

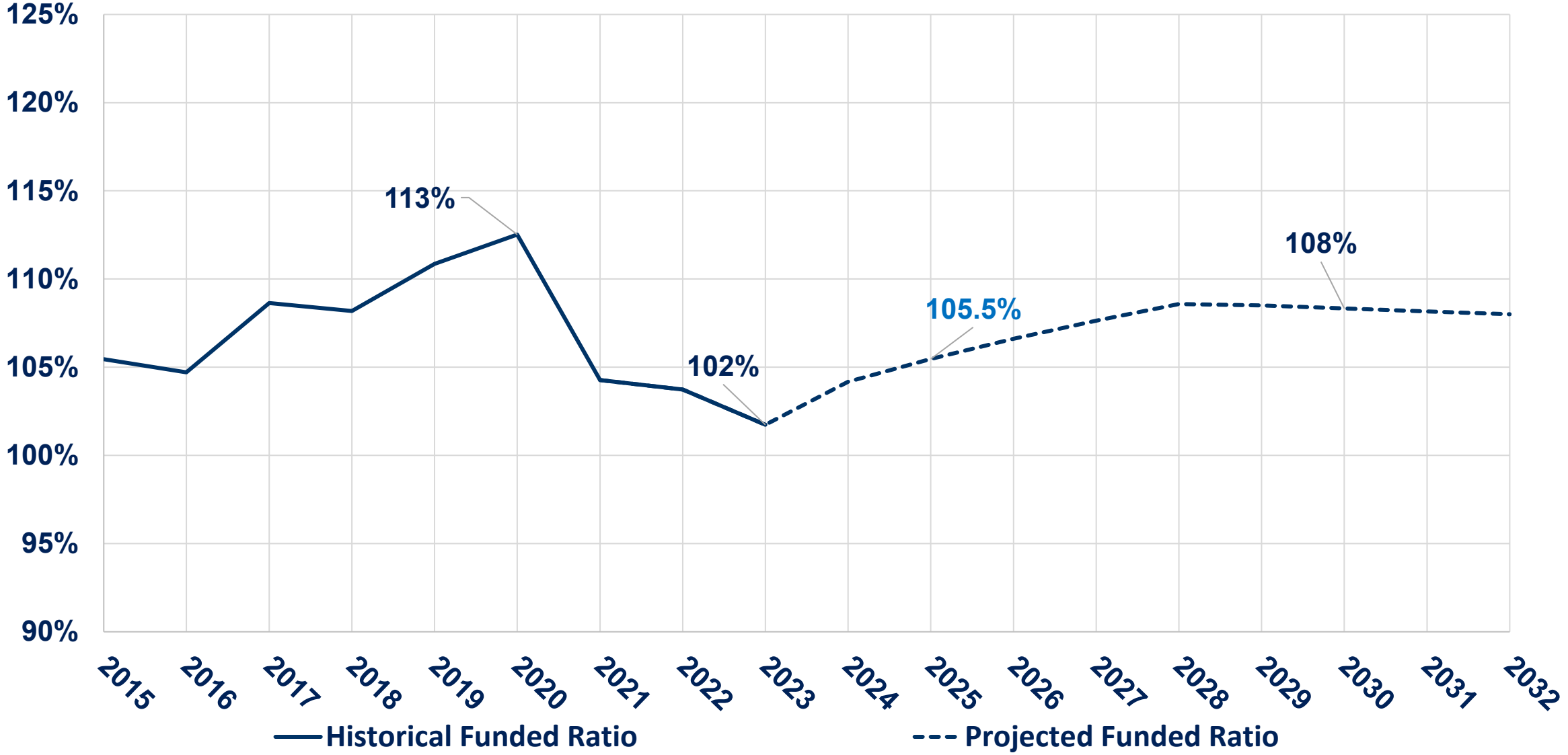
# A Conversation about LEOFF 2 Plan Risks

*With the LEOFF Plan 2 Retirement Board*

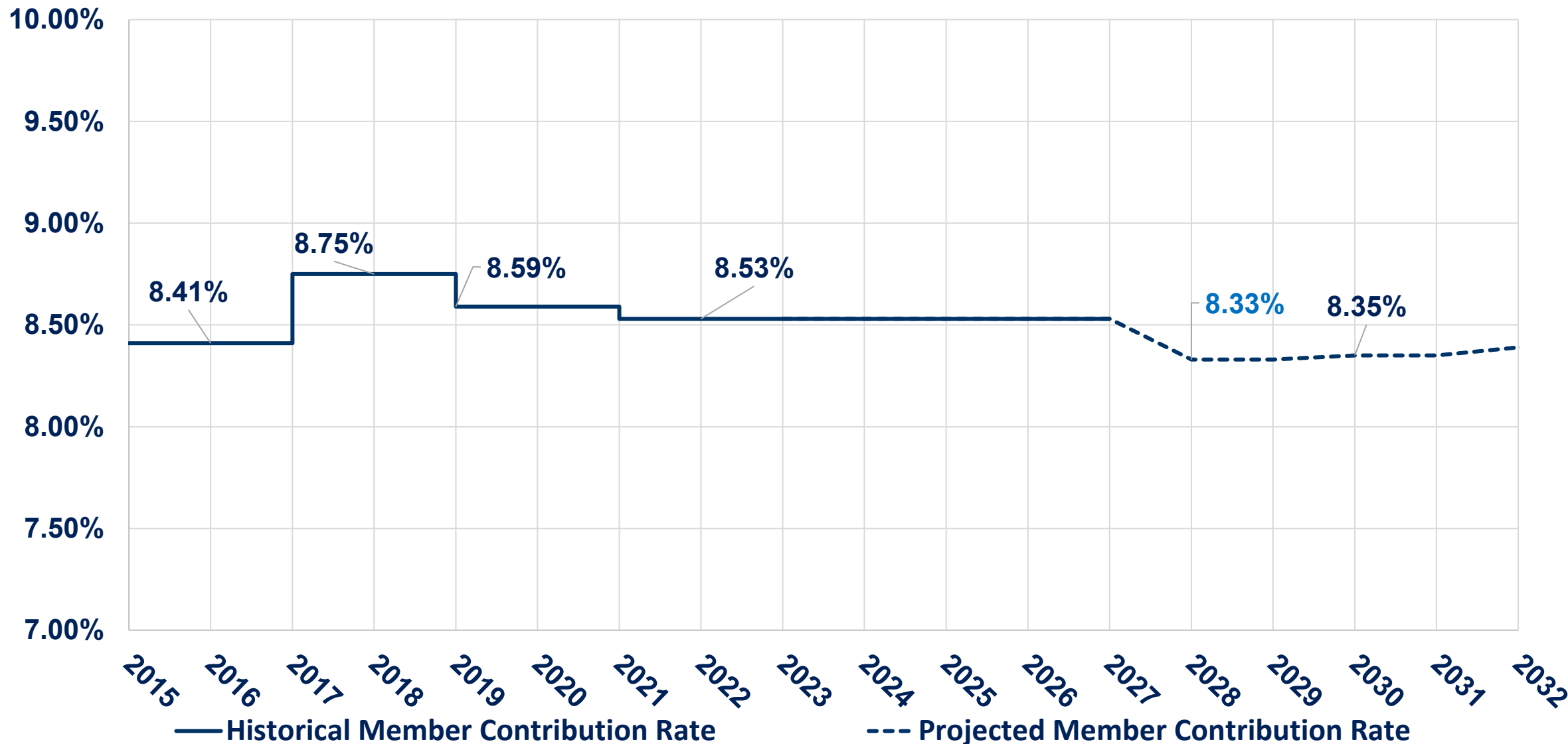
*Mitch DeCamp, ASA, MAAA, Actuary  
Jacob White, Senior Research & Policy Manager*



# Funded Ratio Projection



# Member Contribution Rate Projection



# What is Risk in Actuarial Measurements?

- **Risk** – When future plan experience differs from assumed plan experience

## Key Risks in Washington State Pensions

- **Demographic/Economic Risk** – Member experience and economic factors unfolding differently than assumed
  - Demographic experience includes mortality and retirement rates
  - Economic factors include salary growth and inflation
- **Investment Risk** – Actual investment returns differing from assumed returns

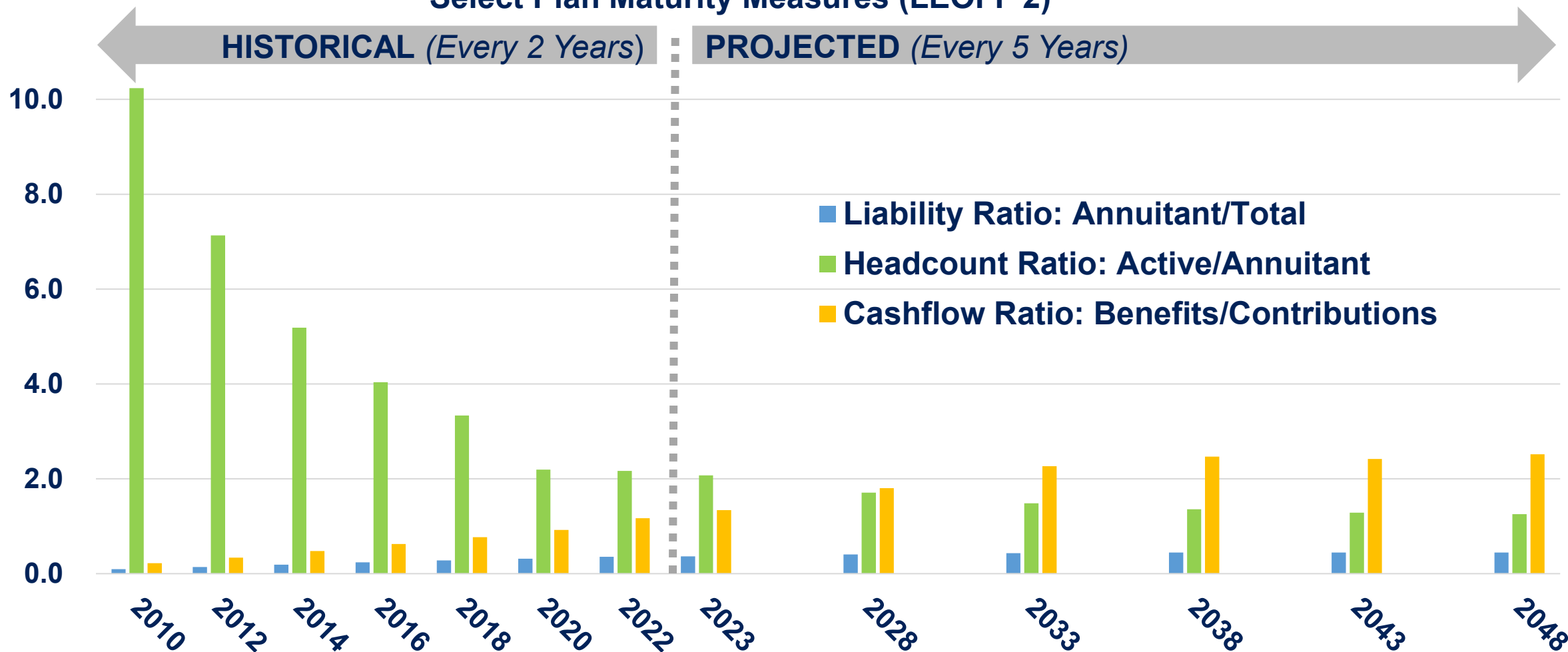
# What about Plan Maturity?

## ■ Plan Maturity

- Not technically a pension risk
  - A plan feature that helps explain how the plan will react to emerging risks
  - Certain risks have significantly different impact for plans with high or low maturity
- Examples: Plans with high or low maturity will react differently to investment return volatility or salary experience

# Plan Maturity Metrics

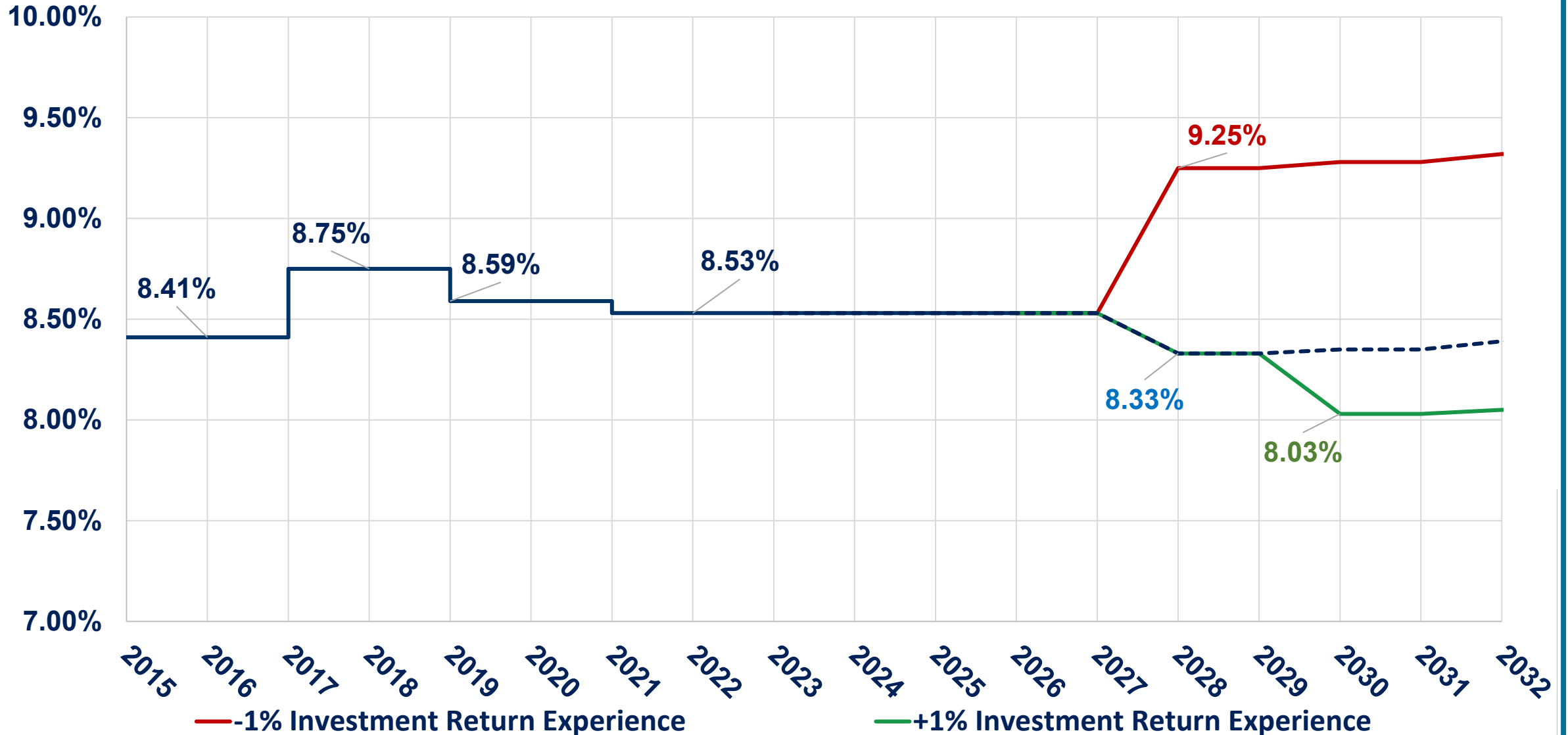
## Select Plan Maturity Measures (LEOFF 2)



Note: Total liability figures exclude savings fund amounts associated with members who terminated before becoming vested.

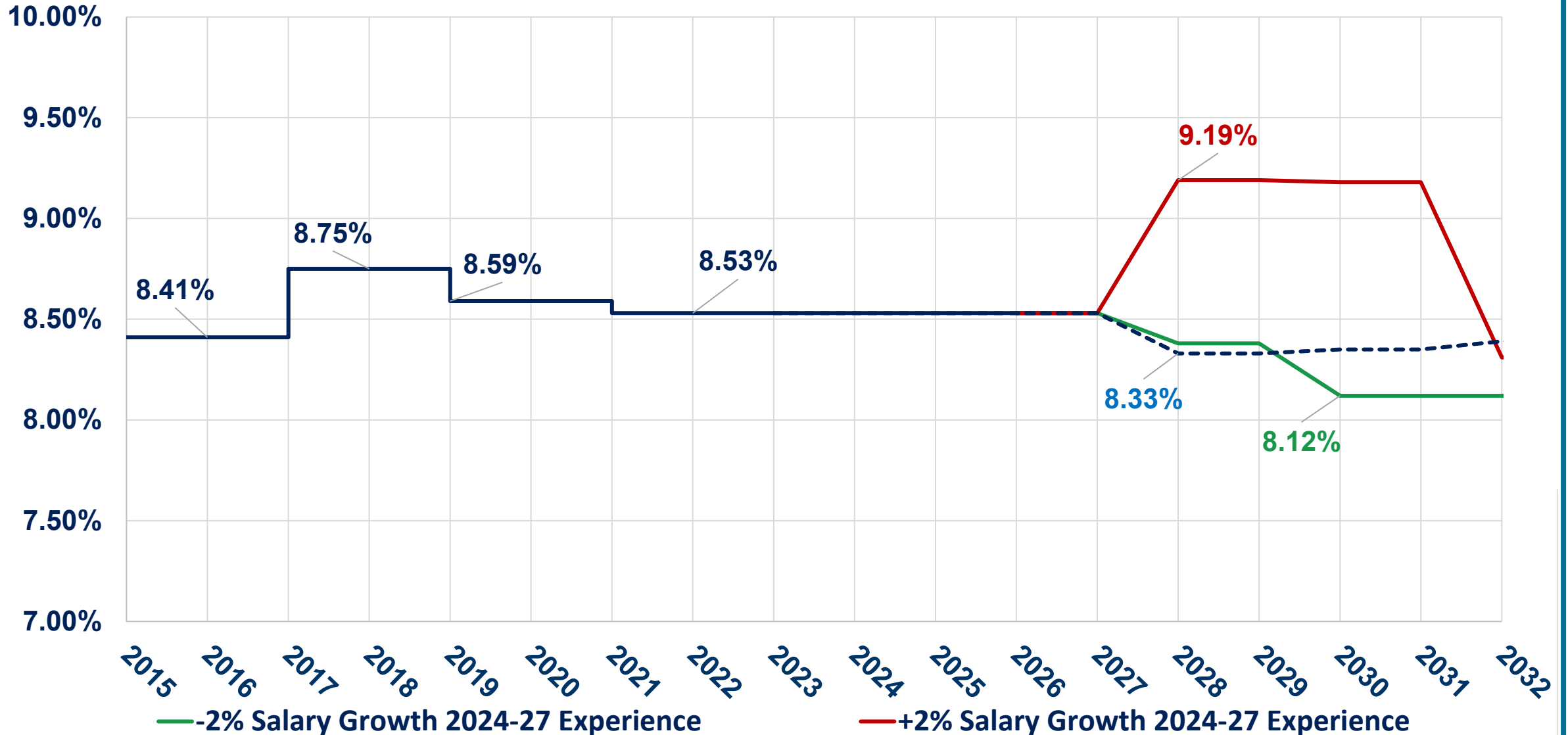
# Member Contribution Rate Projection

## Investment Risk: +/-1% Investment Return Experience



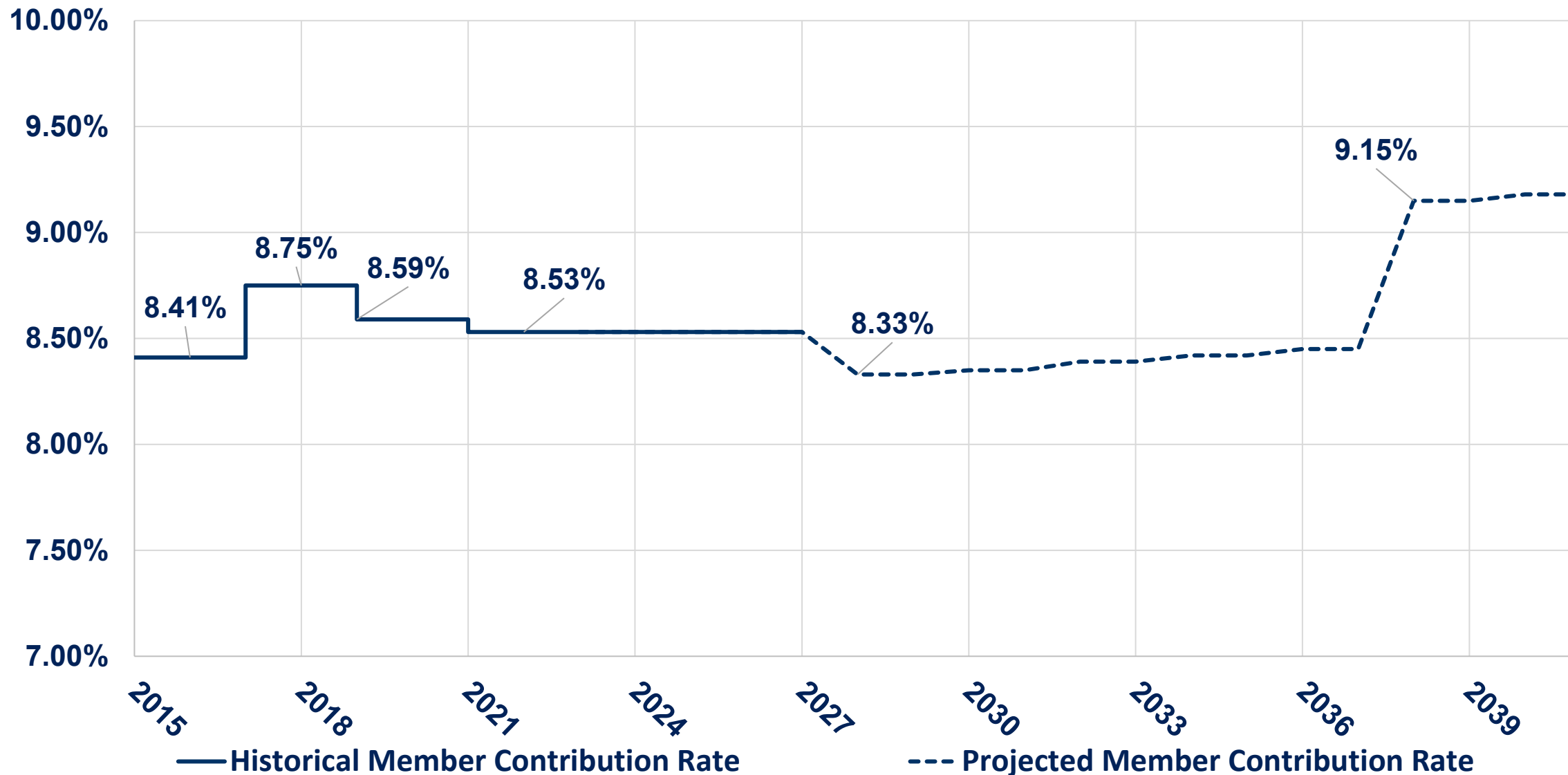
# Member Contribution Rate Projection

## Economic Risk: +/-2% Salary Growth 2024-27 Experience





# Long-term LEOFF 2 Rate Projection



**Questions? Please Contact: The Office of the State Actuary**

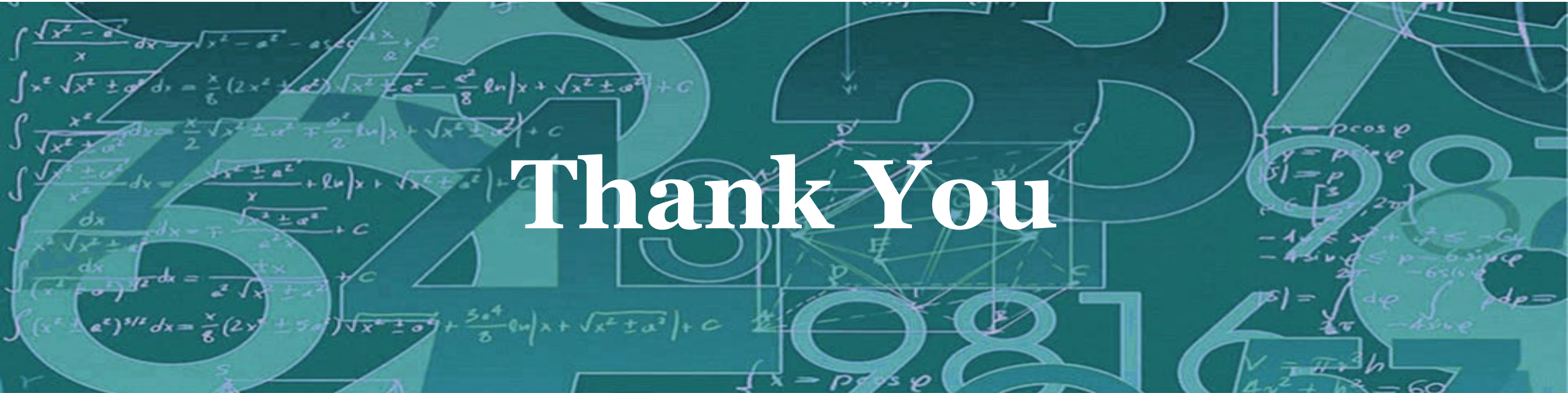
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**Thank You**



# Disclosure

- This presentation is based on the [2023 AVR](#) and [Projections Model](#). Please see the links above for assumptions, methods, and data used to produce the results contained in this presentation.
- We prepared this presentation to inform LEOFF Plan 2 Board discussions during the October 2024 meeting. Please do not use the results in this presentation for other purposes.
  - Please replace these results with updated results when available.
- Future contribution rates and funded ratios may deviate significantly from the projection results and stress testing presented here.
- Kyle Stineman, ASA, MAAA served as the reviewing and certifying actuary for the projection analysis in this presentation and meets the qualification standards of the American Academy of Actuaries to render the actuarial opinions provided.