The section below lists the methods and assumptions that change regularly or are new since the last valuation report. Please see our Actuarial Methods webpage for descriptions of the actuarial cost methods and asset valuation method we use for this valuation, and please see our Actuarial Assumptions webpage for descriptions of all remaining assumptions.

CHANGES IN METHODS AND ASSUMPTIONS SINCE THE LAST VALUATION

- Consistent with ESSB 5294 (Chapter 396, Laws of 2023), we adjusted the TRS Plan 1 assets to reflect an appropriated $250 million lump sum contribution scheduled to occur June 30, 2023. This is an additional contribution, over and above, the standard normal cost and UAAL rates collected over retirement system salaries.
- We adjusted LEOFF 2 liabilities and plan assets in relation to SHB 1701 (Chapter 125, Laws of 2022). This bill provided an increase to pension benefits, moved assets from the LEOFF 2 Benefit Improvement Account (BIA) to the trust fund making those assets available to fund current law benefits, and adjusted minimum contribution rate policy. We originally incorporated the impacts of this legislation in the 2021 AVR. For this year's valuation, we made the following adjustments:
    - Using supplemental information provided by DRS, we modified the 2022 participant data file to reflect higher retirement benefits for newly retired members of LEOFF 2 who selected the tiered service credit multiplier. This modification accounts for the higher monthly benefits, and retroactive payments to the date of retirement, that were provided to these members near the start of calendar year 2023.
    - We included the balance of the LEOFF 2 BIA as of June 30, 2022, to model the transfer to the LEOFF 2 trust directed under SHB 1701 (Chapter 125, Laws of 2022). Previously, we relied on the June 30, 2021, BIA balance.
    - We updated liabilities associated with retiree lump sum benefit payments based on actual payment information supplied by DRS and the new valuation date.
- Consistent with the 2021 AVR, we continue to include an adjustment to the WSPRS general salary growth assumption for FY 2023 of 10.00 percent to reflect the increases included in the 2022 supplemental budget (Chapter 297, Laws of 2022, Sec 913 [2] and 914 [2]). It's our understanding this increase will apply to all troopers and will be granted in addition to other salary increases for experience and promotions. Therefore, we did not adjust our service-based salary increases assumption.
- We updated our valuation programming to reflect legislation passed during the 2022 Legislative Session.
    - Cost-of-living adjustment programming to reflect PERS and TRS Plan 1 annuitants who are not receiving a basic minimum, alternate minimum, or temporary disability benefit with a one-time permanent 3 percent increase to their monthly benefit, not to exceed a maximum of $110 per month (Chapter 52, Laws of 2022).
    - Disability benefit programming to reflect an enhanced disability benefit for PSERS members who experience a qualifying catastrophic disability on the job (Chapter 22, Laws of 2022). Please see our fiscal note for the details on these new plan provisions and our website for changes in our assumptions.
- We considered but did not make changes to our model to reflect the recent period of high inflation. With the exception of LEOFF Plan 1, COLAs are prescribed or capped at 3 percent. We will continue to monitor our inflation assumption as part of our valuation process and future economic experience studies. We will also continue to monitor short-term salary increases and may make temporary, one-time assumption changes, when deemed necessary.

COMMENTS ON VALUATION MODEL

As required under ASOP No. 56 – *Modeling*, we share the following comments related to our reliance on the ProVal® software developed by Winklevoss Technologies.

- We understand this software model was primarily created for use by actuaries when performing valuations and projections of pension and retiree medical plans. The use of the model for this analysis is appropriate given it's intended purpose.

- To assess the general operation of the model, we reviewed the output for reasonableness. This includes comparing the results to our simplified estimates done in Microsoft Excel and examining sample lives to confirm the programming is working as intended. We are not aware of any known weaknesses or limitations of the model that have a material impact on the results.
- The PFC hires auditors to independently review and replicate the results of rate-setting valuations. This process provides an additional reasonableness check of the model output.

Additionally, we considered how the use of different inputs to the model (e.g., data/assumptions/provisions) produce different results and evaluated the relative impacts to our expectations. This allows us to gain a deeper knowledge of the model's important dependencies and major sensitivities.