



Option Factors And Other Tables - Preview

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"Securing tomorrow's pensions today."

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Why Is This Before You?

- Preparing the Board for upcoming work on administrative factors
- Factors designed to provide actuarial equivalence between options
- Actuarial equivalence based on assumptions, which have been updated
- Updating factors maintains actuarial equivalence



What Are The Factors?

- Early Retirement Factors (ERFs)
- Joint & Survivor Option Factors (option factors)
- Monthly Benefit per Dollar of Accumulation
- Service Credit Restoration Factors



What Assumptions Affecting The Factors Changed?

- Mortality
 - Improvement trends recognized - we expect members to live longer, and we expect that to continue into the future
- Retirement
 - We expect members to retire later
- Percent male/female
 - More women entering LEOFF 2
 - Same factors for men and women



How Do These Changes Impact Benefits?

- When people live longer
 - ERFs increase and benefits increase
 - Option factors increase and benefits increase
- When people retire later
 - Option factors decrease and benefits decrease
- When more women join the plan
 - ERFs increase and benefits increase
 - Option factors increase and benefits increase

Policy Considerations

Maintaining a balance between “true” actuarial equivalence and administrative simplicity

- Application of Mortality Improvement?
- Separate ERFs for Members with Disabilities?
- Pre- and Post-Retirement Survivor Factors?
- Prospective vs. Retroactive Application of New Factors?



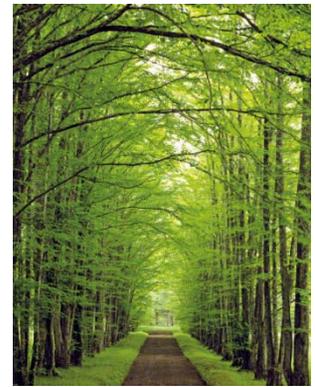
Preliminary Project Outline

- OSA will finalize methods and assumptions
- Board will provide input on policy considerations
- OSA will provide preliminary factors to the Board and DRS
- DRS will test factors in their computer system
- OSA will provide final factors to the Board and DRS
- DRS will communicate upcoming factor changes to members
- DRS will implement new factors



Next Steps

- OSA, Board, staff to address policy questions
- OSA will preview the factors early next interim



Questions?

