Employer Advisory Committee Meeting Minutes-
November 18, 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
Gayle McGee, eBusiness Project Manager
Melanie Piccin, Employer Support Services, OASI
Eleanor Conway, Employer Support Services, OASI
Kimberly Fleming, Employer Support Services
Shawn Merchant, Policy and Strategic Initiatives Assistant Director
Karla Phillips, Management Analyst

Employer Members Present:
Sharon Brown, King County
Sheryl Gordon, Green River Community College
John Boesenberg, State Board of Community & Technical Colleges
Stacy Hamilton, City of Olympia
Nancy Savage, Pierce County

Employer Members Present via Conference Call:
Angie Gill, Washington State Patrol
Cinda Wilkey, Washington School Information Processing Cooperative
Gail Davila, City of Bellevue
Katy Dwyer, University of Washington
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 Shawn Merchant, the new Assistant Director of Policy and Strategic Initiatives. Shawn comes to us from the LEOFF2 Retirement Board where he was the Deputy Director for six years. Prior to that, Shawn worked for the Secretary of State for ten years. He is happy to be here and ready to help wherever he can.

Legislative Update
Chairman Pickett introduced Dave Nelsen, Legislative Services Manager, who gave a Legislative update.

The Select Committee of Pension Policy has already recommended the following three items: (1) the modification of the definition of PSERS employer to include certain new entities formed under the interlocal statutes; (2) the transfer of Commercial Vehicle Enforcement Officer and Correctional Officer service credits from PERS to WSPRS; and (3) TRS Plan 1 Survivor annuity option. The Select Committee will meet in December and discuss the following items: (1) changing the Default plan from Plan 3 to Plan 2; (2) Updated line of duty death benefit for non-law enforcement plans; (3) retire/rehire with a focus on higher education; (4) expanding furloughs to LEOFF employers; and (5) making current minimum funding requirements part of the Constitution as opposed to just state law.

The LEOFF 2 Board will also meet in December to discuss whether there should be a line of duty medical presumption for police officers who die from a heart attack on duty. They will also discuss the furlough issue.

Some additional items that may be considered by the Legislature this year are (1) new benefit tiers, like a Plan4; (2) new funding requirements; and (3) broader retire/rehire restrictions.

Dave also gave an update on the Gainsharing Lawsuit. Early on, the lawsuit was split into two different phases. Phase 1 was whether the Legislature had the right to repeal gainsharing. In September, the Superior court judge ruled that the Legislature does not have this right. Phase 2 will address what to do with the replacement benefits that were offered if gainsharing is reinstated. The State of Washington will likely proceed with phase 2 at the Superior court level before appealing any rulings to the Appellate court from either phase 1 or phase 2.

Sick Leave Buy Back

Chairman Pickett introduced Melanie Piccin, Employer Support Services / OASI who spoke on Sick Leave Buy Back. To see that presentation, click on the following link:
http://www.drs.wa.gov/employer/eac/minutes/min2010/SickLeaveCashOuts.pdf.

Temporary Duty Disability

Melanie Piccin also presented on Temporary Duty Disability. That presentation can be viewed at
http://www.drs.wa.gov/employer/eac/minutes/min2010/TemporaryDutyDisability.pdf.

Nancy Savage said that she would recommend not using Method #2 because it's an accounting nightmare. It also puts the responsibility on the employee. Nancy says the interest that DRS charges is nothing compared to the cost of personnel to do the accounting.

Katy Dwyer of the University of Washington wanted to know why the employer is paying the interest. Dave Nelsen answered that in statute the member is required to pay the member contributions and interest and them employer has to pay employer contributions and interest.

Katy also wanted to know if DRS sends out any communications on the subject to members. The answer was no, DRS has no way of knowing that a member is on temporary duty disability.

Record Retention Requirements

Chairman Pickett introduced Lanette Barton, Employer Audit Supervisor, who gave a presentation on Record Retention Requirements. To see the presentation, click on the following link: http://www.drs.wa.gov/employer/eac/minutes/min2010/RecordsRetentionRequirements.pdf.

Lanette would also like to encourage you to keep Retire/Rehire documentation longer than the three year statute.

Nancy Savage would like to know if DRS takes the employee's word over the employer if the employer does not have proper documentation. This depends on the records that the employee can provide or what records can be found (such as e-mails) and follow-up discussions with the employer.

Online Retirement Applications

Chairman Pickett introduced Gayle McGee, Policy and Strategic Initiatives Project Manager to speak on the progress of the Online Retirement Applications. Gayle also introduced Kimberly Fleming of Employer Support Services. Kimberly is the ESS representative on the project and will be organizing employer trainings when the project is closer to implementation.

Gayle's presentation can be viewed at http://www.drs.wa.gov/employer/eac/minutes/min2010/EAC111810ORA.pdf. If anyone would like to be a part of a focus group that will be forming in December, please contact Gayle at gaylem@drs.wa.gov or 360-664-7322.

Katy Dwyer complimented the work the team has done to develop the prototype screens and asked that the project team also remember that the employers have their own processes for retirement and that DRS should direct the member back to their employer to assist them with applying for retirement.

Sharon Brown of King County asked how DRS was going to handle the requirements to collect a spouse's notarized signature. At the conclusion of the application process, for those retirees required to submit notarized spousal consent, the application will generate a Spousal Consent form that will need to be printed and notarized by the spouse and returned to DRS before the retirement processing will be completed. The member will not be required to sign a paper copy of the application.

Educational Annual Statements

Chairman Pickett introduced Karla Phillips, Management Analyst to discuss Educational Annual Statements.

In October 2009, DRS sent approximately 147,000 annual statements to educational employers to distribute to active members, and another 70,000 were mailed to inactive members. In March, 305,483 were generated for the non-educational members.

In 2010, all annual statements went online. Going into DB Access, the employee has the convenience of accessing their account at any time. DRS has put a video on the website to help members sign up for DB Access. We hope this takes the burden off of the employers. We really appreciate the employer assistance in distributing the message to members about the availability to access their statements online.

In March, when the non-educational statements went online, it generated over 17,000 registrations for DB Access. In a normal month, we get approximately 4,000. In the last 10 days (since the November 8 Employer Notice went out), there were 3170 new registrations. There are a total of 40,000 TRS/SERS members registered so far.

Karla closed with asking if anyone has heard any feedback from the members on the new process. Katy Dwyer is concerned that employees who don't speak English, have access to the Web, or have email will fall through the cracks. She wanted to know how they are contacted when they leave state employment. Employees can contact DRS at (800) 547-6657 and we can generate a statement and send it out to them. DRS is currently having discussions about when the best time to contact retiring members. Katy suggested that we partner with the Department of Revenue and add it to their website in the Unclaimed Property Section.

Retire / Rehire Restrictions

Chairman Pickett introduced Eleanor Conway to present on the Retire/Rehire Restrictions. To view the presentation, click on the following link: http://www.drs.wa.gov/employer/eac/minutes/min2010/EACRETIREERETURNTOWORK.pdf.

John Boesenberg of the State Board of Community and Technical Colleges wanted to know if a person returns to work into a different retirement plan, do they still have the same restrictions. Go to the DRS the following link http://www.drs.wa.gov/employer/EmployerHandbook/chpt5/retirees_charts.htm to see the restriction charts.

Nancy Savage asked about attorneys who have retired and then were mandated back into service by the court to finish a case. Kim Smith of Employer Support answered that it would be worked on an individual basis.

Investment Line Up Changes

Chairman Pickett stated that at the request of the ERBB, WSIB conducted a full review of the investment plan design for Plan 3s and DCP. This included a review of the purpose and goals of the plans, peer assessment and an examination of research on investment plan design and behavioral investment. The staff recommended changing the investment line up. The proposed plan design includes two components, one step investing and build and monitor. One step investing includes balanced investment options such as the new target date funds, socially responsible fund and the TAP for Plan3.

The build and monitor alternative would be made up of: Core funds including the Money Market in Plan 3, the Savings Pool in DCP and a Global Equity Broad Market fund; strategic funds including US Large Cap Equity, US Small Cap Value and an Emerging Market.

The WSIB will review existing managers to see how they fit into the design. Once they figure out which of the current funds fit and which don't, they will conduct a search to replace those that don't. DRS and WSIB will work together on creating member education and an implementation plan. The goal is do all of the transitions in one phase, likely in the second half of 2011. The search process will be initiated shortly.

Open Discussion

Next meeting is February 17, 2011 at the Department of Retirement Systems.