

Select Committee on Pension Policy

2014 Rate Setting Overview

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Today's Presentation

- Overview of rate setting process
 - Timeline for recommendation
 - How the Demographic Experience Study fits in
- No action required today

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This Is A Contribution Rate Setting Year

- Rates for retirement systems set every two years
 - RCW 41.45.060
- Rates are for upcoming biennium, adopted in even-numbered years
- This year rates are adopted for 2015-17 Biennium

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SCPP Has A Statutory Role In Setting Rates

- Receives results of Actuarial Valuation Report (AVR) and actuarial audit
- Makes recommendation regarding rates to PFC
- RCW 41.04.281

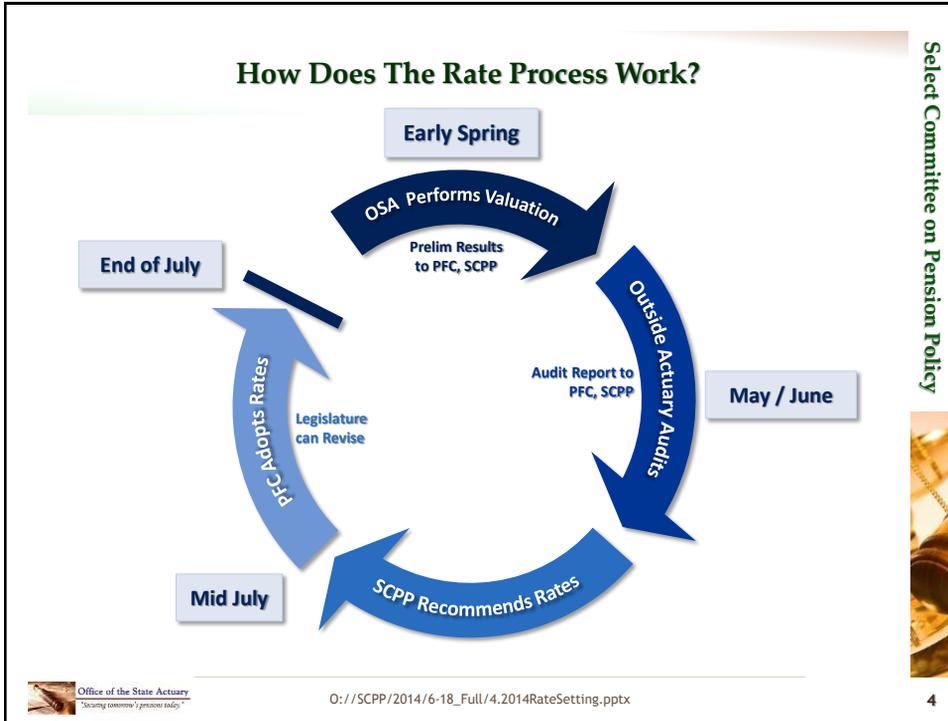
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Exception: LEOFF 2

- LEOFF 2 rates adopted by LEOFF 2 Board
- SCPP does not make recommendation on LEOFF 2 rates

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Where Are We In The Process?

- Preliminary 2013 AVR and Demographic Experience Study results available
 - OSA will provide at today's meeting
- Concurrent actuarial audit underway
 - Audit report available in July

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What Is The Demographic Experience Study?

- Review of demographic assumptions used for rate setting
- Compares current demographic assumptions to actual experience
- Demographic assumptions are people and behavior-related
 - Different than economic assumptions
- Occurs every six years
 - Covers 2007-2012
 - Last Demographic Experience Study published in 2008
- Preliminary AVR results include impact of updated demographic assumptions

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