Employer Advisory Committee Meeting Minutes-
February 17, 2011

DRS Staff Members Present:

George Pickett, Chairman
Amanda Persell, Administrative Assistant
Jennifer Dahl, Fiscal Manager
Kim Smith, Employer Support Services Manager
Lanette Barton, Employer Audit Supervisor
Keoni Fontaine, Management Analyst
Debbie Callar, Employer Support Services
Mark Feldhausen, Budget & Benchmarking Director
Laura Petersen, Communications
Michelle Hardesty, Senior Plan Administrator
Lorna Linden, Education and Outreach Manager
Brian Berghoff, DCP Program Administrator

Employer Members Present:

Sheryl Gordon, Green River Community College
John Boesenberg, State Board of Community & Technical Colleges
Nancy Savage, Pierce County
Jay Minton, Department of Social and Health Services
Holly Jordan, Department of Personnel

Employer Members Present via Conference Call:

Cinda Wilkey, Washington School Information Processing Cooperative
Gail Davila, City of Bellevue
Katy Dwyer, University of Washington
Lynn Guyton, Puyallup School District
Cindy Lee, King County Metro
Chandra Winston, Port of Seattle
Nancy Pooler, Port of Seattle

Welcome and Announcements

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

Legislative Update

Chairman Pickett introduced Mark Feldhausen, Budget and Benchmarking Director, who gave a Legislative update.

Mark stated that not many bills were seeing much movement in Legislation at this time. He then went over the brief summaries of the bills in

Legislation. To view these summaries, go to www.drs.wa.gov/legislative. Mark encouraged anyone with questions to contact him at markf@drs.wa.gov or Dave Nelsen, Legal/Legislative Services Manager at daven@drs.wa.gov.

Cindy Lee of King County Metro asked if there were any write ups on the bills. Yes, there is, at the link above. Katy Dwyer of the University of Washington volunteered to send the link to the committee via email.

Furlough Follow Up

Chairman Pickett introduced Keoni Fontaine, Management Analyst to discuss HB 3225 which changes the law regarding temporary reduction in pay. This bill states that "…The Department of Retirement Systems shall include any compensation forgone by a member employed by a state agency or institution during the 2009-2011 fiscal biennium as a result of reduced work hours, mandatory or voluntary leave without pay, temporary reduction in pay implemented prior to December 11, 2010, or temporary layoffs if the reduced compensation is an integral part of the employer's expenditure reduction efforts, as certified by the employer." A *temporary reduction in pay* is a decrease in a member's actual salary with no change in hours. In order to be considered a *temporary* reduction, there must be an agreement for the salary to return to the normal level after a specified amount of time. A reduction does not include future increases that have not been received yet. This change does not replace the current furlough language but is in addition to it, and it does not apply to SERS members. All state agencies, for the 2009-2011 biennium, that have an agreement to a pay reduction in place prior to December 11, 2010 do not qualify under this change. Retirees will need their benefits recalculated if they retired after August 1, 2009; ***and*** any part of their AFC/FAS/AFS fell in, or as a result of this change, should fall within the 2009-2011 biennium; ***and*** they worked for one of the affected employers during their AFC/FAS/AFS period. DRS is looking at current members who may be affected but haven't retired yet and individuals who worked and retired within this biennium so that their benefits can be recalculated. We are asking employers if they had a qualifying event (a reduction in pay) so that we can narrow the scope as to who we should be looking at. We are currently working on a self-assessment tool so that employers can determine if their event qualifies and they can contact us. This will help DRS because we will store the information for future retirees, eliminating the need to research each retiree in the future.

Keoni poses the question – What is the best way for DRS to get information from the employer? Nancy Savage of Pierce County asked if the Verification of Employment form will be updated with this information. The answer is yes. She also suggested that DRS put it up on the website. An employer notice will go out shortly with more in depth information. Katy Dwyer of the University of Washington suggested an email go out to the committee asking for input. Chairman Pickett agreed that Keoni could put together an email soliciting feedback. In fact, he will include all of the feedback questions asked today. Because of Keoni's workload, it may be next week before it gets out. Nancy Savage asked what kind of documentation would be needed to prove it was a qualifying event due to economic hardship. Chairman Pickett says that we are working on trying to find the best vehicle for that information. Jay Minton, Department of Social and Health Services, asked that as DRS moves forward that they be mindful of the resource limitations that employers may have. He stated the forms aren't always the most efficient way to use employer resources.

Please contact Keoni at keonif@drs.wa.gov with any further input or questions.

Contacting Inactive Members

Chairman Pickett introduced Michelle Hardesty, Senior Plan Administrator. Michelle joined us to answer the question submitted to DRS as to how we contact inactive members about their retirement benefits. By November 30th of each year, DRS identifies inactive members who are age 70 ½, or will be by December of that year, and have an account balance. A mailing is sent in January to these members letting them know they have an account balance and are required to take distribution of their account. Also, DRS runs a monthly report to identify members that have been inactive for three months and are potentially eligible to retire. Those members will receive a letter every five years until they begin to receive a pension benefit payment or reach age of 70½ .

DRS also has links on the website for those members who are inactive and have questions. On the main page, if you click on ***I want to:*** *understand how a layoff might affect my retirement account*, it links to a document called How Career Transitions Affect your Retirement Accounts. You can also find this document by going to the Member page – Member News and Announcements and clicking on *Leaving or Changing a Job*. Also, on the Member page, under the heading *Information For* there is a link for Former Members.

The Resource Team has added developing a communication plan for inactive non-vested members to their task list. Nancy Savage asked how DRS knows if someone has passed away. DRS runs a report based on Social Security Numbers to see if any members have passed that were reported to the Social Security Administration. Also, a beneficiary may contact us to inform us of a death. Nancy also asked if the funds stay in the trust fund or if they are transferred to Unclaimed Property. The funds stay in the trust fund. Gail Davila of the City of Bellevue stated that they employ thousands of temporary or seasonal employees and don't always have a chance to follow up with them when they are finished with their employment. She suggested that DRS does a mailing to the non-vested members when they receive the separation date; maybe include a document of "To Do's". Nancy Savage suggested that it is posted on the website and given to new employees upon being hired. Michelle stated that we can look into it and the document is out there. If the document doesn't fit for the temporary/seasonal employees, please contact her and they will look at writing one that is more appropriate.

Katy Dwyer of the University of Washington stated that they have no centralized way of reaching all of their temporary/seasonal employees and would like for DRS to make all of the contact with those members within 3 months of their separation. Michelle stated that those employees do receive a Welcome letter, but it does not talk about separation. Katy asked if the committee could get a copy of that letter. Click here to view the Welcome letter.

Plan Choice Video

Chairman Pickett introduced Laura Petersen from DRS' Communications Department. She is here to present for Dawn Gothro because Dawn is out today.

Laura stated that employers told us that we needed to do some training videos and we listened. We have developed two new videos and posted them on our website. One is for Defined Benefit Access, which we showed at the last meeting, and the new one is on Plan choices. To view this video, go to www.drs.wa.gov/retirement-planning/newmember or to www.drs.wa.gov/employer and click on the Plan Choice Video link.

Once the members viewed the video, Laura asked for feedback. Chairman Pickett asked what the employers thought of the video. Was it effective? Jay Minton of the Department of Social and Health Services said that the video was great but he would like to see it go more into the details instead of just an overview. Holly Jordan of the Department of Personnel suggested that DRS insert a graphic of some sort for visual learners. Laura asked if the video reaches the intended audience. Nancy Savage liked that the video was short and that it covered that an employee has only 90 days to choose.

Chairman Pickett asked if there were any suggestions on the next video topic. If we do a video on the elements of each plan, would it cover the detail that Jay is asking for? The consensus was that it would.

Chairman Pickett also asked if the employers need any training videos. If so, what topics would be helpful to your payroll or HR staff? Jay Minton said that yes, this would be a good avenue to pursue. Maybe present on what expectations DRS has and how the employers can meet those expectations. He also suggested that a video be made on who to deal with at DRS for what issues. The group agreed that the video was in a good location on the website.

Please contact Chairman Pickett at georgep@drs.wa.gov with any further suggestions on topics for future videos.

Education & Outreach: Building a Stronger Partnership

Chairman Pickett introduced Brian Berghoff, DCP Program Administrator. Brian gave an overview of DCP, saying that DRS supports employers well on administering retirement information. We would like to do more regarding DCP and increase our level of support for your employees and their benefit plans. He then asked what questions employers get from their employees to help them with their employee benefit plans. What do you do to keep employees up to speed and remind them of what's available? Nancy Savage of Pierce County said that employees sign up for presentations given by outside vendors. Brian also asked if the employers have a checklist to go over what is available to an employee when they are going to terminate employment. John Boesenberg from the State Board of Community and Technical Colleges said that yes, they do, but several of the other members said that they do not. Brian wanted to know if it would be useful if DRS made such a checklist for the employers. The consensus was yes, it would. We recommend you post the Career Transitions link to your intranet and share it with employees who leave employment with your organization.

Brian then wanted to know if anyone was aware of any letters of acknowledgement sent out by other defined contribution vendors when somebody did sign up or change their contributions. The answer was yes. DRS is considering the use of these types of letters and is interested in your thoughts on distribution – should it be from a specific employer, or from DRS? Nancy Savage asked if DCP sends out quarterly statements, and if so, can't DRS send out a letter of acknowledgement? Brian said that he thinks the letter might "mean more" to the employee if the letter was distributed by the employer. Jay Minton said that he doesn't understand why it matters who it comes from. He thinks it should come from DCP. Brian will follow up on this when we are closer to implementing the use of this type of communication.

Brian then introduced Lorna Linden, the Education and Outreach Manager. The Education and Outreach team is made up of four people who cover the entire state. To see the territories, click here. The team visits employers to provide limited education based on employer requests. They travel weeks at a time and often work in the evenings. They are out there and available.

In addition to the presentations, the Education and Outreach team also does seminars. There are currently 24 scheduled throughout the state and have between 250 and 300 people attending. They are hoping to increase their presence at benefit fairs as well. After the initial presentation, they break out into workshops by plan. The Social Security Administration, VEBA and the Healthcare Authority are also present at the seminars. There is a link to the seminars on the DRS website at www.drs.wa.gov/retirement-planning/seminar. The team is beginning to schedule mini plan-specific seminars in the evening and during the week. To read more about the Education and Outreach team, see the handout from the meeting.

The Education and Outreach team wants to increase its presence on the DRS website and is in the early stages of being able to provide webinars. Lorna asked for input on what might work for employers for remote trainings. Currently, they are looking at chunking the seminars into pieces for online videos. For those employers who do not have access to the website, they would send it out on CDs. Lorna asked the committee to tell her what would work best for them. Nancy Savage of Pierce County asked if the FAQs were being updated with questions asked at the seminars, and suggested that there decision tree be included. Lorna answered that no, the FAQs were not updated, but it's a great idea and she will look into it. Lorna also asked if webinars were something that employers are familiar with or if it would be a challenge for them to view them. John Boesenberg, State Board of Community & Technical Colleges said that yes, he believes it would be challenging for employers to do webinars. Lorna told the committee that DRS will start going through this process slowly, continuing to work with employers to ensure this new method of education is affective, hoping to provide employers with more options for staff retirement education in the near future. They plan to post the Power Point presentations from the seminars, broken into manageable pieces. If there are any questions, please feel free to contact Lorna at lornal@drs.wa.gov.

State-Wide Training

Chairman Pickett introduced Debbie Callar, Employer Support Services. Debbie has joined us today to solicit feedback on the state-wide trainings. ESS trainers travel two times per year to train employers how to report to DRS. April through June, the trainings give a background on DRS, and cover Human Resources, eligibility, and reportable status codes. Between July and September/October, the trainings cover payroll, transmittals, edit messages and Accounts Receivable statements. This year, they would like to do something new June – September. They have no location or agenda yet and are open to ideas from the employer community. ESS is trying to be more proactive instead of reactive. Debbie wanted to know if the current presentations are helpful. Should DRS add or remove any of the topics? They are looking at maybe doing individual trainings instead of group trainings. Maybe some new payroll centered classes once a quarter, or webinars. One thing they are hoping to do is have a training library on the internet. Debbie also asked if the current locations of the trainings are reaching everybody they need to. Would the group like to see another location choice given? Debbie asked for feedback on what trainings and topics the group would like to see. Please contact Debbie at debbiec@drs.wa.gov with any feedback. Chairman Pickett told the group that we would include this solicitation of feedback in the email sent to the group next week.

Open Discussion

Nancy Savage would like to know if DRS is planning on upgrading their system to avoid transmittal errors. Chairman Pickett said that DRS would has been looking at doing this.

Nancy also said that she would like DRS to look into excess compensation billings. They tend to get separate billings that cancel each other out and she was wondering if DRS could combine those billings into one statement. Chairman Pickett said that he will talk to the involved staff and see what we can do.

Next meeting is May 19, 2011 at the Department of Retirement Systems.