

Select Committee on Pension Policy



2010 Rate Setting

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This Is A Contribution Rate Setting Year

- Contribution rates for state's retirement systems are set every two years
 - RCW 41.45.060
- Rates for the upcoming biennium adopted during even numbered years
- This year rates will be adopted for 2011-2013 Biennium



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Several Key Players

- Statutory rate setting process
 - OSA
 - SCPP
 - PFC
 - Outside actuaries
- Budget process
 - Governor
 - Legislature



SCPP Has A Statutory Role In Setting Rates

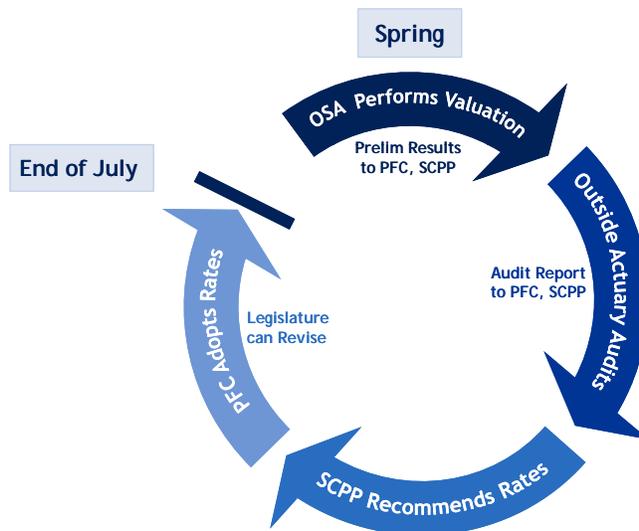
- Receives results of actuarial valuations and audits
- Recommends rates to the PFC
- RCW 41.04.281



No Action Required Today

- Today's briefing is informational
- Overview of the process
- Context for valuation results

How Does The Process Work?



Exception: LEOFF 2

- Rates for LEOFF 2 are adopted by the LEOFF 2 Board
- SSCP makes no recommendations on LEOFF 2 rates



Where Are We In The Process?

- Preliminary 2009 actuarial valuation results are available
- The actuarial audit is underway
- OSA will provide preliminary valuation results at today's meeting
- Audit report available by next SSCP meeting

How Does The Risk Assessment Fit In?

- Looks at a much broader range of possible future outcomes than traditional actuarial valuations
- Gives a better idea of where the plans could be in the future
- OSA findings available in August
- Opportunity to develop SCPP legislative strategy
 - Could include recommending funding or benefit policy changes to Legislature
 - Legislature has authority to revise contribution rates

future?

Putting It Into Context

- Impacts of the Great Recession will be felt in the retirement systems for the next several years
 - Health of the plans expected to decline
 - Contribution rates projected to go up significantly
- 2009 valuation rates do not recognize full impacts
 - Market losses are spread to future years
 - Built-in rate relief
- This valuation is one small step on the road to healthier plans
- Much larger steps will be required in the future
 - Projected contribution rates and risk assessment can help policy makers plan the journey to optimum health

Next Steps

- Staff will brief SCPP on preliminary valuation results today
 - PFC will receive briefing on June 25th
- SCPP will receive results of the actuarial audit by next meeting
- SCPP makes recommendation to PFC in July
 - July PFC meeting date has not been set

