Office of the State Actuary
"Supporting financial security for generations."

Letter of Introduction and Actuarial Certification
Actuarial Valuation Report as of June 30, 2025

August 2025

As required under [Chapter 41.45](#) of the Revised Code of Washington (RCW), this report documents the results of an actuarial valuation of the following Washington State retirement systems. A high-level overview of which employees are covered by each system can be found in the **Participant Data** section.

- ❖ Public Employees' Retirement System (PERS).
- ❖ Teachers' Retirement System (TRS).
- ❖ School Employees' Retirement System (SERS).
- ❖ Public Safety Employees' Retirement System (PSERS).
- ❖ Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).
- ❖ Washington State Patrol Retirement System (WSPRS).

The purpose of this valuation is to provide an update on the funding progress of the systems listed above based on a June 30, 2024, measurement date. This report represents a "non-rate setting" valuation, meaning we do not provide calculated contribution rates for the systems. This valuation provides information on the funding progress and developments in the plans over the past year. This valuation report should not be used for other purposes. Please replace this report with a more recent report when available.

This report is organized into the following sections:

1. Summary of Key Results.
2. Actuarial Exhibits.
3. Participant Data.
4. Appendix.
5. Resources.

PO Box 40914 | Olympia, Washington 98504-0914 | Phone: 360.786.6140 | TDD: 711
state.actuary@leg.wa.gov | leg.wa.gov/osa

The **Summary of Key Results** provides a high-level summary of the valuation results for all systems combined, funding policy, key plan provisions, and commentary on risk. The **Actuarial Exhibits** provide detailed actuarial asset and liability information by retirement system. The **Participant Data** section provides key metrics of the participant data for each retirement system such as headcounts, average benefits, and average salary. The **Appendix** provides access to a summary of the principal actuarial assumptions and methods, major plan provisions, and additional information used to prepare this valuation. The **Resources** section outlines additional supplemental information found on our website.

Future actuarial measurements may differ significantly from the current measurements presented in this report if plan experience differs from that anticipated by the assumptions, or if changes occur in the methods, assumptions, plan provisions, or applicable law. The Risk Assessment webpage provides further information on the range and likelihood of potential outcomes that vary from expected results. The Commentary on Risk webpage provides additional risk education.

The valuation results summarized in this report involve calculations that require assumptions about future economic and demographic events. We believe that the assumptions and methods used in the underlying valuation are reasonable and appropriate for the primary purpose stated above. However, the use of another set of assumptions and methods could also be reasonable and could produce materially different results. Actual results may vary from our expectations.

For all plans except for LEOFF Plan 2, the assumptions used in this valuation for investment return, inflation, salary growth, and membership growth were prescribed by the Pension Funding Council (PFC) and are subject to revision by the Legislature. During the 2025 Legislative Session, the Legislature prescribed a new rate of investment return (Chapter 381, Laws of 2025). For LEOFF Plan 2, these assumptions are prescribed by the LEOFF Plan 2 Retirement Board. Please see our *2023 Economic Experience Study* (EES) for further information on economic assumptions. We developed the demographic assumptions used in this valuation during the *2013-2018 Demographic Experience Study*.

In our opinion, we expect the combined effect of the assumptions we selected for this valuation to have no significant bias.

For this non-rate setting valuation that was prepared, primarily, to evaluate funding progress, we applied actuarial cost methods and funding policies consistent with our last rate-setting valuation. Please see the actuarial certification from that valuation report for commentary on the implications of the plan's funding policies, reasonability of amortization methods, and reasonability and sufficiency of actuarially determined contribution rates.

Based on the results of our most recent rate-setting valuation and associated rate projections, we expected all plans to reach a funded ratio of at least 100% within the next five years. In our professional judgment, that expectation remains reasonable given the results of this actuarial valuation. This assumes all assumptions are realized and all actuarially determined contributions are made when due.

The actuarial cost method for PERS 1 and TRS 1 is non-standard in its use of the employer normal cost rate from the Plans 2/3 instead of the underlying Plan 1 employer normal cost rate. In theory, this impacts the allocation of costs to time periods under the applicable actuarial cost method. However, we find this method reasonable and appropriate given the limited remaining future service in Plan 1.

I (Matthew M. Smith) provided advice to the Legislature on the development of the asset valuation method. The asset smoothing method adopted during the 2003 Legislative Session (Chapter 11, Laws of 2003, 1st Special Session) was developed to address the volatility of actuarially determined contributions under the aggregate actuarial cost method when used in combination with the existing asset allocation policy of the Washington State Investment Board (WSIB). We also use this method when measuring funded status. The combination of the current asset smoothing method with any other funding method or asset allocation policy may not be appropriate. The Legislature may need to revisit the application of the current asset smoothing method with the Plan 1 funding method as the duration of liabilities in those plans becomes shorter.

The Department of Retirement Systems (DRS) provided us with audited member and beneficiary data as of June 30, 2024. We checked the data for reasonableness as appropriate based on the purpose of the valuation. The Washington State Investment Board and DRS provided audited financial and asset information as of June 30, 2024. We relied on all the information provided as complete and accurate. In our opinion, this information is adequate and substantially complete for purposes of this valuation.

The undersigned, with actuarial credentials, meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this report is intended to be complete, we are available to offer extra advice and explanations as needed. We encourage you to submit any questions you might have concerning this report to our e-mail address state.actuary@leg.wa.gov. We also invite you to visit our website for further information regarding the actuarial funding of the Washington State retirement systems.

Luke Masselink, ASA, EA, MAAA
Senior Actuary

Matthew M. Smith, FCA, EA, MAAA
State Actuary