

PSERS and LEOFF 2 Disability Benefits

Executive Summary

Should disability benefits for the Public Safety Employees' Retirement System (PSERS) members who are totally incapacitated in the line of duty be increased commensurate to disability benefits for the Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 2?

Background

The Select Committee on Pension Policy (SCPP) has received stakeholder correspondence asking for a study comparing death and disability benefits in PSERS and LEOFF 2. The Executive Committee requested a public hearing on a bill from last session.

Highlights

- ❖ PSERS benefits and membership have been studied many times by the SCPP. This includes a [study of high risk job classes in 2012](#).
- ❖ The general policy adopted by the Legislature is to provide members with the same benefits, unless the circumstances suggest otherwise. Historically, some jobs that come with greater risk (e.g., police and fire) have been given more lucrative benefits, such as lower retirement ages.
- ❖ PSERS was created as a sort of middle ground between the Public Employees' Retirement System (PERS) and LEOFF 2.
 - ◇ Lower retirement age and better disability benefits than PERS.
 - ◇ Higher retirement age and lesser disability benefits than LEOFF 2.
- ❖ Pension benefits cannot mitigate job risks, but things like earlier retirement can change the length of exposure, and disability benefits can help families when on-the-job tragedies do occur.
- ❖ Under current law, a member who is totally incapacitated in the line of duty early in their career will likely receive a small benefit
 - ◇ For example, a 25-year-old with five years of service would receive a benefit of five years times 2 percent times their Average Final Compensations (AFC), actuarially reduced by 40 years.
- ❖ The bill draft being considered would increase disability benefits for PSERS members who experience total disability in the line of duty.
 - ◇ Many disabling injuries can prevent members from doing their current job while still being capable of many other jobs. A total, or catastrophic disability means the member is unable to perform

substantial gainful activity due to a long-term mental or physical condition that may be expected to result in death.

- ❖ If enacted, PSERS members who experience a total disability in the line of duty will receive a benefit of 70 percent of their AFC.
 - ◇ Subject to offsets for L&I wage replacement, and Social Security Disability benefits so that the total benefits do not exceed 100 percent of AFC.
- ❖ The fiscal note for [House Bill \(HB\) 2533](#) (2019) was indeterminate due to a lack of data.
 - ◇ OSA will update this analysis if more data can be obtained.

Committee Activity

The Full Committee held an educational session on PSERS disability benefits at the 2020 October meeting. The Committee then held a public hearing on a new version of [HB 2533](#) from 2020 (Z-0083.1) at the 2020 November meeting. No action was taken.

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