

Halverson, Beth

From: Ernest Mikami <emikami@yahoo.com>
Sent: Sunday, October 20, 2019 7:49 PM
To: Office State Actuary, WA
Subject: Disappointed with the Roth Option for DCP presentation

I watched 10/15 Select Committee on Pension Policy meeting introducing the Roth Option for the DCP.

I believe Aaron Gutierrez has not done his homework and looked at each and every claim I made in respect to various situation when the Roth option can be more appropriate. It is not just a matter of expectation of tax bracket as those brackets can easily be distorted by effects of health cost costs varying based on income level on both Obamacare and tax on Social Security Income. The latter is not a matter relative to higher income but actually hits the lower income. The potential of more easily moving money to a Roth IRA after separation allowing to side step age 70 1/2 required minimum distribution. The impact of deferring causing a larger account that has a larger tax burden down the line which in turn can raise the tax bracket especially for those with pension and social security income. Losing a spouse can cause tax to climb unexpectedly. Many people have ties outside the state and even outside the country. State and foreign income tax skew the decision in favor of the Roth. Worst part is that those would be saving for retirement might decide in their situation, it isn't worth doing that with the DCP in place right now because of the lack of Roth option and some of those people actually might have the larger contributions which help lower the cost for everyone else.

The options laid out does not seem to show the urgency of the problem. Each year this option is delayed is costing real dollars and sometimes by substantial amounts. People often make selection of their employment based on the benefits available to them and the fact that 3/4 of state governments already offer a Roth option puts us in the bottom quarter now. We need to hire and retain the best but delaying the Roth option is not helping the situation.

We waited 8 years and no effort was placed on this project. Time to stop the excuse and put back accountability to those they serve. So it seems that the only way to get this option in place is by legislative mandate with a specific date of delivery. Nothing less can suffice. Increasing the priority will not get not get the work done as historically proven is the case.

Thank you,

Ernest