

## 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. The sections below list the methods and assumptions that change regularly or are new since the last actuarial valuation report. Please see the [Actuarial Methods](#) web page for descriptions of the actuarial cost methods and asset valuation method we use for this valuation, and please see the [Actuarial Assumptions](#) web page for descriptions of all remaining assumptions.

### FREQUENTLY CHANGING 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. We selected an assumption between contribution rates calculated in the last valuation and our estimation of long-term rates. We will no longer update this assumption annually and instead maintain the assumption until the next experience study. We will continue to monitor the assumption and update as appropriate.

PERS 1 and TRS 1 member 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   | 6.50%             |
| TRS 2  | 7.30%             |
| SERS 2   | 6.90%             |
| PSERS 2  | 7.00%             |
| LEOFF 2  | 8.60%             |
| WSPRS 1/2  | 8.45%             |

### CHANGES IN METHODS AND ASSUMPTIONS SINCE THE LAST VALUATION

- ❖ We updated our demographic assumptions based on the results of our latest demographic experience study. This study is completed every six years and includes updates to a wide range of assumptions, including rates of termination, retirement and mortality. Please see the full report when available for more [details](#).
- ❖ We updated the Joint-and-Survivor (J&S) and Early Retirement Factors (ERFs) in our model. These factors are used to value benefits for early retirement and survivors of members that die prior to retirement. These factors match the J&S and ERFs that DRS plans to implement on [October 1, 2020](#).
- ❖ We simplified our modeling of medical premium reimbursement for survivors of duty-related deaths in LEOFF 2 and WSPRS.
- ❖ This valuation includes liabilities and assets for Plan 3 members purchasing TAP annuities when determining contribution rates and funded status.
- ❖ We changed our method to updating certain data items that change annually. Examples include the public safety duty-related death lump sum and Washington state average wage. We have set these values at 2018 and will project into the future using assumptions until the next demographic experience study in 2025. Please see our [website](#) for more information this method change.

## SUMMARY OF PLAN PROVISIONS

The summary of key plan provisions used in the actuarial valuation are provided in two sets of tables. The tables below contain plan provisions that can change frequently while the provisions that change less frequently can be found on the [Summary of General Plan Provisions](#) page of our website.

The tables below and those on our website present high-level summaries and are not meant to be exhaustive lists. For complete details of plan provisions, please refer to the statutes governing the systems or contact the plan administrator (DRS). In the unlikely event that information contained in these summary tables conflicts with state law, the law takes precedence.