# WALKTHROUGH OF AN ACTUARIAL FISCAL NOTE

## Cost/Savings Summary

GOAL: SHOW HOW COSTS OR SAVINGS WILL ARISE AND WHO WILL EXPERIENCE THEM

INTENDED AUDIENCE: ALL READERS

Click here to see an example

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### Why This Bill Has a Cost/Savings

Most bills propose changes that would result in fiscal plan impacts, which are measured in our AFNs through changes to contribution rates. For example, a bill that enhances the value of a benefit would likely result in a plan cost, while a bill that restricts the number of future members who are eligible for a benefit would likely result in a plan savings. This section describes why pension costs or savings could arise from a bill.

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### Who Will Pay For/Receive These Costs/Savings?

The costs or savings from pension bill could be passed on to members and employers via a change to their contribution rates, based on each plan's standard funding policy.

Plan 1 impacts are experienced entirely by employers, since most Plan 1 member contribution rates are fixed.

- The exception is WSPRS Plan 1, which follows the Plan 2 funding policy below.
- PERS, SERS, and PSERS employers will contribute to the PERS 1 unfunded liability, and TRS employers will contribute to the TRS 1 unfunded liability.

Plan 2 impacts are experienced equally between members and employers, unless otherwise noted..

- In the case of LEOFF 2, the impacts are divided between members (50%), employers (30%), and the state (20%).
- WSPRS and TRS 2 contain member maximum contribution rates. Costs above these member maximum rates are fully assumed by the employer.

Plan 3 impacts are experienced entirely by employers, since Plan 3 members only make payments to their defined contribution account and not their defined benefit account.

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