draft a letter requesting assignment of a separate AAG to the Select Committee on Pension Policy.

The meeting adjourned at 1: 40 p.m.

Recorded audio of Select Committee on Pension Policy meetings is often available free of charge at www.tow.org. Additionally, you may request a CD-ROM copy of the audio. Please contact the Office of the State Actuary for further information.

B. Introduction, Assistant Attorney General



Rob McKenna

ATTORNEY GENERAL OF WASHINGTON

7141 Cleanwater Drive SW • PO Box 40108 • Olympia WA 98504-0108

August 11, 2008

RECEIVED

AUG 14 2008

Office of
The State Actuary

Senator Mark Schoesler, Chair
Representative Steve Conway, Vice Chair
Select Committee on Pension Policy
P.O. Box 40914
Olympia WA 98504-0914

RE: Legal Services for Select Committee on Pension Policy

Dear Senator Schoesler and Representative Conway:

After careful and thoughtful consideration of the needs of the Select Committee on Pension Policy I would like to inform you that I will represent this Committee. While attorneys in the Government Operations Division represent the Department of Retirement Systems, the State Actuary, the LEOFF 2 Board, and the Office of Financial Management, I want to ensure you that you will receive independent legal advice, which is what I believe you are seeking. However, please understand the need of the Attorney General's Office to provide consistent advice to all our clients.

I would like to schedule a meeting with you to discuss your legal needs, develop an estimate of the amount of work you will need, and establish a budget so that the Actuary, who will be paying for your legal work, can have an idea of the costs to be anticipated. I would also like to receive a schedule of the SPPP meetings. If you have other items to address during our meeting please let me know.

Suki Bell is my Legal Assistant and she can coordinate scheduling of a meeting. Suki can be reached at 360-753-2795.

ATTORNEY GENERAL OF WASHINGTON

August 11, 2008

Page 2

I look forward to meeting and working with you.

Very truly yours,

A handwritten signature in cursive script that reads "Mary Ellen Combo".

MARY ELLEN COMBO, Senior Attorney General
Division Chief, Government Operations Division

MEC:sb

cc: Matt Smith, State Actuary
Ro Marcus, Director of Legal Affairs, OFM
Kyle Crews, AAG
Anne Hall, AAG
Linda Sullivan-Colglazier, AAG
Rob Costello, Deputy Attorney General

MARY ELLEN COMBO is a Senior Assistant Attorney General and the Division Chief of the Government Operations Division, which consists of 16 attorneys and 8 professional staff, and provides legal services for over 40 state clients. She serves as Chief Counsel to the Department of General Administration and advises the Risk Management Division of the Office of Financial Management. During her 28-year legal career Mary Ellen has developed expertise in public records, open public meetings, public contracts, competitive bidding, bid protests, construction claims, first amendment issues, regulations, public finance, personnel, administrative law, tort claims, and public pension issues. Since joining the AGO in 1981 Mary Ellen has worked in several divisions including the Employment Security Division, Torts, and the General Legal Division which is now the Government Operations Division. Mary Ellen is a past Chair of the Public Procurement/Private Construction Law Section of the Washington State Bar Association. She was named Senior Counsel in 1996 by then Attorney General Chris Gregoire. Mary Ellen is a graduate of Carroll College in Helena, Montana and Gonzaga University School of Law in Spokane.

Select Committee on Pension Policy

P.O. Box 40914
Olympia, WA 98504-0914
actuary.state@leg.wa.gov

July 18, 2008

Rob Costello, Deputy Attorney General
Office of the Attorney General
PO Box 40100
Olympia, Washington 98504-0100

RE: LEGAL SERVICES FOR SCPP

Dear Mr. Costello:

We are requesting that an Assistant Attorney General be assigned to the Select Committee on Pension Policy (SCPP). The Executive Committee of the SCPP discussed options for legal services at our meetings on June 17, 2008, and July 15, 2008. We used the attached handout as a guide to our discussions. After some deliberation, the consensus was to pursue Option 3 as described in the handout – that is, assignment of a different Assistant Attorney General than the one assigned to the Office of the State Actuary (OSA). We expect the assigned attorney to attend all regularly scheduled meetings of the SCPP and its Executive Committee.

As you may know, the OSA staffs the SCPP and its budget is approved by the SCPP. We anticipate that all costs for legal services would be paid through the OSA budget. Thus, all billings should be directed to the OSA.

Thank you for your help in providing quality legal services to the SCPP.

Sincerely,



Senator Mark Schoesler
Chair



Representative Steve Conway
Vice Chair

Attachments as stated

cc:

Ro Marcus, Director of Legal Affairs, OFM
Matt Smith, State Actuary

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***Elaine M. Banks**
TRS Retirees

Representative Barbara Bailey

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

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Options for Legal Services

Unique Nature of SCPP

- ❖ **The SCPP is a state entity to be represented by the Attorney General's office.** The duties of the AG's office are set under the state's Constitution and by statute. No Assistant Attorney General (AAG) is currently assigned to the SCPP.
- ❖ **The SCPP is quasi-legislative due to its hybrid composition.** The SCPP includes legislators from both the House and the Senate, representatives from the executive branch, and retirement system stakeholders – that is, member, employer and retiree representatives.
- ❖ **The SCPP's authority is limited, so there is a limited need for legal services.** The SCPP is a recommending body only. There are few legal issues arising before the committee.

Options for Legal Services

1. **Ad hoc referral of specific questions to an AAG.** SCPP Rule 8(D) provides: "A recommendation to refer an issue to the Assistant Attorney General will be approved by the Chair or by a majority vote of the Executive Committee. The Chair or the Committee will consider priorities of the SCPP of all legal issues and budget constraints in making this decision." The cost of this option is unknown.
2. **Utilize services of the AAG assigned to the Office of the State Actuary (OSA).** In most instances this can be done without generating conflicts of interest. OSA, the AAG, and the SCPP would need to be vigilant in determining when there is a divergence of interests that would require separate counsel. All services would be billed through OSA. The estimated cost for 2009 is \$7,000. This includes attendance at meetings.
3. **Request assignment of a separate AAG to the SCPP.** This maximizes the independence of counsel. Services would still be billed through OSA. The estimated cost for 2009 is \$7,000 and includes attendance at meetings.

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C. Correspondence

SELECT COMMITTEE ON PENSION POLICY

EXECUTIVE COMMITTEE

Constituent Correspondence as of September 11, 2008

September 16, 2008

Received by OSA	From	To	Subject
12/17/2007	Williams, Eryl	SCPP	PERS 1 Retirement
12/19/2007	Dargis, Trishka	SCPP	TRS Vesting, Board Cert., Post-ret. Employment, Gain-sharing
12/24/2007	Elkington, Cathy	SCPP	TRS 3 Post-ret. Employment
1/14/2008	Renggli, Andy	DRS, cc SCPP	FW: Appeal of Decision (<i>attachments available upon request</i>)
1/15/2008	Davis, Cathy	SCPP	TRS 3 post-ret. Employment, Board Cert., Vesting, Gain-sharing
1/21/2008	Scriven, Rick	SCPP	TRS 3 Post-ret. Employment, gain-sharing
1/29/2008	McGuire, John	OSA via Sen. Marilyn Rasmussen	Disability Retirement
1/30/2008	Renggli, Andy	DRS, cc SCPP	Re: Petition for review
1/30/2008	Ensign, Carey	OSA via David Westberg	HB 3182
2/5/2008	Moscoso, Luis	Rep. Conway, cc OSA	PERS 1 Post-ret. Employment
2/6/2008	Paulson, Steve	SCPP	TRS 2/3 benefits
2/6/2008	Dressel, Dave	SCPP	Prior Military Service Credit in PERS 2/3
2/25/2008	Hodge, Tami	SCPP via Sen. Paul Shin	TRS-SERS contribution flexibility
2/26/2008	Merkner, James	SCPP via OSA	Working past age 65
3/3/2008	Green, Andrew P. for Mann, Johnson, Wooster, & McLaughlin, P.S.	SCPP	CC of administrative appeal re: PSERS membership for PSNs & PSAs (<i>attachments available upon request</i>)
3/4/2008	Webster, Mr. Kim M.	SCPP	SB 6093
3/18/2008	Sen. Holmquist	SCPP	Federal "Windfall Elimination Program" (<i>attachments available upon request</i>)
3/21/2008	WSSRA - Ester Wilfong, Leslie Main, Don Carlson	SCPP	WSSRA Priorities for 2008-09
3/28/2008	Phillips, Dick	SCPP via Sen. Harriet Spanel	PERS 1 Survivor Benefits
3/26/2008	Green, Andrew P. for Mann, Johnson, Wooster, & McLaughlin, P.S.	SCPP	Request to place Psychiatric Custody Personnel into PSERS & copy of appeal document (<i>attachments available upon request</i>)

SELECT COMMITTEE ON PENSION POLICY

EXECUTIVE COMMITTEE

Constituent Correspondence as of September 11, 2008

September 16, 2008

Received by OSA	From	To	Subject
4/15/2008	Brittell, Tim; Northshore Education Association	SCPP	TRS 2/3 Post-ret. employment
4/15/2008	Kvamme, John - for WASA & AWSP	SCPP received at mtg.	WASA & AWSP legislative priorities for 2008-2009
4/15/2008	Parr, Randy - WEA	SCPP received at mtg.	TRS 2/3 Post-ret. Employment, Plan 3 5-yr. Vesting, Plan 2 member access to PEBB, Disability Benefits, Compulsory Plan 3 Membership, Edu. Staff Assoc w/Multi. Employers
4/15/2008	Public Employees for Pension Reform	SCPP received at mtg.	Prioritization of Pension Benefit Improvements
4/15/2008	Main, Leslie - PEPR	SCPP received at mtg.	Disability Ret. Benefits, Plan 1 Purchasing Power, Plan 2/3 Post-ret. Employment
4/30/2008	Rep. Maralyn Chase	SCPP, cc Matt Smith	Plan 3 Pension Provisions RE: HB 3258, HB 3257
5/1/2008	Beazizo, Ray	SCPP	"Windfall Elimination Program" clarification
5/9/2008	McGuire, John	SCPP via Sen. Schoesler	Disability Retirement - renewed request
5/12/2008	Fox, Kelly - LEOFF 2	SCPP, cc Matt Smith	Interruptive Mil. Srv. Credit, Inflationary Adj. for 150k Death Ben., Mil. Srv. Death Ben., F&W Officer Srv. Credit Transfer
5/15/2008	O'Brien/de la Rosa	SCPP, via Sen. Schoesler	Plan 2 Access to PEBB & second chance PEBB enrollment, PEBB access for retirees from political subdivisions, Plan 1 COLA
5/28/2008	McBride, Angie	SCPP	Retirement Age, YOS + Age
6/9/2008	Fox, Kelly - LEOFF 2	SCPP	Purchase of Annuity
6/5/2008	Zuvich, Matthew D - WFSE, PEPR	SCPP	Disability Retirement Benefits
6/10/2008	Jarboe, Lindajo	OSA	PERS 1 COLA
6/16/2008	Williams, Eryl	SCPP via OSA	PERS 1 retirement - renewed request
6/17/2008	Public Employees for Pension Reform	SCCP received at mtg.	Options for Plan 1 COLA Improvement
6/30/2008	Fox, Kelly - LEOFF 2	SCPP	LEOFF 2 Prioritized Issues for Coordination
7/14/2008	Allred, Donna	OSA	SERS Gain-sharing
7/15/2008	PEPR	SCPP received at mtg.	PEPR requests for September Agenda
8/11/2008	Donny, Mary	SCPP via Sen. Schoesler	Visiting International Faculty
8/17/2008	Loken, Bill	SCPP Members	Plan 1 Purchasing Power
9/3/2008	Vail, Eldon	SCPP via Sen. Schoesler	DOC proposals to amend PSERS
9/4/2008	PEPR-Zuvich	OSA	Disability Benefits

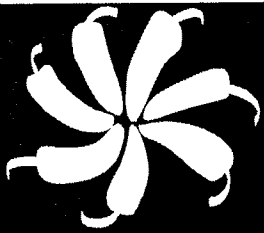
Hyde, Elizabeth

From: Donna Allred [donnaallred@earthlink.net]
Sent: Friday, July 11, 2008 6:08 PM
To: Office State Actuary, WA
Subject: Gainsharing promise

Gainsharing promise: One made decisions based on what was promised. As one gets closer to retirement, it becomes harder to accept that responsible people who tell you to plan based on their promise change the rules. I changed to plan 3 with the assurance of gain sharing. The legislative body needs to restore gainsharing to SERS employees.

Mary Donny Correspondence

The author has requested that staff refrain from forwarding the correspondence to the SCPP at this time.



Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

July 8th, 2008

TO: The Honorable Senator, Mark Schoesler, Chair
Select Committee on Pension Policy (SCPP)

FROM: Matthew D. Zuvich, Chair
Public Employees for Pension Reform (PEPR)

RE: September Agenda, Select Committee on Pension Policy

The PEPR coalition would like to respectfully request that our priority issues described in our letter to the committee dated April 15th 2008 be placed on the September agenda for consideration and action.

To review, the PEPR coalition would ask that the following items be scheduled:

- ❖ **Disability Retirement Benefits:** PEPR requests that the state actuary study this issue and present various options toward improving the current substantive benefit inadequacies, and for those options to be considered and acted on by the SCPP.
- ❖ **Plan 1 Purchasing Power-COLA improvement:** PEPR requests that the SCPP develop both short and long term options to address inadequacies of the current Plan 1 COLA.
- ❖ **Plan 2/3 Post-Retirement Employment- Repeal of Penalty of Improved ERRF:** PEPR asks that the SCPP support the repeal of restrictions included in ESHB 2391 (2007) that prevent plan 2/3 post-retirement public employment for those who take advantage of the improved ERRF benefit.

PEPR
(Public Employees for Pension Reform)

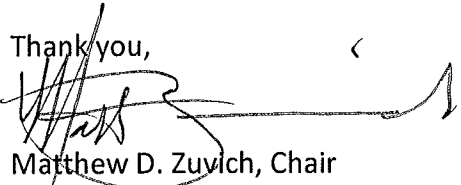
Washington State Federation of State Employees (WFSE)
Matt Zuvich, Chair – 306-352-7603

American Federation of Teachers
Association of Washington School Principals &
Washington Association of School Administrators
Public School Employees of Washington
Retired Public Employees Council of Washington

Teamsters Union – Local 117
Washington Education Association &
Washington Education Association - Retired
Washington Public Employees Association
Washington State School Retirees' Association

Our coalition is concerned that with so few committee meetings remaining until the end of the year, the efforts required to keep these items moving forward could be impeded for want of time. We would appreciate your efforts to address this concern.

Thank you,



Matthew D. Zuvich, Chair
Public Employees For Pension Reform (PEPR)
(360) 352-7603
E-Mail: MattZ@WFSE.org

PEPR
(Public Employees for Pension Reform)

Washington State Federation of State Employees (WFSE)
Matt Zuvich, Chair – 306-352-7603

American Federation of Teachers
**Association of Washington School Principals &
Washington Association of School Administrators**
Public School Employees of Washington
Retired Public Employees Council of Washington

Teamsters Union – Local 117
**Washington Education Association &
Washington Education Association - Retired**
Washington Public Employees Association
Washington State School Retirees' Association

Mary Donny Correspondence

The author has requested that staff refrain from forwarding the correspondence to the SCPP at this time.

From: Bill Loken [mailto:bkloken@comcast.net]

Sent: Sunday, August 17, 2008 11:44 AM

To: Bailey, Rep. Barbara; Conway, Rep. Steve; Crouse, Rep. Larry; Fromhold, Rep. Bill; Holmquist, Sen. Janéa; Murray, Sen. Edward; Hobbs, Sen. Steve; Schoesler, Sen. Mark

Subject: Recovery of Plan 1 Purchasing Power

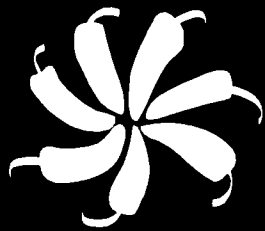
The value of TRS/PERS Plan 1 pension benefits needs to be protected from substantial losses in purchasing power which occur due to the design of Plan . The Uniform COLA is not a true Cost-of-Living Adjustment. Instead of being based on a member's base salary or economic indicator such as the Consumer Price Index, the Uniform COLA is based on a "dollar per month per year of service" formula.

The Uniform COLA has proven to be inadequate, particularly for long-time retirees. I retired in the mid eighties and now find my purchasing power has been greatly reduced. It seems like my purchasing power has been reduced by almost 50 percent with increases in energy costs, medical costs, food costs and the increase in property taxes.

I devoted my life to education and just happened to retire prior to the salary increases that came some years later. It seems that my pension has not kept pace with police and fire pension programs. I worked at low salary with the promise of a good pension. The Oregon teacher's pension plan has solved the Cost-of-Living Adjustment problem. Please take a look at the Oregon program.

Eldon Vail - DOC Correspondence

The Department of Corrections (DOC) has requested that staff refrain from forwarding the correspondence to the SCPP at this time.



Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

Disability Benefits

September 4, 2008

Proposal: Provide an Earned Disability Benefit to those w/ more than 10 yrs of service, based on 30 yr. ERRF's¹.

- ❑ No change in current rules governing disability eligibility (duty and non-duty)
- ❑ Permanently Disabled Individuals with 20 or more years of service could retire using an ERFF that is a reduction of 3% for each year of age less than 62.
- ❑ Permanently Disabled Individuals with 10 or more years of service, but less than 20 could retire using a reduction equal to 3% for each year of age under age 65. This would be consistent with the Alternate Early Retirement reduction factors provided in C 247 L 2000. [RCW 41.32.765 (3)(a); 41.35.420 (3)(a); 41.40.630 (3)(a)]

Supplemental Option: Opt-In Disability Retirement Insurance provided through either DRS or HCA.

- ❑ Insure against the loss of pension benefits for both Duty and non-Duty related catastrophic events to be offered through the Department of Retirement Systems for participation by all system employers.
- ❑ The Select Committee on Pension Policy would ask the Washington State Institute for Public Policy (WSIPP) or other appropriate body (Insurance Commissioners office?) to study and develop proposals:
 - For individuals who do not qualify (due to less than 10 years of service) for the above Disability Retirement provisions.
 - For replacement income for individuals that do qualify for the Disability Retirement proposal (above) but need additional income to compensate for the reduced retirement benefit.
- ❑ The WSIPP or other appropriate body would report back any results to the SCPP for formulation of any legislative proposals.

¹ ERRF is an Early Retirement Reduction Factor

What including court commissioners in the Judicial Benefit Multiplier Program might mean to you.

The program was designed to provide an enhanced pension benefit to members of the judiciary. The rationale for this is that individuals generally join the judiciary later in life and have less time than other public employees to build up their pension benefit. Court commissioners were initially left out of this program. Judges of the Municipal, District, Superior and Court of Appeals were included, along with the Supreme Court Justices.

Members of PERS 1 and 2 presently accrue a pension benefit of 2% of final average compensation for each year of service. Members of PERS 3 accrue 1% for each year of service. Under the Judicial Benefit Multiplier Program this benefit formula is increased to 3.5% per year of future service for PERS 1 and 2, and 1.6% for PERS 3.

The program also has a buy-back component. This would allow a member to purchase the enhanced benefit for prior years of service. The purchase price would be 5% of the compensation for each year, plus interest of 5.5%. There would be a cap on the amount of retroactivity that could be purchased which would assure that a member would not accrue more than a 75% benefit allowance for PERS 1 and 2. It would be 37.5% for PERS 3. The buy-back would have to occur within a fixed window of time after court commissioners were included in the system. The buy-back could be accomplished with pre-tax dollars from a deferred compensation plan, IRA, or other tax qualified retirement account.

The cost of participating in the program will differ depending on whether you are a member of PERS 1, 2 OR 3. The contribution rate for PERS 1 members of JBMP would be the current rate plus six and twenty-six one-hundredths percent of pay. The rate for PERS 2 members would be two hundred fifty percent of the current rate. The rate for PERS 3 would be a minimum of 7.5%

An Act Relating to public retirement benefits for commissioners of the Washington Supreme Court, Court of Appeals, Superior, District and Municipal Courts: adding new sections to 41.40 RCW, and 41.45;

New Section. 1. A new section is added to chapter 41.40 to read as follows:
Beginning _____, _____, any member of plan 1 or 2, employed as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court, may make a one-time irrevocable election, filed in writing with the member's employer, the department, and the administrative office of the courts, to accrue an additional benefit equal to one and one-half percent of average final compensation for each year of future service credit from the date of the election.

New Section. 2. (a) A member who chooses to make the election under subsection (1) of this section may apply to the department to increase the member's benefit multiplier by one and one-half percent per year of service for the period in which the member served as a court commissioner prior to the election. The member may purchase, beginning with the most recent judicial service, the higher benefit multiplier for up to seventy percent of that portion of the member's prior judicial service that would ensure that the member has no more than a seventy-five percent of average final compensation benefit accrued by age sixty-four for members of plan 1, and age sixty-six for members of plan 2. The member shall pay five percent of the salary earned for each month of service for which the higher multiplier is being purchased, plus interest as determined by the director. The purchase price shall not exceed the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier. This payment must be made prior to retirement and prior to _____, _____. After _____, _____, a member may purchase the higher benefit multiplier for any of the member's prior judicial service at the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier, as determined by the director.

(b) Subject to rules adopted by the department, a member applying to increase the member's benefit multiplier under this section may pay all or part of the cost with a lump sum payment, eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan. The department shall adopt rules to ensure that all lump sum payments, rollovers, and transfers comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

New Section 3. Court Commissioners' retirement allowances – In lieu of RCW 41.40.185

In lieu of the retirement allowance provided under RCW 41.40.185, the retirement allowance payable for service as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court, for those commissioners who elected to accrue an additional benefit under section 1 above, shall be equal to three and one-half percent of average final compensation for each year of service after the election. The total retirement benefit accrued or purchased in combination with benefits accrued during periods served prior to the election shall not exceed seventy-five percent of average final compensation.

New Section 4. Court Commissioners' retirement allowances – In lieu of RCW 41.40.620.

In lieu of the retirement allowance provided under RCW 41.40 620, the retirement allowance payable for service as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court who elected to accrue an additional benefit under section 1 above shall be equal to three and one-half percent of average final compensation for each year of such service after the election. The total retirement benefit accrued or purchased under this election in combination with benefits accrued during periods prior to the election shall not exceed seventy-five percent of average final compensation.

New Section 6. Beginning _____, _____, a member of plan 3, employed as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court, may make a one-time irrevocable election, filed in writing with the member's employer, the department, and the administrative office of the courts, to accrue an additional plan 3 defined benefit equal to six-tenths percent of average final compensation for each year of future service credit from the date of the election.

New Section 7. Court Commissioners' retirement allowances – In lieu of RCW 41.40.790.

In lieu of the retirement allowance provided under RCW 41.40 790, the retirement allowance payable for service as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court who elected to accrue an additional benefit under section 6 above, shall be equal to one and six-tenths percent of average final compensation for each year of such service after the election. The total retirement benefit accrued or purchased under this election in combination with benefits accrued during periods prior to the election shall not exceed thirty-seven and one-half percent of average final compensation.

New Section 8. New Section added to RCW 41.45.
The required contribution rate for members of the public employees' retirement system plan 1, employed as a court commissioner in the Supreme Court, Court

of Appeals, Superior, District or Municipal Court who elect to accrue an additional benefit under section ____ herein shall be the contribution rate established under RCW 41.40.330 plus six and twenty-six one-hundredths percent of pay.

New Section 9. New Section added to RCW 41.45.

The required contribution rate for members of the public employees' retirement system plan 2, employed as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court who elect to accrue an additional benefit under section 1 herein shall be two hundred fifty percent of the member contribution rate for the public employees' retirement system plan 2 established under this chapter.

New Section 10. New Section added to RCW 41.45.

The required contribution rate for members of the public employees' retirement system plan 3, employed as a court commissioner in the Supreme Court, Court of Appeals, Superior, District or Municipal Court who elect to accrue an additional benefit under section 6, herein shall be a minimum of seven and one-half percent of pay, contributed to the member's defined contribution account.

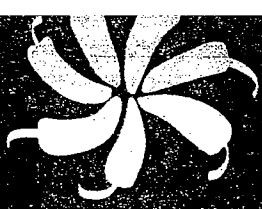
New Section 11. Defining Judicial Service to include service as a court commissioner of specified courts.

a) Between January 1, 2010 and December 31, 2010, a member of Plan 1 or 2 employed as a supreme court justice or judge of the court of appeals or judge of the superior, district or municipal courts participating in the Judicial Benefit Multiplier Program may purchase, beginning with the most recent judicial service, the higher benefit multiplier for up to seventy percent of that portion of the member's prior judicial service that would ensure that the member has no more than a seventy-five percent of average final compensation benefit accrued by age sixty-four for members of plan 1, and age sixty-six for members of plan 2. The member shall pay five percent of the salary earned for each month of service for which the higher multiplier is being purchased, plus interest as determined by the director. The purchase price shall not exceed the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier. This payment must be made prior to retirement and prior to _____, _____. After _____, _____, a member may purchase the higher benefit multiplier for any of the member's prior judicial service at the actuarially equivalent value of the increase in the member's benefit resulting from the increase in the benefit multiplier, as determined by the director.

(b) Subject to rules adopted by the department, a member applying to increase the member's benefit multiplier under this section may pay all or part of the cost with a lump sum payment, eligible rollover, direct rollover, or trustee-to-trustee transfer from an eligible retirement plan. The department shall adopt rules to ensure that all lump sum payments, rollovers, and transfers

comply with the requirements of the internal revenue code and regulations adopted by the internal revenue service. The rules adopted by the department may condition the acceptance of a rollover or transfer from another plan on the receipt of information necessary to enable the department to determine the eligibility of any transferred funds for tax-free rollover treatment or other treatment under federal income tax law.

(c) The term Prior Judicial Service as used in sub-section (a) of this section shall include service as a court commissioner of one of the courts described therein.



Public Employees for Pension Reform

A coalition of Washington State Public Employee Unions and Retiree Associations serving active and retired state and public employees

TO: The Honorable Senator, Mark Schoesler, Chair
Select Committee on Pension Policy (SCPP)

FROM: Public Employees for Pension Reform (PEPR)

DATE: August 17, 2008

RE: Plan 2/3 Post-Retirement Employment – Repeal of Penalty on Improved ERRF

PEPR members again respectfully request that the issue of "Plan 2/3 Post-Retirement Employment – Repeal of Penalty on Improved ERRF" be placed on the SCPP Executive Committee agenda for review and action at the September Executive Committee meeting. Last year's Executive and full Select Committee studied this issue; therefore it is not a new issue for research by the State Actuary Office.

Plan 2 and 3 retirees have never been able to participate in Retire/Rehire. Retire/Rehire has been limited to Plan 1 members. Plan 2 and 3 members have been limited to no more than 867 hours a year of postretirement public employment since the inception of those plans, however beginning this year members taking advantage of the new alternate early retirement are forbidden working any hours until reaching the age of 65.

This added negative provision could impact the availability of substitute teachers and part time help within various public employment sectors.

Even though this added negative provision became part of EHB 2391 just before the bill's final passage, we do not believe its reversal should have any impact on the legal action pending on gain-sharing.

Your consideration of this request is appreciated.

Respectfully,

Matthew D. Zuvich,

D. Direction on Today's Agenda

Direction on Today's Agenda

Issue

- (2) Election of Retiree Representative to Executive Committee
- (3) Proposed 2009-11 OSA Budget
- (4) Fish and Wildlife Service Credit Transfer
- (5) Interruptive Military Service Credit
- (6) Plan 1 COLA Proposals
- (7) SCPP Recommended Legislation to Lower General Salary Increase Assumption

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E. Draft October Meeting Agenda

Select Committee on Pension Policy

P.O. Box 40914
Olympia, WA 98504-0914
actuary.state@leg.wa.gov

Regular Committee Meeting

October 21, 2008
10:00 a.m. – 12:00 p.m.*
Senate Hearing Room 4
Olympia

DRAFT AGENDA

- 10:00 a.m. **(1) Approval of Minutes**
- 10:05 a.m. **(2) 2009 SCPP Meeting Dates**
- 10:20 a.m. **(3) September, 2008 Economic Revenue Forecast**
- 10:40 a.m. **(4) SERS Past Part-Time Service Credit – Darren Painter, Policy Analyst**
- 11:00 a.m. **(5) OSA Request Legislation – Laura Harper, Policy and Research Services Manager**
- 11:20 a.m. **(6) \$150,000 Death Benefit – Darren Painter**

Public Hearing with Possible Executive Session

- 11:40 a.m. **(7) Fish & Wildlife Service Credit Transfer – Dave Nelsen, Senior Policy Analyst**
- 12:00 p.m. **(8) Adjourn**

**These times are estimates and are subject to change depending on the needs of the Committee.*

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Representative Barbara Bailey

Don Carlson
TRS Retirees

Lois Clement
PERS Retirees

***Representative Steve Conway,**
Vice Chair

Representative Larry Crouse

Charles E. Cuzzetto
TRS and SERS Employers

Randy Davis
TRS Actives

Representative Bill Fromhold

Senator Steve Hobbs

Senator Janea Holmquist

Robert Keller
PERS Actives

***Sandra J. Matheson,** Director
Department of Retirement Systems

***Corky Mattingly**
PERS Employers

Doug Miller
PERS Employers

Victor Moore, Director
Office of Financial Management

Senator Ed Murray

Glenn Olson
PERS Employers

***Senator Mark Schoesler,**
Chair

J. Pat Thompson
PERS Actives

***David Westberg**
SERS Actives

***Executive Committee**

(360) 786-6140
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F. State Actuary's Evaluation

Select Committee on Pension Policy

Actuary Performance Evaluation

(November 12, 2003)

The State Actuary Appointment Committee has the statutory authority to review the performance and make adjustments to the pay of the State Actuary. The State Actuary Appointment Committee consists of:

- Chairs and ranking minority members of the Senate Ways and Means Committee and the House Appropriations Committee; plus
- Four members of the Select Committee on Pension Policy (SCPP) appointed jointly by the Chair and Vice Chair of the SCPP.

The SCPP Executive Committee will conduct a review of the State Actuary's performance and relay it to the State Actuary Appointment Committee with recommendations for pay adjustments, as deemed appropriate. The review will take place at least once every two employment anniversaries of the State Actuary or as requested by the Chair of the SCPP.

In conducting the review, the Executive Committee of the SCPP or their designee will:

- Review the statutory responsibilities of the Office of the State Actuary (OSA);
- Request a self-performance evaluation, including future goals and development activities from the State Actuary;
- Develop a list of feedback sources which may include OSA staff, SCPP members, Directors of the Department of Retirement Systems and Office of Financial Management, Chairs and/or staff of the legislative fiscal committees and the Executive Director of the LEOFF 2 Board;
- Solicit written feedback from feedback sources;
- Meet with the State Actuary to share feedback and overall performance evaluation.
- Relay the results of the performance evaluation and any recommendations regarding performance and/or pay adjustments to the members of the State Actuary Appointment Committee.