Actuarial Methods and Assumptions

To calculate the contribution rates necessary to pre-fund a plan's benefits, an actuary uses an actuarial cost method, an asset valuation method, a funding policy, economic assumptions, and demographic assumptions. This section, together with the web pages linked below, lists the actuarial methods and assumptions used for this valuation.

Actuarial Methods

Please see the Actuarial Methods web page for descriptions of the actuarial cost methods and asset valuation method we use for this valuation.

Actuarial Assumptions

This section lists the assumptions that change regularly, along with new assumption and method changes since the last actuarial valuation report. Please see the Actuarial Assumptions web page for descriptions of all remaining assumptions.

Economic Assumptions

We adjust the general salary growth assumption for TRS each year to model the salary bonus payable to members who attain national board certification. These bonuses are includable in compensation for pension purposes.

TRS General Salary Increase by Year

Year	TRS 1	TRS 2/3
2018	3.60%	3.60%
2019	3.59%	3.59%
2020	3.58%	3.58%
2021	3.58%	3.57%
2022	3.57%	3.57%
2023	3.56%	3.56%
2024	3.55%	3.55%
2025	3.54%	3.54%
2026	3.53%	3.53%
2027	3.52%	3.52%
2028	3.52%	3.52%
2029+	3.50%	3.50%

Note: Includes inflation.

Demographic Assumptions

We make an assumption to help us project the value of accumulated employee contributions with interest if a member elects a refund of contributions instead of a deferred retirement allowance upon termination.

PERS 1 and TRS 1 employee rates are set in statute at 6 percent. No LEOFF 1 rates are required as long as the plan remains fully funded. Plan 3 members do not contribute to the defined benefit plan.

Member Contribution Rates for Savings Fund Accrual	
System/Plans	**Contribution Rate**
PERS 2	5.44%
TRS 2	6.39%
SERS 2	5.71%
PSERS 2	6.92%
LEOFF 2	8.54%
WSPRS 1/2	8.45%

Changes in Methods and Assumptions since the Last Valuation

- We corrected how our valuation software calculates the liability associated with disability annuities in PSERS.
- For terminated vested members that delay retirement, we updated our modeling to better align with Department of Retirement Systems' administrative practices. Our model now assumes once these members retire, they also receive retroactive benefit payments back to the member's normal retirement date.
- We updated our Cost-of-Living Adjustment (COLA) programming to reflect legislation signed during the 2018 Legislative Session (C151 L18). This law provides PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 1.5 percent increase to their monthly retirement benefit, not to exceed a maximum of $62.50 per month.