

# FINAL BILL REPORT

## HB 2932

---

C 39 L 06

Synopsis as Enacted

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

**Sponsors:** By Representatives Darneille, Curtis, Simpson, Conway, Hinkle, Williams, Ericks, Sells, Rodne, McDonald, Kilmer and Green; by request of LEOFF Plan 2 Retirement Board.

**House Committee on Appropriations**  
**Senate Committee on Ways & Means**

### **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 or after earning 10 or more years of service may also request a refund of 150 percent of the member's accumulated contributions. A member with fewer than 10 years of service may request 100 percent of the member's contributions. In either case, a member who requests a refund of contributions is ineligible for a disability or service retirement allowance.

Legislation enacted in 2004 increased disability benefits for LEOFF 2 members disabled in the line of duty beyond those provided for non-duty disabilities. As a result of the legislation, 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. Another bill enacted in 2005 removed the actuarial reduction for the difference between age 53 and age at disability that previously applied to the part of a member's line-duty disability benefit in excess of the base 10 percent of final average salary.

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:**

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 certain 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 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.

**Votes on Final Passage:**

House	96	0
Senate	40	0

**Effective:** March 14, 2006