



**LEOFF 1
COALITION**

Newsletter

Law Enforcement Officers & Fire Fighters

Representing Active and Retired Members of the LEOFF 1 Retirement System

December 2017



LEOFF 1 Coalition Expects More Attempts On Our Pension

2018 Legislative Session Begins January 8, Ends March 8

By Andy Wilson, LEOFF 1 Coalition President

LEOFF 1 Coalition expects more attempts on our pension through mergers and pension raid to implement the operating budget. Only two of the state's large retirement plans – Public Employees Retirement System (PERS) Plan 1, and Teachers Retirement System (TRS) Plan 1 – have an unfunded liability. In 1989, the Legislature enacted a policy that requires bringing those plans to fully funded status by the year 2024. Some legislators want YOU, LEOFF 1 retirees, to be the cash cow that pays for the TRS 1 retirement plans or use the LEOFF 1 surplus to balance the State Operating Budget. That's irresponsible of the legislators. They should have funded these plans years ago.

The big question is who will go after LEOFF 1 with merger attempts in the 2018 legislative session. Merger of LEOFF 1 and LEOFF 2 would allow the Legislators to access potential surplus for the general fund expense and reduce the state contributions to LEOFF Plan 2. By merging the two systems the LEOFF 1 Law and Retirement Trust Fund is opened up, and there could be changes to the law. Legislators could add amendments, striking language, etc. This could be bad for LEOFF 1 members,

putting your medical benefits and your annual Cost-of-Living-Adjustment (COLA) at risk. It is too dangerous to open the LEOFF 1 Plan law up. If the LEOFF Plan 1 were to become underfunded at any point, funding for the remaining liability would require new legislation and LEOFF Plan 1 could lose funding this way as well. We have been told once the LEOFF 1 Law is opened up, cities and counties will want the surplus money to be used to help pay your medical benefits they are currently obligated to pay. That is why we must tell the legislature, **“No merger, and don't raid our pension. Leave us alone,”** to avoid losing your medical benefits and the LEOFF 1 funds that ensure your pensions.

Your pension and benefits have been under attack from numerous directions in recent years. LEOFF 1 surplus is the low-hanging fruit that everyone is after.

This leads to why LEOFF 1 Coalition and other LEOFF 1 groups do not publicize the funds they have on hand. We do not want legislators to know how much money we have. If the legislators knew how much money each group had, they would know whether we would be easy pickings in a lawsuit. 🐼

The Democrats Control the Legislature

The big question is, now that we have new leadership, what will it mean for LEOFF 1?

2017 election results put the Democrats in control of both the Senate and House. There are 49 Senators, with 25 Democrats and 23 Republicans. The House of Representatives has 98 members with 50 Democrats and 48 Republicans.

www.leoff1coalition.org

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LEOFF I Coalition Board Members

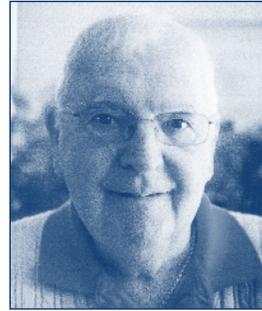
Meet the 2017-2018 LEOFF I Coalition Board Members! I hope you take the time to meet them and ask them to come to your local meetings, or your coffee group. This will help you to stay informed on the LEOFF I issue. The Board Members volunteer their time to protect the retirement fund for you and your spouse, your medical benefits and your COLA. To contact your Board Member call Joyce Willms at the LEOFF I Coalition Office toll free at 877-553-6631 or 360-570-1035, send a fax to 360-943-7086, or email joyce@leoff1coalition.org.



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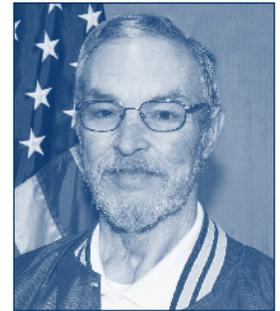
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Nothing!

We're Only 99% Funded???

By Dave Peery, LEOFF I Coalition Secretary

We've been fighting over "nothing" for the past 17 years! State legislators, using state Investment Board and State actuary ESTIMATED FUTURE EARNINGS; have been fighting over an imaginary future surplus that did not, has not...and may not ever...exist in reality.

State Actuaries predict financial funding needs and asset values under the control of state government agencies tasked with providing pensions and benefits to public employees.

Here is the link to the interactive funded status report on the Washington State Legislative website: leg.wa.gov/osa/pensionfunding/Pages/InteractiveReports.aspx.

Click on interactive report page then select:

- "Market Value of Assets" in the Asset Valuation drop down box
- "5%" in the Discount Rate drop down box
- "View Report" button

You'll see the funded status results for LEOFF 1 change to 99% under this scenario.

There is more information about what this means but roughly this represents how funded the plan would be if it was closed and annuities were purchased on the market. Of course, many other things would come into play such as the actual market conditions at the time of annuitizing and whether it's even possible to purchase this quantity on the market. But overall it gives you a sense of how the funded status changes in this type of scenario.

They generally do a very good job, BUT their job is to make repeated ESTIMATES about future costs of pension benefits/pension expenses, changes in estimated member life expectancy, changes in costs of living as well as future ESTIMATES about the financial investments made with all the various pension fund contributions.

State Actuaries predict financial funding needs and asset values under the control of state government agencies tasked with providing pensions and benefits to public employees.

Will you note the repeated use of the word "future"? Future COSTS, future EARNINGS, current and future CONTRIBUTION rates. That's a lot of FUTURE. And we have the history of the past 17 years as an example of how well those ESTIMATES have worked out. ALL the fighting over what MAY be a FUTURE surplus has been wasted effort. Those FUTURE SURPLUS EARNINGS have come and gone at least twice in the last 17 years. The Dot Com crash in 2001 swallowed the first "pension fund surplus" in LEOFF 1, then, the near total collapse of the entire U.S. economy in 2008/2009 due to the unrealistic real-estate bubble took care of that "future surplus" a second time.

Twice, in less than twenty years, unpredicted financial events have made the battle over FUTURE EARNINGS in our pension system investment portfolio a moot point.

Between the year 2000 and today, our world has become ever more unpredictable, ever more tenuous. Our current national political climate has become ever more contentious and antagonistic. All the growing uncertainty SHOULD be urging caution and prudence in making any long-term financial predictions. Trying to access and allocate PREDICTED future surpluses begins to sound surreal.

Now, with the battle over State budget shortfalls regaining momentum, once again our pension system is being placed in jeopardy.

Our members stood our respective watches. We stood between the good guys and the bad guys. We stood shoulder to shoulder in the face of natural and man-made disasters, medical problems, accidents, riots in the streets and more. We took our losses as they came, but we stood our watch. We would like the luxury of NOT having to spend what precious little time we have left running to Olympia in defense of pensions we long since have earned and deserve. For more information on pension funding, go to leoff1coalition.org. 

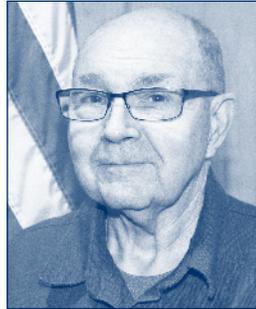
LEOFF I Coalition's Work on Behalf of Your Pension



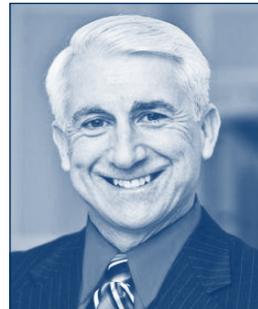
Andy Wilson, President
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Dave Peery, Secretary
LEOFF I Coalition



Mark Curtis, Lobbyist
LEOFF I Coalition



Dave Reichert,
Honorary Board Member
LEOFF I Coalition



Joyce Willms, Lobbyist
LEOFF I Coalition

President of LEOFF I Coalition, Andy Wilson, Secretary, Dave Peery, and Lobbyist, Joyce Willms, lobbied 90 percent of the House of Representatives and 20 percent of the Senate. When speaking to legislators, they all knew LEOFF I Coalition and what we lobby on: no mergers, no access to LEOFF 1 Pension Funds without LEOFF 1 member approval and protecting the LEOFF I Law Enforcement and Retirement Trust Fund. Our concern, simply stated, is don't balance the state budget on the backs of old, retired Law Enforcement officers and fire fighters who worked to protect you and your family. U.S. Representative Dave Reichert was instrumental in preventing any attempt at pension mergers and trust fund sweeps during the 2017 legislative session. Reichert's phone calls and communications to the State Legislators helped to protect the LEOFF Plan 1. LEOFF 1 Coalition is grateful for Rep. Reichert's continued support. Thanks to Senator Miloscia (R) and Senator Fortunato (R) no merger or fund raid was introduced for 2017.

2017

Senate Republican, John Braun, Budget Negotiator, made merger attempts in the third special session and Senate Republicans Ways and Means continued to make merger attempts. The LEOFF 1 Coalition lobbied early, having the support of the State Legislators for no mergers, as well as the help of LEOFF 1 Members and related member organizations.

There were eight legislators on the Budget Negotiating Team. Senator John Braun was one of the members and he made one last attempt at the end of the third special session to facilitate a merger of LEOFF 1 and LEOFF 2 and LEOFF 1 and TRS (Teachers Retirement System Plan 1) stating that it would be necessary in order to implement the State Operating Budget. With no support from the budget negotiators, thanks largely to our lobbying efforts and

those of our Legislative friends, the subject died immediately (within three minutes).

The Senate Republicans Ways and Means made merger attempts with LEOFF 1 and LEOFF 2 and LEOFF 1 and TRS. The Senate Republicans and Ways and Means tried to make a deal with the Retired Teachers to support the LEOFF 1 merger. The Washington Retired Teachers have ethics and said no, it is wrong to pit retirement groups against each other.

2016

SB 6668 (The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and related member organizations)

Merger with LEOFF 1 and the Teachers Retirement System (TRS) Plan 1 would reduce the State contributions to pay the unfunded liability in TRS Plan 1.

SB 6246 (raid of LEOFF I funds was killed with a striking amendment)

Making 2016 Supplementary Operating Appropriations. LEOFF 1 Coalition lobbyists Mark Curtis and Joyce Willms pulled Senators from the floor session to kill the bill, which resulted in a striking amendment and went to the Select Committee on Pension Policy for study.

HB 5873 (The Coalition lobbied and passed the bill with the help of LEOFF 1 Members and member organizations)

Permitting LEOFF I members from the Law Enforcement Officers' and Firefighters' Retirement System Plan 1 to select a survivor benefit option.

HB 2487 (The Coalition lobbied and passed the bill with the help of LEOFF 1 Members and member organizations)

Allowing certain Washington State Patrol Retirement System and Law Enforcement Officers' and Firefighters members to purchase annuities.

(continued on page 5)

LEOFF I Coalition's Work *(continued from page 4)***2015**

SB 5873 *(The Coalition lobbied for the bill with the help of LEOFF 1 Members and member organizations) No Hearing in the House.*

The bill would have allowed a retiree under the Law Enforcement Officers and Firefighters Retirement Plan 1 to select a survivor benefit option. The amendment would have allowed a member who married a spouse ineligible for survivor benefits, unless the retiree was married to that spouse for at least two years prior to September 1, 2015

2013

SB 5916 *(The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and member organizations)*

City managers who wanted to push top paid LEOFF 1 members into retirement so they could be replaced with younger officers subject to benefit packages that did not include medical coverage. The bill never made it to the floor.

2012

HB 2350 and SB 6563 *(The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and member organizations)*

A merger with LEOFF 1 and LEOFF 2 would allow the state to skip a \$74 million payment to LEOFF 2 pension thus helping the Senate Democrats' to balance the budget.

2011

HB 2097 *(The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and attorneys)*

Merger of LEOFF 1 and LEOFF 2 was introduced. House Bill 2097 proposed merging LEOFF Plan 2 with LEOFF Plan 1, temporarily reducing the State contribution to the merged plan. The LEOFF 1 Coalition hired attorney Joe Fischnaller with his knowledge of LEOFF 1 Medical benefits. It died.

2008

LEOFF 1 Coalition filed a law suit in Superior Court of Washington for Grant County, Swisher plaintiff vs. City of Moses Lake for not paying medical benefits. **LEOFF 1 Coalition won the lawsuit.** (The LEOFF 1 Coalition and related member organizations joined together to win this law suit and to further establish medical coverage practices under LEOFF 1 regulations.)

2006

SB 2688 *(The Coalition lobbied to stop the bill with the help of LEOFF 1 Members and member organizations and Governor Gregoire vetoed the section added to HB 2688.)*

The House added the Section Substitute HB 2688 that local governments face challenges in providing health care benefits for LEOFF 1 retired members of the Law Enforce-

ment Officers and Firefighters Retirement System Plan 1. They tried to pass the bill to allow local governments access to the LEOFF 1 Fund to meet the financial challenges.

LEOFF I Coalition Education Seminars

Speakers, Joe Fischnaller, attorney, and Dan Downs, retired firefighter, battalion chief and member of the city of Richland Fireman's Pension Board, volunteered their time and traveled the state of Washington educating LEOFF I members and spouses of their pension benefits.

2003

SB 5099 *(The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and member organizations)*

A governance of pensions now known as the "Select Committee on Pension Policy".

The Coalition opposed this bill, to include us in this group for Defined Benefit systems, as the word "Defined Benefit", never appeared in our law at inception.

Our view is that we are not a "Defined Benefit", and should be a stand alone pension system to protect our system.

2001

SB 6166 *(The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and member organizations)*

This bill would have terminated LEOFF 1 pension plan. LEOFF 1 Coalition hired the Law Offices of Hagens Berman.

LEOFF 1 Coalition filed a class action complaint for declaratory and injunctive relief. The lawsuit was filed in Superior Court of Washington in Thurston County and for Thurston County Alfred tems Class. The purpose was to protect the LEOFF 1 Fund which included the surplus and are, by design, assets held in Trust and which may only be used for the exclusive benefit of LEOFF 1 members or their beneficiaries under RCW 41.26.040(3)

2000

SB 6166 *(The Coalition lobbied and killed the bill with the help of LEOFF 1 Members and member organizations)*

This bill would have terminated the LEOFF 1 Pension Plan and opened pension law to turn LEOFF 1 into a defined benefit/defined contribution system when it never was. It was supposed to "guarantee" soundness, but we already had that benefit established in the 1969 legislation. If the state and local representatives were permitted to divert public pension funds to other uses, tax payers of the state would inevitably be faced with future tax increases to meet their legally binding pension responsibilities. 



No Merger

Remember, United We Stand, Divided We Fall

By Jerald Birt , LEOFF I Coalitions Treasurer

LEOFF 1 members have a signed employment/retirement contract that we firmly believe has withstood the tests of time. We see no gains to be made by making any alterations to a contract that has served us so well.

The RFFOW* (Retired Fire Fighters of Washington) passed a motion at the September RFFOW meeting to endorse the Washington State Council of Fire Fighters (WSCFF) 2016 Convention Resolution stipulating the ten principles that would have to be included in any retirement system merger legislation to gain the support of the WSCFF.

- Must not reduce the LEOFF I member benefits
- Cannot put the funding for LEOFF I benefits at risk

- Cannot affect LEOFF I disability boards
- Cannot affect LEOFF I member or employer contributions
- Cannot modify LEOFF I governance
- Must receive IRS approval before the effective date of the bill
- Must follow state laws and case law protecting pension benefits and funding
- Must insure the new merger fund is protected from future state underfunding
- Cannot increase LEOFF II member or employer contributions

The LEOFF I Coalition **does not** support this endorsement.

The Coalition was approached to endorse the 10 principles document and chose not to support it.

The RFFOW appears, by their endorsement of the Ten Principles, to be endorsing the merger with LEOFF 2. From the glowing endorsement of the LEOFF 2 Convention Resolution in their newsletter we must conclude that either they do not understand the document and its' intent, or that they do, and appear to be in agreement with the merger proposal.

The LEOFF 1 Coalition is opposed to ANY merger proposal, or pension raid, and all the complex language required to accomplish that task. Remember, United We Stand, Divided We Fall. We must work together to protect our pension rights. 🇺🇸

* visit <http://rffow.org/> and click on Newsletters and select October 2017 for more information.

There Is No Surplus!

By Dave Peery, LEOFF I Coalition Secretary

There are so many calculations that go into future financial projections that it is nearly impossible for the uninitiated to make any sense out of the statistics published by the State agencies involved in managing State pension funds.

I simply wanted an estimate of the current funded status of our LEOFF 1 pension system. When I got those figures, I had little understanding of what they actually mean. What I wanted to know first was, “what is the current “Market Value” of all L-1 assets and how does that correspond to the term “fully funded” as a percentage of those assets?

I was able to get the actual figures, for 2016. Using the charts, drop-down menus and actuarial predictions that the State Investment Board and State Actuaries used, I came up with the sum actuaries for “Full Funding.” Using the estimated current market values of those assets, an estimated ratio of assets to estimated future expenses appears to indicate that our system is “fully Funded” at about 99%.

Then, I discovered, that the figures used were simply “best estimates” based upon data that was already over a year old (I think?). In point of fact, this estimate is based upon the possibility of purchasing an annuity that would guarantee that our pension expenses would be paid by whichever financial corporation “bought” our pension system investment portfolio. And that also assumed that there would even BE a buyer, which is also an unknown factor without actually putting the proposal before financial institutions who MIGHT have both the interest and the ability to undertake the purchase.

There are so many calculations involved, each one depending upon a whole complex array of other calculations, all of which may each ALSO depend upon yet OTHER individual assumptions and related calculations,...well, I think you get the idea. The whole house of cards is based upon innumerable calculations based upon political, financial and economic ESTIMATES that are NOT fully knowable at the time those calculations are being made. 🇺🇸

Open Letter to LEOFF I Spouses

February 15, 2017

Open Letter to LEOFF I Spouses,

As the very recent widow of a LEOFF I member, I am reaching out to LEOFF I spouses and survivors. Prior to the death of my beloved husband in August 2016, I had not understood what the LEOFF I Coalition did as an organization.

At the end of my husband's almost three-year battle with cancer, I came to realize that there were very major discrepancies in Washington State statute that would deny our minor children benefits following their father's death. The details are not important here. What is important is that LEOFF I spouses understand how LEOFF I Coalition advocates for LEOFF I members and the LEOFF I pension fund. As a direct result of the personal support of Andy Wilson as President, Dave Peery as Secretary, and Mrs. Joyce Willms, lobbyist and public relations who works for the LEOFF I Coalition Board... I garnered the courage to fly to Seattle, personally meet with the Department of Retirement Systems staff (invaluable), and talk to different legislative staff assistants. Since then, I have been able to make contact with key legislative representatives in a knowledgeable and informed manner, and I feel I am able to work with legislators to affect change and bring about justice not just for the Boreen family, but ultimately many LEOFF families in the future.

The Coalition is different. Intervention can, and does, occur all year round in Olympia by Coalition structure. This was hugely evident last September as I made the rounds with Coalition lobbyist Joyce Willms. She had a series of appointments lined up that lasted from early in the morning until the end of the day. In the months following, legislative familiarity with LEOFF I COALITION at the Capital has been obvious. In the past seven months to today, the Coalition has never left my side and continues to work on behalf of Lt. Boreen's family and with me on the issues that need to be addressed.

Please take note: No LEOFF I Coalition board member is paid, they are all volunteer. The only person paid is their 12-month round the clock lobbyist and media representative, Joyce Willms. Believe me, she's worth it. I have never contributed a dime to this Coalition. Monthly contributions cannot be drawn out of your pension check for this Coalition, as with "the other" retirement organizations. This week, I will redirect the funds that were going to the RFFOW to the LEOFF I Coalition. I will also be donating annually to LEOFF I Coalition. I will have to write checks. It's a small inconvenience, considering the security that this Coalition is providing to us all. I consider the \$25 a month like an insurance policy. I'm switching to a different company.

If the LEOFF I Coalition can do this for just a "voice on the phone," think about what they have done by influence, accessibility, and immediate response regarding protection of (y)our LEOFF I funds. My husband was a "good truckman" and a pretty good engine officer. He loved his career and the people he worked with. I know he approves.

Most Sincerely,
Mrs. Katharine Boreen
wife of Lt. Phillip Boreen
Seattle Fire Dept., deceased.
(307) 272-6640

Please Send Jerry Birt Your Emails so we can Communicate with you Electronically!
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Protect Your Medical Benefits

Your donations are used for:

- Lobbying Legislators
- Lobbying State Agencies
- Attend Committee Meetings
- Lobbying Expenses
- Monitor LEOFF 1 Issues
- Legislative Research
- Attorney Fees
- Correspondence with Legislators & Members
- Website Updates & Newsletter
- Rent
- Office Expenses & Phone Bills
- Printing, Mail Prep & Postage
- Travel Expenses



While our ongoing attorney fees are nominal, the potential exists that we may have to sue the state, so it's important to keep reserve funds on hand ready for the potential of a big lawsuit. We must stop all pension mergers and pension raids to implement the operating budget.

If you have any questions about your contributions, please call President Andy Wilson at (425) 235-4558.

Thank You for Your Generous Donation!
Your Donations Are Used To
Save Your Pension.

The mission of the LEOFF I Coalition is to protect the integrity of the LEOFF 1 Law and LEOFF I Retirement Trust Fund. LEOFF I Coalition members are law enforcement officers and fire fighters.