



Office of the State Actuary

“Supporting financial security for generations.”

February 25, 2019

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

SUBJECT: 2019 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 2019 based upon our understanding of the law and administrative practices 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, previously used in calculating the COLA in LEOFF 2, included 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 latter three counties. The BLS took steps in updating the naming convention of the Seattle area CPI on their website last year.

In light of this change, we analyzed this year’s increase in CPI based on guidance from DRS, their interpretation of current law, and intended administration of 2019 COLAs. To calculate the increase in CPI used this year for COLAs with a regional CPI base, we compared the 2017 Seattle-Tacoma-Bremerton CPI and the 2018 Seattle-Tacoma-Bellevue CPI. We did not make any adjustments for the change in geographical region as directed by DRS.



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, 2019.

COLAs as of July 1, 2019	
Retirement Dates	Adjustments
July 2, 2018, to July 1, 2019	0.00%
Prior to July 2, 2018	3.00%

Duty Death Lump Sum (RCW 41.26.048)

The LEOFF 2 lump sum duty-related death benefit should increase on July 1, 2019, to \$258,894.

*Note: Please see the **Appendix** 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 – Historical Data

cc: Tracy Guerin, Director
Department of Retirement Systems
Seth Miller, Assistant Director, Retirement Services Division
Department of Retirement Systems
Lisa A. Won, ASA, FCA, MAAA
Deputy State Actuary
Michael T. Harbour, ASA, MAAA
Actuary

N:\OSA\COLA Letters\2019\2019.LEOFF2.COLA.Letter.docx



APPENDIX – HISTORICAL DATA

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

Year	CPI*	Increase Over Prior Year**
2018	793.554	3.36%
2017	767.741	3.32%
2016	743.051	2.28%
2015	726.470	0.91%
2014	719.942	1.93%
2013	706.291	1.22%
2012	697.784	2.54%
2011	680.504	3.17%
2010	659.589	0.78%
2009	654.472	0.44%
2008	651.608	4.48%
2007	623.650	3.79%
2006	600.900	3.73%
2005	579.300	3.02%
2004	562.300	1.57%
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%

Year	CPI*	Increase Over Prior Year**
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%
1993	415.200	2.98%
1992	403.200	3.54%
1991	389.400	5.53%
1990	369.000	7.11%
1989	344.500	4.68%
1988	329.100	3.30%
1987	318.600	2.35%
1986	311.300	0.71%
1985	309.100	2.08%
1984	302.800	3.27%
1983	293.200	(0.27%)
1982	294.000	6.48%
1981	276.100	
1967 (Base)	100.000	

Source: U.S. Department of Labor, BLS.

*In 2018, BLS made a geographic revision to the Seattle area CPI and renamed the index from Seattle-Tacoma-Bremerton to Seattle-Tacoma-Bellevue.

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