



WASHINGTON STATE LEGISLATURE  
**Office of the State Actuary**

September 12, 2006

Mr. Steve Nelsen, Executive Director  
Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board  
P.O. Box 40918  
Olympia, Washington 98504-0918

Dear Steve:

**RE: RECOMMENDED 2007-09 CONTRIBUTION RATES**

Based on the results of the 2005 actuarial valuation of the Law Enforcement Officers' and Fire Fighters' Retirement System Plan 2 (LEOFF 2), I am forwarding recommended member, employer, and state contribution rates for the 2007-09 biennium.

The primary purpose of the valuation was to determine contribution requirements for LEOFF Plan 2 as of the valuation date September 30, 2005, and should not be used for other purposes. The results are based on the economic assumptions and asset value smoothing technique included in RCW 41.45.035 and funding policy established under Chapter 41.45 RCW.

As you will recall, the Board is faced with some key decisions for the upcoming biennium. A four-year contribution rate phase-in schedule was adopted for the period 2005-09. The Board's choices are as follows:

- ◆ Continue the original phase-in schedule as it was adopted, including supplemental rate increases incurred since then,
- ◆ Update the phased-in rate schedule to reflect the 2005 valuation results, including an assumption change which recognizes generational mortality improvement, or
- ◆ Update the phased-in rate schedule to reflect the 2005 valuation results, excluding the mortality improvement assumption.

See Attachment A for the recommended contribution rates under each of the above options.

I will forward a final actuarial valuation report to the Board this fall. In the meantime, please don't hesitate to contact me directly should you require any additional information.

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PO Box 40914  
Olympia, WA 98504-0914  
360.786.6140

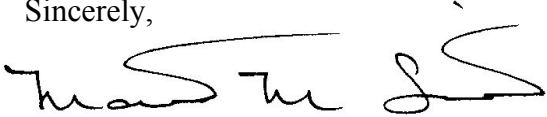
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Sincerely,

A handwritten signature in black ink, appearing to read "Matthew M. Smith". The signature is fluid and cursive, with a large initial "M" and a stylized "S".

Matthew M. Smith, FCA, EA, MAAA  
State Actuary

Attachment

cc: Martin McCaulay

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### Attachment A

#### 2007-09 Contribution Rates under Original Phase-In Schedule

|                        | <b>2007-08</b> | <b>2008-09</b> |
|------------------------|----------------|----------------|
| <b>Member</b>          | 8.60%          | 8.79%          |
| <b>Local Employer*</b> | 5.17%          | 5.28%          |
| <b>State</b>           | 3.43%          | 3.51%          |

*\*Excludes administrative expense rate, currently 0.18%*

#### 2007-09 Contribution Rates updated for 2005 Valuation *Including Projected Mortality Improvement*

|                        | <b>2007-08</b> | <b>2008-09</b> |
|------------------------|----------------|----------------|
| <b>Member</b>          | 8.73%          | 8.92%          |
| <b>Local Employer*</b> | 5.25%          | 5.36%          |
| <b>State</b>           | 3.48%          | 3.56%          |

*\*Excludes administrative expense rate, currently 0.18%*

#### 2007-09 Contribution Rates updated for 2005 Valuation *Excluding Projected Mortality Improvement*

|                        | <b>2007-08</b> | <b>2008-09</b> |
|------------------------|----------------|----------------|
| <b>Member</b>          | 8.06%          | 8.25%          |
| <b>Local Employer*</b> | 4.84%          | 4.95%          |
| <b>State</b>           | 3.22%          | 3.30%          |

*\*Excludes administrative expense rate, currently 0.18%*