

Select Committee on Pension Policy

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October 17, 2017

TO: PENSION FUNDING COUNCIL MEMBERS

Senator John Braun, Chair,
Senate Ways and Means Committee
Senator Kevin Ranker, Ranking Minority Member,
Senate Ways and Means Committee
Representative Timm Ormsby, Chair,
House Appropriations Committee
Representative Bruce Chandler, Ranking Minority Member,
House Appropriations Committee
David Schumacher, Director,
Office of Financial Management
Tracy Guerin, Director,
Department of Retirement Systems

FROM: Representative Matt Manweller, Chair
Select Committee on Pension Policy
Senator Steve Conway, Vice Chair
Select Committee on Pension Policy

SUBJECT: SELECT COMMITTEE ON PENSION POLICY RECOMMENDATION REGARDING ECONOMIC ASSUMPTIONS

Pursuant to RCW 41.04.281(4), the Select Committee on Pension Policy (SCPP) hereby submits its recommended changes to economic assumptions to the Pension Funding Council (PFC).

The SCPP recommends the PFC adopt all of the state actuary's recommended long-term economic assumptions as follows. The investment return assumption should be lowered from 7.70 percent to 7.40 percent. The general salary growth assumption should be lowered from 3.75 percent to 3.50 percent. The inflation assumption should be lowered from 3.00 percent to 2.75 percent. The state actuary has not recommended a change to the growth in system membership assumption, however this takes into account language in the 2016 Supplemental Operating

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PERS Employers

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***Bev Hermanson**
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WSPRS Retirees

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**Executive Committee*

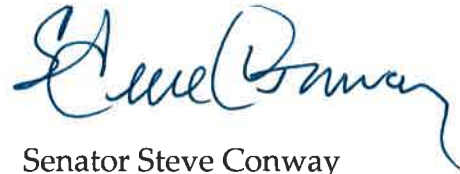
Budget (Chapter 36, Laws of 2016, Section 922) indicating that the assumed rate for the Teachers' Retirement System of 1.25 percent will continue into the next biennium.

The state actuary's recommendations are contained in the [2017 Report on Financial Condition and Economic Experience Study](#). This report was provided to the PFC on August 31, 2017.

Sincerely,



Representative Matt Manweller
Chair



Senator Steve Conway
Vice Chair