



Actuarial Issues for 2007-08

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"Securing tomorrow's pensions today."

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Legislative Changes

- SB 5014, as amended by the House
 - OSA request legislation
- Signed into law as Chapter 280, Laws of 2007
- Changes the timing of the contribution rate adoption process
- Contribution rates adopted by July 31 of even-numbered years



Legislative Changes

- Valuation date will change to June 30 for the 2007 actuarial valuation
- Law also changes the timing of changes to economic assumptions adopted by the PFC



Economic Assumptions

- Rate of investment return
- Inflation
- General salary growth
- Growth in system membership



Economic Assumptions

- OSA will study and recommend changes to these assumptions by September 1, 2007
- PFC may adopt changes to these assumptions by October 31, 2007
- LEOFF 2 process unchanged



Demographic Assumptions

- All other non-economic assumptions
 - Rate of retirement
 - Rate of mortality
 - Rate of disablement
 - Rate of withdrawal
 - Etc.



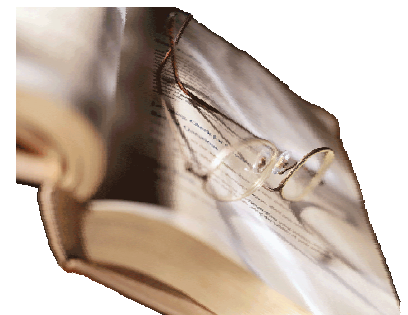
Demographic Assumptions

- Demographic experience studies will conclude in 2008
- Much of the work will be done in 2007
- OSA can “preview” the studies of interest
 - rates of retirement, morality, disability, etc. during the 2007 interim



Administrative Factors

- Changes to assumptions typically require changes to the administrative factors
 - Joint and survivor payment form factors
 - Early retirement reduction factors
 - Annuity factors
- The magnitude and timing of changes may present policy questions for the Board



2007 Supplemental Rates

- ESHB 1833
 - Occupational diseases affecting fire fighters
- OSA fiscal note indicates an impact on contribution rates
 - 0.03% for members
 - 0.02% for employers
 - 0.01% for state
- Fiscal note was not audited



Summary

- Contribution rates adopted by July 31
 - Even numbered years
- Economic assumptions reviewed this fall
- Demographic assumptions studied this interim and finalized in 2008
- Impact of assumption changes on administrative factors
- Supplemental rates for ESHB 1833 adopted this fall

