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CITY OF SEATTLE

RESOLUTION 31978

A RESOLUTION amending Resolution 31334; establishing the City Council’s intent to fund the Seattle City Employees’ Retirement System (SCERS) in accordance with the January 1, 2020 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 pension system, including a plan to amortize the system’s unfunded liability in 30 or fewer years; and

WHEREAS, the January 1, 2020 valuation study performed by the Seattle City Employees’ Retirement System (SCERS) actuary identified a change in the contribution rate necessary to fully fund the system; NOW, THEREFORE,

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

Section 1. Resolution 31334, last amended by Resolution 31688, is amended as follows:

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

Section 2. To that end, the ((2017)) 2021 Adopted Budget will include sufficient appropriation for the City to pay ((45.29%)) 16.10 percent of regular (non-overtime)

1 payroll into SCERS. This is greater than the employee contribution (~~(of 10.03%)~~) rates
2 into the system. It brings the combined contribution to (~~(25.26%)~~) 25.56 percent, which
3 is the actuarially required amount for (~~(2017)~~) 2021 as described in the January 1,
4 (~~(2016,)~~) 2020 Actuarial Valuation.

5 Section 3. The City endorses the actuarial assumptions and methods adopted by
6 the SCERS Board of Administration, utilized beginning with the January 1, 2011,
7 valuation, and modified by the Board as a result of the actuary's investigation of the
8 system's experience from (~~(2010)~~) 2014 through (~~(2013)~~) 2017. These include:

9 A. The entry age normal actuarial cost method;

10 B. An investment return rate of (~~(7.50%)~~) 7.25 percent;

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

12 D. Generational mortality tables that take future life expectancy improvements
13 into account;

14 E. Expected average membership growth of 0.5(~~(%)~~) percent per year; and

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

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

22 Section 5. The City will update its contribution rate to SCERS annually to a level
23 not less than the actuarial required contribution for that year as determined by the most

1 recent valuation. The City may elect to exceed the required contribution rate in any given
2 year in the interest of funding stability or to amortize the system's unfunded liability in
3 fewer than 30 years.

4 Section 6. Beginning with the January 1, 2013, Actuarial Valuation and thereafter,
5 the amortization period is closed and fixed. That is to say, the amortization rate should
6 be sufficient to retire the system's unfunded liability over the period 2013-2042. Since
7 closed amortizations can generate excessive contribution rate volatility in the second half
8 of the period, the Council may consider re-opening the amortization period after 15 years.
9 At any time, the SCERS Board and its actuary may recommend additional amortization
10 layers and/or separate amortization periods for any new unfunded liabilities or surpluses
11 generated after January 1, 2013.

