Survivors Of PERS 1 Inactives

Description Of Issue

The Public Employees' Retirement System (PERS) Plan 1 does not provide a survivor annuity for *inactive* members who die prior to retirement—even if the member was eligible for a pension at the time of death. In contrast, the plan does provide a survivor annuity for *active* members who die prior to retirement.

Policy Highlights

- Current policy views active members who die as early retirements, while inactive members who die are viewed as withdrawals from the plan.
- Differences in pre-retirement death benefits for active and inactive members may be an oversight or a deliberate policy decision.
- All other comparable Washington State plans provide the same pre-retirement death benefits for both active and inactive members.

Committee Activity

The SCPP studied this issue in 2007 and recommended a bill in the 2008 session to provide the same pre-retirement survivor annuity for inactive members as is provided for active members (HB 3006/SB 6652). The 2008 SCPP bill did not pass the Legislature, but did pass the House and the Senate Committee on Ways & Means.

The Committee held a public hearing and took executive action on this issue in May of 2008. The Committee moved to reintroduce the 2008 SCPP bill for the 2009 session.

Recommendation To 2009 Legislature

Provide the same pre-retirement survivor annuity for inactive members as for active members in the Public Employees' Retirement System (PERS) Plan 1.

Staff Contact

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Survivors of PERS 1 Inactives

In Brief

ISSUE

PERS 1 provides different pre-retirement death benefits for inactive members than for active members. PERS 1 is the only Washington State plan with service-based survivor benefits that makes such a distinction.

Survivor annuities are provided for PERS 1 members who die prior to retirement while in active service. Once a member leaves active service, however, the only benefit available to the survivor is a refund of accumulated contributions – even if the member was eligible to collect a retirement pension at the time of death.

MEMBER IMPACT

There are 2,675 PERS 1 terminated vested members. Of these, at least 200 are eligible for immediate retirement.

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Current Situation

The pre-retirement death benefits provided for Public Employees' Retirement System Plan 1 (PERS 1) members differ depending on whether the member was active or inactive at the time of death.

Survivors of active PERS 1 members who die prior to retirement may generally choose between a refund of the member's accumulated contributions or a survivor annuity. To qualify for the survivor annuity, the member must have been eligible for retirement or had ten or more years of service at the time of death. The survivor annuity is calculated as if the member chose to retire and elected a joint and 100 percent survivorship option. The annuity is actuarially reduced for the difference between the age when the member would have qualified for a service retirement and the age of death.

In contrast, survivors of PERS 1 members who die after leaving service but prior to retirement only receive a refund of the member's accumulated contributions.* The survivor is not allowed to receive a continuing survivor benefit – even if the member was eligible for retirement at the time of death.

**Accumulated contributions include interest.*

Example

Example 1: Short career, long absence

> A PERS 1 member leaves service after ten years. The member does not withdraw their contributions and becomes a terminated vested member. Twenty years later the member dies.

Example 2: Full career, short absence

> A PERS 1 member leaves service after thirty years. The member is eligible to retire, but chooses to defer retirement for tax purposes. Three months

after separating from service, and before applying for retirement, the member dies.

A survivor annuity is often more valuable than a return of contributions.

In both cases, the survivor only receives a refund of the member's accumulated contributions. Had the member been in active service at the time of death, the survivor would have been allowed to receive a survivor annuity based on the member's earned pension. In the case of the member who was retirement eligible at the time of death, the survivor annuity would be worth far more than the refund of the member's contributions.

Policy Analysis

The current policy for pre-retirement death benefits in PERS 1 takes different views of death prior to retirement based on the employment status of the member. Members who die while in service are viewed as early retirements while members who die after leaving service are viewed as withdrawals from membership. Being treated as a withdrawn member means the employer-funded portion of the member's retirement benefit is forfeited. Such a policy runs counter to the basic earned benefit design of the PERS system. Under an earned benefit design, a member receives the value of the benefit they have accrued or "earned" based on the service rendered. Under current policy, members who leave employment and become vested after long careers lose much of the value of the service they have rendered if they die prior to retirement.

Active members who die are viewed as early retirements while inactive members are viewed as withdrawals.

Providing lesser benefits for members who leave active service may be seen as a way to encourage members to remain active in the system until retirement. This is more of a "golden-handcuffs" approach to pension plan design that places less emphasis on member flexibility in changing careers.

The practice of providing different pre-retirement death benefits to members who die in active service as opposed to members who die after leaving service is inconsistent with the practice in other Washington plans that provide service-based survivor benefits.

Reasons For Differences

The PERS 1 differences in pre-retirement death benefits for active and inactive members may be the result of an oversight or a deliberate policy decision.

Differences may be an oversight or a deliberate policy decision.

When PERS 1 was first created, it did not provide a vested retirement benefit to members who separated from service prior to retirement. When the vested benefit was later added, the survivor benefit for vested members may have been overlooked.

Policy reasons for providing different and less generous benefits for members who leave active service include:

- Encouraging members to stay active in the plan until retirement.
- Reducing costs.
- Lack of a perceived need to provide survivor benefits on behalf of members who left the system.

Other Washington State Plans

Other plans provide the same benefits for both active and inactive members.

PERS 1 is unique among Washington plans providing service-based survivor benefits in that it differentiates between active and inactive members for purposes of pre-retirement death benefits. In contrast, the Plans 2/3 and the Teachers' Retirement System Plan 1 (TRS 1) do not differentiate between active and inactive members. These plans provide the same pre-retirement death benefits for active and inactive members: Survivors of eligible members in these plans, whether active or inactive at time of death, may choose between a survivor annuity or a refund of the member's accumulated contributions.

Comparative Systems*

The comparative systems are split on the policy of differentiating between active and inactive members.

Washington's comparative systems are split on the policy of differentiating between active and inactive members for pre-retirement death benefits. Among the systems covering general government employees, six distinguish between active and inactive members for the purpose of providing pre-retirement death benefits and five do not. Oregon, Wisconsin, Ohio, Florida, Colorado, and California provide different pre-retirement death benefits for inactive members than for active members. Generally, these systems provide a refund of member contributions for inactive members while providing a survivor annuity or an additional employer match of member contributions for active members. Seattle, Minnesota, Missouri, Idaho, and Iowa provide the same pre-retirement death benefits for both active and inactive members. California and Ohio treat members who have separated within a specified timeframe as active for purposes of receiving the pre-retirement death benefits: four months in California, and thirty months in Ohio.

**Information on comparative systems is based on research conducted in August of 2007.*

Policy Questions

Policy makers may wish to consider the following questions when deliberating on this issue:

- Should the same pre-retirement death benefits be provided for inactive PERS 1 members that are provided for active PERS 1 members (choice of annuity or refund of contributions)?
- Should the same eligibility criteria for a survivor annuity apply to both inactive members and active members (retirement eligible or ten or more years of service at time of death)?

Implications Of Changes To Current Policy

Providing the same pre-retirement death benefits for active and inactive members is consistent with the approach in other Washington plans.

Providing the same pre-retirement death benefits and eligibility for inactive members as for active members is consistent with the earned benefit design and with the approach taken in the Plans 2/3 and TRS 1.

Providing different eligibility criteria for inactive members may lower costs and could be used to target the improvement to those survivors most adversely affected by the current policy. For example, the survivor annuity could be limited to inactive members who were retirement eligible at the time of death or who had worked substantial careers before leaving service. These members generally lose the most by not having an annuity option available. However, any time a line is drawn, some members will fall outside of it. This may lead to calls for additional expansions later (i.e., an inactive member dies one day prior to retirement eligibility).

Benefit improvements are unlikely to be fully funded over the working lives of members.

Changing current policy regarding pre-retirement death benefits in PERS 1 may have funding policy implications as well. Since PERS 1 is a closed plan and most members are near the end of their working careers, any benefit improvements are unlikely to be funded over the working lifetime of the current members. This is inconsistent with the current statutory funding policy goal of intergenerational equity. Intergenerational equity calls for benefit improvements to be funded over the working lives of the members receiving the benefits so that the costs of those benefits are paid for by the taxpayers who receive the benefit of the members' services.

Committee Activity

The SCPP studied this issue in 2007 and recommended a bill in the 2008 Session to provide the same pre-retirement survivor annuity for inactive members as is provided for active members (HB 3006/SB 6652). The 2008 SCPP bill did not pass the Legislature, but did pass the House and the Senate Committee on Ways & Means.

The Committee held a public hearing and took executive action on this issue in May of 2008. The Committee moved to reintroduce the 2008 SCPP bill for the 2009 Session.

Executive Committee Recommendation

None.

Recommendation To 2009 Legislature

Provide the same pre-retirement survivor annuity for inactive members as for active members in the Public Employees' Retirement System (PERS) Plan 1. Recommended May 13, 2008.

Bill Draft

A Code Reviser bill draft implementing the SCPP recommendation is attached (Z-0069.1/09).

Draft Fiscal Note

Attached.

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BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0069.1/09

ATTY/TYPIST: LL:cro

BRIEF DESCRIPTION: Extending the survivor annuity option for preretirement death in plan 1 of the public employees' retirement system to members who die after leaving active service.

AN ACT Relating to extending the survivor annuity option for preretirement death in plan 1 of the public employees' retirement system to members who die after leaving active service; and amending RCW 41.40.270.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

Sec. 1. RCW 41.40.270 and 2003 c 155 s 6 are each amended to read as follows:

(1) Except as specified in subsection (4) of this section, should a member die before the date of retirement the amount of the accumulated contributions standing to the member's credit in the employees' savings fund, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, at the time of death:

(a) Shall be paid to the member's estate, or such person or persons, trust, or organization as the member shall have nominated by written designation duly executed and filed with the department; or

(b) If there be no such designated person or persons still living at the time of the member's death, or if a member fails to file a new beneficiary designation subsequent to marriage, remarriage, dissolution of marriage, divorce, or reestablishment of membership following termination by withdrawal or retirement, such accumulated contributions, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670, shall be paid to the surviving spouse as if in fact such spouse had been nominated by written designation as aforesaid, or if there be no such surviving spouse, then to the member's legal representatives.

(2) Upon the death ((~~in service, or while on authorized leave of absence for a period not to exceed one hundred and twenty days from the date of payroll separation,~~)) of any member who is qualified but has not applied for a service retirement allowance or has completed ten years of service at the time of death, the designated beneficiary, or the surviving spouse as provided in subsection (1) of this section, may elect to waive the payment provided by subsection (1) of this section. Upon such an election, a joint and one hundred percent survivor option under RCW 41.40.188, calculated under the retirement allowance described in RCW 41.40.185 or 41.40.190, whichever is greater, actuarially reduced, except under subsection (5) of this section, by the amount of any lump sum benefit identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed under RCW 41.50.670 shall automatically be given effect as if selected for the benefit of the designated beneficiary. If the member is not then qualified for a service retirement allowance, such benefit shall be based upon the actuarial equivalent of the sum necessary to pay the accrued regular retirement allowance commencing when the deceased member would have first qualified for a service retirement allowance.

(3) Subsection (1) of this section, unless elected, shall not apply to any member who has applied for service retirement in RCW 41.40.180, as now or hereafter amended, and thereafter dies between the date of separation from service and the member's effective retirement date, where the member has selected a survivorship option under RCW 41.40.188. In those cases the beneficiary named in the member's final application for service retirement may elect to receive either a cash refund, less any amount identified as owing to an obligee upon withdrawal of accumulated contributions pursuant to a court order filed

under RCW 41.50.670, or monthly payments according to the option selected by the member.

(4) If a member dies within sixty days following application for disability retirement under RCW 41.40.230, the beneficiary named in the application may elect to receive the benefit provided by:

(a) This section; or

(b) RCW 41.40.235, according to the option chosen under RCW 41.40.188 in the disability application.

(5) The retirement allowance of a member who is killed in the course of employment, as determined by the director of the department of labor and industries, is not subject to an actuarial reduction. The member's retirement allowance is computed under RCW 41.40.185.

--- END ---

DRAFT
ACTUARY'S FISCAL NOTE

RESPONDING AGENCY:	CODE:	DATE:	PROPOSAL [NAME or Z-NUMBER]:
Office of the State Actuary	**035**	**12/31/08**	**Z-0069.1 / Z-0403.1**

WHAT THE READER SHOULD KNOW

The Office of the State Actuary ("we") prepared this draft fiscal note based on our understanding of the proposal as of the date shown above. We intend this draft fiscal note to be used by the Select Committee on Pension Policy throughout the 2008 Interim only. If a legislator introduces this proposal as a bill during the next Legislative Session, we will prepare a final fiscal note based on that bill language. The actuarial results shown in this draft fiscal note may change when we prepare our final version for the Legislature.

We advise readers of this draft fiscal note to seek professional guidance as to its content and interpretation, and not to rely upon this communication without such guidance. Please read the analysis shown in this draft fiscal note as a whole. Distribution of, or reliance on, only parts of this draft fiscal note could result in its misuse, and may mislead others.

SUMMARY OF RESULTS

This proposal impacts the Public Employees' Retirement System (PERS) Plan 1 by providing an optional survivor annuity for certain inactive members who die prior to retirement.

Impact on Pension Liability

(Dollars in Millions)	**Current**	**Increase**	**Total**
Today's Value of All Future Pensions	$14,061	$0.6	$14,062
Earned Pensions Not Covered by Today's Assets	$3,609	$0.6	$3,609

Impact on Contribution Rates: (Effective 09/01/2009)

2009-2011 State Budget	**PERS**	**SERS**	**PSERS**
Employee (Plan 2)	0.00%	0.00%	0.00%
Employer:			
Current Annual Cost	0.00%	0.00%	0.00%
Plan 1 Past Cost	0.00%	0.00%	0.00%
Total	0.00%	0.00%	0.00%

Budget Impacts

(Dollars in Millions)	**2009-2011**	**2011-2013**	**25-Year**
General Fund-State	$0.0	$0.0	$0.2
Total Employer	$0.0	$0.1	$1.1

See the Actuarial Results section of this draft fiscal note for additional detail.

WHAT IS THE PROPOSED CHANGE?

Summary of Benefit Improvement

This bill impacts the PERS Plan 1 by providing the same optional survivor annuity for inactive members who die prior to retirement as is provided for active members who die prior to retirement.

Effective Date: 90 days after end of session.

What Is The Current Situation?

Survivors of active PERS 1 members who die prior to retirement may be eligible to choose between a refund of the member's accumulated contributions with interest or a survivor annuity. To qualify for the survivor annuity, the member must have been eligible for retirement or had ten or more years of service at the time of death. The survivor annuity is calculated as if the member chose to retire and elected a joint and 100 percent survivorship option. The annuity is actuarially reduced for the difference between the age when the member would have qualified for a service retirement and the age of death.

In contrast, survivors of inactive PERS 1 members who die after leaving service but prior to retirement only receive a refund of the member's accumulated contributions with interest.

Who Is Impacted And How?

PERS Plan 1 currently has 2,656 terminated and vested members. Of those, 1,753 have at least ten years of membership service. We would expect to see about seven deaths in the first year among those 1,753 members. The assumed ratio of members with survivors who collect annuities varies by age, but we estimate that approximately four survivors per year would receive an annuity in place of the current return of member contributions.

Additionally, 12,975 PERS Plan 1 active members could be impacted in the future. An active member who terminates with at least ten years of service sometime in the future could also die and leave a beneficiary to collect a monthly annuity under this proposal.

This proposal will not affect member contribution rates in Plan 1 since they are fixed in statute.

WHY THIS PROPOSAL HAS A COST AND WHO PAYS FOR IT

Why This Proposal Has A Cost

Currently, the average inactive member with ten or more years of service has an accumulated account balance of about $65,000. Under this proposal, a beneficiary could receive a monthly annuity payment instead of an account refund. In most cases, the annuity will be more valuable.

Who Will Pay For These Costs?

All PERS, School Employees' Retirement System, and Public Safety Employees' Retirement System employers will pay for the cost of this proposal through increased contribution rates due to the change in the unfunded actuarial accrued liability. PERS Plan 1 employees do not pay for the cost of this benefit improvement since their contribution rate remains a constant 6 percent.

HOW WE VALUED THESE COSTS

Assumptions We Made

We used the same assumed ratio of survivors selecting annuities as was used in determining the costs for annuities resulting from active deaths.

Otherwise, we developed these costs using the same assumptions as disclosed in the 2007 Actuarial Valuation Report (AVR).

How We Applied These Assumptions

To estimate the cost of this benefit improvement, we measured the difference in cost between refunding account balances for all terminated vested deaths and paying annuities to those members assumed to have spouses that would elect to receive an annuity. To these survivors, we paid a joint and 100 percent benefit, actuarially reduced from the member's normal retirement age.

Normal retirement age for terminated and vested members in PERS 1 varies depending on qualifications. Members who terminate after December 31, 2001, who are at least age 50 upon termination, and who have at least 20 years of service, may retire without an actuarial reduction at age 60. All other terminated vested members have a normal retirement age of 65, regardless of service.

Members who die with less than 10 years of service, or members whose survivors do *not* select an annuity, continue to receive a refund of member contributions.

Otherwise, we developed these costs using the same methods as disclosed in the AVR.

Special Data Needed

We developed these costs using the same assets and data as disclosed in the AVR.

ACTUARIAL RESULTS

How The Liabilities Changed

This proposal will impact the actuarial funding of PERS Plan 1 by increasing the present value of future benefits payable under the system as shown below.

Impact on Pension Liability			
(Dollars in Millions)	**Current**	**Increase**	**Total**
Actuarial Present Value of Projected Benefits			
(The Value of the Total Commitment to all Current Members)			
PERS 1	**$4,061**	**$0.6**	**$14,062**
Unfunded Actuarial Accrued Liability			
(The Portion of the Plan 1 Liability that is Amortized to 2024)			
PERS 1	**$3,609**	**$0.6**	**$3,609**
Unfunded PUC Liability			
(The Value of the Total Commitment to all Current Members Attributable to Past Service that is not covered by current assets)			
PERS 1	**$3,990**	**$0.6**	**$3,990**

Note: Totals may not agree due to rounding.

How Contribution Rates Changed

The increase in the required actuarial contribution rate does not round up to the minimum supplemental contribution rate of 0.01 percent, therefore the proposal will not affect contribution rates in the current biennium. However, we will use the un-rounded rate increase to measure the fiscal budget changes in future biennia.

Impact on Contribution Rates: (Effective 09/01/2009)			
System/Plan	**PERS**	**SERS**	**PSERS**
Current Members			
Employee (Plan 2)	0.000%	0.000%	0.000%
Employer:			
Normal Cost	0.000%	0.000%	0.000%
Plan 1 UAAL	0.000%	0.000%	0.000%
Total	0.000%	0.000%	0.000%
New Entrants*			
Employee (Plan 2)	0.000%	0.000%	0.000%
Employer:			
Normal Cost	0.000%	0.000%	0.000%
Plan 1 UAAL	0.000%	0.000%	0.000%
Total	0.000%	0.000%	0.000%

**Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.*

How This Impacts Budgets And Employees

Budget Impacts				
(Dollars in Millions)	**PERS**	**SERS**	**PSERS**	**Total**
2009-2011				
General Fund	$0.0	$0.0	$0.0	$0.0
Non-General Fund	0.0	0.0	0.0	0.0
Total State	**0.0**	**0.0**	**0.0**	**0.0**
Local Government	0.0	0.0	0.0	0.0
Total Employer	**0.0**	**0.0**	**0.0**	**0.0**
Total Employee	**$0.0**	**$0.0**	**$0.0**	**$0.0**
2011-2013				
General Fund	$0.0	$0.0	$0.0	$0.0
Non-General Fund	0.0	0.0	0.0	0.0
Total State	**0.0**	**0.0**	**0.0**	**0.0**
Local Government	0.1	0.0	0.0	0.1
Total Employer	**0.1**	**0.0**	**0.0**	**0.1**
Total Employee	**$0.0**	**$0.0**	**$0.0**	**$0.0**
2009-2034				
General Fund	$0.1	$0.1	$0.0	$0.2
Non-General Fund	0.2	0.0	0.0	0.2
Total State	**0.4**	**0.1**	**0.0**	**0.4**
Local Government	0.6	0.1	0.0	0.7
Total Employer	**0.9**	**0.2**	**0.0**	**1.1**
Total Employee	**$0.0**	**$0.0**	**$0.0**	**$0.0**

Note: Totals may not agree due to rounding.

The analysis of this proposal does not consider any other proposed changes to the system. The combined effect of several changes to the system could exceed the sum of each proposed change considered individually.

As with the costs developed in the actuarial valuation, the emerging costs of the system will vary from those presented in the AVR or this draft fiscal note to the extent that actual experience differs from the actuarial assumptions.

HOW THE RESULTS CHANGE WHEN THE ASSUMPTIONS CHANGE

In determining the cost of this bill, we used the same assumed ratio of survivors selecting annuities that we use in estimating the cost of annuities for survivors of active deaths. If instead, we assumed a higher ratio of terminated vested members who die will leave survivors taking annuities, the cost of this bill would be higher.

To set an upper bound on the price of this benefit improvement, we assumed all terminated vested members eligible for the proposed benefit would leave survivors selecting annuities. That is, for all inactive members with at least ten years of service, we assumed 100 percent of those who died would leave survivors electing to receive annuities, regardless of the member's age.

Using this assumption, the increase in the UAAL changed from around $600,000 to about $1,000,000, and the UAAL contribution rate increase went from 0.0005 percent to 0.0009 percent.

If, on the other hand, we assumed that fewer eligible inactive members leave survivors who select an annuity, then we would expect a cost even closer to zero than our best estimate cost of $600,000.

In any case, the cost of this proposal is insufficient to result in a supplemental contribution rate increase in the first biennium. Any subsequent costs would be realized with actual experience.

ACTUARY'S CERTIFICATION

The undersigned hereby certifies that:

1. The actuarial cost methods are appropriate for the purposes of this pricing exercise.
2. The actuarial assumptions used are appropriate for the purposes of this pricing exercise.
3. The data on which this draft fiscal note is based are sufficient and reliable for the purposes of this pricing exercise.
4. Use of another set of methods and assumptions may also be reasonable, and might produce different results.
5. This draft fiscal note has been prepared for the Select Committee on Pension Policy.
6. This draft fiscal note has been prepared, and opinions given, in accordance with Washington State law and accepted actuarial standards of practice as of the date shown on page 1 of this draft fiscal note.

This draft fiscal note is a preliminary actuarial communication and the results shown may change. While this draft fiscal note is meant to be complete, the undersigned is available to provide extra advice and explanations as needed.

Matthew M. Smith, FCA, EA, MAAA
State Actuary

GLOSSARY OF ACTUARIAL TERMS

Actuarial Accrued Liability: Computed differently under different funding methods, the actuarial accrued liability generally represents the portion of the present value of fully projected benefits attributable to service credit that has been earned (or accrued) as of the valuation date.

Actuarial Present Value: The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of actuarial assumptions (i.e. interest rate, rate of salary increases, mortality, etc.).

Aggregate Funding Method: The Aggregate Funding Method is a standard actuarial funding method. The annual cost of benefits under the Aggregate Method is equal to the normal cost. The method does not produce an unfunded liability. The normal cost is determined for the entire group rather than on an individual basis.

Entry Age Normal Cost Method (EANC): The EANC method is a standard actuarial funding method. The annual cost of benefits under EANC is comprised of two components:

- Normal cost.
- Amortization of the unfunded liability.

The normal cost is determined on an individual basis, from a member's age at plan entry, and is designed to be a level percentage of pay throughout a member's career.

Normal Cost: Computed differently under different funding methods, the normal cost generally represents the portion of the cost of projected benefits allocated to the current plan year.

Projected Unit Credit (PUC) Liability: The portion of the Actuarial Present Value of future benefits attributable to service credit that has been earned to date (past service).

Projected Benefits: Pension benefit amounts which are expected to be paid in the future taking into account such items as the effect of advancement in age as well as past and anticipated future compensation and service credits.

Unfunded PUC Liability: The excess, if any, of the Present Value of Benefits calculated under the PUC cost method over the Valuation Assets. This is the portion of all benefits earned to date that are not covered by plan assets.

Unfunded Actuarial Accrued Liability (UAAL): The excess, if any, of the actuarial accrued liability over the actuarial value of assets. In other words, the present value of benefits earned to date that are not covered by plan assets.