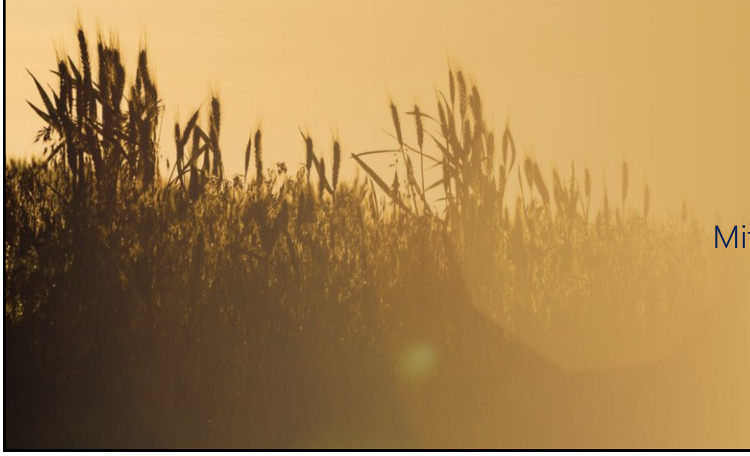

2024 Actuarial Valuation Results and Projections Update

Presentation to
LEOFF Plan 2 Retirement Board

Mitch DeCamp, ASA, MAAA, Actuary

October 22, 2025

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Today's Presentation

- 2024 Actuarial Valuation Highlights
- Projections Model Update
- Informational – No Board action needed today

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Actuarial Valuation Results

Difference Between Valuations and Projections

- Valuations
  - Deterministic (best estimate results)
  - Point-in-time snapshot of current plan measures

- Projections
  - Deterministic or stochastic (variable results)
  - 30 years of future valuations
  - Forecast of plan measures

2024 Changes in Assets

Market Value of Assets

- The value of the assets in the market on the valuation date
- Investment Returns
  - FY 2024 investment return of 7.95%
  - Expected return was 7.00%
- Expected return about $1.43 billion, actual investment return $1.63 billion

Actuarial Value of Assets

- Smoothed value of assets to reduce investment volatility in plan measures and contribution rates
- Recognized $255 million deferred investment gains
- Still deferring investment gains of about $1 billion

Calculating 2024 Actuarial Value of Assets

Calculation of Actuarial Value of Assets

LEOFF 2

(Dollars in Millions)				**2024**
Market Value of Assets				$22,081
Plan Year Ending	**Return on Assets**	**Years Deferred**	**Years Remaining**	**Amount Deferred***
6/30/2024	7.95%	0	0	0
6/30/2023	6.90%	0	0	0
6/30/2022	0.21%	7	4	(741)
6/30/2021	31.65%	8	4	1,762
Total Deferral				**$1,021**
Actuarial Value of Assets**				**$21,060**

Note: Totals may not agree due to rounding.
**Amount of asset gains and (losses) left to recognize, or apply, in future valuations. All asset gains/losses prior to 6/30/2021 have been fully recognized.*
***AVA can never be less than 70% ($15,457) or greater than 130% ($28,705) of the MVA.*

Participant Data Highlights

LEOFF 2	2022	2023	2024
Actives			
Headcount	18,625	19,311	19,899
Average Annual Salary	$129,100	$136,600	$145,200
Average Age	41.7	41.1	40.7
Average Service	12.4	11.8	11.3
Annuitants			
Headcount	8,597	9,460	10,294
Average Annual Benefit	$58,900	$61,600	$64,400
Actives to Annuitants	**2.2**	**2.0**	**1.9**

- Higher FY 2024 salary increases than assumed
  - Active members received average salary increases of approximately 10%
- About 200 additional retirements than assumed
- CPI-based inflation for CY 2024 was 3.61% for COLAs paid July 1, 2025

Funded Status Changes

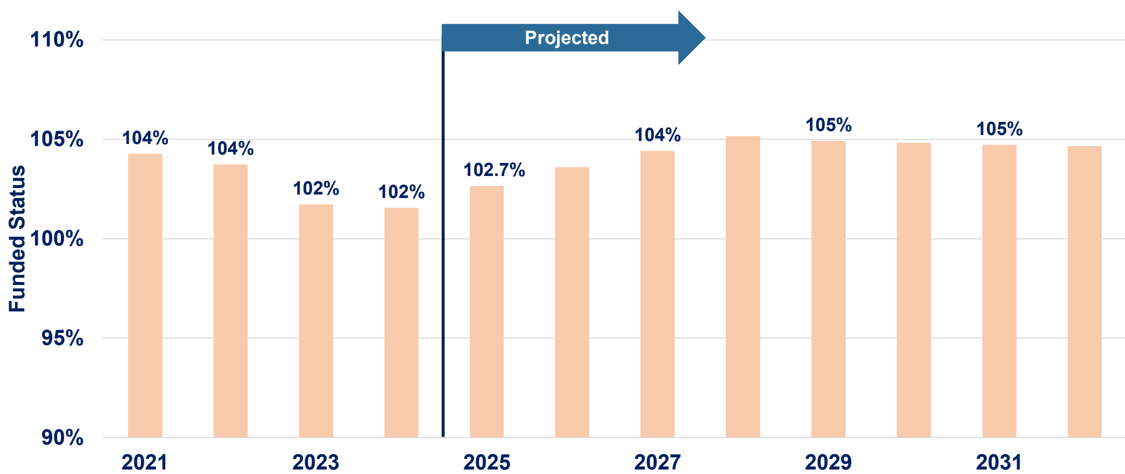
Changes to LEOFF 2 Funded Status	
Funded Status – 2023 Valuation	**101.7%**
Investment Returns/Recognizing Past Deferred Gains	2.7%
Plan Experience	(2.6%)
Miscellaneous	(0.2%)
Funded Status – 2024 Valuation	**101.6%**

Projections Update

What are OSA projections?

- Model produced by OSA to forecast results of future valuations
- Assume all future experience matches current plan assumptions
  - No changes to adopted contribution rates and future rates match funding policy
  - Additional assumptions for new members joining the plan
  - Includes actual June 30, 2025, investment return of 9.55%
- Stochastic component to estimate variability of actual investment earnings
  - Investment return variability provided by WSIB

Funded Status Projection – 2024 Valuation



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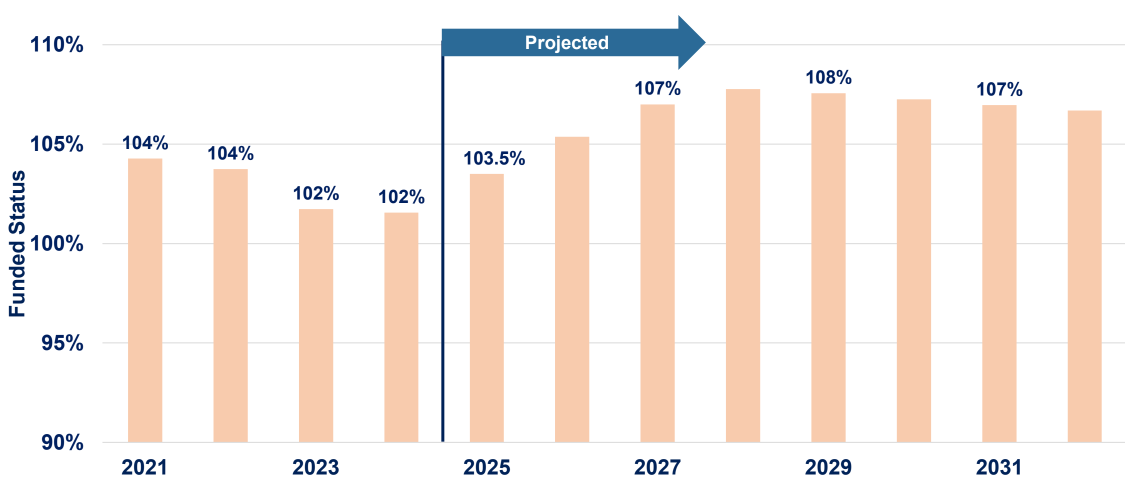
Funded Status Projection – 9.55% 2025 Return



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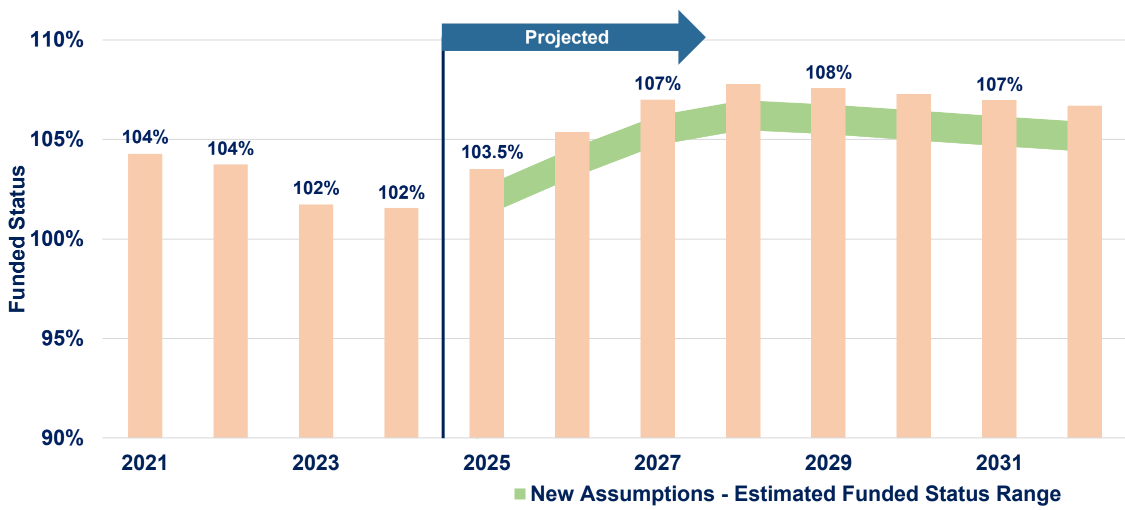
Funded Status Projection – Estimated New Assumption Impacts



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Contribution Rates

LEOFF 2 Adopted Contribution Rates			
	2025-27	2028	2029
Member	8.53%	8.66%	8.80%
Employer	5.12%	5.20%	5.28%
State	3.41%	3.46%	3.52%

- The Board adopted contributions based on the 2023 rate-setting valuation
  - Adopted rates for 2028 and 2029 may still be updated next summer with results from the 2025 valuation
- 2025 valuation will reflect any economic and demographic assumptions adopted by the Board

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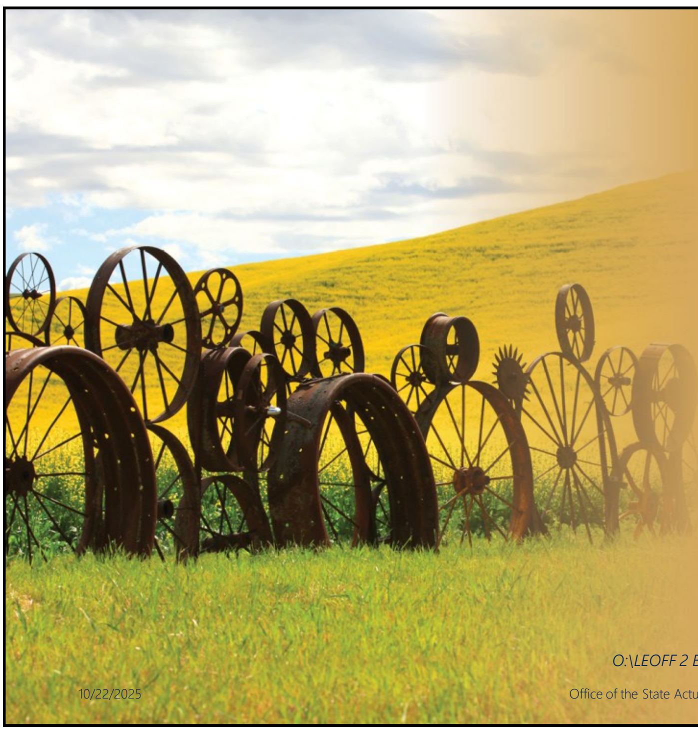
Summary

- The plan is considered healthy
  - Funded status exceeds 100% measured on June 30, 2024
  - Actuarial value of assets deferring over $1 billion
  - Recognition of deferred gains available to offset negative plan experience or improve future funded status
- Projected funded status expected to improve when reflecting new assumptions and 2025 investment gain
- *2025 Actuarial Valuation Report* available next summer



Thank You

For questions, please contact
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Disclosure

- The valuation results in this presentation are from the *2024 Actuarial Valuation Report* Please see our website for the full report containing the study assumptions, methods, and data used to produce the results in this presentation.
- We relied on the data, assumptions, and methods from our 2024 Valuation Projections Model to estimate future measurements of funded status. Please see the webpage for additional details.
- We prepared the estimated range of funded status impacts resulting from the new economic and demographic assumptions based on independent pricing on the 2023 AVR. Please see the *Preliminary Demographic Experience Study* presentation from the September 24, 2025, LEOFF 2 Board meeting for additional details.
- Mitch DeCamp, ASA, MAAA for the material in this presentation and meets the qualification standards of the American Academy of Actuaries to render the actuarial opinions provided.