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STATE OF WASHINGTON  
BOARD FOR VOLUNTEER FIREFIGHTERS & RESERVE OFFICERS

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May 23, 2008

The May 23, 2008 special meeting of the Board for Volunteer Firefighters and Reserve Officers was convened at 9:00 A.M. in Suite #207 in the James R. Larson Forum Building by Chair Ronald Ayres, with Board Member Ken Boad, Board Member Jay Hughes, Board Member Martin Spani, Assistant Attorney General Spencer Daniels, Assistant Attorney General Kyle Crews, Actuarial Assistant Chris Jasperson, Actuarial Assistant Michael Harbour, Executive Secretary Brigitte Smith, and Confidential Secretary Nicole Stauffer present.

FIRST HEARING OF THE PUBLIC

No Comments.

AGENDA ITEMS

The Board reviewed a letter written by Pierce County Fire Protection District #23 in regards to the Rebecca Atkins case. It was moved by Boad, seconded by Spani, and carried that the State Board reverse the Local Board's decision to deny Rebecca Atkins' claim for benefits under RCW chapter 41.24 for medical expenses for an injury to her right wrist. The case will be remanded back to the local board with directions to pay medical expenses related to the claim. Assistant Attorney General Spencer Daniels presented the Board with a prepared order to sign.

The Board reviewed all of the comments received regarding pension benefit enhancements, as well as the survey results, Actuarial cost valuations, and recommendations received from the Washington State Firefighters Association.

Concern was expressed about the solvency of the fund if enhancements are sought with the current economic forecasts for the State. Members asked Actuarial Assistant Chris Jasperson to talk about some of the things that could impact the Actuary's October 19, 2007, pension system estimates. Mr. Jasperson stated that there were several things that could impact the pension systems funding level, both negatively and positively. First, the funding level will be impacted when the Actuary begins to perform a relief valuation. Right now, our relief is funded on a "pay as you go" basis. When the Actuary begins a valuation for it, it will become pre-funded. While pre-funding will be better for the long term stability of the fund, it may initially lower the funding level. The Actuary's Office is also working on a demographic experience study, where they will review some of the actuarial assumptions that they use. These assumptions will include retirement rates, mortality rates, termination rates, and duty death rates. Any changes in these assumptions will probably also change the funding level. It will be hard to tell how much of an impact some of these things will have right now. However, the Actuary's study will be completed in time to provide a good valuation for the October meeting.

Member Boad asked Mr. Jasperson if he could tell the Board what some of the other retirement system's reduction factors were like. Mr. Jasperson stated that their reduction factors are calculated somewhat differently from the Board's, but that they were close to the 8% that the Board uses.

Member Board also asked Mr. Jasperson some questions about setting up a tiered pension system where departments would be able to change from a defined benefit program to a defined contribution program. There was some concern expressed by members regarding what to do with members that change from a defined contribution department to a defined benefit department. Mr. Jasperson also mentioned that there may be some major IRS impediments to being able to implement a defined contribution program. Defined contribution pensions



are set up for salaried employees. Since volunteer firefighters do not have salaries, the IRS may either not allow setting up a defined contribution retirement program, or there may be some major barriers to doing so. It was Mr. Jasperson's recommendation that Board hire an outside tax attorney to consult with before giving any further consideration to the idea of a defined contribution system.

After a lot of discussion, the Board asked if Mr. Jasperson could provide some additional cost estimates to the Board in time for their October Meeting. The Board would then review the cost estimates and decide on future pension benefit enhancements. The additional cost estimates that the Board asked for were:

1. Increase the base monthly pension amount from \$50 to \$75, which results in increasing the maximum monthly pension amount from \$300 to \$325.
2. Provide a longevity bonus of 1% per year after 25 years of service, up to a maximum of 105% of the maximum monthly pension amount.
3. Combine 1 and 2.

Mr. Jasperson stated that the Actuary's Office would actually prepare draft fiscal notes for the cost estimates. Should the Board decide to pursue legislation for any of the enhancements, it would know in advance what the fiscal note would look like.

Secretary Smith stated that she could begin working with Assistant Attorney General Kyle Crews to draft legislation to match the suggested enhancements. That would, hopefully, make it easier for any association wishing to help the Board with the legislation because a lot of the preliminary work would already be completed.

#### SECOND HEARING OF THE PUBLIC

No comments.

There was a motion by Hughes, seconded by Spani, and carried that the meeting be adjourned at 10:15 p.m.



Brigette K. Smith, Executive Secretary