

Contributions to Retirement Systems

Request	\$161,500,000	
Net change from current biennium	\$12,874,842	Increase
Percent change from current biennium	8.7%	Increase

Contributions to Retirement Systems represents the direct state contributions to specific retirement system trust funds. While public employers and employees make most of the contributions to the retirement systems, as part of the payroll process, the Legislature also makes supplemental appropriations directly to specific systems, based upon data developed by the Office of the State Actuary.

Agency Level Summary

Operating Budget: Summary

2015-17 Appropriations		Appropriated Funds	Expenditures		
Amount	Estimated Balance		2013-15 Actual	2015-17 Estimated	2017-19 Proposed
141,600,000	4,974,842	General Fund - Basic Account - State	135,089,525	136,625,158	161,500,000
12,000,000		Dept of Retirement Systems Expense - State		12,000,000	
<u>153,600,000</u>	<u>4,974,842</u>	Total Appropriated Funds	<u>135,089,525</u>	<u>148,625,158</u>	<u>161,500,000</u>

Operating Budget: Change from Preceding Biennium

	2013-15 Actual		2015-17 Estimated		2017-19 Proposed	
	Amount	Percent	Amount	Percent	Amount	Percent
Total	9,873,277	7.9%	13,535,633	10.0%	12,874,842	8.7%

Contributions to Retirement Systems

Postretirement Adjustments Established After July 1, 1991 (Dollars in Millions)

	2013-15	2015-17	2017-19
PERS Plan 1	\$13.2	\$16.6	\$19.5
TRS Plan 1	\$3.3	\$3.9	\$4.6
WSPRS	\$4.1	\$4.7	\$5.3
Total	\$20.6	\$25.2	\$29.4

PERS and TRS:

Chapter 345, Laws of 1995, Uniform COLA

Chapter 340, Laws of 1998, Gain-Sharing

Chapter 85, Laws of 2004, \$1,000 Minimum Benefit

Chapter 244, Laws of 2006, \$1,000 Minimum Benefit

Chapter 491, Laws of 2007, Repeal of Gain-Sharing

Chapter 362, Laws of 2011, Repeal of Uniform COLA

WSPRS

Chapter 74, Laws of 1999, Uniform COLA added to the survivor benefit

Chapter 329, Laws of 2001, 3% COLA for all retirees

Unfunded Actuarial Accrued Liability

Public Employees' Retirement System Plan 1 (PERS 1)

PERS 1 has a UAAL of \$5,122 million as of the latest AVR. The Plan 1 funding method requires the UAAL to be amortized over a rolling ten year period, as a level percentage of projected total system payroll (includes the School Employees' Retirement System [SERS] and the Public Safety Employees' Retirement System [PSERS] compensation). The adopted PERS 1 UAAL rate for the 2017-19 Biennium is 5.03 percent. We expect employers to contribute \$1,279 million to the PERS 1 UAAL during the 2017-19 Biennium, of which \$595 million is state and \$299 million is General Fund-State. These amounts are assumed to grow by approximately 10 percent per biennium due to assumed salary increases and assumed growth in PERS, SERS, and PSERS membership. In addition, these amounts will change based on any change in the UAAL contribution rate over the period.

Teachers' Retirement System Plan 1 (TRS 1)

TRS 1 has a UAAL of \$3,183 million as of the latest AVR. The Plan 1 funding method requires the UAAL to be amortized over a rolling ten year period, as a level percentage of projected TRS payroll. The adopted TRS 1 UAAL rate for the 2017-19 Biennium is 7.19 percent. We expect employers to contribute \$812 million to the TRS 1 UAAL during the 2017-19 Biennium, of which \$576 million is state (all General Fund-State). These amounts are assumed to grow by approximately 10 percent per biennium due to assumed salary increases and assumed growth in TRS membership. In addition, these amounts will change based on any change in the UAAL contribution rate over the period.

Law Enforcement Officers' and Firefighters' Retirement System Plan 1 (LEOFF 1)

Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF) Plan 1 is fully funded and has no UAAL as of the latest AVR.

Plans 2/3 and the Washington State Patrol Retirement System (WSPRS)

Consistent with current law, we use the Aggregate actuarial cost method for valuations of PERS 2/3, TRS 2/3, SERS 2/3, PSERS 2, LEOFF 2 and WSPRS. This actuarial cost method does not develop a UAAL.