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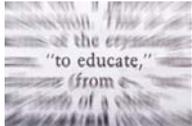
## Overview of Actuarial Presentations

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### Today's Actuarial Agenda Items

- Disability Experience Study
- 2009 Preliminary Actuarial Valuation Results
- 2010 Supplemental Contribution Rates
- Prepare Board for July contribution rate adoption
- No Board action needed today



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## Overview For Board Adoption

- Board adopts contribution rates to fund all benefits under the LEOFF Plan 2
- Rate adoption required by July 31
- This year includes “basic” and “supplemental” rates



## Basic Contribution Rates

- Adopted every two years during a rate-setting year
- Rates effective July 1, 2011, through June 30, 2013
- Calculated as part of Actuarial Valuation
  - Start with rate calculated under Aggregate funding method
    - “Aggregate” rates
  - Apply minimum (rate floor)
    - “Minimum” rates

## Supplemental Contribution Rates

- Annual adoption process based on benefit improvements passed during legislative session
- 2010 rates effective September 1, 2010, through June 30, 2011
- Calculated as part of fiscal notes
  - Increase in Aggregate rates



## New Process For 2010

- Medical benefits provided through the retirement plan are funded and paid from 401(h) account
  - Internal Revenue Code requirement to maintain qualification of pension plan
- Medical benefits include
  - PEBB Survivor Benefits
  - Catastrophic Disability Medical Insurance
- Medical rates presented for Board adoption when finalized
- Total contribution rate adopted = pension rate + medical rate
- The Department (DRS) will separate contributions between pension and medical accounts
  - Members, employers, and state will see just one total rate

## Remaining Agenda Items

- Basic contribution rates calculated as part of Actuarial Valuation
  - Recommended disability assumption change incorporated in valuation results
  - Valuation results are preliminary
    - Concurrent outside actuarial audit underway
  - Medical benefits are not included in valuation results
    - Pension only
    - Medical rates are an add-on to pension rates (separately valued and reported)
- Supplemental contribution rates



## Questions?

