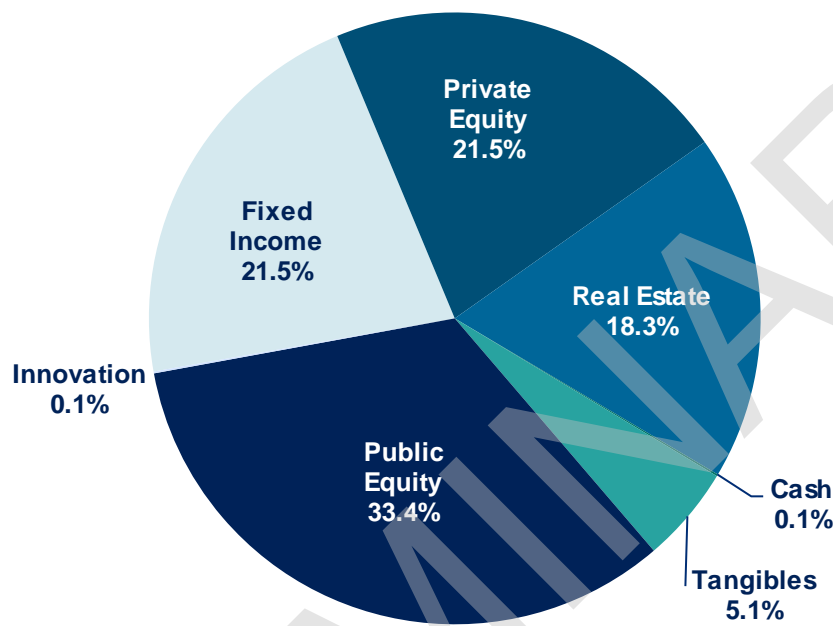


## Plan Assets

## 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.

In the asset tables that follow, we made adjustments to the MVA. LEOFF 2's MVA and AVA exclude assets held in the LEOFF 2 Benefit Improvement Account (BIA), and have been further reduced by \$300 million payable to the BIA effective July 1, 2019 (C 366 L19). Assets held in the BIA are not included in plan funding under [RCW 41.26.805](#).

For PERS 2/3, TRS 2/3, and SERS 2/3, the respective MVAs and AVAs include the Total Allocation Portfolio (TAP) assets for Plan 3 retirees that have purchased an annuity from the State. In future years, gains and losses due to investment returns on the TAP assets will be smoothed as part of the AVA calculation.

Change in Market Value of Assets						
(Dollars in Millions)	PERS			TRS		
	Plan 1	Plans 2/3*		Plan 1	Plans 2/3*	
	Fund 631	Fund 641	Total	Fund 632	Fund 642	Total
2018 Market Value	\$7,677	\$38,685	\$46,363	\$5,802	\$13,973	\$19,774
Revenue						
Member Contributions	\$7	\$642	\$649	\$2	\$120	\$122
Employer/State Contributions	726	820	1,547	501	524	1,025
Total Contributions	734	1,462	2,196	503	644	1,147
Investment Return	641	3,440	4,081	480	1,256	1,736
Restorations**	3	27	30	1	5	5
Transfers In	0	1	1	0	1	1
Miscellaneous	0	0	0	0	0	0
Total Revenue	\$1,377	\$4,929	\$6,306	\$984	\$1,905	\$2,889
Disbursements						
Monthly Benefits	\$1,199	\$1,196	\$2,395	\$905	\$355	\$1,260
Refunds	4	48	52	1	4	5
Total Benefits	1,203	1,244	2,447	906	359	1,265
Transfers Out	0	4	4	0	3	3
Expenses	0	1	1	0	0	0
Payables	0	0	0	0	0	0
Total Disbursements	\$1,203	\$1,249	\$2,452	\$906	\$362	\$1,268
2019 Market Value	\$7,851	\$42,365	\$50,217	\$5,880	\$15,516	\$21,395
Adjustments to Market Value***	\$0	\$166	\$166	\$0	\$427	\$427
2019 Adjusted Market Value (MV)	\$7,851	\$42,532	\$50,383	\$5,880	\$15,943	\$21,822
2019 Actuarial Value (AV)	\$7,461	\$40,766	\$48,228	\$5,558	\$15,311	\$20,869
Ratio (AV / MV)	95%	96%	96%	95%	96%	96%

Note: Totals may not agree due to rounding.

\*Excludes defined contribution portion of Plan 3 assets.

\*\*Includes additional annuity purchases and service credit purchases.

\*\*\*Adjustment reflects TAP assets for Plan 3 retirees and LEOFF 2 BIA asset transfer.

Change in Market Value of Assets (Continued)							
(Dollars in Millions)	SERS	PSERS	LEOFF			WSPRS	Total
	Plans 2/3* Fund 633	Plan 2 Fund 635	Plan 1 Fund 819	Plan 2 Fund 829	Total	Plans 1/2 Fund 615	
2018 Market Value**	\$5,421	\$601	\$5,903	\$12,985	\$18,888	\$1,289	\$92,336
Revenue							
Contributions							
Member	80	33	0	188	188	9	\$1,081
Employer/State	201	32	0	189	189	15	3,008
Total Contributions	280	65	0	377	377	23	4,088
Investment Return	486	57	495	1,154	1,649	111	8,119
Restorations***	1	0	0	16	16	2	55
Transfers In	0	0	0	0	0	1	3
Miscellaneous	0	0	0	0	0	0	0
Total Revenue	\$767	\$123	\$495	\$1,547	\$2,042	\$137	\$12,265
Disbursements							
Monthly Benefits	\$176	\$3	\$369	\$305	\$674	\$64	\$4,572
Refunds	5	4	0	9	9	0	75
Total Benefits	181	7	369	314	683	64	4,647
Transfers Out	2	0	0	0	0	0	9
Expenses	0	0	0	2	2	0	4
Payables	0	0	0	0	0	0	0
Total Disbursements	\$183	\$7	\$369	\$316	\$685	\$65	\$4,659
2019 Market Value	\$6,005	\$717	\$6,029	\$14,216	\$20,245	\$1,362	\$99,942
Adjustments to Market Value****	\$113	\$0	\$0	(\$300)	(\$300)	\$0	\$406
2019 Adjusted Market Value (MV)	\$6,118	\$717	\$6,029	\$13,916	\$19,945	\$1,362	\$100,349
2018 Actuarial Value (AV)	\$5,872	\$690	\$5,734	\$13,294	\$19,028	\$1,301	\$95,987
Ratio (AV / MV)	96%	96%	95%	96%	95%	95%	96%

Note: Totals may not agree due to rounding.

\*Excludes defined contribution portion of Plan 3 assets.

\*\*Due to adjustments from the expected BIA asset transfer, the 2018 MVA for LEOFF2 in the table above does not match the 2018 MVA for LEOFF2 in the 2018 Actuarial Valuation Report.

\*\*\*Includes additional annuity purchases and service credit purchases.

\*\*\*\*Adjustment reflects TAP assets for Plan 3 retirees and LEOFF2 BIA asset transfer.

Calculation of Actuarial Value of Assets								
(Dollars in Millions)				PERS 1	PERS 2/3	TRS 1	TRS 2/3	SERS 2/3
a. Adjusted Market Value at 6/30/2019				\$7,851	\$42,532	\$5,880	\$15,943	\$6,118
Deferred Gains and (Losses)								
Plan Year Ending	Smoothing Period	Years Remaining						
6/30/2019	2	1	44	270	32	101	39	
6/30/2018	3	1	\$49	\$241	\$37	\$87	\$34	
6/30/2017	7	4	239	1,119	203	398	155	
6/30/2016	6	2	(134)	(517)	(107)	(181)	(71)	
6/30/2014	8	2	191	653	157	226	89	
b. Total Deferral				\$390	\$1,765	\$322	\$632	\$246
c. Market Value less Deferral (a - b)				\$7,461	\$40,766	\$5,558	\$15,311	\$5,872
d. 70% of Market Value of Assets				\$5,496	\$29,772	\$4,116	\$11,160	\$4,283
e. 130% of Market Value of Assets				\$10,207	\$55,291	\$7,644	\$20,725	\$7,954
f. Actuarial Value of Assets*				\$7,461	\$40,766	\$5,558	\$15,311	\$5,872

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

\*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 1/2	Total
a. Adjusted Market Value at 6/30/2019			\$717	\$6,029	\$13,916	\$1,362	\$100,349
Deferred Gains and (Losses)							
Plan Year Ending	Smoothing Period	Years Remaining					
6/30/2019	2	1	5	34	97	8	629
6/30/2018	3	1	4	38	85	8	583
6/30/2017	7	4	15	186	387	39	2,742
6/30/2016*	6,5	2,1	(4)	(99)	(166)	(20)	(1,299)
6/30/2014	8	2	7	137	219	26	1,706
b. Total Deferral			\$27	\$295	\$623	\$62	\$4,361
c. Market Value less Deferral (a - b)			\$690	\$5,734	\$13,294	\$1,301	\$95,987
d. 70% of Market Value of Assets			\$502	\$4,220	\$9,742	\$954	\$70,244
e. 130% of Market Value of Assets			\$932	\$7,837	\$18,091	\$1,771	\$130,453
f. Actuarial Value of Assets**			\$690	\$5,734	\$13,294	\$1,301	\$95,987

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

\*PSERS 2 = 5 year smoothing period, 1 year remaining; all other plans = 6 year smoothing period, 2 years remaining.

\*\*Actuarial Value of Assets can never be less than 70% or greater than 130% of the Market Value of Assets.

## Plan Assets

## 2019 Actuarial Valuation

Investment Gains and (Losses) for Prior Year					
(Dollars in Millions)	PERS 1	PERS 2/3*	TRS 1	TRS 2/3*	SERS 2/3*
a. 2018 Market Value**	\$7,633	\$38,640	\$5,775	\$13,958	\$5,408
b. Total Cash Flow	(475)	238	(415)	289	99
c. 2019 Market Value**	7,800	42,325	5,841	15,506	5,994
d. Actual Return (c - b - a)	\$642	\$3,447	\$481	\$1,260	\$487
e. Weighted Asset Amount	\$7,393	\$38,764	\$5,561	\$14,099	\$5,456
f. Expected Return (7.5% x e)	554	2,907	417	1,057	409
g. Investment Gain/(Loss) for Prior Year (d - f)	88	540	64	202	78
h. Dollar-Weighted Rate of Return**	8.68%	8.89%	8.65%	8.93%	8.93%

Note: Totals may not agree due to rounding.

\*Excludes defined contribution portion of Plan 3 assets.

\*\*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. 2018 Market Value*	\$600	\$5,902	\$12,942	\$1,288	\$92,145
b. Total Cash Flow	59	(370)	64	(39)	(550)
c. 2019 Market Value*	715	6,028	14,159	1,361	99,729
d. Actual Return (c - b - a)	\$57	\$496	\$1,154	\$111	\$8,135
e. Weighted Asset Amount	\$627	\$5,720	\$12,974	\$1,269	\$91,864
f. Expected Return (7.5% x e)**	47	429	960	95	6,877
g. Investment Gain/(Loss) for Prior Year (d - f)	10	67	193	16	1,258
h. Dollar-Weighted Rate of Return*	9.12%	8.67%	8.89%	8.77%	8.86%

Note: Totals may not agree due to rounding.

\*Source: Washington State Investment Board.

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