

2017 - 2018 Seattle City Council Green Sheet

Ready for Notebook

Tab	Action	Option	Version
369	1	A	1

Budget Action Title: Pass C.B. 118832 - revise target date for full funding of the Firefighters Pension Fund from 2023 to 2028.

Ongoing: Yes

Has CIP Amendment: No Has Budget Proviso: No

Primary Sponsor: Budget Committee

Councilmembers:

Staff Analyst: Erik Sund

Council Bill or Resolution: 118832

Date		Total	SB	TB	LG	BH	LH	RJ	DJ	MO	KS
	Yes										
	No										
	Abstain										
	Absent										

Budget Action description:

This green sheet would recommend passage of C.B. 118832, which would extend the target date for full funding of the Actuarial Account of the Firefighters' Pension Fund from 2023 to 2028.

The City is obligated to pay for certain pension costs for firefighters who are members of the state-administered Law Enforcement Officers' and Fire Fighters' Retirement System Plan 1 (LEOFF 1), as well as their qualifying surviving beneficiaries. According to current actuarial projections, on a pay-as-you-go basis the City is expected to pay pension obligations to these firefighters or their surviving beneficiaries until approximately 2060.

In 1994 the Council passed Ordinance 117216, establishing an Actuarial Account within the Firefighters' Pension Fund with the intent of accumulating, by means of an actuarially determined Level Payment Amount, sufficient funding in the Actuarial Account to fully amortize all pension obligations by December 31, 2018. The Actuarial Account is to be funded by the annual excess of the Level Payment Amount over the actual pension obligations owed that year. Due to financial constraints, the Council revised the target date for full funding from 2018 to 2023 in 2006 and subsequently suspended contributions to the Actuarial Account from 2009 through 2016.

<i>Tab</i>	<i>Action</i>	<i>Option</i>	<i>Version</i>
369	1	A	1

The target date extension authorized in C.B. 118832 would allow the City to fully fund the Actuarial Account by 2028 by contributing a level amount each year towards the combined annual pension payments (pay-as-you-go benefits) and contributions to build up the Actuarial Account. The amounts included in the Mayor's Proposed 2017-2018 Budget for contributions to the Actuarial Account are based in part on the enactment of this legislation.