

Employer Advisory Committee Meeting Minutes-
February 21, 2008

DRS Staff Members Present:

George Pickett, Chairperson
Jeff Wickman, Senior Assistant Director, Policy
Brian Berghoff, Employer Support Services Manager
Amanda Persell, Administrative Assistant
Lanette Barton, Audit Supervisor
Jenice Thompson, Accounts Receivable Manager
Zan Johnston, TRS Plan Administrator
Michelle Hardesty, LEOFF/PSERS/WSP Plan Administrator
Ted Taylor, PERS/SERS Plan Administrator
Kareen Morlan, Accounts Receivable
Karen Schaeffer, Accounts Receivable
Carl Pangelinan, Accounts Receivable
Kim Piotrowski, Accounts Receivable

Employer Members Present:

Patty Orchard, DOP
Candy Hoelsing, DSHS
John Goetz, CIS
Bob Maki, WSP
Loni Shorten, Port of Tacoma
Sharon Brown, King County
Cinda Wilkey, WSIPS

Employer Members Present via Conference Call:

Pamm Scott Bellevue Community College

Welcome and Announcements

Chairman Pickett welcomed everyone to the meeting and thanked everyone for attending.

Chairman Pickett introduced Jeff Wickman, Assistant Director of Policy to discuss upcoming legislative activity.

Legislative Activity

Jeff Wickman, Assistant Director of Policy briefly discussed thirteen of the Select Committee bills currently moving through legislation. They are as followed:

HB 3024 - TRS Out of State Service Credit

A TRS Plan 2 or Plan 3 member can currently purchase up to seven years of service credit for public education experience earned outside the Teachers'

Retirement System (TRS). To make the purchase the member must have five service credit years in TRS. This bill reduces the number of service credit years from five to two years in order to be eligible to purchase the out of state service. House passed the bill 95-0 and referred bill to Senate Ways & Means.

HB 3005 - PERS to SERS Auto Transfer

Beginning September 1, 2000, any Public Employees' Retirement System (PERS) Plan 2 members hired into a position eligible for membership in the School Employees' Retirement System (SERS) have their PERS service automatically transferred to SERS. This bill ends this automatic transfer for members employed in an eligible SERS position on or after July 1, 2008. From September 1, 2008 through November 30, 2008, members and former members of PERS Plan 2 who had service credit transferred to SERS Plan 2, may request, in writing, to have that service credit transferred back to PERS Plan 2 if:

- The member or former member did not earn service credit with a school district or educational service district before the transfer; and
- The member or former member has not transferred to SERS Plan 3 or PERS Plan 3.

House passed the bill 97-0 and referred bill to Senate Ways & Means.

HB 3006 - Survivors of PERS Plan 1 Inactives

Currently the survivor of a Public Employees' Retirement System (PERS) Plan 1 member who dies after leaving employment and before application is made for a retirement benefit is only eligible for a refund of employee contributions, plus interest. This bill provides the survivor of any PERS Plan 1 member, who qualifies for retirement but has not applied or has at least 10 years of service credits, the option of either a monthly survivor benefit or the lump sum of contributions plus interest upon the member's death.

House passed the bill 97-0 and referred bill to Senate Ways & Means.

HB 3020 - FRP (Pre-LEOFF) Survivor Benefits

This bill affects pension benefits for survivors of firefighters who retired under the Firefighters' Relief and Pensions (FRP) Act. It removes language which currently causes the survivor's benefit to cease if the surviving spouse remarries, thus allowing the benefit to continue for the lifetime of the survivor. The FRP, which existed prior to creation of the Law Enforcement Officers' and Firefighters' (LEOFF) Retirement System, is not administered by the Department of Retirement Systems. House passed the bill 94-0 and referred bill to Senate Ways & Means.

HB 3007 - Military Death Benefits

This bill extends eligibility for the non-actuarial survivor benefit to members who leave employment and die during a period of war while serving honorably in the National Guard or military reserves. This bill applies to members of the Public Employees' Retirement System (PERS), Teachers' Retirement System (TRS), School Employees' Retirement System (SERS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSPRS), and Public Safety Employees' Retirement System (PSERS). House passed the bill 97-0 and referred bill to Senate Ways & Means.

HB 3019 - TRS and SERS 2/3 Half-Year Contracts

This bill grants six months of service credit to members of Teachers' Retirement System (TRS) and School Employees' Retirement System (SERS) Plan 2 and 3 who work for at least five months of a six-month period, from September through August, and earn 630 hours or more within that six-month period. House passed the bill 95-0 and referred bill to Senate Ways & Means.

HB 3027 - Retiree Access to PEBB - 55/20

This bill provides access to health insurance benefits for Plan 2 members who have separated from service, are at least age 55, and have at least 20 years of service in the Teachers' Retirement System (TRS), School Employees' Retirement System (SERS) and/or the Public Employees' Retirement System (PERS). House passed the bill 95-0 and referred bill to Senate Ways & Means.

HB 3025 - HECB Proposal

This bill allows the Higher Education Coordinating Board (HECB) the ability to offer the purchase of annuity or retirement income plans, instead of the Public Employees' Retirement Plan (PERS), to HECB employees. The HECB is prohibited from offering these plans to any retiree who is receiving or accruing a retirement allowance under PERS, School Employees' Retirement System (SERS), Teachers' Retirement System (TRS), Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF), Washington State Patrol Retirement System (WSPRS) and the Public Safety Employees' Retirement System (PSERS). House passed the bill 95-0 and referred bill to Senate Ways & Means.

SB 6653 - Fish and Wildlife Service Credit Transfer

Would allow Fish and Wildlife officers to transfer service credit earned in PERS Plan 2. This bill allows Department of Fish and Wildlife Enforcement Officers to transfer service credit earned in the Public Employees' Retirement System (PERS) Plan 2 as an enforcement officer to Plan 2 of the Law Enforcement Officers' and Fire Fighters' (LEOFF) Retirement System. It provides that:

- Eligible Enforcement Officers must elect to transfer their PERS service credit by June 30, 2013.
- Enforcement Officers will pay the difference in contributions between the two plans for the time being transferred, no later than June 30, 2013, or prior to retirement if sooner.
- The Department of Fish and Wildlife will pay an amount sufficient to ensure that the contribution level of LEOFF Plan 2 will not increase as a result of the transfer of service.
- The Department of Fish and Wildlife payment must be made no later than June 30, 2014, but can be made periodically prior to this date based upon transfers paid in full at the time of billing.
- Service credit will be transferred no earlier than June 30, 2013.

In addition, the Legislation provides options should a member die or retire for disability prior to the transfer. Senate passed bill 49-0 and referred bill to House Appropriations.

ES6573 - Providing additional revenues for public safety

When state general fund revenues increase by at least one percent over the prior year's collections, this bill would require the State Treasurer to transfer the lesser of two amounts - one-third of the increase or \$50 million - to the Local Public Safety Enhancement Account. Half of the money in this account would be proportionately distributed, by the State Treasurer, to all jurisdictions with LEOFF Plan 2 members. Those jurisdictions would be allowed to use these funds for public safety purposes. The other half would be transferred to the Law Enforcement Officers' and Firefighters' (LEOFF) Retirement System Benefits Improvement Account to fund benefit enhancements for LEOFF Plan 2 members. Senate passed the bill 49-0 and referred bill to House Appropriations.

HB 2652 - Transferring the Dependent Care Assistance Program

This bill would transfer administration of the Dependent Care Assistance Program (DCAP) from the Department of Retirement Systems (DRS) to the Health Care Authority (HCA), effective January 1, 2009. DCAP allows state employees to pay for child and other dependent care services with pre-tax dollars, pursuant to Sections 125 and 129 of the Internal Revenue Code. House passed the bill 96-0 and referred bill to Senate Ways & Means.

HB 2887 - Purchasing increased benefit multiplier for past judicial service for judges

Would amend the provisions for purchasing credit for prior service (applies to judges who are members of PERS).

Judges who opted into the judges benefit program could purchase prior judicial service at the higher multiplier by paying 5 percent (2.5 percent for Plan 3) of the salary earned for each month of service credit, plus 8 percent interest, compounded monthly. Service must have been purchased before December 31, 2007. After December 31, 2007 the prior judicial service could be purchased at the higher multiplier by paying the actuarial equivalent cost of the increase in the member's benefit.

A new provision would allow a judge to purchase prior judicial service at the higher benefit multiplier at retirement. The cost would be the lesser of the full actuarial cost or 5 percent (2.5 percent for Plan 3) of the salary earned for each month of service credit, plus 5.5 percent interest, from the date the service was earned. The bill would apply only to judges who are members of the Public Employees' Retirement System. House passed the bill 94-1 and referred bill to Senate Ways & Means.

HB 2134 – Authorizing port district firefighter membership in LEOFF Plan 2

This bill would amend the definition of a firefighter eligible for membership in Plan 2 of the Law Enforcement Officer and Firefighter (LEOFF) Retirement System to include an individual who:

- Is a full-time port district employee with duties that include fire suppression; and
- Was trained in rescue and firefighting duties prior to assuming fire suppression responsibilities; and
- Is required to receive annual recurring instruction in rescue and firefighting, including live-fire drills.

In addition, the definition would be amended to include supervisory firefighter personnel who work for a port district and are trained in rescue and firefighting, but are not required to receive annual recurring instruction in rescue and firefighting skill. House passed the bill 94-0 and referred bill to Senate Ways & Means

More detail on these topics or any other legislative activity, it can be found at <http://www.drs.wa.gov/Legislative/2008/>.

Plan Administrator changes

Chairman Pickett announced Plan Administrator changes that took place effective January 1, 2008. Michelle Hardesty moved from PERS and is the new Plan Administrator for LEOFF/WSP/PSERS, Ted Taylor moved from TRS and is the new Plan Administrator for PERS/SERS and Zan Johnston moved from LEOFF and is the new Plan Administrator for TRS. These changes were made so that we can enhance the coordination between systems and to better serve our customers.

Employer Survey

Chairman Pickett announced Brian Berghoff, Employer Support Services Manager to share with the committee members some of the comments DRS received from employers from the 2007 electronic Employer Survey. The 2008 survey will be distributed in the fall.

Brian also asked for feedback on the employer newsletter that was sent out in November. He wanted to know what people thought and if it was something that we should try again.

He also updated the committee members on the state-wide training which gives the opportunity for employers to ask questions and get feedback in person instead of over email.

State-wide is scheduled to begin in late March and or early April 2008.

Accounts Receivable

Chairman Pickett announced Jenice Thompson, Accounts Receivable Manager. Jenice introduced the Accounts Receivable personnel, Kareen Morlan, Karen Schaeffer, Carl Pangelinan, Kim Piotrowski, and Jeanne Lyon (not present). Jenice provided a hand-out that provided some useful information regarding Statement of Account Activity, reconciliation assistance and how to contact the Account Receivable unit if assistance is needed...remember to include electronic version along with other handouts...

Next Meeting

The next EAC meeting is scheduled for May 15, 2008 from 9:30 a.m. to noon at the DRS Point Plaza West building located at 6835 Capitol Boulevard in Tumwater.

Questions?

If you have any questions, please contact Brian Berghoff at 360-664-7165, 1-800-547-6657 ext. 47165 or by e-mail brianb@drs.wa.gov.