



Office of the State Actuary

“Supporting financial security for generations.”

Actuarial Certification Letter Stress Tests

July 2020

The Office of the State Actuary (OSA) compiled educational resources on a new dedicated webpage: [COVID-19 and Its Impacts to the Washington State Retirement Systems](#). We included certain stress tests within this educational content. The primary purpose of providing the stress tests is to help stakeholders understand, through illustrations under defined scenarios, how changes to future actuarially required contribution levels and future investment returns in response to COVID-19 can change the long-term affordability and solvency of the state’s retirement systems. The stress tests represent general educational content only and should not be used for other purposes.

The scenarios defined under the stress tests do not represent OSA’s predictions or estimates for what might happen in response to COVID-19. Actual experience will vary from what we defined in the scenarios. As a result, users of this educational content should not rely on the content to inform funding policy changes in response to COVID-19. I recommend further actuarial analysis of any potential change in funding policy in response to COVID-19.

The stress tests will become outdated and OSA plans to remove or update these tests in the future. Please replace prior versions of the stress tests with any future updated versions when available. If we remove the stress tests in the future without replacing them with updated versions, please do not rely on them after their removal.

Outside of the assumptions selected for the scenarios defined under each stress test, all remaining data, assumptions, and methods in the stress tests are consistent with those outlined in our [2019 AVR](#) and [projection disclosures](#) webpage. Unless stated otherwise, the stress tests are based on current funding policy and follow the **TIMELINE ON COVID-19 IMPACTS TO PENSION SYSTEMS**.

In my opinion, the data, assumptions, and methods used in these stress tests are reasonable for the purposes of this analysis and are in conformity with generally accepted actuarial principles and standards of practice as of the date of this letter.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. Subject to available time and resources, I am available to offer additional advice and explanations on this educational content as needed.

Sincerely,

Matthew M. Smith, FCA, EA, MAAA
State Actuary