

Employer Advisory Committee Meeting Minutes
November 14, 2013

DRS Team Members Present:

Mike Ricchio, Chairperson
Amanda Drake, Retirement Services Analyst
Amanda Persell, Administrative Assistant
Dave Nelsen, Legal/Legislative Services Manager
David Brine, Communications Director
David Rashott, RSD Team Leader
Jeff Groebner, Employer Support Services
Jennifer Dahl, RSD Assistant Director
Jennifer Freeze, Business Analyst
Kareen Morlan, Accounts Receivable
Karla Phillips, Management Analyst
Lorna Linden, Education and Outreach
Mark Muller, RSD Team Leader
Rachel Jo Nesse, Project Manager
Rose Bossio, Project Manager
Shannon Davis, Employer Audit Manager
Sharon Houseman, Accounts Receivable Manager
Sue Gordon, Web & Client Services Manager
Ted Taylor, Retirement Services Manager

Employer Members Present:

Gail Davila, City of Bellevue
Karen Conley, Department of Social & Health Services
Kimberly Fleming, King County
Sheryl Gordon, Green River Community College

Employer Members Present via Conference Call:

Angie Gill, Washington State Patrol
Ashley Vereker – WSIPC
Barbara Cox – Port of Tacoma
Cinda Wilkey – WSIPC
Katy Dwyer – University of Washington

Welcome

Chairman Ricchio welcomed everyone to the meeting and thanked them for attending. He reminded the group that DRS puts cones in parking spots to save them for those attending the EAC meeting.

Legal/Legislative Update – Dave Nelsen

Dave Nelsen, Legal/Legislative Services Manager, gave an update on what's happening in the Legislature. Click [here](#) to see the 2013 Interim Legislative Summary.

Discussion on *Modification of PSERS Eligibility*:

Gail Davila, City of Bellevue, stated that local governments have positions that they have previously identified as eligible and that are currently filled. She asked if there was any consideration for new positions.

The bill identifies that there could be additional local government individuals that could be included into PSERS that currently are not, if it goes through. It expands the eligibility definition to not only include people whose primary job is the custody and continued incarceration of people, but it's also those who provide care to them. Some medical professionals who work exclusively with the jail would likely then be covered by PSERS; whereas currently they are not. This bill would primarily cover medical support staff of the prisons and jails.

Katy Dwyer, University of Washington, asked if DRS sees this expanding beyond corrections.

Dave stated that it is hard to say. One of the reasons HB 1923 failed last year is because it's a bit of a shifted policy for PSERS. Originally, PSERS was for those law enforcement jobs that didn't fit into LEOFF. This would allow medical staff into PSERS and there is some concern that it would end up like the California retirement plan that slowly broadened the definition of eligibility and eventually allowed for a large population of employees qualifying for the more generous public safety provisions. The alternative proposal would be to just add DSHS to the list of PSERS employers, so as to not change the eligibility criteria and to not add the medical professionals.

Katy then asked if the main distinction is around the age of retirement and/or disability benefits.

It's almost exclusively the age of retirement, which by definition helps the disability benefits. It has an earlier retirement age of age 60 and an earlier alternative retirement age at age 53 (with 20 years of service and a 3% reduction); therefore if a member is disabled at a younger age and has to take that reduction, it would be much less because they're doing it from a younger age. The disability benefits become better benefits by extension.

Katy also asked if DRS consults with HCA on state employee disability products, and how HCA is affected by the changes that DRS makes.

Several years ago, the [Washington State Institute on Public Policy](#) did studies about disability benefits within the retirement systems. There was discussion at the time that there should be better education about the disability insurance that is offered by HCA, instead of enhancing disability benefits within the retirement systems. There were a number of legislators that favored not enhancing disability benefits in a pension system, where it becomes a contractual right. If a member wanted better disability benefits, some felt they could bargain for better disability offerings from the HCA, have the employer pay the cost, or have mandatory enrollment into long term disability plan. There was some discussion about that from a policy standpoint. DRS and HCA do keep each other

in the loop about what proposed changes are out there. Every interim, Dave meets with HCA to discuss what's coming up and how it might impact them, and HCA does the same.

LEOFF Plan 2 Retirement Board:

The LEOFF Plan 2 Retirement Board hasn't recommended anything to the Legislature yet. There are two issues moving forward that potentially have some opportunity. The first would be to allow for LEOFF2 members, at the time of retirement, to take money in qualified plans (for example, 457 plans or 401A Defined Contribution plans), roll those into the pension system and annuitize them within that pension system, using the system's factors and assumptions. This would create a very nice annuity proposal, with low cost and high value. The Board is also considering making it mandatory for LEOFF2 employers to offer the State's Deferred Compensation Program. This does not mean that the members are required to enroll in DCP or that it's the only plan the employer could offer. They will be voting on this in the month of December.

Gail Davila, City of Bellevue, asked if this in addition to or in lieu of purchasing additional service credit.

Dave stated that it could be either, as long as they have the funds to do so.

Another item being discussed is the modification to the LEOFF2 Retiree Career Change bill that was passed 5 years ago. This modification affects LEOFF2 retirees who want to go back to work in a position that is covered under another system. The current law provides for members who retire at a young age, but may not be ready to quit working, just ready to stop being a LEOFF employee. The current law provides them with the opportunity to a) opt into the other system and stop their benefit or b) not opt into the system and continue to receive their benefit without any interruption so that they would receive both their salary and their pension. Some employers have taken the current LEOFF eligible position and reduced the hours; making it less than full time, allowing the retiree to qualify for the Career Change bill. The discussion is to change the language to say that it's for a career change only. The member would not qualify if they went back into a position performing LEOFF duties but didn't qualify for LEOFF membership.

Legal Update:

The Supreme Court heard the legal arguments in the gainsharing and UCOLA case. The court typically advises interested parties not to expect any type of decision within 3 months. There was a stay issued by the Court on the gainsharing issue, pending a decision; therefore, there will not be a gainsharing distribution in January.

A class action lawsuit was filed by King County related to Higher-Ed employees. Prior to HB 1981, PERS members who retired and returned to work in a Higher-Ed position and were then covered by a Higher-Ed plan, could do so without impacting their pensions. HB 1981 subjects them to the 867 hour limit. The members' stance is that they should not be subject to the limit. The expectation is that this will expand to include all of the state, not just King County.

Please contact [Dave Nelsen](#) with any questions.

Employer Reporting Application Update – Sue Gordon/Rose Bossio/Rachel Jo Nesse

Rose Bossio, Sue Gordon and Rachel Jo Nesse gave an update on the Employer Reporting Application (ERA) project. Click [here](#) to see the ERA presentation.

DRS is excited to announce that Kimberly Fleming from King County and John Boesenberg from the State Board of Community & Technical Colleges volunteered to work on the ERA advisory group, representing the employer community.

Please note that the target implementation dates could change and are subject to negotiation of the contract.

Gail Davila, City of Bellevue, inquired about the process after a vendor is selected.

There could be multiple bidders in this process. The vendors that meet the Department's preliminary requirements, first do a demonstration of their product. After that, an implementation planning study workshop takes place, where some high level planning would be done around scheduling and the resources required from each vendor and the Department. The deliverables from the workshop will then drive the contract negotiation. The successful bidder will not be announced until a contract is signed.

The objective is to give both parties more clarity before getting to the contracting stage, while the Department still has multiple bidders involved. This allows for the Department to negotiate and for the vendors to be very clear as to what DRS requires, what some of the deliverables may mean and what they entail.

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

Employer Imaging – Karla Phillips

Karla Phillips, Administrative Services Division Management Analyst, gave an update on the Employer Imaging project. As a Lean agency making efforts to streamline processes, DRS has created electronic files for all employers and will be working to image all documents into those files. This is in conjunction with the Department's current imaging system for member files. There was no budget for this project, therefore DRS is using existing resources to image the multitude of existing paper documents into the electronic files. Click [here](#) to see Karla's presentation.

Please contact [Karla Phillips](#) with any questions.

LEOFF Independent Contractor Project Update – Shannon Davis

Shannon Davis from the Employer Audit Unit joined the meeting to give an update on the LEOFF Independent Contractor project. Click [here](#) to see the presentation.

Kimberly Fleming, King County, stated that they are finding that they have employees who left an eligible position to come back as an independent contractor into an ineligible position. To date, they have found three members who returned into such a position but had never terminated with the County, nor did they inform the County that they had retired. Kimberly requested that be some consideration for these types of situations.

There are many factors that go into each audit and the determinations are made on a case-by-case basis. On the DRS retirement application, it asks for the date that the member separated from *all* employment, not just covered employment. DRS recommend that employers consider mentioning to inactive employees that they are not eligible to begin drawing a pension if they have never separated from that employer, even if they move into an ineligible position. Members may not draw a pension until they have completely separated from an employer and are not working at all.

Kimberly also suggested that DRS creates some sort of reporting tool that would allow employers to be informed once former employees retire so that they may check against their current employee database.

Mike Ricchio stated that the hope is that the new Employer Reporting Application will allow for that, and that he is making a note of it to take back to the team.

DRS strongly encourages the employers to contact [Employer Support Services](#) if they find that they have an independent contractor who was a retiree with the 2008 ERFs so that they are not held liable for the pension overpayments.

Please contact [Employer Support Services](#) with any questions.

Statewide Training Recap – Jeff Groebner

Jeff Groebner, Employer Support Services, recapped the 2013 Statewide Training program and what ESS would like to do in 2014. Click [here](#) to see Jeff's presentation.

Please contact Employer Support with any questions or suggestions on future trainings.

What's Hot in RSD – Jennifer Dahl

Mike Ricchio introduced Jennifer Dahl with the Retirement Services Division. Jennifer stated that RSD would like to have a standing agenda item each quarter and asked the committee for feedback on what the employer community would want to hear about, in order to add value to the meeting.

Gail Davila, City of Bellevue, suggested that a future meeting topic might be customer satisfaction with the online retirement application. She would like to know if members are taking advantage of the product, if they are happy with it, if the flow of money and rollovers are working well, and if the retirees are getting what they need.

Gail also asked that DRS tailor retirement seminars to particular groups of employers. For example, VEBA and Social Security are discussed at the seminar and the City doesn't offer it, so there are a lot of questions that arise afterward. She would suggested that DRS tailors seminars and online trainings to different employer groups.

The Education and Outreach team is available to go out to individual employers and will tailor the education to any individual employer. Also, this will be a topic discussed at the February 2014 meeting.

Please contact [Mike Ricchio](#) with any further suggestions on future meeting agenda items.

At the last Employer Advisory Committee meeting, Jennifer talked about some improvements that RSD has been making around standardizing the VOE and furlough communication processes. Over the next six months, the department will be running a project to get all of the communications that RSAs have with employers to go through the same standardized process. Once the process is standardized, they will look at a ways to improve it through streamlining and automation.

Closing

Next meeting will be February 13, 2014 at the Department of Retirement Systems.