

THREE: APPENDICES

MISCELLANEOUS ASSUMPTIONS

continued

Deferred Annuity

What is the Deferred Annuity Assumption and How Do We Use Them?

This assumption was used to estimate the portion of retirement eligible members that terminate employment without immediately commencing their retirement benefit. Terminated members of the PERS, TRS, and SERS Plan 3 and LEOFF Plan 2 systems with at least 20 years of service receive a benefit increase of 3 percent annually for each year the member defers retirement.

We previously modeled this behavior as a probability applied to retirements at ages 55 to 64 of members eligible for the deferred benefit increase. We updated our methodology with this study to include this assumption as part of setting the termination rates instead of retirement. Therefore, this assumption is now part of our termination rates and will no longer be studied separately as part of the demographic experience study. Please see the **Termination Rates** section for more information.