

6166

Sponsor(s): Senators Brown, Snyder, Long, Fraser, Rossi, Constantine, Spanel, B. Sheldon and Carlson

Brief Description: Restating plan 1 of the law enforcement officers' and fire fighters' retirement system.

SB 6166 - DIGEST

(SUBSTITUTED FOR - SEE 1ST SUB)

Finds that plan 1 of the Washington law enforcement officers' and fire fighters' retirement system (LEOFF plan 1) has been closed to new members for nearly a quarter of a century. During that time, LEOFF plan 1 has achieved full funding and has assets which exceed all projected future liabilities and has a surplus approaching one billion dollars. In recognition of the contributions of working fire fighters and police officers to LEOFF plan 1, it is the purpose of this act, in part, to provide for an enhanced retirement benefit to LEOFF plan 1 members which is managed and developed by the fire fighters and police officers themselves.

Declares that LEOFF plan 1 also provides substantial postretirement health and long-term care benefits. The financial burden of this benefit, which is an integral part of LEOFF plan 1, falls exclusively on the cities, counties, and fire districts that employed the retired fire fighters and police officers. In recognition of the fiscal burdens facing these political subdivisions, it is appropriate to provide an additional source of funding to ensure the integrity of the benefit without undermining the financial stability of the employing governments.

Finds that the supreme court of the state of Washington, in the 1956 decision *Bakenhus v. City of Seattle*, established that the fire fighters and police officers, active and retired, have a constitutionally protected contractual right to a secure retirement benefit, funded on a sound actuarial basis. While members have a constitutionally protected right to the pension benefits that are provided as part of their contract of employment, there is no such right in surplus assets which are unnecessary to the actuarial soundness of the retirement plan.

Declares that the state retains the inherent power to terminate a retirement plan and, upon the dedication of sufficient resources to ensure the actuarial soundness of the benefits promised, is entitled to a reversion of the surplus assets upon termination of the plan.

Finds that, in order to accomplish the foregoing goals and objectives, it is in the best interest of the members and beneficiaries of LEOFF plan 1 that the plan be terminated and that a restated retirement plan with enhanced benefits be created. It is further determined to be in the best interest of the health, safety, and welfare of the citizens of the state that surplus assets remaining after adequate actuarial provision for the obligated retirement benefits revert to the state and be allocated for the purposes outlined in this chapter.

Declares an intent that the LEOFF plan 1 termination be performed in accordance with the applicable provisions of the federal internal revenue code and in recognition of the contract rights of the members and beneficiaries of the plan to an actuarially sound retirement program.

Reserves the right to make such amendments and modifications as may be necessary in the future to accomplish the goals of this section, without any diminution of the rights and benefits of the beneficiaries as they existed prior to July 1, 2001.

Repeals provisions of chapter 41.26 RCW.