Select Committee on Pension Policy

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**Executive Committee*

October 15, 2013

TO: PENSION FUNDING COUNCIL MEMBERS

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David Schumacher, Director,
Office of Financial Management
Marcie Frost, Director,
Department of Retirement Systems

FROM: Representative Timm Ormsby, 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 the state actuary's recommended long-term investment return assumption of 7.5 percent by extending the current phase-in. The investment return assumption is currently scheduled in statute to decrease by 0.10 percent a biennium until reaching 7.7 percent in the 2017-19

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Biennium. Adopting this recommendation would lower the assumption to 7.5 percent in the 2021-23 Biennium.

The state actuary's recommendations are contained in the *2013 Reports on Financial Condition and Long-Term Economic Assumptions*. These reports were provided to the PFC on August 30, 2013.

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