



Supplemental Rate Preview

June 28, 2023

Issue

- **A supplemental rate may be necessary due to the passage of the Interruptive Military Service Credit Bill (SHB 1007)**

About Supplemental Rates

- Temporary rate increases to prefund the cost of benefit improvements
- Supplemental rates are usually effective September 1
- If supplemental rates are not adopted the increased costs to the plan will be included in the next rate setting valuation for next biennium

Interruptive Military Service Credit (SHB 1007)

How This Impacts Budgets and Employees

- Contribution Rate impact of new law
 - 0.03% – Member
 - 0.02% – Employer
 - 0.01% – State

Budget Impacts					
(Dollars in Millions)	PERS	PSERS	LEOFF	WSPRS	Total
2023-2025					
General Fund	\$0.0	\$0.0	\$0.5	\$0.0	\$0.5
Non-General Fund	0.0	0.0	0.0	0.3	0.3
Total State	\$0.0	\$0.0	\$0.5	\$0.3	\$0.8
Local Government	0.0	0.0	1.0	0.0	1.0
Total Employer	\$0.0	\$0.0	\$1.5	\$0.3	\$1.8
Total Employee	\$0.0	\$0.0	\$1.5	\$0.3	\$1.8
2025-2027					
General Fund	\$0.1	\$0.0	\$0.5	\$0.0	\$0.7
Non-General Fund	0.2	0.0	0.0	0.3	0.5
Total State	\$0.4	\$0.0	\$0.5	\$0.3	\$1.2
Local Government	0.4	0.0	0.8	0.0	1.2
Total Employer	\$0.7	\$0.0	\$1.3	\$0.3	\$2.4
Total Employee	\$0.6	\$0.0	\$1.3	\$0.3	\$2.2
2023-2048					
General Fund	\$1.2	\$0.2	\$5.7	\$0.2	\$7.3
Non-General Fund	1.8	0.0	0.0	2.8	4.6
Total State	\$3.0	\$0.2	\$5.7	\$3.0	\$11.9
Local Government	3.0	0.1	8.8	0.0	11.9
Total Employer	\$6.0	\$0.3	\$14.5	\$3.0	\$23.8
Total Employee	\$4.5	\$0.3	\$14.5	\$3.0	\$22.3

Note: Totals may not agree due to rounding. We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

Benefit Improvement – Rate Freeze

- For 2021-2023 and 2023-2025 fiscal biennia, contribution rates for the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement System may not exceed the rates adopted by the Law Enforcement Officers' and Fire Fighters' Plan 2 Retirement Board in 2020

Supplemental Rate History

- Considered supplemental increase for 15 benefit improvements with cost
- Did not adopt supplemental increase for 5 improvements

LEGISLATION	RATE INCREASE (Member, Employer, State)	JUSTIFICATION
HB 1679 (2010) - Catastrophic Disability Health Insurance	0.13%, 0.08%, 0.05%	Existing rates were determined sufficient to cover funding requirement.
HB 2519 (2010) – Duty Death Benefits (Lakewood Omnibus Legislation)	0.05%, 0.03%, 0.02%	
HB 2070 (2011) Furlough	0.02%, 0.01%, 0.01%	Absorb cost through plan experience.
SHB 1194 (2015) Remarriage Prohibition	0.05%, 0.03%, 0.02%	Absorb cost through plan experience.
SB 6214 (2018) PTSD	0.05%, 0.03%, 0.02%	Contribution rates adopted for 2019-2021 & 2021-2023 were determined sufficient to cover funding requirement.

Next Steps

- Normally the Board would audit fiscal note and have options to adopt supplemental rate
- Due to benefit improvement rate freeze the Board cannot raise rates at this time
- Increased costs to the plan will be included in 2023 rate setting valuation for 25-27 biennium



Thank You

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