

Employer Advisory Committee Meeting Minutes
February 18, 2016

DRS Team Members Present:

Mike Ricchio, Chairperson
Amanda Persell, Administrative Assistant
Bill Sherman, Employer Audit
Brian Berghoff, Senior Policy and Rules Analyst
Dave Nelsen, Assistant Director of Customer and Policy Services
Debbie Callar, Employer Support Services
Eleanor Conway, Employer Support Services
Jacob White, Legal/Legislative Services Manager
Jamie Carl, Employer Support Services
Jennifer Freeze, Information Technology Specialist
Jonathan Stoffer, Employer Support Services
Kareen Morlan, Accounts Receivable
Kim Smith, Employer Support Services Manager
Kym Nelsen, Employer Support Services
Larry Bona, Employer Support Services
Margaret Conley, Management Analyst
Marla Mortensen, Project Manager
Meg Gooding, Retirement Specialist
Rachel Jo Nesse, Project Manager
Seth Miller, Retirement Services Manager
Sharon Houseman, Accounts Receivable Manager
Sheila Alexander, Employer Support

Employer Members Present:

Adrian Soucek, King County
Darrin Litchfield, WA Tech
Kimberly Fleming, King County
Lacey Ledford, Washington State Patrol
Maria Briton-Sipe, Retired Public Employees Council of WA
Rebecca Castaneda, King County
Sheryl Gordon, Green River College
Sue Aschenbrenner, Washington State Patrol
Susan Devine, Dept. of Social & Health Services

Employer Members Present via Conference Call:

Cinda Wilkey, WSIPC
Claudia Kay, Port of Seattle
Deann Neeley, Port of Tacoma
Heather Mam, Pierce County
Katy Dwyer, University of Washington
Lana Elder, Port of Seattle
Lynn Guyton, Puyallup School District
Maureen Kwant, WSIPC
Terry Schaefer, WSIPC
Tess Ylescupidéz, Pierce County

Welcome

Chairman Ricchio welcomed everyone to the meeting and thanked them for attending.

Record Keeper Update – Marla Mortensen

At 8 a.m. on March 4, the record keeper transition will go live and Empower Retirement will officially be the record keeping provider for Plan 3 and the Deferred Compensation Program. ICMA-RC will continue to service Plan 3 customers until that time. The transition period (blackout) will begin on February 22 at 1 p.m. and end on March 4 at 8 a.m. During this time, Plan 3 members will still be able to access their account information, but will not be able to move funds. DRS has sent out Employer Notices communicating what the direct mailings to customers say so that employers will see what their employees will be receiving. The most recent mailing was a postcard reminding members of the blackout period and providing a call-in number to the DRS dedicated transition phone line (800-547-6657, Option 5). The agency has not received many questions, showing that this has been a non-event for our members; that the communications that have gone out have been informative and customers are comfortable with the level of knowledge that has been shared. Prior to the March 1 PIN letters being mailed to members, there will be one more Employer Notice. Members who are currently in Plan 3 *and* DCP will not receive a PIN letter. These members will continue to use their DCP PIN number to access both DCP and Plan 3 information at Empower, or access both through the single sign-on with DRS. In addition to the mailings, both record keepers have messages on their phone systems as well as on their websites and the DRS website.

Click [here](#) to see the Record Keeper Update slide show.

Legal/Legislative Update – Jacob White

This is a short session and is scheduled to be over on March 10. February 17 was the cutoff for House of Origin, so some of the bills on the handout are most likely not moving forward. The pension bills that have made it out of the House of Origin skip through the policy committees and go straight to the fiscal committees. The bills then go to Rules and are pulled to the Floor where they get voted on. If there are any changes to the bill that passed out of House of Origin, then both sides confer on those differences.

Jacob touched on the following pension-related bills that are still alive:

- **SB 6455 - Expanding the professional educator workforce by increasing career opportunities in education, creating more robust enrollment forecasting and enhancing recruitment efforts**
If enacted, this bill would allow Teachers' Retirement System members who retired using the 2008 Early Retirement Factors (ERFs) to return to work as substitute teachers for 630 hours per school year. This provision would be in effect from July 1, 2016 until August 1, 2020. School districts would be required to document the shortage of certified substitute teachers to DRS, and to compensate substitute teachers at least the daily rate provided by the state's basic education formula. This bill has an emergency clause.
- **HB 1737 - Allowing 2008 ERF TRS retirees to return to work as substitute teachers**
If enacted, this bill would allow Teachers' Retirement System members who retired using the 2008 Early Retirement Factors (ERFs) to return to work as substitute teachers. They would be able to work 630 hours per school year while still receiving their retirement benefits. This provision would be in effect until August 1, 2020. This bill also requires that school districts document the shortage and has an emergency clause.
- **SB 6332 - Concerning the shortage of public school teachers and substitute teachers**
If enacted, this bill would allow Teachers' Retirement System members who retired using the 2008 Early Retirement Factors (ERFs) to return to work as substitute teachers. This bill was amended to remove substitute teachers and include mentors and advisors. They would be able to work 630 hours per school year while still receiving their retirement benefits. This provision would be in effect until August 1, 2020.

School districts would be required to document the shortage of certified substitute teachers to DRS. This bill also has an emergency clause.

- **SB 6264 - LEOFF 2 retiree purchase of annuity**

If enacted, this bill would allow LEOFF Plan 1, LEOFF Plan 2 and State Patrol retirees who retired before June 1, 2014, a six-month window to purchase an annuity through LEOFF. The annuity would be offered under the same terms as the current option, including a built-in COLA and a survivor option.

- **SB 6263 - LEOFF 2 disaster coverage**

If enacted, this bill would impact LEOFF Plan 2 members who are called into eligible federal service to respond to natural disasters or other federal emergencies. It would provide them with benefit protections similar to the ones provided to members of the National Guard or Military Reserves who are called during a time of war.

- **6194 - Charter Schools**

This bill would change the structure of charter schools within state law. The intent is that charter schools are employers and that employees of charter schools could be eligible for membership in the public retirement systems administered by the Department of Retirement Systems (DRS).

- **SB 5435 - Expanding participation in the Washington state deferred compensation program**

If enacted, this bill would automatically enroll new state employees in the Washington State Deferred Compensation Program (DCP) with a default contribution rate of 3 percent. Employees would have the opportunity to opt out or set their own contribution rates. This bill would also allow DRS to offer state employees a 401(a) money-purchase retirement savings option in addition to DCP. (Note: This proposal was originally posted as SB 6435. The content of SB 6435 has been substituted in SB 5435.)

Katy Dwyer asked if the Department of Retirement Systems would be ready to implement this bill by January 1, 2017. The University of Washington believes this is a very good practice, but is working behind the scenes to modify the date because they would not be in a position to support it due to their enormous systems project. Jacob stated that yes, the Department will be ready. Dave Nelsen, Assistant Director of Customer and Policy Services, said that DRS would work with the University of Washington while they go through their system transition.

Darrin Litchfield of WA Tech asked if there was more information on the money-purchase retirement savings option on the web. Jacob answered that at this time, there are no additional materials available, but employers can email [Jacob](#) with any questions. Mike said that the money-purchase retirement savings is an optional part of the bill and should it be offered, there will be an agency-wide communications effort in advance with employers and members in order to address the option.

- **SB 6439 - Addressing volunteer fire fighters and reserve officers assisting with multiregional state emergencies**

If enacted, the hours volunteer fire fighters and reserve officers work battling state wildfires or assisting with other large-scale multiregional state emergencies wouldn't be used in determining Public Employees' Retirement System (PERS) eligibility.

- **HB 1322 – Amending estoppel criteria to only apply to those eligible for “normal” retirement**

Currently, members eligible for retirement in certain plans are prevented (estopped) from joining a different retirement system. If enacted, this bill would amend the estoppel criteria to state that a member would be estopped from membership in a retirement system if the retirement eligibility for another system is a “normal” retirement. Those who are not eligible for a full retirement, but only a retirement benefit calculated under alternate retirement criteria, such as early retirement, would no longer be estopped from

membership in another system based on this section, and would therefore be mandated into membership unless excluded by other criteria.

- **HB 1718 – Adding additional employers and job types to membership in PSERS**

If enacted, this bill would add the Department of Veterans Affairs and the Department of Social and Health Services as PSERS employers. Additionally, the bill would modify eligibility for the plan to add employees at state institutions or centers, and local government PSERS employers, who provide regular nursing care or who ensure the custody and safety of offender, probationary, or patient populations.

Click [here](#) to see the Pension Related Bills for the 2016 Session handout from the meeting. Visit <http://www.drs.wa.gov/legislative/> to see the most recent updates on all pension-related bills.

ERA Update – Rachel Nesse

The procurement portion of the Employer Reporting Application project is well underway. The project team completed Stages 1-3 and is currently working on Stage 4: Implementation and Planning Study workshops, which began in December 2015. During this stage, the team works with the bidder on the project schedule and defines the entire Statement of Work (SOW) before signing the contract. Completing the SOW before signing the contract confirms that the bidder understands what DRS expects. The next step is to negotiate the contract, which will begin very soon. The team expects the final contract in April.

After the contract is signed, DRS will enlist help from employers to ensure that the tool is functional and meets the needs of employers. The team will then develop an outreach plan, review the project requirements and goals, and develop a roll-out with employer input.

Click [here](#) to see the ERA Update slide show.

Open Discussion

Plan Choice Booklets – Mike Ricchio

The Department of Retirement Systems is exploring the idea of eliminating the printed copies of the Plan Choice Booklets and going to an online version. Because they are printed, if anything changes, they have to be reprinted and the information is out-of-date fairly quickly. The agency has approximately 9,000 Plan Choice booklets already printed that have the old record keeper information in them. DRS is looking at ways to use them; there may be a sticker placed on the outside or an insert in them that states that anywhere ICMA is referenced, it is now Empower Retirement. There was consensus from the group that this was acceptable to the employers.

Mike asked the group if there was any feedback on the idea of doing a hybrid of doing some printing, but having the majority of the handbook online. Kimberly Fleming said that King County has a large population of employees that do not have access to view the handbook online, and asked if it was possible to print a more basic form of the handbook, maybe in black and white with less pages. Mike stated that the DRS Communications department is considering the feedback from the last EAC meeting and looking at ways to print the graphs and charts that will include a web address to access the full handbook online. Darrin Litchfield of WA Tech suggested that it would be helpful to employers if the online version could be formatted in a PDF so that they could print it. Katy Dwyer added that the University of Washington will continue to provide a benefits packet to employees and is an advocate of a shorter version of the handbook, but she believes that it's important to still use color and graphics because it helps people connect with the DRS brand. She also stated that she does not believe that employers should have to print the handbook themselves; that employers aren't funded for the cost of printing.

EAC Meeting Frequency – Mike Ricchio

Currently, the Employer Advisory Committee bylaws state that meetings will be held quarterly. The DRS Advisory Committee meets twice a year and Mike Ricchio wanted to know if that might make more sense for

this group. The feedback from the last EAC meeting was that driving to Tumwater in the winter could be difficult and that August seems to be a time when many are on vacation. The group talked about meeting in person twice a year and supplementing the other two meetings with conference calls. There would also be more communication about DRS happenings in the interim. He asked for any further thoughts on this approach. Mike plans to survey the group by email and ask for any further suggestions.

Please contact [Mike Ricchio](#) with any questions or feedback.

Announcements

Dave Nelsen has been given an opportunity to become the CEO of the Alameda County Employee's Retirement Association, so he will be leaving the Department of Retirement Systems in late March or April. Seth Miller, formally from Employer Support Services, will be taking Dave's place as the Assistant Director of Customer and Policy Services. The group congratulated Dave and Seth.

Empower Next Generation Experience – John Borne, Empower Retirement

John Borne from Empower Retirement joined the group to give a preview on the Plan 3 and Deferred Compensation Program website that showcases Empower's online tools and resources. The expectation is that the new design will be in place in 2017.

Click [here](#) to see Mr. Borne's presentation.

Closing

Next meeting will be May 19, 2016 at the Department of Retirement Systems.