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Contribution Rate Recommendation to PFC

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July 24, 2012

Today's Briefing

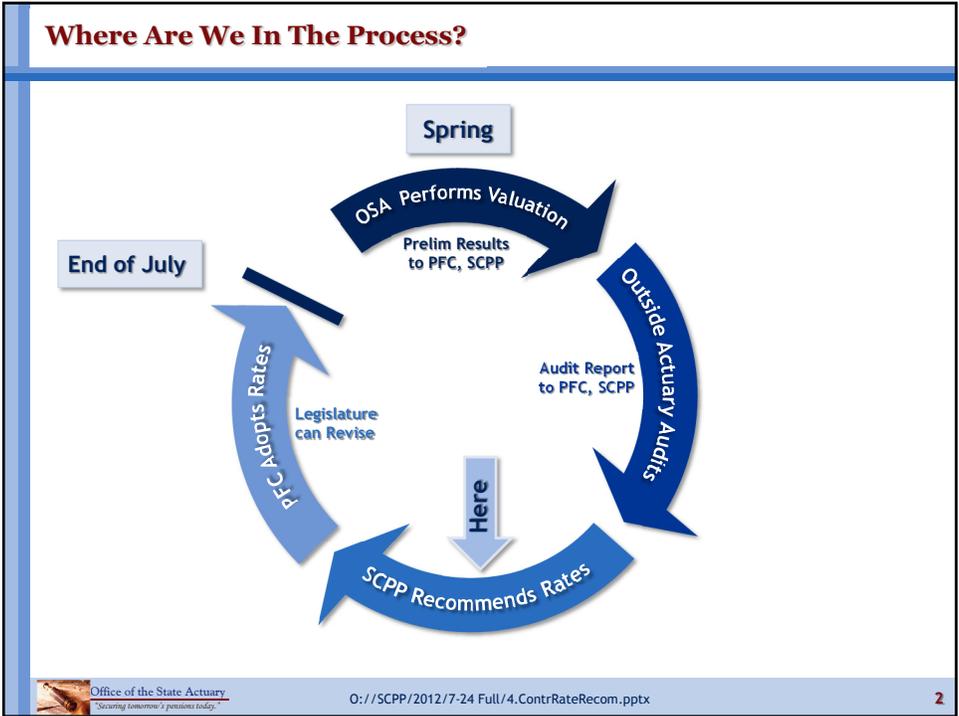
- Prepare committee for today's SCPP recommendation on contribution rates to the PFC
- Recap of the contribution rates calculated by the state actuary's office



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1



- ### State Actuary's Comments On 2011 Preliminary AVR Results*
- PERS 2/3, TRS 2/3, SERS, PSERS, LEOFF, and WSPRS on track with systematic actuarial funding plan
 - PERS 1 and TRS 1 remain off track with systematic funding plan
 - Recent efforts to reduce pension costs have been made
 - Short-term cost increases remain
 - Continue to recognize asset losses from the Great Recession under asset smoothing method
 - Phasing in larger Plan 1 UAAL requirements
 - Adopted new economic assumptions
- *The full 2011 preliminary AVR results presentation, originally provided to the committee on June 27, 2012 is included in SCPP member materials and on the [SCPP website](#).
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- 3

Rate Recommendation Options

- Option A: Contribution rates as calculated in the 2011 preliminary AVR
- Option B: Contribution rates as calculated in the 2011 preliminary AVR with normal cost rates retained for PSERS and WSPRS
 - Avoids a temporary decrease in PSERS and WSPRS



Employer Contribution Rates*

	Current	Option A	Option B
PERS	6.92%	9.03%	9.03%
TRS	7.88%	10.21%	10.21%
SERS	7.42%	9.64%	9.64%
PSERS	8.58%	10.22%	10.36%
LEOFF 1	0.00%	0.00%	0.00%
WSPRS	7.91%	7.63%	7.91%

- PERS, SERS, and PSERS employers pay for the PERS 1 UAAL and employer normal cost
- TRS employers pay for the TRS 1 UAAL and employer normal cost

**Excludes administrative expense rate of 0.16%. Current rates based on 2009 AVR plus subsequent legislative changes.*

Plan 2 Member Contribution Rates

	Current	Option A	Option B
PERS	4.64%	4.92%	4.92%
TRS	4.69%	4.96%	4.96%
SERS	4.09%	4.64%	4.64%
PSERS	6.36%	6.22%	6.36%
LEOFF 1	0.00%	0.00%	0.00%
WSPRS*	6.59%	6.31%	6.59%

* Rate applies to Plan 1 and Plan 2 members.

- Plan 2 members do not pay for the Plan 1 UAAL (employee normal cost only)

Options And Next Steps

- Options
 - Option A: Recommend rates from the 2011 preliminary AVR
 - Option B: Recommend rates from the 2011 preliminary AVR but retain PSERS and WSPRS normal cost contribution rates
- Next steps
 - Receive public testimony
 - Make a recommendation to the PFC
 - PFC meets on July 25 to adopt 2013-15 rates

