

Preliminary Contribution Rates 2013-15 Biennium

The SCPP will consider two options in recommending contribution rates to the PFC.

- ❖ **Option A:** Contribution rates as determined by the preliminary 2011 Actuarial Valuation Report (AVR).
- ❖ **Option B:** Contribution rates as determined by the preliminary 2011 AVR but retaining current normal cost rates for Public Safety Employees' Retirement System (PSERS) and Washington State Patrol Retirement System (WSPRS).

Based on the preliminary 2011 AVR the normal cost rates for PSERS and WSPRS would temporarily decrease for the 2013-15 Biennium due to the phase-in of new investment return assumptions and full implementation of other economic assumptions. Under Option B, normal rates for PSERS and WSPRS would not be reduced for the 2013-15 Biennium but would retain the current normal cost rates.

Both options provide preliminary Plan 2 member and employer contribution rates for the 2013-15 Biennium. The rates were determined in the 2011 actuarial valuation performed by the Office of the State Actuary (OSA) and presented to the SCPP and PFC in June 2012. For a full copy of the State Actuary's presentation, visit the [OSA website](#). Contribution rates are preliminary until adopted by the Pension Funding Council following the completion of an outside actuarial audit.

Rates for the Law Enforcement Officers' and Firefighters' (LEOFF) Plan 2 are adopted by the LEOFF Plan 2 Retirement Board and are not included in the tables.

Option A

Preliminary Plan 2 Members Contribution Rates¹		
System	Current	2013-15^{2, 3}
PERS	4.64%	4.92%
TRS	4.69%	4.96%
SERS	4.09%	4.64%
PSERS	6.36%	6.22%
WSPRS	6.59%	6.31%

¹ PERS & SERS Plan 1 members' contribution rate is statutorily set at 6.0%. Members in Plan 3 do not make contributions to their defined benefit. Plan 2 members do not contribute toward the Plan 1 UAAL.

² Rates for TRS and SERS effective 9/1-8/31. Rates for other systems effective 7/1-6/30.

³ Rate applies to Plan 1 and Plan 2 members.

Source: Preliminary 2011 Actuarial Valuation Report, Office of the State Actuary.

The following table shows employer rates by system for the current biennium and the 2013-15 Biennium. The total rate collected from employers is the sum of the normal cost rates and Unfunded Actuarial Accrued Liability (UAAL) rates where applicable.

Preliminary Employer Contribution Rates¹		
System	Current	2013-15^{2, 3}
PERS	6.92%	9.03%
TRS	7.88%	10.21%
SERS	7.42%	9.64%
PSERS	8.58%	10.22%
LEOFF 1 ⁴	0.00%	0.00%
WSPRS	7.91%	7.63%

¹ Excludes administrative expense rate of 0.16%.

² Rates for TRS and SERS effective 9/1-8/31. Rates for other systems effective 7/1-6/30.

³ All PERS, SERS, and PSERS employers pay for the PERS 1 Unfunded Actuarial Accrued Liability (UAAL). All TRS employers pay for the TRS 1 UAAL.

⁴ LEOFF 1 is closed to new members and currently has no unfunded liability. Contributions are not required under current law when the plan is fully funded.

Source: Preliminary 2011 Actuarial Valuation Report, Office of the State Actuary.

Option B

Preliminary Plan 2 Members Contribution Rates¹		
System	Current	2013-15^{2, 3}
PERS	4.64%	4.92%
TRS	4.69%	4.96%
SERS	4.09%	4.64%
PSERS	6.36%	6.36%
WSPRS ³	6.59%	6.59%

¹ PERS & SERS Plan 1 members' contribution rate is statutorily set at 6.0%. Members in Plan 3 do not make contributions to their defined benefit. Plan 2 members do not contribute toward the Plan 1 UAAL.

² Rates for TRS and SERS effective 9/1-8/31. Rates for other systems effective 7/1-6/30.

³ Rate applies to Plan 1 and Plan 2 members.

Source: Preliminary 2011 Actuarial Valuation Report, Office of the State Actuary.

The following table shows employer rates by system for the current biennium and the 2013-15 Biennium. The total rate collected from employers is the sum of the normal cost rates and UAAL rates where applicable.

Preliminary Employer Contribution Rates¹		
System	Current	2013-15^{2, 3}
PERS	6.92%	9.03%
TRS	7.88%	10.21%
SERS	7.42%	9.64%
PSERS	8.58%	10.36%
LEOFF 1 ⁴	0.00%	0.00%
WSPRS	7.91%	7.91%

¹ Excludes administrative expense rate of 0.16%.

² Rates for TRS and SERS effective 9/1-8/31. Rates for other systems effective 7/1-6/30.

³ All PERS, SERS, and PSERS employers pay for the PERS 1 Unfunded Actuarial Accrued Liability (UAAL). All TRS employers pay for the TRS 1 UAAL.

⁴ LEOFF 1 is closed to new members and currently has no unfunded liability. Contributions are not required under current law when the plan is fully funded.

Source: Preliminary 2011 Actuarial Valuation Report, Office of the State Actuary.

O:\SCPP\2012\07-24-12_Full\4.2011_Rate_Recommendation_PFC_Handout.docx