

CITY OF SEATTLE

RESOLUTION 32184

A RESOLUTION amending Resolution 31334; establishing the City Council’s intent to fund the Seattle City Employees’ Retirement System as informed by the January 1, 2025 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, 2025 valuation study performed by the Seattle City Employees’ Retirement System (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; 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 32150, 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.

1 Section 2. To that end, the ~~((2025))~~ 2026 Adopted Budget will include sufficient
2 appropriation for the City to maintain payment of ~~((15.17))~~ 15.06 percent of regular (non-
3 overtime) payroll into SCERS. This is greater than the employee contribution rates into
4 the system. The employer contribution rate must not be less than the required Actuarial
5 Contribution Rate of ~~((15.17))~~ 15.06 percent and a combined contribution rate of
6 ~~((24.00))~~ 23.78 percent, as determined by the January 1, ~~((2024))~~ 2025, Actuarial
7 Valuation.

8 Section 3. The City endorses the actuarial assumptions and methods adopted by
9 the SCERS Board of Administration, utilized beginning with the January 1, 2011,
10 valuation, and modified by the Board as a result of the actuary's investigation of the
11 system's experience from 2018 through 2021 as well as subsequent actuarial reports.

12 These include:

13 A. The entry age normal actuarial cost method;

14 B. An investment return rate of 6.75 percent;

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

16 D. Generational mortality tables that take future life expectancy improvements
17 into account;

18 E. Expected average membership growth of 0.25 percent per year; and

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

20 Section 4. Each year, and in the event the SCERS Board of Administration should
21 wish to change its actuarial assumptions and methods, the City requests that the Board
22 consult with the Mayor and the City Council by the tenth day of July regarding the

1 impacts of such changes on funding requirements, as described in Seattle Municipal Code
2 subsection 4.36.550.A, to allow sufficient time to make budget preparations.

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

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

