



Office of the State Actuary

“Supporting financial security for generations.”

February 27, 2018

Steve Nelsen
Executive Director
LEOFF Plan 2 Retirement Board
P.O. Box 40918
Olympia, Washington 98504-0918

SUBJECT: 2018 COST-OF-LIVING ADJUSTMENTS

Dear Steve:

At the Department of Retirement System’s (DRS) request, we calculated the Law Enforcement Officers’ and Fire Fighters’ Retirement System (LEOFF) Plan 2 Cost-Of-Living Adjustments (COLAs) for 2018 based upon our understanding of the law as of the date of this letter. We’ve provided this information to help your plan administrator independently verify the COLAs for the given year.

The COLA in LEOFF 2 is based on changes in the Consumer Price Index (CPI) applicable to the plan. For your reference, we enclosed the relevant CPI data at the end of this letter. We obtained this data from the U.S. Department of Labor, Bureau of Labor Statistics (BLS) website. We did not audit this data.

Effective in January 2018, the BLS made geographic revisions to certain consumer price indices. The Seattle-Tacoma-Bremerton CPI currently used in calculating the COLA in LEOFF 2 includes the counties of King, Pierce, Snohomish, Island, Kitsap, and Thurston. This index has been renamed the Seattle-Tacoma-Bellevue CPI and no longer contains the counties of Island, Kitsap, and Thurston. The BLS has already taken steps in updating the naming convention of the Seattle area CPI on their website.

The figures contained in this letter, however, are representative of the prior Seattle-Tacoma-Bremerton CPI. Starting in 2019, the changes made by the BLS may impact the COLA in LEOFF 2. In order to provide future COLA calculations, we intend to collaborate with DRS to determine the administrative practice for future COLAs.

Summary Of Results

RCW 41.26.440 provides that benefits under LEOFF 2 be adjusted on July 1 of each year in accordance with the applicable CPI.



Below are the COLAs as of July 1, 2018.

COLAs as of July 1, 2018	
Retirement Dates	Adjustments
July 2, 2017, to July 1, 2018	0.00%
Prior to July 2, 2017	3.00%

Duty Death Lump Sum (RCW 41.26.048)

The LEOFF 2 lump sum duty-related death benefit should increase on July 1, 2018, to \$251,353.

*Note: Please see **Appendix A** for historical data on the previous adjustments.*

Use Of Communication

This letter is intended for the use of the plan administrator only. The plan administrator determines the actual COLA increases. Readers with questions about the COLA amount should contact the plan administrator.

Please let us know if you have any questions about the contents of this letter.

Sincerely,

Sarah Baker
Actuarial Analyst

Attachment:

Appendix A – Historical Data

cc: Tracy Guerin, Director
Department of Retirement Systems
Seth Miller, Assistant Director of Retirement Services Division
Department of Retirement Systems
Matthew M. Smith, FCA, EA, MAAA
State Actuary
Michael Harbour, ASA, MAAA
Senior Actuarial Analyst



APPENDIX A – HISTORICAL DATA

CPI: Urban Wage Earners and Clerical Workers
 Seasonal: Not Seasonally Adjusted
 Area: Seattle-Tacoma-Bremerton, Washington
 Base: Alternate (Base Period = 1967)
 Item: All Items

Year	CPI	Increase Over Prior Year	Year	CPI	Increase Over Prior Year
2017	767.741	3.32%	1993	415.200	2.98%
2016	743.051	2.28%	1992	403.200	3.54%
2015	726.470	0.91%	1991	389.400	5.53%
2014	719.942	1.93%	1990	369.000	7.11%
2013	706.291	1.22%	1989	344.500	4.68%
2012	697.784	2.54%	1988	329.100	3.30%
2011	680.504	3.17%	1987	318.600	2.35%
2010	659.589	0.78%	1986	311.300	0.71%
2009	654.472	0.44%	1985	309.100	2.08%
2008	651.608	4.48%	1984	302.800	3.27%
2007	623.650	3.79%	1983	293.200	(0.27%)
2006	600.900	3.73%	1982	294.000	6.48%
2005	579.300	3.02%	1981	276.100	
2004	562.300	1.57%	1967	100.000	
2003	553.600	1.41%			
2002	545.900	1.81%			
2001	536.200	3.55%			
2000	517.800	3.75%			
1999	499.100	3.10%			
1998	484.100	2.63%			
1997	471.700	3.10%			
1996	457.500	3.30%			
1995	442.900	2.90%			
1994	430.400	3.66%			

Source: U.S. Department of Labor, Bureau of Labor Statistics.

Note: Historical CPI data may not match COLAs paid in a given year due to "banking" where applicable.