



# **2006-2007 Annual Report**



**LEOFF I  
COALITION**

**Representing Active and  
Retired Members of the  
LEOFF I Retirement System**



## LEOFF I COALITION

We are a group with 3,661 people registered in the Coalition database to keep informed about LEOFF 1 issues. Our COLA this year is 3.73 percent, up from 3.02 percent last year, and 1.75 percent in 2005. Our recent new valuation of surplus is at 114 percent, or between \$565,196,000 and \$577,000,000 according to State data. On February 5th board members chatted with DRS staff and determined that by April 1st the number of active duty LEOFF 1 members would be close to 472 people. Expect less and smaller numbers to retire annually in the future (it used to be 200 to 300 a year).

Many public issues have distracted legislators away from us this year, such as sports concerns of NASCAR, Sonics, Seattle transportation problems and “Gain Sharing” for another pension group that has been permitted to share investment profits. Some may lose those increases now and other benefits shared with yet another pension group. LEOFF 1 has been under the radar.

**Coalition Officers:**

**Bob Monize**, President  
Retired Snohomish Co. Sheriff's Office  
[bobbymonize@highstream.net](mailto:bobbymonize@highstream.net)

**Mark Curtis**, Vice President  
Retired Thurston Co. Sheriff's Office  
WA St. Ret. Deputy Sheriff's and Police Officers Assoc.  
[mwcurtiscraft@comcast.net](mailto:mwcurtiscraft@comcast.net)

**Jerry Birt**, Treasurer  
Retired Seattle Fire  
[bir.jer@verizon.net](mailto:bir.jer@verizon.net)

**Don Daniels**, Secretary  
Retired Seattle Police Dept.  
Washington State Law Enforcement Assoc.

**“...The other kind of surplus to watch is our pension fund ‘surplus’. This is what catches the eyes of some legislators and pension watchdogs...”**

A recent newspaper story said the State of Washington Legislature had \$2.24 billion for the budget. Some may feel that our LEOFF 1 “surplus” funds are included in that figure. Research shows this is not true. The Actuary’s Office showed us how to see public news releases by the State Economic and Revenue Forecast Council information. It plainly shows revenues from timber state share revenue, real estate excise taxes, estate taxes, estate tax revenues, property (state school levy) money, cigarette, liquor sales/litter, non-revenue act money, revenue act money, lottery, and Dept.

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The LEOFF I Coalition 2006-2007 Annual Report is an informational update for active and retired members of the LEOFF I Retirement System. Comments from the public are encouraged and should be sent to:

**Bob Monize**  
[bobbymonize@highstream.net](mailto:bobbymonize@highstream.net)

*Disclaimer: LEOFF I Coalition and its management do not make warranties with respect to accuracy, reliability or completeness of the information in this publications.*

**Check out our website!**  
[www.leoff1coalion.org](http://www.leoff1coalion.org)

of Licensing revenues. Pension money is not on that list and is not supposed to be there. This State agency has about six employees, headed by Dr. ChangMook Sohn at (360) 570-6105 at the Capital Plaza Building, PO Box 40912, Olympia, WA 98504-0912.

The other kind of surplus to watch is our pension fund “surplus”. This is what catches the eyes of some legislators and pension watchdogs. We cannot really follow well the ways and accounting of pension funds. We do see different numbers that are confusing, such as when viewed from a market or value number. There is also the asset smoothing technique used to cover losses if they occur and may not immediately be “recognized” or “burned” into the figures of the Actuary. The method protects against huge swings of economy like in 2003. The prior retired State Actuary Gerald Allard had spent time with some legislators to explain the numbers and why what appears to be available now may not really be so for some time, if ever. Our current “surplus” number is mentioned above.

Another issue has been the Governor’s directive to the DRS to call together a groundwork discussion group of stakeholders for LEOFF 1 issues to seek insight to answer questions of how to help employers with their unfunded liabilities, and discuss study and administrative costs. This is what remains of last year’s “Task Force” in SHB2688 that disturbed us so much. That group could have decided to illegally use our “surplus” pension

funds to pay liabilities of employers. Governor Gregoire vetoed that part of the Bill. Those named to this group are not yet known. Employers, DRS, legislators, Investment Board, Actuary, active duty and retiree people will be present. We are a major stakeholder; and spoke with the Department of Retirement Systems (DRS) Director on April 30, 2007 and are waiting to hear what happens.

The DRS is spending time researching what is real and not accurate with assertions proposed as study topics. We will be patient and do our part to educate on our knowledge. We already supplied DRS with the disc on medical benefits, done by Atty. Joe Fischnaller. The study will also have a cost and we are expected to pay our share, but have no idea yet what it may be, we just hope it is affordable. The State Actuary thought ahead and got a large appropriation to do their part.

Our position is that we oppose ANY pension fund transfers to any bail out of employers with unfunded liabilities. We are hurt and disappointed that we must continue to say that our pension funds belong to pensioners in the LEOFF 1 system. We will not willingly be an employers’ nor a legislative savings account. The State declined to make contributions during the first five or six years, plus the last six years. We are no financial burden to the State of Washington. Our collective experience has been that we are cautious about the future economy and affects on our funds. We are told that a few employers have started to set

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Pay Attention!  
Take care of your spouse!

money aside for our medical and long term care as they promised long ago to this commitment.

There is a current Retired Fire Fighters of Washington suit in play in a Seattle Court, seeking to re-start contributions to the pension system, and legislative Bill SB5174 seeks to affirm the year 2000 contribution holiday and may be a problem to the suit.

**"...Our comfort zone today is in fair shape, but can only be kept where it is at or increased by consistent support and lobbying for our benefits..."**

The Stabilization Account Bill #2684 of last session had us concerned about the State taking away our surplus if it goes over the new 130 percent cutoff, a ceiling level for a pension fund. The Bill did not specify that the money could be removed. The Legislative intent was to secure all the pension funds. One good numbers watchdog sees that surplus could be 137 percent. This Bill was to be a market-smoothing agent and was to base planning on risks the State may wish to take. The Actuary will recognize the 2007 10.1 percent interest rate in 2008. We are said to have no unfunded liability at this writing. Thus, we ought to be left in peace. We still need to keep an eye open on the process. It is believed that some key veteran legislators are educated in what the State can do and not do with pension funds. The fund has written in law that we get our interests at 100 percent and they are not to be appropriated. We believe that pension funds can only be used for pensioner benefits. We are not off the bubble for protecting what we have and will not be so for the long term.

#### A few conceptions are worthy of mention.

The State Investment Board has a monthly meeting in which they discuss many different issues. One conception was to sell our pension fund to an insurance company to assume all future liability for all our benefits. We would have been beyond money grabs and it would have been a good deal for the insurance company, assuming they were well planned and did not go out of business. We heard nothing of any ill affect on our local board benefits from employers.

The more recent conception has been a suggestion to buy liability matching good, safe bonds to convert all Plan 1 into bonds that fix income, eliminate volatility and have stability. Logically, this scenario would eliminate other law changes such as any hope of an enhanced benefit effort.

These are only thoughts. Nothing is solid. The Investment Board voters include Rep. Helen Sommers and Sen. Lisa Brown. Our representative is the current chair Patrick McElligot who you may contact if you wish to voice an opinion. He has been a Tacoma Fire Fighter LEOFF 2.

The DRS Director Sandra Matheson is also a voting member, as is Treasurer Michael Murphy. He tried to keep the assumption of interest rate at a safe 7.5 percent in 1999, but was not successful. We would have lost far less than the \$700 million in 2003 if they had listened to Murphy. Our "surplus" may not even show, under a 7.5 percent rate. We were told in 2005 that two spousal Bills would put us out of surplus position in two years, but has not happened as yet. We remain well funded and the economy seems in good shape.

However, the legislators of today eventually cycle through and will be replaced over time. New leaders will emerge and institutional knowledge

will need continual education. The legislative way to communicate is to put out a Bill, make a companion Bill to double our work, and see what response we muster or not. Our comfort zone today is in fair shape, but can only be kept where it is at or increased by consistent support and lobbying for our benefits.

Our share of the Commingled Trust Funds of all pension systems in Feb. 07 was said to be \$6,171,855,000 minus total liabilities of \$606,659,000. We lost more than this in 2003 when the market crashed.

**We still hear of confusion on spousal pension rights to re-marry.** Your best proactive effort is to call the DRS in Tumwater and ask for your specific situation. There have been several repairs

to spousal rights. The key change was Engrossed SB6380 in 2002, spear-headed by Joyce Haas. Now a LEOFF I widow can re-marry and keep the spouses benefits, assuming that widow was receiving benefits after 6/13/02.

**A key strategy we need to take is in between legislative sessions.** We ask for volunteers to take your legislator(s) to lunch and establish a good relationship. The Coalition will reimburse your receipt for yourself and the legislator. You might very briefly and politely say how thankful we are to keep our pension plan safe. You can identify your legislator on internet. Go to [www.leg.wa.gov](http://www.leg.wa.gov) and look for your legislator today!

## Legislative Bills to know about are:

**SB5014/HB1044** is about adoption of contribution rates and declared an emergency. It has not hurt us as of this writing. Speaker Frank Chopp signed it, and letter delivered to Governor Gregoire.

**SB6167** would restore authority to the DRS Director to put interests where she directs. Some of us were concerned she could put the money into the General Fund. Not so said Senate staff. The Bill fixes a problem in authority, accidentally removed earlier. Speaker Chopp and Senate President Owen signed it. Expect the Governor to sign it.

**HB1265/SB5174** is about re-affirming the year 2000 contribution holiday. It passed the Senate and House, and was sent to the Governor, who is expected to sign it.

**SB1467/HJR4202-SSJR8206/HB1090** is about budget stabilization and a Governor's emergency fund of 3 percent of budget going to the general fund. It goes to the voters.

**HB1824** would allow 56 women widows of RCW.41.28 prior act 1955 firefighters to re-marry. Bill progress slowed at Ways and Means. It died in committee.

What happens between sessions and mid January '08 may be quite a bit more interesting.

Visit our website at [www.leoff1coalition.org](http://www.leoff1coalition.org). If you have questions or concerns, please call 1(877) 553-6631, leave a detailed message with your name, phone number and reason for calling, and someone will get back with you as soon as possible.

We are asking people not registered with us to do so with name, spouse, address, phone number, and email. Send a note to LEOFF I Coalition at PMB 127, 855 Trosper Rd. SW STE 108 , Tumwater, WA 98512. You can also visit our website to join, saving you a stamp!

Thank you!

Bob Monize [bobbymonize@highstream.net](mailto:bobbymonize@highstream.net)

# LEOFF I Coalition

We have lost track and will have to delete the following members from our database, unless we relocate them with your help.

Brent & Laurie Beden  
Bill Beyer  
Dave Busz  
Bryan Brummett  
Dan Canfield  
Alfred & Barbara Carlberg  
Norm Carlson  
Ross Carmen  
Maxine & Roman Chaban  
Gary Cooper  
David Corrion  
Steve Coyle  
Dennis Daniels  
Gene & Patty Dawes  
Ed & Sue Edwards  
Bill Enser  
Wendlin Geffre  
Theron Gibson

Bonnie Green  
Neil Helland  
Pat Humphries  
Barbara & Bill Jackson  
John Jackson  
Dick Jansen  
Jeff Jeffries  
Thomas Kango  
Martin Koleber  
Greg Lopes  
Steve McCormick  
Brehon & Linda McFarland  
Iona McFarland  
Raymond Mercer  
Ernest Moore  
Wayne Moore  
Larry Moore  
Gary Morgan

Thomas Mosser  
Wayne Nelson  
Don Potter  
Marlen Schnebly  
Jules Shockley  
B. Ergil Smith  
Charles Smith  
Luanne Stevens  
O.R. Strout  
Theodore Townsend  
Chet Virnig  
Charlie Walker  
Norm Weimer  
Rodney Wilmoth  
James Wilson  
Jean Wilson  
Frank Young  
Dale Zlack

Please contact Mark Curtis at (360) 491-8282 or [mwcurtiscraft@comcast.net](mailto:mwcurtiscraft@comcast.net) to give updated information for any of the members listed above so we can keep and update them in our database. Thank you!

**Visit the only official LEOFF I Coalition website at [www.leoff1coalition.org](http://www.leoff1coalition.org)!**

No other similar name website represents the Coalition.



# LEOFF I COALITION

Dear LEOFF I Members,

**W**e need your continual support. Currently, our total assets are \$157,223.45. Your LEOFF I Coalition Board feels that we should keep this in abeyance for possible future lawsuits. According to different attorneys, if the State tries to take our money, it will cost well over what we have on hand to defend our pensions. The purpose of this letter is asking for your monetary support, not to add to our war chest but for operating expenses.

Glancing over 2006: We held regional meetings for any and all LEOFF I members in Chehalis, Mountlake Terrace, Spokane and Kennewick, to educate members about our medical benefits. Speakers were Dan Downs and Attorney Joe Fischnaller. We contacted close to 800 members to lobby their legislators regarding SHB2688. Political involvement costs money. Our business expenses were \$6,142.93 for 2006. None of the LEOFF I Coalition Board members are paid. We only reimburse out of pocket expenses.

## LEOFF I Coalition needs your current email addresses!

Please send an email to Mark Curtis at [mwcurtiscraft@comcast.net](mailto:mwcurtiscraft@comcast.net) so we can update our member database and send legislative alerts. Your cooperation is greatly appreciated, thank you!

We see a need to ask you for a low level fundraising effort to maintain a reasonable balance to handle future needs. We will not rule out a major effort of fundraising if we find ourselves in trouble. But, for now, we ask for a small contribution of \$10, \$20, \$50, or whatever is reasonable for annual maintenance needs. (The monies would be used for communicating, increase in postage, paper printing, our 800 number, insurance, website maintenance and general operating expenses.

Please complete the attached envelope and form and send it to us as soon as you can.

Thank you for your continual support!

Bob Monize,  
President



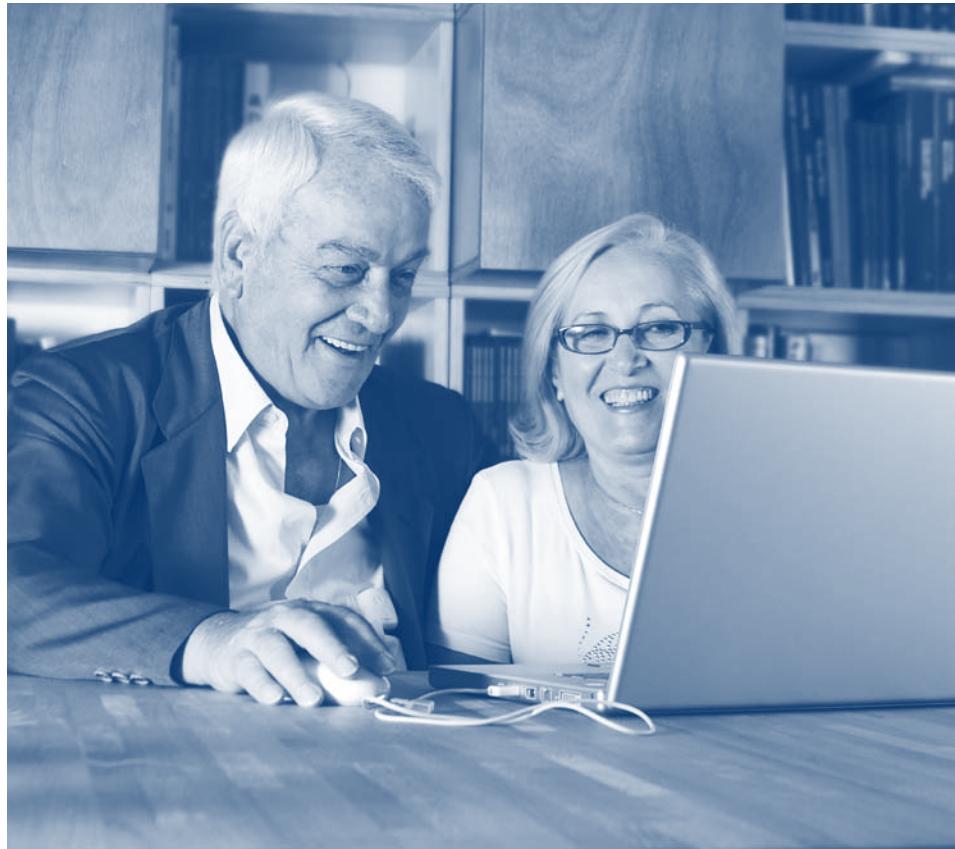


# LEOFF I COALITION

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