

Amendment 1 Version 1 to RES 32114 – RET ARC for 2024

Sponsor: Councilmember Pedersen

Use actuarially derived rate of 15.17 percent for City’s employer contribution to City employee’s retirement system in 2024.

Effect: This establishes the City Council’s intent to use, for the City’s contributions to the Seattle City Employees Retirement System (SCERS) in the 2024 City Budget, the actuarially required employer contribution rate of 15.17 as calculated by Milliman Inc., SCER’s contracted actuary. The actuarially required contribution is the amount determined to be necessary, based on actuarial calculations, to be budgeted in 2024 to meet the goal of 100 percent retirement system funded status by 2042.

While this change does not directly impact the amounts appropriated in the City budget, it would align Council’s intent regarding the City contribution with appropriation changes proposed in SDOT-101-A-3, which would reduce the budgeted City employer contributions to the City retirement system to the actuarially required levels, and use the General Fund and Real Estate Excise Tax Fund savings to fund bridge and school zone camera investments in 2024.

Amend the recitals to RES 32114 as follows:

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, 2023 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))~~ equal to the actuarial required contribution for ~~((that year))~~2024 as determined by the most recent valuation; ~~((and~~

~~WHEREAS, under Seattle Municipal Code Section 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 June 8, 2023 meeting, voted to recommend to the City Council that it maintain the 2023 employer contribution rate of 15.82 percent for fiscal year 2024 under the rationale that it is prudent in the interest of funding stability and in anticipation of investment market volatility and low returns;)~~

NOW, THEREFORE,

Amend Section 2 of RES 32114 as follows:

Section 2. To that end, the ~~((2023))~~ 2024 Adopted Budget will include sufficient appropriation for the City to maintain payment of ~~((15.82))~~ 15.17 percent of regular (non-overtime) payroll into SCERS. This is greater than the employee contribution rates into the system. ~~((It keeps the combined contribution at 25.06 percent.))~~ The employer contribution rate must not be less than the required Actuarial Contribution Rate of ~~((15.82))~~ 15.17 percent and a combined contribution rate of ~~((25.06))~~ 24.12 percent, as determined by the January 1, ~~((2022))~~ 2023, Actuarial Valuation.