



STATE OF WASHINGTON
DEPARTMENT OF RETIREMENT SYSTEMS

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**DRS Advisory Committee
Meeting Minutes
May 21, 2010**

Vice-Chair John Payne called the meeting to order at 9:30 a.m.

Committee Members Present: Judge Michael Heavey, Darrell Heisler, Mark Mears, John Payne, Eva Jean Shamley, Mary Sherman, Lieutenant Michael Turcott, and Dick Warbrouck.

DRS Staff and Resource Personnel Present: Marcie Frost, Jeff Wickman, Cathy Cale, Wilma Eby and Beth Eerkes.

A-1 Approval of Minutes

Dick Warbrouck made a motion, seconded by Mary Sherman, to approve the February 19, 2010 meeting minutes as submitted. The motion passed unanimously.

Focus Areas

B-1 State Investment Board Annual Update

Theresa Whitmarsh, Executive Director, Washington State Investment Board (WSIB), provided an [update](#) of the board's mission, organizational structure, investment responsibility, assets under management and trust fund investment performance. The mission of the board is to "Invest with integrity, prudence and skill to meet or exceed the financial objectives of those we serve." The WSIB manages \$74.4 billion within 39 funds. The five-year total return of 6.7 percent was in the top quartile of their U.S. universe.

B-2 State Actuary Report

Matt Smith, Washington State Actuary, provided [information](#) about the state of the Washington State pension systems. He noted that all but two of the state's plans – Public Employees' Retirement System (PERS) Plan 1 and Teachers' Retirement System (TRS) Plan 1 – were well funded heading into the recession. Over 30 years ago the state made some major pension reforms, closing the Plans 1 and creating Plans 2 with age 65 normal retirement. The Plans 3, hybrid defined benefit and defined contribution plans, were created in 1996. Other states are now moving in the direction of Washington State's reforms.

B-3 DCP Record-Keeping Transition

Jeff Wickman, Policy and Strategic Initiatives Assistant Director, reported on the transition to Great-West Life and Annuity Company as the new record keeper for the Deferred Compensation Program (DCP). He discussed the blackout period from 1:00 p.m. on June 28, 2010 to 6:00 p.m. on July 8, 2010, during which participants will not be able to transfer funds, change deferral

amounts or change allocations. At 6:00 p.m. on July 8, the new Web site will be available. At 6:00 a.m. on July 9, account access will open. Program enhancements include a lower record keeping fee of 6.32 basis points (.0632%), a customized Web site, faster options for changing a PIN and additional online tools and calculators. The *Transition Bulletin* detailing these changes will be mailed to participants on May 28th.

B-4 Multi-Flex Report

Cathy Cale, Retirement Services Assistant Director, provided information on the agency initiative to give additional opportunities for members to add survivors for post retirement marriages. The change means there is now no limit on the number of times a retiree can add a spouse survivor if they marry or remarry after retirement. For most plans the new spouse can only be added between the first and second year of marriage. The Washington State Patrol Retirement System (WSPRS) Plan 1 requires the spouse be added between the second and third year of marriage. The department is providing a 16-month window from March 1, 2010 to June 30, 2011 for retirees whose previous post-retirement marriage survivorship request was denied due to the limitation on the number of survivorships. However, this does not reopen the window for a retiree who missed a previous deadline. She urged members to contact DRS if they have questions.

Deputy Director's Report

Marcie Frost, Deputy Director, provided updates on furloughs. The legislation did not exempt DRS from taking the furlough days. She also reported that the Employee Retirement Benefits Board (ERBB) was eliminated in the boards and commissions legislation that passed during the 2010 session. Their last meeting is on May 25, 2010. The authority of the ERBB passes to the DRS Director. The Select Committee on Pension Policy (SCPP) and the Pension Funding Council (PFC) are beginning their work during the interim between legislative sessions. DRS Director Steve Hill is a member of both groups. She also noted that members can find information about the gain sharing litigation on the DRS website. The trial is still set for Fall 2010.

New Business

C-1 Round Table

No issues were raised.

C-2 Agenda Setting

With no additional business, the meeting adjourned at 11:45 a.m.

The next meeting is scheduled for September 17, 2010 at 9:30 a.m. in the DRS Board Room.

Approved:

Steven R. Hill, Director

John Payne, Vice Chair