

Employer Advisory Committee Meeting Minutes-  
May 20, 2010

**DRS Staff Members Present:**

George Pickett, Chairperson  
Amanda Persell, Administrative Assistant  
Jennifer Dahl, Fiscal Manager  
Kim Smith, Employer Support Services Manager  
Dave Nelsen, Legal and Legislative Services Manager  
Lanette Barton, Employer Audit Supervisor  
Cathy Cale, Assistant Director of Retirement Services  
Keoni Fontaine, Management Analyst  
Gayle McGee, eBusiness Project Manager  
Mark Feldhausen, Budget and Benchmarking Director

**Employer Members Present:**

Karen Conley, DSHS  
John Boesenberg, State Board for Community and Technical Colleges-  
Information Technology  
Kim Nevling, City of Olympia  
Sandy Collins, Washington State Patrol  
Gail Davlia, City of Bellevue

**Employer Members Present via Conference Call:**

Nancy Pooler, Port of Seattle  
Loni Shorten, Port of Tacoma

**Welcome and Announcements**

Chairman Pickett welcomed everyone to the meeting and thanked them for attending. He is pleased to introduce Jennifer Dahl as the new Fiscal Manager. He also wanted to make members aware that Steve Hill, who previously was the administrator for Health Care Authority as well as the director for Department of Retirement Systems, is now solely the director of DRS. He will continue in his role as an advisor to the governor on healthcare policy. The new HCA Administrator is Mr. Porter who is also serving a dual role in purchasing medical insurance for DSHS.

**Online Retirement Application Project**

Chairman Pickett introduced eBusiness Project Manager, Gayle McGee who spoke on the agency's progress in creating an online retirement application. The project goals are to develop an online retirement application that leads members through the process of applying for retirement and to populate the online application with data from DRS' information systems to allow for minimal manual entry. This will make it easier for customers and eliminate

errors whenever possible. The project was started last fall, building on the work of the redesign of the retirement application packet. Currently, the project team is documenting business requirements and developing early screen prototypes. To give some background, DRS processes about 6,700 retirements per year with 89% of those being service retirements. The team researched other states that provide an online retirement application and identified three states that had an online application, and viewed demos of two of those. They also researched what other states and peer groups are doing to collect notarized signatures, primarily the spouse's notarized signature for the retirement option selected. They found that how different states address the notarized signatures are not consistent with one another.

The project team is looking at the basic functionality that will need to be included in the application. They are wanting to pull the information that DRS has on record and pre-fill the online application and required forms whenever possible, but making sure the member has the choice to override entry fields when appropriate. The next goal is to eliminate requirements to complete and mail in forms whenever possible, including the W4P withholding allowance and the W9 SSN validation. They are exploring eliminating the requirement for financial organizations to complete and sign an Authorization for Direct Deposit form that allows DRS to collect overpayment from the financial institution. Currently, the team is working on defining the requirements for what needs to be on record at DRS before the member can submit an online retirement application including requiring a member to have an official estimate from DRS before they can submit the application. If the member does not have an official estimate, they will be able to request an estimate through the online application. The member will also be able to begin the process, save it and return to the application to continue where they left off. Once the member has submitted their application, they will be able to log in and see the status of the application (i.e. submitted, in process, awaiting additional paperwork, etc). To ensure proper customer service, certain triggers will be generated to prompt a Retirement Services Analyst to review the application to do follow-up for the member.

The next steps for this project will be to finalize all business requirements, address any remaining issues including determining what retirement types the online retirement application will initially support and to resolve the notarization requirements. The team will complete the design and prototype screen development, involving stakeholders and asking them for input. They will develop level of effort estimates for construction, testing, training and implementation, establish implementation timelines and dates, and develop an implementation strategy, anticipating using a pilot group as the initial group to use the online application. Once the pilot group is

established, they will test the online retirement application process, procedures and support functions.

Gail Davila from the City of Bellevue said they have 1,500 employees. There are references in the current retirement application packet to VEBA, Deferred Compensation Program, Public Safety Officers and Health Care Authority. Members find this confusing since these programs are not applicable to them. Will the online application be more "tailored" to employees? The project team will look into this and keep this issue in mind. Gail would also like to know how the system will deal with additional service credit purchases. Employees want to choose this option and there is confusion on when this process should start. The project team is looking at including questions about this process in the online retirement application.

### **Annual Statements/DB Access**

Chairman Pickett introduced Keoni Fontaine, Management Analyst. In March we had the first run of fully electronic statements for non-educational participants and it was well received. In March 2010, there were 500 – 600 additional calls per week on DB Access, 99% of which dealt with troubleshooting issues such as logging in. Keoni asked three questions of the employers related to the March 8, 2010 Employer Notice that included a link to DB Access: 1) How did this work for the employers? 2) What techniques did employers use to share the information with members? and 3) What feedback did they receive from their employees? The City of Olympia emailed the link to employees and has received no feedback. The City of Bellevue also sent an email with the link. Gail stated that they really appreciate that DRS provided the link so that they could pass it on to employees. Gail was wondering why the notice didn't include information that the LEOFF Plan 2 members would still get their statements in the mail. If possible, she would like to see the process standardized to make it easier. Washington State Patrol posted the information on their website and directed employees to contact DRS with any questions.

[Keoni Fontaine](#) is available by email to answer any questions or receive any comments.

### **DRS Furloughs**

Chairman Pickett spoke on how DRS will be affected by the mandated state agency furloughs. At this time, the impact to DRS is not known. We will furlough between two and ten days. (Note: DRS is scheduled to be closed on August 6, 2010; September 7, 2010; October 11, 2010; December 27, 2010; January 28, 2011; February 22, 2011; March 11, 2011; April 22, 2011; and June 10, 2011. Employer notices will be sent prior to each furlough day.

### **Employer Furloughs**

Chairman Pickett introduced Cathy Cale, Assistant Director of Retirement Services to speak on employer furloughs. Cathy explained that a DRS Notice was published last year that addressed furloughs; it is published at <http://www.drs.wa.gov/Employer/DRSN/09010.htm>. DRS has also created an internal Facts-At-A-Glance document that will be expanded and posted on the internet for members' questions. The goal is to post them by the end of next week. Cathy asked that the employers send her questions that their employees pose to them to include in this document, even after it is posted to the Web. DRS is very interested in any questions employees are asking.

Employers should continue to report actual hours and compensation; there is no additional work for employers up front. DRS will ask the members if the furloughs may have impacted them when they submit their retirement application. If the answer is yes, DRS will contact the employers to confirm the data. This bill does not give employees service credits that they would have earned if they weren't furloughed but adds the lost pay back into the Average Final Compensation. Members can use other existing provisions to purchase service credit.

Gail Davila of the City of Bellevue asked how many members have requested to purchase service credit as a result of the furloughs. None have as of yet, it doesn't impact the majority of employees in this biennium. Sandy Collins from the Washington State Patrol asked how reduced or adjusted work schedules impact service credit. For full-time employees, it should have no effect. Hourly employees may see an impact if they fall below the minimum required hours to receive credit.

### **Legislative Update**

Chairman Pickett introduced Dave Nelsen, Legislative Services Manager. Dave spoke on the pension legislation that passed during the 2010 Legislative session.

The Select Committee introduced two bills that passed during the 2010 Legislative session:

HB1545/SB5308 - Higher Education Retirement Plan: This bill provides eligible employees of the Higher Education Coordinating Board the ability to participate in the Higher Education Retirement Plan instead of the Public Employees' Retirement System. There is no employer impact. There are only 30-60 people statewide who will be impacted.

HB1541/SB 5302 - SERS Past Part-Time Service Credit for Educational Employees: This bill grants a half-time service credit to qualifying members in Plans 2 and 3 of the Public Employees' Retirement System (PERS) and School Employees' Retirement System (SERS), who worked for an educational employer in school years prior to January 1, 1987.

The LEOFF2 Board introduced the following bills that were signed into law:

HB 2519/SB6407 – Duty Related Death Benefits: This bill provides additional benefits to survivors of police officers, fire fighters and State Patrol officers killed in the line of duty. This bill also provides survivors of all members of the LEOFF *Plan 2* or the WSPRS *Plan 2* killed in the line of duty with the same choice currently provided to survivors of members with 10 or more years of service (ongoing pension or withdrawal of 150% of account balance), establishes a minimum monthly survivor pension amount equal to 10% of the member's final average salary, and eliminates the actuarial reduction currently applied to the ongoing survivor pension payment. The bill increases the \$150,000 lump-sum death benefit to \$214,000 (reflecting inflation since 1995, when the benefit was first established), and provides an annual inflationary adjustment to this amount for the future. Finally, for eligible children and surviving spouses of all law enforcement officers, fire fighters or Washington State Patrol officers killed or totally disabled in the line of duty, the bill requires state universities and community colleges to waive all fees for tuition, services, and activities.

HB2492/SB6453 – Shared Leave for LEOFF Plan 2 Members: This bill allows shared leave to be treated as reportable compensation for all members of LEOFF Plan 2. Earnings can be used in the calculation of a member's benefit and service credit will be earned according to hours reported. Currently, shared leave is reportable for state, K-12, and higher education employees, including those who are members of LEOFF Plan 2.

HB1679/SB5541 – Catastrophic Disability Medical Insurance: This bill provides payment of medical insurance premiums for members of LEOFF Plan 2 and WSPRS who are catastrophically disabled in the line of duty, and their spouses and dependent children. The cost of the insurance premiums would be paid from the LEOFF Plan 2 retirement fund for qualifying LEOFF Plan 2 members, or paid by the Washington State Patrol for qualifying WSPRS members.

Two other pension bills passed during the legislative session:

HB2196 – PERS Military Service Credit and Prior LEOFF 1 Service: Under this bill, Public Employees' Retirement System Plan 1 members who retired on or after January 1, 1998 will be eligible to use any service transferred from Plan

1 of the Law Enforcement Officers' and Fire Fighters' Retirement System to qualify for military service credit at no cost.

HB2862/SB6546 – Director of Fire Protection: This bill gives a Director of Fire Protection, who was previously a member of LEOFF Plan 2, the choice to continue membership in LEOFF Plan 2 while employed in this role. Otherwise, the Director of Fire Protection would be a PERS covered position.

Summaries of all bills can be found on the [DRS web site](#), or you can contact [Dave Nelsen](#).

### **CEM**

Chairman Pickett introduced Mark Feldhausen, Budget and Benchmarking Director, to summarize the results of public pension administration benchmarking for Fiscal Year 2009 data. Comprehensive benchmarking with our peers is a valuable source of data and ideas. It shows that DRS is a larger US administrator who has a relatively complex group of public pension systems, provides solid service, is very responsive to customers, and has cost-effective automated systems. DRS remains low cost, while the cost of others has risen, and DRS' cost per member is lower than its benchmark, or predicted, cost. Because this information is proprietary, we cannot publish the information presented during the meeting.

### **Open Discussion**

Chairman Pickett received an invitation from Gail Davila of the City of Bellevue to have our next meeting at her location. It is a possibility we are exploring, but need to find items for the agenda that does not require a large number of DRS staff to travel. Karen Conley of DSHS suggested that we look into the possibility of doing a Webinar. Chairman Pickett responded that we have looked into the technology in the past, but will revisit the option.

Next meeting is August 19, 2010 and the location is yet to be determined at this time.