



Law Enforcement Officer Demographic Impacts

Educational Briefing
May 26, 2021

Issue

At the April board meeting questions were raised regarding the potential impacts to LEOFF 2 of an increased number of Law Enforcement Officers who have decided to leave the profession in the last year

Retirement/Termination/New Hire Data

FY 2020 Data (through 10 months)

	Terminations	Retirements	New Hires
LEO	339	432	352
FF	125	228	545
Total	464	660	897

Historical Data

	Terminations	Retirements
FY 2021*	464	660
FY 2020	407	669
FY 2019	368	614
FY 2018	377	575
FY 2017	329	572
FY 2016	467	523

*Preliminary data through 10 months, not from the same source as previous years' data



How Could the Future Look Different?

What if the plan experienced a large and unexpected shift in demographics such as an increase in terminations or retirements?

- Experience included in the next actuarial valuation
- May impact the calculated contribution rates
- OSA would consider if changes to long-term assumptions are necessary

Minimum contribution rates under current funding policy offer resilience to unexpected demographic changes

- Contribution rates under the Aggregate cost method more volatile



Actuarial Analysis from 2020

In 2020 LEOFF 2 Board requested actuarial analysis of hypothetical scenarios, including:

1. Termination of the 700 least senior, active members from the Seattle PD with no replacement members
2. Termination of the 90 least senior and retirement of the 90 most senior active members from the Seattle PD with no replacement members
3. Reduction in assumed future salary growth by 0.25 percent
4. Reduction in the number of assumed annual future hires by 0.25 percent

Actuarial Disclaimers

- **Actuarial analysis can become quickly outdated. OSA intends this analysis to be used for education purposes during the September Board meeting. Please don't rely on this analysis beyond the 2020 Interim**
- **Please read the analysis shown in this communication as a whole. Distribution of, or reliance on, only parts of this communication could result in its misuse and may mislead others**



Hypothetical #1

Termination of the 700 least senior, active members from the Seattle PD with no replacement members, is projected to result in an overall savings to the plan:

- 0.01% decrease to the contribution rate
- 0.3% increase to the plan funded status



Hypothetical #2

The termination of the 90 least senior and retirement of the 90 most senior active members from the Seattle PD with no replacement members, is projected to result in an overall cost to the plan:

- No impact to the contribution rate
- 0.2% decrease to the plan funded status



Hypothetical #3

A reduction in assumed future salary growth by 0.25 percent, is projected to result in an overall savings to the plan:

- 0.26% decrease to the contribution rate
- 0.6% increase to the plan funded status



Hypothetical #4

A reduction in the number of assumed annual future hires by 0.25 percent, is projected to result in in an overall savings to the plan



Thank You

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