WSR 26-16-064
PERMANENT RULES
DEPARTMENT OF
RETIREMENT SYSTEMS

[Filed August 3, 2026, 3:34 p.m., effective September 3, 2026]

Effective Date of Rule: Thirty-one days after filing.

Purpose: Providing clarification regarding reimbursement of medical premiums for law enforcement officers' and firefighters' Plan 2 members who are catastrophically disabled in the line of duty.

Citation of Rules Affected by this Order: Amending WAC 415-104-4801 and 415-104-482.

Statutory Authority for Adoption: RCW 41.50.050.

Adopted under notice filed as WSR 26-13-020 on June 8, 2026.

Number of Sections Adopted in Order to Comply with Federal Statute: New 0, Amended 0, Repealed 0; Federal Rules or Standards: New 0, Amended 0, Repealed 0; or Recently Enacted State Statutes: New 0, Amended 0, Repealed 0.

Number of Sections Adopted at the Request of a Nongovernmental Entity: New 0, Amended 0, Repealed 0.

Number of Sections Adopted on the Agency's own Initiative: New 0, Amended 2, Repealed 0.

Number of Sections Adopted in Order to Clarify, Streamline, or Reform Agency Procedures: New 0, Amended 2, Repealed 0.

Number of Sections Adopted using Negotiated Rule Making: New 0, Amended 2, Repealed 0; Pilot Rule Making: New 0, Amended 0, Repealed 0; or Other Alternative Rule Making: New 0, Amended 0, Repealed 0.

Date Adopted: August 3, 2026.

Kathryn Leathers
Director

RDS-7067.1

AMENDATORY SECTION (Amending WSR 24-13-026, filed 6/7/24, effective 7/8/24)

WAC 415-104-4801 Medical reimbursement for LEOFF 2 catastrophically disabled members. (1) **What type of medical premiums are available for reimbursement for a LEOFF Plan 2 member who is catastrophically disabled in the line of duty?**

(a) LEOFF Plan 2 members who are catastrophically disabled in the line of duty are eligible for reimbursement of medical premiums.

(i) For members who are not eligible for medicare, DRS will pay for the member, spouse, state-registered domestic partner, and eligible dependents:

(A) Employer-provided medical insurance;

(B) Medical insurance offered under the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA); or

(C) Other medical premiums, which could include vision and dental, not to exceed the COBRA amount. DRS will not pay for separate supplemental plans for vision, dental, and prescriptions.

(ii) For members who are eligible for medicare, DRS will pay medicare Part A and B.

(b) LEOFF Plan 2 members who are catastrophically disabled are eligible for reimbursement for medical insurance premiums paid after June 30, 2013.

(2) **What if I am eligible for medicare coverage?** If you or your spouse become eligible for medicare coverage, you must notify DRS when you become eligible. To remain eligible for the reimbursement payment, you must enroll in and maintain enrollment in medicare Part A and B. At that point, DRS will only reimburse for premiums on employer-provided medical insurance, insurance authorized by the federal Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA), medicare Part A (hospital insurance), and medicare Part ((~~A and~~)) B (medical insurance) to the member or spouse who is a medicare participant. For the member or spouse who is not a medicare participant, DRS will reimburse for medical premiums described in subsection (1)(a)(i) of this section. DRS will not reimburse for any medicare supplemental or prescription plans.

(3) **How do I apply for medical premium reimbursements?** To receive medical premium reimbursements, you must first complete a request for medical reimbursement form and provide proof of medical insurance coverage and premium payment to DRS.

(4) **What is acceptable as proof of insurance coverage?** DRS will accept these documents as proof of insurance coverage:

(a) Invoice from insurance provider.

(b) Certificate from insurance provider.

(c) Invoice from medicare.

(d) Social Security Form SSA-1099.

(5) **What is acceptable as proof of premium payment?** DRS will accept these documents as proof of payment:

(a) Letter from the Social Security Administration showing your medicare deduction from your monthly benefit;

(b) Bank or credit card statement showing insurance payment that is supported by other documentation showing this is for medical insurance;

(c) Receipt from insurance provider; or

(d) Copies of both sides of cashed checks.

(6) **What if my premiums are deducted from my DRS benefit or my spouse's payroll checks?** DRS will accept these documents as proof of both insurance coverage and premium payment:

(a) Premium deduction authorization from your insurance provider, if premium payments are being paid directly from DRS.

(b) Copy of spouse's or partner's pay stub showing insurance deduction amount.

(7) **When is documentation required?**

(a) You must provide proof of insurance coverage and premium payments at the time you apply for reimbursement. After you are enrolled in the reimbursement program, you must submit this form each time DRS requests, at a minimum twice a year, along with requested documentation.

(b) DRS will reach out to each retiree receiving medical reimbursement payments, and retirees will have 90 days from the date of the letter to provide proof of premium payment. DRS will provide notifications of the 90-day window to ensure that retirees are aware of the requirement to reapply and supply proof.

(c) After 90 days, DRS will suspend reimbursement until proof of insurance coverage and premium payments have been received for each missed period. After DRS receives supporting information, DRS will re-

instate reimbursement payments for the month(s) that documentation supports were paid.

(d) Any adjustment in or cancellation of medical premiums paid by retirees may result in an overpayment of the reimbursement paid to the retiree, so changes should be reported to DRS when they occur.

RDS-7068.1

AMENDATORY SECTION (Amending WSR 25-09-023, filed 4/7/25, effective 4/9/25)

WAC 415-104-482 How are the different LEOFF Plan 2 disability benefits calculated? (1) **Line of duty:** As a line of duty disability retiree, you may choose between:

(a) A one-time lump sum payment equal to 150 percent of your retirement contributions; except that, any payments made to restore service credit after the five-year deadline will be paid at 100 percent; or

(b) A monthly disability benefit equal to:

(i) Ten percent of your final average salary (FAS), which is nontaxable; and

(ii) Two percent of your FAS for each year of service beyond five years.

Calculation of monthly disability benefit:

Example 1: Chris was approved for line of duty disability. The final average salary (FAS) was $10,000. Chris had 20 years of service credit at the time of retirement. To determine the line of duty disability benefit amount:

1.	10% × FAS	=	Nontaxable amount
	.10 × $10,000	=	$1,000
2.	2% × FAS × Number of Service Years beyond Five Years	=	Taxable amount
	.02 × $10,000 × 15	=	$3,000
3.	Nontaxable amount + Taxable amount	=	Total benefit
	$1,000 + $3,000	=	$4,000

Example 2: Pat was approved for line of duty disability. The final average salary (FAS) was $10,000. Pat had 2 years of service credit at the time of retirement. To determine the line of duty disability benefit amount:

1.	10% × FAS	=	Nontaxable amount
	.10 × $10,000	=	$1,000
2.	2% × FAS × Number of Service Years beyond Five Years	=	Taxable amount
	.02 × $10,000 × 0	=	$0
3.	Nontaxable amount + Taxable amount	=	Total benefit
	$1,000 + $0	=	$1,000

(2) **Catastrophic duty disability:** As a catastrophic duty disability retiree, you may choose between:

(a) A one-time lump sum payment equal to 150 percent of your retirement contributions; except that, any payments made to restore service credit after the five-year deadline will be paid at 100 percent. Under this option you waive your right to the medical insurance premium reimbursement; or

(b) A monthly disability benefit equal to:

(i) Seventy percent of your final average salary (FAS), which is nontaxable, reduced by any temporary disability benefits ((~~provided~~)) or permanent total disability benefits provided to the member under Title 51 RCW and federal Social Security disability benefits, if necessary to ensure that the total combined benefits do not exceed 100 percent of the member's final average salary (FAS). Any such adjustment will be applied prospectively from the time the Title 51 RCW or Social Security determination is made, even if the Title 51 RCW or Social Security disability benefits are retroactively adjusted.

(ii) The reduced benefit cannot be less than the earned service retirement benefit. When the earned service benefit is more than the reduced benefit, the difference is taxable.

(3) **LEOFF benefit enhancements.**

(a) If you were a LEOFF Plan 2 member on or before February 1, 2021, and are retiring with more than 15 years of service credit, you will have a choice between the tiered multiplier and the lump-sum benefit with a minimum of $20,000. If a percentage of your monthly pension is nontaxable, the lump-sum enhancement payment will be nontaxable at the same percentage. If you are retiring with less than 15 years of service credit, you will not have a choice and will receive the lump-sum benefit of $20,000.

(b) If you became a LEOFF Plan 2 member after February 1, 2021, and are retiring with more than 15 years of service credit, you will receive the tiered multiplier benefit enhancement. Members retiring with 15 years of service credit or less will receive the standard retirement benefit calculation and not an enhanced benefit.

(c) If you qualify for and elect the lump-sum benefit and it is $20,000 or more you are eligible to purchase a lump-sum annuity with some or all of your funds. The minimum purchase price is $20,000.

Calculation of monthly disability benefit:

Example 1: Terry was approved for catastrophic disability. The final average salary (FAS) was $10,000. Terry was not receiving benefits from LNI (Title 51 RCW) or Social Security disability insurance (SSDI). Terry had 20 years of service credit at the time of retirement. To determine the catastrophic benefit amount:

1.	70% of FAS	=	Monthly disability benefit
	.70 × $10,000	=	$7,000
2.	2% × FAS × Service Years	=	Earned benefit
	.02 × $10,000 × 20	=	$4,000

Since there is no offset and the monthly disability benefit is greater than the earned benefit, Terry's benefit will be $7,000 a month.

Example 2: Pat was approved for catastrophic disability. The final average salary (FAS) was $10,000. Pat was receiving benefits from LNI (Title 51 RCW) and Social Security disability insurance (SSDI) in the amounts of $5,000 and $2,000. Pat had 2 years of service credit at the time of retirement. To determine the catastrophic benefit amount:

1.	70% of FAS	=	Monthly disability benefit
	.70 × $10,000	=	$7,000

2. Monthly disability benefit + LNI benefits + SSDI benefit = Total of all benefits
   $7,000 + $5,000 + $2,000 = $14,000

3. Total of all benefits - FAS = Reduction amount
   $14,000 - $10,000 = $4,000

4. Monthly disability benefit - Reduction Amount = Reduced monthly benefit
   $7,000 - $4,000 = $3,000

5. 2% × FAS × Service Years = Earned benefit
   .02 × $10,000 × 2 = $400

Since the reduced monthly benefit amount is greater than the earned benefit, Pat's nontaxable benefit will be $3,000 a month.

Example 3: Chris was approved for catastrophic disability. The final average salary (FAS) was $10,000. Chris was receiving benefits from LNI (Title 51 RCW) and Social Security disability insurance (SSDI) in the amounts of $5,000 and $2,000 respectively. Chris had 20 years of service credit at the time of retirement. To determine the catastrophic benefit amount:

1. 70% of FAS = Monthly disability benefit
   .70 × $10,000 = $7,000

2. Monthly disability benefit + LNI benefits + SSDI benefit = Total of all benefits
   $7,000 + $5,000 + $2,000 = $14,000

3. Total of all benefits - FAS = Reduction amount (to not exceed 100% of FAS)
   $14,000 - $10,000 = $4,000

4. Monthly disability benefit - Reduction Amount = Reduced monthly benefit
   $7,000 - $4,000 = $3,000

5. 2% × FAS × Service Years = Earned benefit
   .02 × $10,000 × 20 = $4,000

6. Earned benefit - Reduced monthly benefit = Difference
   $4,000 - $3,000 = $1,000

Chris is entitled to the greater of the catastrophic retirement calculation or the earned benefit. Since the earned benefit is greater than the reduced catastrophic benefit, Chris' benefit will be $4,000 a month and $1,000 of that benefit will be taxable.

Calculation of lump-sum benefit enhancement: If you are eligible for and elect the lump-sum benefit enhancement, you will receive a one-time payment equal to $100 per service credit month or $20,000, whichever is greater.

Example 1: Terry retired with 140 service credit months and has elected the lump-sum benefit enhancement payment:

140 months × $100 = $14,000

Terry's lump-sum benefit falls below the minimum amount owed and they will be paid a lump-sum benefit enhancement of $20,000.

Example 2: Pat retired with 300 service credit months and has elected the lump-sum benefit enhancement payment:

300 months × $100 = $30,000

Pat's lump-sum benefit calculation is greater than the minimum and they will be paid their total earned lump-sum benefit enhancement of $30,000.

Calculation of a tiered multiplier enhancement payment: If you are eligible for and elect the tiered multiplier enhancement your benefit for years 15-25 will have a 2.5 percent multiplier.

Example 1: Sam retired with 26 service credit years, a final average salary of $9,500 and has elected the tiered multiplier benefit enhancement:

.02 × services years less than 15 and above 25 × final average salary = total 1

.02 × 16 × $9,500 = $3,040

.025 × services years between 15 and 25 × final average salary = total 2

.025 × 10 × $9,500 = $2,375

total 1 + total 2 = total monthly benefit with the tiered multiplier

$3,040 + $2,375 = $5,415

Sam's nontaxable monthly benefit with the tiered multiplier enhancement would be $5,415 per month.

(4) **Do I have a benefit enhancement choice between the tiered multiplier and lump-sum benefit?**

(a) If you were a LEOFF Plan 2 member on or before February 1, 2021, and are retiring with more than 15 years of service credit, you will have a choice between the tiered multiplier and the lump-sum benefit with a minimum of $20,000. If you are retiring with less than 15 years of service credit, you will not have a choice and will receive the lump-sum benefit with a minimum of $20,000.

(b) If you elect the lump-sum benefit and it is $20,000 or more, you are eligible to purchase a lump-sum annuity with some or all of your funds. The minimum annuity purchase price is $20,000.

(c) If you became a LEOFF Plan 2 member after February 1, 2021, and are retiring with more than 15 years of service credit, you will receive the tiered multiplier benefit enhancement. Members retiring with 15 years of service credit or less will receive the standard retirement benefit calculation and not an enhanced benefit.

(5) **Nonduty disability:** As a nonduty disability retiree, you receive a benefit of two percent times your final average salary times your service credit years. This disability benefit will be actuarially reduced to reflect the difference in age at the time of disability retirement and age 53.

Calculation of monthly disability benefit:

Example 1 – Full actuarial reduction:

Chris, age 47, was approved for a nonduty disability. The final average salary (FAS) was $10,000. Chris had 20 years of service credit at the time of retirement. To determine the nonduty disability benefit amount:

2% × FAS × Service Years × early retirement factor (2018 table)	=	Benefit amount
.02 × $10,000 × 20 × 0.5980	=	$2,392

(6) **Do I have a benefit enhancements choice between the tiered multiplier and lump-sum benefit?**

(a) If you were a LEOFF Plan 2 member on or before February 1, 2021, and are retiring with more than 15 years of service credit, you will have a choice between the tiered multiplier and the lump-sum benefit. If you are retiring with less than 15 years of service credit, you will not have a choice and will receive the lump-sum benefit of $20,000.

(b) If you elect the lump-sum benefit and it is $20,000 or more, you are eligible to purchase an annuity with some or all of your funds. The minimum annuity purchase price is $20,000.

(c) If you became a LEOFF Plan 2 member after February 1, 2021, and are retiring with more than 15 years of service credit, you will receive the tiered multiplier benefit enhancement. Members retiring with 15 years of service credit or less will receive the standard retirement benefit calculation and not an enhanced benefit.