

# **LEOFF 2 Preliminary Valuation Results**

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State Actuary

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# Contribution Rates

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LEOFF 2	9/30/2003	9/30/2002
Member	7.21%	6.41%
Employer*	4.33%	3.84%
State	2.88%	2.57%

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\* Excludes current administrative expense rate of 0.22%. Effective 9/1/2004, this rate will drop to 0.19%.

# Comments on 2003 Results

- 15% ROR on the market value of assets
- 0% ROR on the actuarial value of assets
  - Due to annual recognition of past investment losses
- Gain from annual salary growth
- Loss from new entrants
- Funded status dropped from 137% to 125%

# Estimated Contribution Rates

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LEOFF 2

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07-09 Biennium

Member

8.34%

Employer\*

5.00%

State

3.34%

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*\* Excludes current administrative expense rate of 0.22%. Effective 9/1/2004, this rate will drop to 0.19%.*

# Actuarial Liabilities

LEOFF 2	9/30/2003 (\$ in millions)	9/30/2002 (\$ in millions)
PV of fully projected benefits	\$4,380	\$4,042
Unfunded actuarial accrued liability	\$0	\$0
PV of credited projected benefits	\$2,195	\$1,937
Valuation interest rate	8.00%	8.00%

# Assets

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LEOFF 2	9/30/2003 (\$ in millions)	9/30/2002 (\$ in millions)
Market value (MV)	\$2,541	\$2,136
Actuarial value (AV)	\$2,740	\$2,646
Ratio (AV ÷ MV)	108%	124%
Contributions less Disbursements	\$78	\$69
Return on assets*	14.99%	-6.33%

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\* *Dollar-weighted return on market value of assets*

# Funded Status

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LEOFF 2	9/30/2003 (\$ in millions)	9/30/2002 (\$ in millions)
PV of credited projected benefits	\$2,195	\$1,937
Actuarial value of assets	\$2,740	\$2,646
Unfunded credited projected benefits	-\$545	-\$709
Funded ratio	125%	137%

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# Participant Data

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LEOFF 2	9/30/2003	9/30/2002
Number of actives	14,560	14,011
Average annual salary	\$66,388	\$64,347
Average attained age	39.5	39.0
Average service	10.7	10.4

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# Key Assumptions

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Valuation interest rate	8.00%
Salary increase (general)	4.50%
Inflation	3.50%

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