

SENATE BILL REPORT

SB 6722

As Reported By Senate Committee On:
Ways & Means, February 6, 2006

Title: An act relating to receiving a catastrophic disability allowance under the law enforcement officers' and fire fighters' retirement system, plan 2.

Brief Description: Establishing a catastrophic disability allowance under the law enforcement officers' and fire fighters' retirement system, plan 2.

Sponsors: Senators Franklin, Delvin, Keiser, Kohl-Welles and Rasmussen; by request of LEOFF Plan 2 Retirement Board.

Brief History:

Committee Activity: Ways & Means: 1/30/06, 2/6/06 [DP].

SENATE COMMITTEE ON WAYS & MEANS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Fraser, Vice Chair, Capital Budget Chair; Doumit, Vice Chair, Operating Budget; Zarelli, Ranking Minority Member; Brandland, Fairley, Kohl-Welles, Parlette, Pflug, Pridemore, Rasmussen, Regala, Roach, Rockefeller, Schoesler and Thibaudeau.

Staff: Erik Sund (786-7454)

Background: Members of the Law Enforcement Officers' and Fire Fighters' Retirement System, Plan 2 (LEOFF 2) are eligible for a retirement allowance of 2 percent of average final salary for each year of service credit earned at age 53. Members of LEOFF 2 may apply for early retirement beginning at age 50; however, the member's benefit is reduced by 3 percent per year below age 53 if the member has 20 or more years of service, and fully actuarially reduced if the member has less than 20 years of service.

If a member becomes disabled for a non-duty related reason, a member may receive a retirement allowance based on the 2 percent of average final salary formula that is actuarially reduced from age 53 to the age at disability. A member of LEOFF 2 who leaves service as a result of a line-of-duty disability is eligible to receive a disability retirement allowance of at least 10 percent of final average salary, plus 2 percent per year for each year of service beyond five. The disability retirement allowance is not subject to actuarial reduction for early retirement.

In addition to disability benefits from the retirement system, members of LEOFF 2 (unlike members of LEOFF 1) are eligible for job-related disability, medical, and death benefits from the Workers' Compensation System administered by the Department of Labor and Industries. Some members of LEOFF 2 are also covered by Federal Social Security

Administration benefits, and disabled members may be eligible to receive benefits from that system.

Disabled LEOFF 2 members may also be eligible for a lump-sum disability payment from the Federal Public Safety Officers' Disability Benefit program that currently provides a lump-sum benefit of \$283,385, offset by Worker' Compensation lump-sum payments. LEOFF 2 members serving as Department of Fish and Wildlife (DFW) Enforcement Officers may also be eligible upon disability for a special disability benefit of 50 percent of salary, paid by DFW.

Summary of Bill: A member of the Law Enforcement Officers' and Fire Fighters' Retirement System, Plan 2 (LEOFF 2) who is totally disabled in the line of duty is entitled to a disability allowance equal to 70 percent of final average salary. The total disability benefit is reduced to the extent that in combination with Workers' Compensation payments and Social Security disability benefits, the disabled member would receive more than 100 percent of final average salary. Department of Fish and Wildlife (DFW) Enforcement Officers' compensation insurance benefits are also reduced for any disability benefits received from LEOFF 2.

Total disability is defined as a member's inability to perform any substantial gainful activity due to a physical or mental condition that may be expected to result in death or last for at least 12 months. Substantial gainful activity is defined as average earnings of more than \$860 per month, adjusted annually based on Federal Social Security standards.

The Department of Retirement Systems may require a person to submit to periodic medical examinations and disclose financial records as a condition of continued eligibility. In the event that a totally disabled member's earnings exceed the substantial gainful activity threshold, a member's benefit will be converted to a line-of-duty disability retirement allowance.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill contains an emergency clause and takes effect immediately.

Testimony For: This is a good bill that will help those law enforcement officers and fire fighters who are most grievously injured in the line of duty. Under this bill, disabled Department of Fish & Wildlife Enforcement Officers will receive a better disability benefit at lower cost to the agency than under current law. If this bill is enacted, the emergency clause will help ensure that if someone is disabled between the time that the bill is signed and the time that the bill is effective, they will still receive the benefit created by the bill.

Who Testified: PRO: Bruce Bjork, Washington Department of Fish & Wildlife; Kelly Fox, Washington State Council of Fire Fighters; Bill Hanson, Washington Council of Police and Sheriffs; Steve Nelsen, LEOFF Plan 2 Retirement Board.