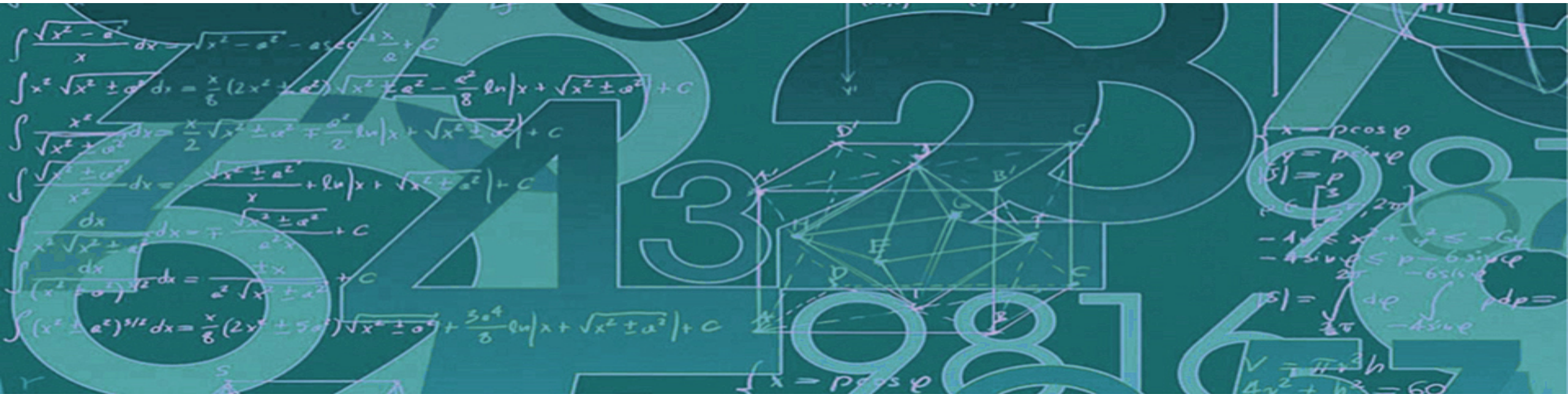


2020 LEOFF 2 Actuarial Valuation Results

Presentation to:
LEOFF Plan 2 Retirement Board
Mitch DeCamp, Senior Actuarial Analyst



Today's Presentation

- Background on new off-cycle valuation methods
- Key 2020 Actuarial Valuation Report results
- Informational — No Board action needed today



ACTUARIAL VALUATION REPORT

Law Enforcement Officers' and Fire Fighters'
Plan 2 Retirement Board



Office of the State Actuary
"Supporting financial security for generations."

2020

I. SUMMARY OF KEY RESULTS



IV. ACTUARIAL ASSUMPTIONS AND METHODS





Office of the State Actuary
"Supporting financial security for generations."



2020

2020 Off-Cycle Valuation

- Under the current contribution rate-setting cycle, even-numbered valuation years (e.g., 2020) are “off-cycle”, or non-rate setting
- “Off-cycle” valuations provide an informational-only update on funding progress and plan developments



New Off-Cycle Valuation Methods

- OSA developed a simplified methods for off-cycle valuations based on the purpose of the report
- How does this impact the 2020 valuation report?
 - Still providing updates on key valuation measures
 - Funded status, liability changes, plan assets
 - Report does not include contribution rates
 - Certain data details are not available

Overview of Methods

- Estimated 2020 data and assets by projecting 2019 data file forward one year
 - Relied on assumptions for changes in the data
 - Adjusted assumptions for actual 2020 salary/membership growth and investment return in projection
 - Compared projection data with actual data to ensure reasonable results
- Testing on prior valuation results using this methodology provided materially identical results



A Couple Important Notes on the 2020 Valuation Results

- The 2020 valuation measures the system at June 30, 2020
- The results from the valuation do not include
 - 2021 Investment Return
 - Economic Assumptions Recommendation

Changes in Market Value of Assets

LEOFF 2		
<i>(Dollars in Millions)</i>	2019	2020*
Beginning Market Value	\$12,985	\$13,916
Contributions	393	385
Disbursements	(316)	(363)
Investments	1,154, 8.89%	634, 4.55%
OSA Adjustments**	(300)	0
Ending Market Value	\$13,916	\$14,573

Totals may not agree due to rounding.

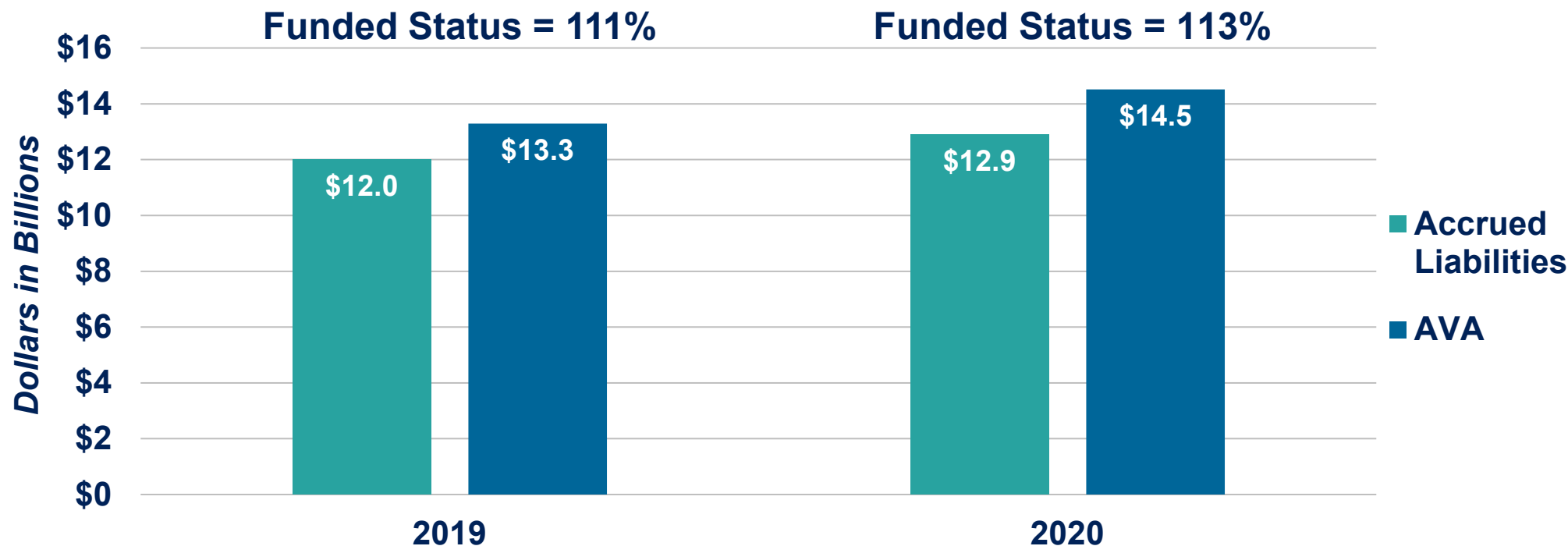
**Estimated figures based on 2020 Actuarial Valuation Report methods.*

***OSA adjusted the market value of assets to reflect transfer of \$300 million on July 1, 2019, to the Benefit Improvement Account (BIA).*

Calculating 2020 AVA

Calculation of Actuarial Value of Assets	
<i>(Dollars in Millions)</i>	
Estimated 2020 Market Value (A)	\$14,573
Deferred Investment Gain/(Loss)	
Plan Year Ending 6/30/2020	(\$265)
Plan Year Ending 6/30/2019	\$0
Plan Year Ending 6/30/2018	\$0
Plan Year Ending 6/30/2017	\$291
Plan Year Ending 6/30/2016	(\$83)
Plan Year Ending 6/30/2015	\$0
Plan Year Ending 6/30/2014	\$110
Total Deferred Investment Gain/(Loss) (B)	\$53
Estimated 2020 Actuarial Value (A) - (B)	\$14,520

Funded Status Change from Last Valuation



■ Funded Status =
$$\frac{\$ \text{ Actuarial Value of Assets}}{\$ \text{ Accrued Liabilities}}$$

- If the funded status exceeds 100%, the plan has more than \$1 of assets for every \$1 of accrued benefits

Summary of 2020 Actuarial Valuation

- The plan is considered healthy
 - Prior deferred assets offset lower than expected return
 - Funded status exceeds 100%
- 2021 on-cycle valuation will include strong 2021 asset returns and any changes to economic assumptions
 - OSA will present contribution rates June 2022

Questions? Please Contact: The Office of the State Actuary

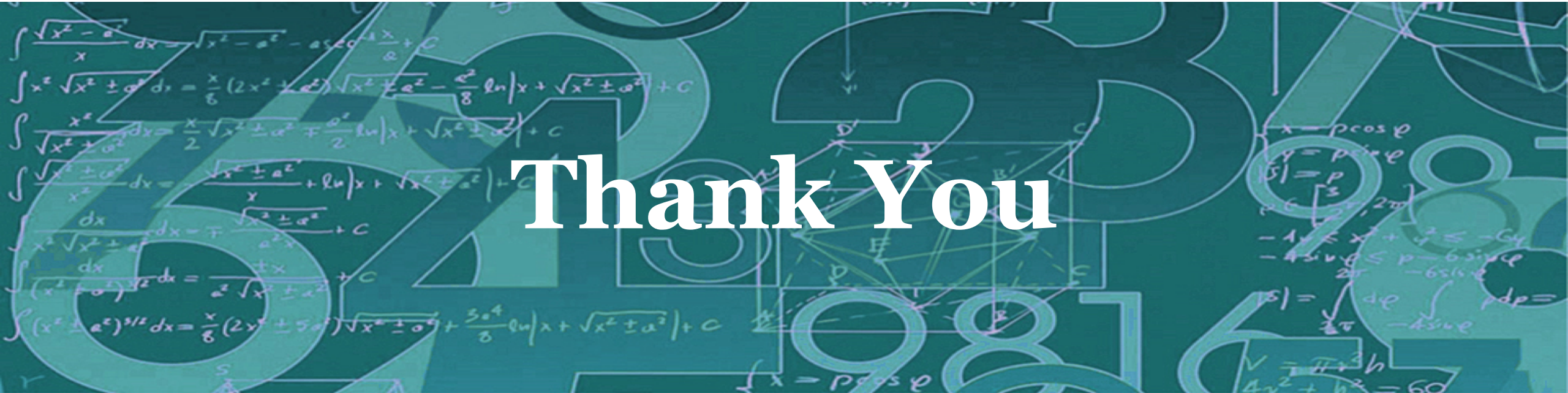
leg.wa.gov/OSA; state.actuary@leg.wa.gov

360-786-6140, PO Box 40914, Olympia, WA 98504

Mitch DeCamp

O:\LEOFF 2 Board\2021\11-17\2020.LEOFF.2.Actuarial.Valuation.Results.pptx

Thank You



Disclosure

- This presentation is based on the [2020 LEOFF 2 Actuarial Valuation Report](#). Please see the report for a full disclosure of assumptions, methods, and data used to produce the results contained in this presentation.