

Select Committee on Pension Policy

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September 17, 2019

TO: PENSION FUNDING COUNCIL MEMBERS

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Senate Ways and Means Committee
Senator John Braun, Ranking Minority Member,
Senate Ways and Means Committee
Representative Timm Ormsby, Chair,
House Appropriations Committee
Representative Drew Stokesbary, Ranking Minority
Member,
House Appropriations Committee
David Schumacher, Director,
Office of Financial Management
Tracy Guerin, Director,
Department of Retirement Systems

FROM: Representative Joe Fitzgibbon, Chair
Select Committee on Pension Policy
Senator Barbara Bailey, Vice Chair
Select Committee on Pension Policy

SUBJECT: SELECT COMMITTEE ON PENSION POLICY RECOMMENDATION REGARDING ECONOMIC ASSUMPTIONS

Pursuant to [RCW 41.04.281\(4\)](#), the Select Committee on Pension Policy (SCPP) hereby submits its recommended changes to economic assumptions to the Pension Funding Council (PFC).

The SCPP recommends the PFC adopt all of the state actuary's recommended long-term economic assumptions as follows. The investment return assumption should be lowered from 7.50 percent to 7.40 percent. The general salary growth assumption should remain at 3.50 percent. The inflation assumption should remain at 2.75 percent. The growth in system membership assumption for PERS should remain at 0.95 percent, and for TRS be reduced from 1.25 percent to 0.95 percent.

***Senator Barbara Bailey,**
Vice Chair

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PERS/Higher Ed Employers

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Annette Creekpaum
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Recommendation Regarding Economic Assumptions

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The state actuary's recommendations are contained in the [2019 Report on Financial Condition and Economic Experience Study](#). This report was provided to the PFC on August 30, 2019.

Sincerely,



Representative Joe Fitzgibbon
Chair



Senator Barbara Bailey
Vice Chair