



Legislation Text

File #: Res 31617, Version: 1

CITY OF SEATTLE
RESOLUTION _____

A RESOLUTION amending Resolution 31334; establishing the Council's intent to fund the Seattle City Employees' Retirement System in accordance with the January 1, 2015 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, in Resolution 31334, the City Council previously declared 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, 2015 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, adopted in November 2011 and modified by Resolution 31540 in September 2014, is modified 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 ((2015))2016 Adopted Budget will include sufficient appropriation for the

City to pay ~~((15.73))~~15.23% of regular (non-overtime) payroll into SCERS. This is greater than the employee contribution of 10.03%. It brings the combined contribution to ~~((25.76))~~ 25.26%, which is the actuarially required amount for ~~((2015))~~2016 as described in January 1, ~~((2014))~~2015 Actuarial Valuation.

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

- A. The entry age normal actuarial cost method
- B. An investment return rate of 7.50%
- C. A five-year smoothed method for asset valuation
- D. Generational mortality tables that take future life expectancy improvements into account
- E. Expected average membership growth of 0.5% per year
- F. Other economic and demographic assumptions as described in the valuation.

Section 4. Each year, and in the event the SCERS Board of Administration should wish to change its actuarial assumptions and methods, the City requests that the Board consult with the Mayor and the City Council by the tenth day of July regarding the impacts of such changes on funding requirements, as described in SMC 4.36.550.A, to allow sufficient time to make budget preparations.

Section 5. 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. The City may elect to exceed the required contribution rate in any given year in the interest of funding stability or to amortize the system's unfunded liabilities in fewer than 30 years.

Section 6. Beginning with the January 1, 2013 Actuarial Valuation and thereafter, the amortization period is closed and fixed. That is to say, the amortization rate should be sufficient to retire the system's unfunded liability over the period 2013-2042. Since closed amortizations can generate excessive contribution rate volatility in the second half of the period, the Council may consider re-opening the amortization period

after 15 years. At any time, the SCERS Board and its actuary may recommend additional amortization layers and/or separate amortization periods for any new unfunded liabilities or surpluses generated after January 1, 2013. "

Adopted by the City Council the ____ day of _____, 2015, and signed by me in open session in authentication of its adoption this _____ day of _____, 2015.

President _____ of the City Council

The Mayor concurred the ____ day of _____, 2015.

Edward B. Murray, Mayor

Filed by me this ____ day of _____, 2015.

Monica Martinez Simmons, City Clerk

(Seal)