


Salary Growth

Follow-Up
September 26, 2012


Discussion Points

- Follow-Up: Salary Growth Assumption question
- Salary growth report data compared to salary growth assumption
- Differences in data and methodology



Report

- Data
 - Population: Recent retirees & expected retirees
 - Total Sample: 557 Lives
 - 10 years of salary records
 - Includes only service earnings and overtime provided by DRS; Some earning types not included



Report

- Methodology
 - A mathematical calculation
 - 4% assumption used as rough approximation for total salary growth
 - Compares expected salary growth to actual salary growth for group over two consecutive five year periods
 - Results organized into three categories
 - Within Expectation (under 25%)
 - Borderline (25% - 50%)
 - Exceeding Expectation (over 50%)



Experience Study/Assumption

- Data
 - Population: All active members
 - Total Sample: Over 220,000 lives
 - 23 years of records (1984 to 2006)
 - Includes all pensionable salary provided by DRS



Experience Study/Assumption

- Methodology
 - An actuarial calculation
 - Salary increase assumptions – two components
 - General salary assumption
 - Service-based assumption
 - General Salary Assumption is economic assumption; derived from inflation, plus small productivity factor



Experience Study/Assumption

- Methodology
 - Growth assumption formulated for all service-based salary increases
 - Salary organized and examined by service level and year
 - Actual total salary increase calculated for each service level
 - Approximate general salary increase for all service levels; Removed from initial assumption
 - Remainder is service-based increases



Summary

- Salary growth report data compared to experience study/salary growth assumption
 - Different calculation
 - Different definition of salary
 - Different time period/length
 - Different populations/salary patterns
 - Different level of precision



Any Questions?

- **Contact:**
 - Tim Valencia
 - Senior Research and Policy Manager
 - 360.586.2326
 - tim.valencia@leoff.wa.gov

2100 Evergreen Park Dr, Olympia, WA 98502
PO Box 40918 Olympia, WA 98504
360.586.2320 or www.leoff.wa.gov