

# Contribution Rate Recommendation To The Pension Funding Council

## Issue

The SCPP has a statutory duty to make a recommendation to the Pension Funding Council (PFC) regarding the contribution rates for the state's retirement systems during the 2015-17 Biennium.

## Background

Contribution rates for the state's retirement systems are set every two years according to a statutory cycle ([RCW 41.45.060](#)). Rates for the upcoming biennium are adopted by the PFC during even-numbered years, subject to revision by the Legislature. Rates adopted in 2014 are effective for the 2015-17 Biennium.

Pursuant to [RCW 41.45.090](#), demographic assumptions are updated every six years.

The SCPP has a statutory role in setting rates. Statute requires the committee to receive results of actuarial valuations, demographic experience studies, and audits and recommend rates to the PFC ([RCW 41.04.281](#)).

## Options\*

The SCPP considered four possible high-level options for making a recommendation to the PFC, as shown below.

- ❖ Option 1: Recommend adoption of best estimate rates.
  - Fiscal Impact: \$1.2 billion total employer increase (\$482 million GF-S) in 2015-17; \$1.3 billion total employer increase (\$529 million GF-S) in 2017-19.
- ❖ Option 2: Recommend PFC not adopt best estimate rates.
- ❖ Option 3: Recommend a phase-in of either the assumptions or rates.
- ❖ Option 4: Recommend adoption of the findings of the *2013 Actuarial Valuation Report* and *2007-2012 Demographic Experience Study*.

*\*The fiscal impacts of Options 2, 3 and 4 have not been calculated and are not available.*

## Committee Activity

The committee considered this issue at the June and July meetings. In June, the committee received preliminary results from the *2013 Actuarial Valuation Report*,

*2007-2012 Demographic Experience Study*, and information on the actuarial audit. At the July meeting, the committee made a recommendation regarding the assumptions used to develop contribution rates, but did not recommend specific contribution rates for the 2015-17 Biennium.

## **Recommendation To PFC**

Adopt the findings of the *2013 Actuarial Valuation Report* and the *2007-2012 Demographic Experience Study*.

## **Staff Contact**

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