

Employer Advisory Committee Meeting Minutes-
August 21, 2008

DRS Staff Members Present:

George Pickett, Chairperson
Yvonne Haukom, Secretary Supervisor
Amanda Persell, Administrative Assistant
Kim Smith, Employer Support Services
Debbie Ocheltree, Fiscal Manager
Kareen Morlan, Accounts Receivable

Employer Members Present:

Candy Hoelsing, DSHS
Chandra Winston, Port of Seattle
Claudia Kay, Port of Seattle
Diane Armstrong, Port of Seattle
Gail Davila, City of Bellevue
Gail Davila, City of Bellevue
John Goetz, CIS
Kathleen Dwyer, University of Washington
Lynn Guyton, Puyallup SD
Nancy Pooler, Port of Seattle
Nancy Savage, Pierce County

Members Present via Conference Call:

Jeff Wickman, DRS Senior Assistant Director, Policy
Cindy Lee, King County Metro
Lisa Craft, Port of Tacoma
Loni Shorten, Port of Tacoma

Welcome and Announcements

David Henderson of the Port of Seattle welcomed everyone to the Port of Seattle and invited everyone to take a tour of the building after the meeting.

Chairman Pickett welcomed everyone to the meeting and thanked them for making the trip to the off-site meeting at the Port of Seattle. He also thanked those who joined the meeting via conference call. Everyone went around the room and introduced themselves. Chairman Pickett also informed everyone that Brian Berghoff accepted a position with DRS as the DCP Plan Administrator. Debbie Ocheltree, DRS Fiscal Manager has returned from her temporary assignment acting as the DCP Plan Administrator. Kim

Smith was hired as the Employer Support Services lead. Between Kim, George and Debbie, they are splitting the Employer Support Manager duties until the vacancy can be filled.

Chairman Pickett introduced and thanked Jeff Wickman, Senior Assistant Director of Policy, for joining us via conference call to discuss legislative updates and Target Date Funds.

Legislative Updates

Jeff Wickman, Senior Assistant Director of Policy informed the committee that the State Actuary's office performs an Experience Study every six years which covers non-economic assumptions' for plans PERS, TRS, SERS, LEOFF, WSP. Non-economic assumptions include mortality, retirement, disability, and termination. The [last study](#) was performed in 2002 from the six-year period of 1995 to 2000. The Pension Funding Council (PFC) accepted the Actuary's contribution rate recommendations for the 09-11 biennium. The [projected contribution rates](#) for July 2008 through June 2009 are available on State Actuary's web site, but ultimately the Legislature accepts or rejects the proposed contribution rates.

Target Date Funds

Jeff Wickman, Senior Assistant Director of Policy discussed the October 6, 2008 implementation of the Target Date Funds (TDF) that will replace the current Horizon Funds within the Deferred Compensation Program (DCP) and Plan 3. A transition guide will be sent to Horizon Fund members around September 3, 2008 to inform them of this change. Horizon Funds will no longer be available after the transition. Horizon Fund member's funds will be transferred to the TDF that has a target date closest to when the member turns 65 years old. Member's have the option to go to the DCP or Plan 3 web sites and reallocate their funds from Horizon Funds into any of the other nine funds, or they can leave their funds as-is and their funds will be allocated with the October 6, 2008 implementation. Alliance Bernstein has been selected as the Fund Manager. There will also be information available through the DRS web site which will be hosted by Alliance Bernstein. Choice packets are being updated to include the TDF. DRS is asking employers to recycle all old packets when new choice packets arrive. The goal is to have the new materials out to employers around October 8-12, 2008. For new employees who have defaulted to Plan 3 and haven't made asset allocations after October 6, 2008 their assets will default into a TDF with a more conservative allocation. DRS will be taking a more active role with Plan 3 members who default by contacting the members who have defaulted into Plan 3.

National Save for Retirement DCP materials

Chairman Pickett informed the committee the web site design for this year's National Save for Retirement has not yet been approved, but the approach is similar to last year's with good, solid education regarding retirement.

DCP Materials

So that the committee members are informed; some committee members requested that DCP send the current DCP packet information to them as it would help keep them up-to-date with the most current DCP communications.

Early Retirement Factors

Chairman Pickett introduced Kim Smith who discussed the 2007 legislation that created Early Retirement Factors (ERF) and Retiree Return to Work (RRTW) rules. They affect Plan 2 & 3 of PERS, SERS, and TRS members who are at least 55 years old, or 30 years of service credit. This new legislation only affects a hand full of members throughout the whole state. Each one of the member's who have opted to choose this option has been notified by DRS for a complete explanation as to how these rules impact their pension, none of the members has plans to return to work. The committee has serious concern as to the liability and burden these new rules inflict on the employer. The committee requested that DRS enhance information sharing during legislative session perhaps through the use of an e-mail to listserv. The committee has also requested an update on ERF from the Select Committee on Pension Policy (SCPP) for the November meeting.

OASI

Chairman Pickett introduced Kim Smith who informed the committee that Employment Security Department (ESD) is currently the administrator for this program. Currently the program rules are being reviewed by ESD to determine how to implement HB-2510. Any questions about OASI should be answered by ESD.

Annual Statements

Chairman Pickett opened up the meeting for discussion regarding annual statements. It was suggested DRS "GO GREEN!" by promoting Internet access for annual statements. E-mailing annual statements to members would save time and money for everyone. Perhaps DRS could have an "opt in" or "opt out" option on the Internet site that would allow members to decide whether they want a paper copy of their annual statement. Chairman Pickett encouraged employers to send him suggestions on resolutions to the issue. Currently, DRS does not have the financial capabilities to mail the

statements. The committee would like to start planning now for a change to the distribution for 2009 annual statements.

Miscellaneous Subjects

Employers are still waiting for the e-mail with regards to VEBA that was discussed at the May 2008 EAC meeting. Chairman Pickett will follow-up with Brian Berghoff to find out the status.

Open Discussion

Chairman Pickett informed the committee that DRS is contemplating a move forward to improve the current infrastructure for making employer reporting easier on the employer. Committee members suggested DRS consider eliminating paper reports, move towards electronic format, and enhancing the Accounts Receivable employer reporting.

Committee member Katy Dwyer suggested DRS implement a "guest member" account to the Employee Self Service web site. Doing this would help the employers to demonstrate with employees on how to navigate through the DRS Employee Self Service web site.

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Next Meeting

The next EAC meeting is scheduled for November 20, 2008 at DRS.

Questions?

If you have any questions, please contact Kim Smith at 1-800-547-6657 ext. 47107 or by e-mail kims@drs.wa.gov or George Pickett georgep@drs.wa.gov.