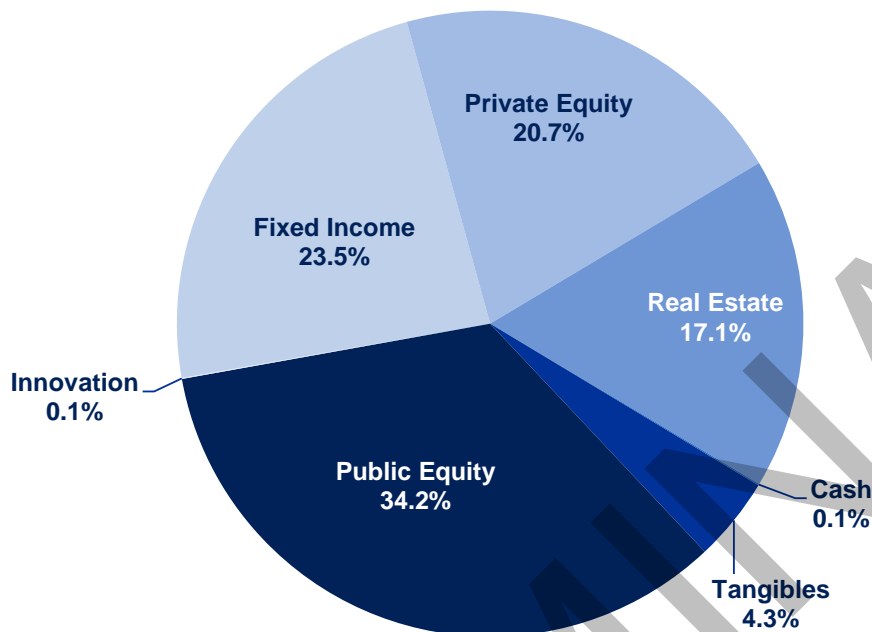


Plan Assets

Retirement Commingled Trust Fund (CTF) Asset Allocation



Source: Washington State Investment Board.

Cash: Highly liquid, very safe investments that can be easily converted into cash, such as Treasury Bills and money-market funds.

Fixed Income: Securities representing debt obligations and usually having fixed payments and maturities. Different types of fixed income securities include government and corporate bonds, mortgage-backed securities, asset-backed securities, convertible issues, and may also include money-market instruments.

Innovation: Fund that provides the ability to invest in a broad range of assets that fall outside the traditional asset classes or management style of existing asset classes.

Public Equity: Shares of U.S. and non-U.S. corporations that trade on public exchanges or "over-the-counter." The ownership of a corporation is represented by shares that are claimed on the corporation's earnings and assets.

Private Equity: The infusion of equity capital into a private company (one that is not available on the public markets). Private equity investments include securities that are not listed on a public exchange and are not easily accessible to most individuals. These investments range from initial capital in start-up enterprises to leveraged buyouts of mature corporations.

Real Estate: An externally-managed selection of partnership investments with the majority of the partnerships invested in high-quality real estate leased to third parties.

Tangibles: The tangible asset portfolio invests in sectors such as infrastructure, timber, agriculture, natural resources, commodities, or other sectors consistent with the goals of the asset class.

Change in Market Value of Assets						
<i>(Dollars in Millions)</i>	PERS			TRS		
	Plan 1	Plan 2/3*		Plan 1	Plan 2/3*	
	Fund 631	Fund 641	Total	Fund 632	Fund 642	Total
2017 Market Value	\$7,497	\$35,001	\$42,498	\$5,759	\$12,524	\$18,283
Revenue						
Contributions						
Member	8	601	610	3	98	101
Employer/State	675	779	1,453	421	446	867
Total Contributions	\$683	\$1,380	\$2,063	\$423	\$544	\$967
Investment Return	687	3,350	4,037	522	1,204	1,726
Restorations**	4	35	40	1	5	7
Transfers In	0	1	1	0	1	1
Miscellaneous	0	0	0	0	0	0
Total Revenue	\$1,374	\$4,766	\$6,140	\$947	\$1,754	\$2,701
Disbursements						
Monthly Benefits***	\$1,190	\$1,034	\$2,223	\$903	\$299	\$1,203
Refunds	4	42	46	2	4	5
Total Benefits	\$1,193	\$1,076	\$2,269	\$905	\$303	\$1,208
Transfers Out	0	5	5	0	2	2
Expenses	0	1	1	0	0	0
Total Disbursements	\$1,194	\$1,081	\$2,275	\$905	\$305	\$1,210
Payables	\$0	\$0	\$0	\$0	\$0	\$0
2018 Market Value	\$7,677	\$38,685	\$46,363	\$5,802	\$13,973	\$19,774
2018 Actuarial Value	\$7,193	\$36,601	\$43,794	\$5,399	\$13,232	\$18,632
Ratio (AV / MV)	94%	95%	94%	93%	95%	94%

Note: Totals may not agree due to rounding.

*Defined Benefit portion only.

**Includes additional annuity purchases and service credit purchases.

***TRS Plan 1 value includes annuity cashouts.

Plan Assets

2018 Actuarial Valuation

Change in Market Value of Assets (Continued)							
(Dollars in Millions)	SERS	PSERS	LEOFF		WSPRS	Total	
	Plan 2/3*	Plan 2	Plan 1	Plan 2			
	Fund 633	Fund 635	Fund 819	Fund 829	Total	Fund 615	
2017 Market Value	\$4,864	\$504	\$5,736	\$11,758	\$17,494	\$1,211	\$84,853
Revenue							
Contributions							
Member	70	26	0	174	174	8	989
Employer/State	177	26	0	175	175	14	2,711
Total Contributions	\$246	\$52	\$0	\$349	\$349	\$23	\$3,700
Investment Return	466	50	530	1,125	1,655	114	8,048
Restorations**	1	0	0	23	24	2	73
Transfers In	0	0	0	1	1	1	4
Miscellaneous	0	0	0	0	0	0	0
Total Revenue	\$714	\$103	\$530	\$1,498	\$2,028	\$139	\$11,824
Disbursements							
Monthly Benefits	151	2	364	260	624	60	4,262
Refunds	4	3	0	9	9	0	67
Total Benefits	155	5	364	268	632	60	4,329
Transfers Out***	2	0	0	279	279	0	288
Expenses	0	0	0	2	2	0	3
Total Disbursements	\$157	\$5	\$364	\$549	\$913	\$60	\$4,620
Payables	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2018 Market Value (MV)****	\$5,421	\$601	\$5,903	\$12,706	\$18,609	\$1,289	\$92,057
2018 Actuarial Value (AV)****	\$5,131	\$572	\$5,538	\$11,972	\$17,510	\$1,215	\$86,855
Ratio (AV / MV)	95%	95%	94%	94%	94%	94%	94%

Note: Totals may not agree due to rounding.

*Defined Benefit portion only.

**Includes additional annuity purchases and service credit purchases.

***LEOFF Plan 2 Valuation Assets for 2018 reduced by \$300 million payable to the LEOFF 2 Benefit Improvement Account effective 7/1/2019 (C 366 L 19). This reduction is \$279.3 million as of 6/30/2018 valuation date, after discounting by plan's interest rate of 7.4%.

****LEOFF 2's 2018 MV and AV excludes \$20.2 million held in the LEOFF 2 Benefit Improvement Account.

Calculation of Actuarial Value of Assets								
(Dollars in Millions)			PERS 1	PERS 2/3*	TRS 1	TRS 2/3*	SERS 2/3*	
a. Market Value at 6/30/2018			\$7,677	\$38,685	\$5,802	\$13,973	\$5,421	
Deferred Gains and (Losses)	Plan Year	Smoothing						
	Ending	Period	Years					
			Remaining					
	6/30/2018	3	2	\$99	\$482	\$75	\$174	\$67
	6/30/2017	7	5	299	1,399	253	498	194
	6/30/2016	6	3	(200)	(776)	(161)	(272)	(107)
	6/30/2015	4	0	0	0	0	0	0
	6/30/2014	8	3	287	979	236	340	134
	6/30/2013	5	0	0	0	0	0	0
	6/30/2012	7	0	0	0	0	0	0
b. Total Deferral				\$484	\$2,084	\$403	\$740	\$289
c. Market Value less Deferral (a - b)				\$7,193	\$36,601	\$5,399	\$13,232	\$5,131
d. 70% of Market Value of Assets				\$5,374	\$27,080	\$4,061	\$9,781	\$3,794
e. 130% of Market Value of Assets				\$9,981	\$50,291	\$7,542	\$18,164	\$7,047
f. Actuarial Value of Assets**				\$7,193	\$36,601	\$5,399	\$13,232	\$5,131

Note: Totals may not agree due to rounding. The gain/(loss) for 6/30/2015 has been fully realized for all plans.

*Defined Benefit portion only.

**Actuarial Value of Assets can never be less than 70% or greater than 130% of the market value of assets.

Calculation of Actuarial Value of Assets (Continued)							
(Dollars in Millions)		PSERS 2	LEOFF 1	LEOFF 2	WSPRS	Total	
a.	Market Value at 6/30/2018*	\$601	\$5,903	\$12,706	\$1,289	\$92,057	
Deferred Gains and (Losses)							
Plan Year	Smoothing	Years					
Ending	Period	Remaining					
6/30/2018	3	2	\$7	\$76	\$170	\$16	\$1,166
6/30/2017	7	5	19	232	484	49	3,428
6/30/2016	6,5**	3,2**	(7)	(149)	(249)	(29)	(1,950)
6/30/2015	4,3**	0,0**	0	0	0	0	0
6/30/2014	8	3	10	205	329	39	2,559
6/30/2013	5	0	0	0	0	0	0
6/30/2012	7	0	0	0	0	0	0
b.	Total Deferral		\$29	\$364	\$734	\$75	\$5,202
c.	Market Value less Deferral (a - b)	\$572	\$5,538	\$11,972	\$1,215	\$86,855	
d.	70% of Market Value of Assets	\$421	\$4,132	\$8,894	\$903	\$64,440	
e.	130% of Market Value of Assets	\$782	\$7,674	\$16,518	\$1,676	\$119,674	
f.	Actuarial Value of Assets***	\$572	\$5,538	\$11,972	\$1,215	\$86,855	

Note: Totals may not agree due to rounding. The gain/(loss) for 6/30/2015 has been fully realized for all plans.

*LEOFF Plan 2 Assets for 2018 reduced by \$300 million payable to the LEOFF 2 Benefit Improvement Account effective 7/1/2019 (C 366 L 19). This reduction is \$279.3 million as of 6/30/2018 valuation date, after discounting by plan's interest rate of 7.4%.

**2016: PSERS 2 = 5 year smoothing period, 2 years remaining; all other plans = 6 year smoothing period, 3 years remaining remaining.

***Actuarial Value of Assets can never be less than 70% or greater than 130% of the market value of assets.

Investment Gains and (Losses) for Prior Year						
(Dollars in Millions)		PERS 1	PERS 2/3*	TRS 1	TRS 2/3*	SERS 2/3*
a.	2017 Market Value**	\$7,460	\$34,957	\$5,743	\$12,501	\$4,852
b.	Total Cash Flow	(515)	325	(492)	249	89
c.	2018 Market Value**	7,633	38,640	5,775	13,958	5,408
d.	Actual Return (c - b - a)	\$688	\$3,357	\$523	\$1,208	\$468
e.	Weighted Asset Amount	\$7,201	\$35,118	\$5,489	\$12,616	\$4,889
f.	Expected Return (7.5% x e)	540	2,634	412	946	367
g.	Investment Gain/(Loss) for Prior Year (d - f)	148	724	112	262	101
h.	Dollar-Weighted Rate of Return**	9.55%	9.56%	9.53%	9.57%	9.57%

Note: Totals may not agree due to rounding.

*Defined Benefit portion only.

**Source: Washington State Investment Board.

Investment Gains and (Losses) for Prior Year (Continued)					
(Dollars in Millions)	PSERS 2	LEOFF 1	LEOFF 2	WSPRS	Total
a. 2017 Market Value*	\$502	\$5,736	\$11,720	\$1,210	\$84,680
b. Total Cash Flow**	48	(365)	(183)	(36)	(879)
c. 2018 Market Value*	600	5,902	12,662	1,288	91,866
d. Actual Return (c - b - a)	\$50	\$531	\$1,125	\$114	\$8,064
e. Weighted Asset Amount	\$525	\$5,557	\$11,769	\$1,192	\$84,356
f. Expected Return (7.5% x e)***	39	417	871	89	6,315
g. Investment Gain/(Loss) for Prior Year (d - f)	11	114	254	24	1,749
h. Dollar-Weighted Rate of Return*	9.51%	9.55%	9.56%	9.55%	9.56%

Note: Totals may not agree due to rounding.

*Source: Washington State Investment Board.

**LEOFF Plan 2 Cash Flow for 2018 reduced by \$300 million payable to the LEOFF 2 Benefit Improvement Account effective 7/1/2019 (C 366 L 19). This reduction is \$279.3 million as of 6/30/2018 valuation date, after discounting by plan's interest rate of 7.4%.

***The expected return for LEOFF 2 is (7.4% x e).