

**CITY OF SEATTLE**

**RESOLUTION 32023**

A RESOLUTION amending Resolution 31334; establishing the City Council’s intent to fund the Seattle City Employees’ Retirement System (SCERS) as informed by the January 1, 2021, Actuarial Study.

WHEREAS, the City provides and manages a defined-benefit pension for its non-uniformed employees to serve as a source of retirement income, along with Social Security; and

WHEREAS, the City Council previously declared, in Resolution 31334, its intention to fully fund the actuarially required contribution amounts into the Seattle City Employees’ Retirement System (SCERS), including a plan to amortize the system’s unfunded liability in 30 or fewer years; and

WHEREAS, the January 1, 2021, valuation study performed by the SCERS actuary identified the contribution rate necessary to fully fund the system; and

WHEREAS, the City will update its contribution rate to SCERS annually to a level not less than the actuarial required contribution for that year as determined by the most recent valuation; and

WHEREAS, under SMC 4.36.505 the SCERS Board of Administration shall recommend to the City Council any necessary revisions in the rate of contributions of members and the City; and

WHEREAS, the SCERS Board of Administration, at its August 12, 2021, meeting, voted to recommend to the City Council that it maintain the 2021 employer contribution rate of 16.10 percent for fiscal year 2022, under the rationale that it is prudent in the interest of funding stability and in anticipation of declining changes to assumptions resulting from the upcoming Experience Study in 2022; NOW, THEREFORE,

1 **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEATTLE, THE**  
2 **MAYOR CONCURRING, THAT:**

3 Section 1. Resolution 31334, last amended by Resolution 31978, is amended as follows:

4 \* \* \*

5 Section 1. The City will fully fund its actuarially required contributions to SCERS  
6 in the 2012 Adopted Budget and thereafter. The City will base its contribution rate on a  
7 five-year smoothed asset valuation as described in the most recent actuarial report, and  
8 the rate will be sufficient to amortize the system's unfunded liabilities in 30 or fewer  
9 years.

10 Section 2. To that end, the ~~((2021))~~ 2022 Adopted Budget will include sufficient  
11 appropriation for the City to ~~((pay))~~ maintain payment of 16.10 percent of regular (non-  
12 overtime) payroll into SCERS. This is greater than the employee contribution rates into  
13 the system. It ~~((brings))~~ keeps the combined contribution ~~((to))~~ at 25.56 percent. ~~((, which~~  
14 ~~is the actuarially required amount for 2021 as described in the January 1, 2020 Actuarial~~  
15 ~~Valuation.))~~ The employer contribution rate must not be less than the required Actuarial  
16 Contribution Rate of 15.33 percent and a combined contribution rate of 24.68 percent, as  
17 determined by the January 1, 2021, Actuarial Valuation.

18 Section 3. The City endorses the actuarial assumptions and methods adopted by  
19 the SCERS Board of Administration, utilized beginning with the January 1, 2011,  
20 valuation, and modified by the Board as a result of the actuary's investigation of the  
21 system's experience from 2014 through 2017. These include:

- 22 A. The entry age normal actuarial cost method;
- 23 B. An investment return rate of 7.25 percent;

1 C. A five-year smoothed method for asset valuation;

2 D. Generational mortality tables that take future life expectancy improvements  
3 into account;

4 E. Expected average membership growth of 0.5 percent per year; and

5 F. Other economic and demographic assumptions as described in the valuation.

6 Section 4. Each year, and in the event the SCERS Board of Administration should  
7 wish to change its actuarial assumptions and methods, the City requests that the Board  
8 consult with the Mayor and the City Council by the tenth day of July regarding the  
9 impacts of such changes on funding requirements, as described in ~~((SMC))~~ Seattle  
10 Municipal Code subsection 4.36.550.A, to allow sufficient time to make budget  
11 preparations.

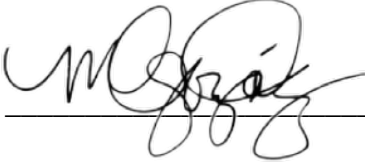
12 Section 5. The City will update its contribution rate to SCERS annually to a level  
13 not less than the actuarial required contribution for that year as determined by the most  
14 recent valuation. The City may elect to exceed the required contribution rate in any given  
15 year in the interest of funding stability or to amortize the system's unfunded liability in  
16 fewer than 30 years.

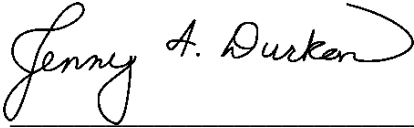
17 Section 6. Beginning with the January 1, 2013, Actuarial Valuation and thereafter,  
18 the amortization period is closed and fixed. That is to say, the amortization rate should be  
19 sufficient to retire the system's unfunded liability over the period 2013-2042. Since  
20 closed amortizations can generate excessive contribution rate volatility in the second half  
21 of the period, the Council may consider re-opening the amortization period after 15 years.  
22 At any time, the SCERS Board and its actuary may recommend additional amortization

1 layers and/or separate amortization periods for any new unfunded liabilities or surpluses  
2 generated after January 1, 2013.


3 \* \* \*

4 Adopted by the City Council the 22nd day of November, 2021,  
5 and signed by me in open session in authentication of its adoption this 22nd day of  
6 November, 2021.

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8 \_\_\_\_\_  
9 President \_\_\_\_\_ of the City Council

9 The Mayor concurred the 2nd day of December, 2021.  
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11 \_\_\_\_\_

11 Jenny A. Durkan, Mayor

12 Filed by me this 2nd day of December, 2021.  
13   
14 \_\_\_\_\_

14 Monica Martinez Simmons, City Clerk

15 (Seal)