

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 1312 HB	<b>Title:</b> Retirement benefits/death
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## Estimated Cash Receipts

NONE

## Estimated Operating Expenditures

Agency Name	2025-27				2027-29				2029-31			
	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total	FTEs	GF-State	NGF-Outlook	Total
Department of Retirement Systems	.7	0	0	279,000	.0	0	0	0	.0	0	0	0
Actuarial Fiscal Note - State Actuary	.0	13,200,000	13,200,000	17,900,000	.0	13,400,000	13,400,000	17,900,000	.0	13,700,000	13,700,000	18,100,000
<b>Total \$</b>	<b>0.7</b>	<b>13,200,000</b>	<b>13,200,000</b>	<b>18,179,000</b>	<b>0.0</b>	<b>13,400,000</b>	<b>13,400,000</b>	<b>17,900,000</b>	<b>0.0</b>	<b>13,700,000</b>	<b>13,700,000</b>	<b>18,100,000</b>

## Estimated Capital Budget Expenditures

Agency Name	2025-27			2027-29			2029-31		
	FTEs	Bonds	Total	FTEs	Bonds	Total	FTEs	Bonds	Total
Department of Retirement Systems	.0	0	0	.0	0	0	.0	0	0
Actuarial Fiscal Note - State Actuary	.0	0	0	.0	0	0	.0	0	0
<b>Total \$</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>

## Estimated Capital Budget Breakout

NONE

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# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1312 HB	<b>Title:</b> Retirement benefits/death	<b>Agency:</b> 124-Department of Retirement Systems
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.4	0.0	0.7	0.0	0.0
<b>Account</b>					
Department of Retirement Systems	279,000	0	279,000	0	0
Expense Account-State 600-1					
<b>Total \$</b>	279,000	0	279,000	0	0

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact: David Pringle	Phone: 360-786-7310	Date: 01/20/2025
Agency Preparation: Amy McMahan	Phone: 360-664-7307	Date: 01/20/2025
Agency Approval: Mark Feldhausen	Phone: 360-664-7194	Date: 01/20/2025
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/22/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.*

This bill amends RCW 41.50 to require the Department of Retirement Systems (DRS) to continue paying benefits until the end of the month in which a retiree or beneficiary dies, instead of paying a pro-rated monthly amount as it does today. The change takes effect January 1, 2026.

### II. B - Cash receipts Impact

*Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.*

### II. C - Expenditures

*Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.*

#### Administrative Assumptions:

- This bill is prospective and will only apply to retirees and beneficiaries who die on or after January 1, 2026.
- Any retirees and beneficiaries who die before January 1, 2026, will be subject to the pro-rated monthly method.

To implement this legislation, DRS will:

- Confirm project scope, timeline, and conduct project implementation tasks,
- Conduct business analysis and business process design,
- Complete systems changes (which includes defining system requirements, coding system changes in our web and Linux applications, testing, and deployment),
- Identify impacted members,
- Update all relevant letters and develop new letter(s) as required, and
- Train team members.

To support this implementation DRS will form a project team that will include a project manager, business analyst, Linux programmer, communication consultant, fiscal analyst, and retirement specialist.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
600-1	Department of Retirement Systems Expense Account	State	279,000	0	279,000	0	0
<b>Total \$</b>			279,000	0	279,000	0	0

**III. B - Expenditures by Object Or Purpose**

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years	1.4		0.7		
A-Salaries and Wages	160,000		160,000		
B-Employee Benefits	48,000		48,000		
C-Professional Service Contracts	71,000		71,000		
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	279,000	0	279,000	0	0

**III. C - Operating FTE Detail:** *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2026	FY 2027	2025-27	2027-29	2029-31
Communications Consultant 4	80,460	0.1		0.0		
Fiscal Analyst 5	86,712	0.1		0.1		
IT Business Analyst-Journey	107,148	0.7		0.4		
IT Project Manager-Mgr	136,752	0.5		0.2		
Retirement Specialist 3	74,724	0.1		0.1		
<b>Total FTEs</b>		1.4		0.7		0.0

**III. D - Expenditures By Program (optional)**

NONE

**Part IV: Capital Budget Impact**

**IV. A - Capital Budget Expenditures**

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

Relevant WACs may need to be updated.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 1312 HB	<b>Title:</b> Retirement benefits/death	<b>Agency:</b> AFN-Actuarial Fiscal Note - State Actuary
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## Part I: Estimates

**No Fiscal Impact**

### Estimated Cash Receipts to:

NONE

### Estimated Operating Expenditures from:

	FY 2026	FY 2027	2025-27	2027-29	2029-31
<b>Account</b>					
All Other Funds-State 000-1	2,100,000	2,600,000	4,700,000	4,500,000	4,400,000
General Fund-State 001-1	5,900,000	7,300,000	13,200,000	13,400,000	13,700,000
<b>Total \$</b>	<b>8,000,000</b>	<b>9,900,000</b>	<b>17,900,000</b>	<b>17,900,000</b>	<b>18,100,000</b>

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Agency Preparation: Aaron Gutierrez	Phone: 360-786-6152	Date: 01/20/2025
Agency Approval: Lisa Won	Phone: 360-786-6150	Date: 01/20/2025
OFM Review: Marcus Ehrlander	Phone: (360) 489-4327	Date: 01/22/2025

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

### II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

### II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

## Part III: Expenditure Detail

### III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2026	FY 2027	2025-27	2027-29	2029-31
000-1	All Other Funds	State	2,100,000	2,600,000	4,700,000	4,500,000	4,400,000
001-1	General Fund	State	5,900,000	7,300,000	13,200,000	13,400,000	13,700,000
<b>Total \$</b>			<b>8,000,000</b>	<b>9,900,000</b>	<b>17,900,000</b>	<b>17,900,000</b>	<b>18,100,000</b>

### III. B - Expenditures by Object Or Purpose

	FY 2026	FY 2027	2025-27	2027-29	2029-31
FTE Staff Years					
A-Salaries and Wages					
B-Employee Benefits	8,000,000	9,900,000	17,900,000	17,900,000	18,100,000
C-Professional Service Contracts					
E-Goods and Other Services					
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total \$</b>	<b>8,000,000</b>	<b>9,900,000</b>	<b>17,900,000</b>	<b>17,900,000</b>	<b>18,100,000</b>

**III. C - Operating FTE Detail:** FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part I and Part IIIA.

NONE

### III. D - Expenditures By Program (optional)

NONE

## Part IV: Capital Budget Impact

### IV. A - Capital Budget Expenditures

NONE

**IV. B - Expenditures by Object Or Purpose**

NONE

**IV. C - Capital Budget Breakout**

*Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.*

NONE

**IV. D - Capital FTE Detail:** *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

**Part V: New Rule Making Required**

*Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.*

**SUMMARY OF RESULTS**

**BRIEF SUMMARY OF BILL:** Requires DRS to pay a full month of benefits for the month in which an annuitant dies.

**COST SUMMARY**

During FY 2026, a supplemental contribution rate is collected to fund the cost of this bill, and that cost is paid by members and employers as detailed below. This bill also results in an increase to TRS 2/WSPRS member maximum contribution rates.

Impact on Contribution Rates (Effective 9/1/2025)						
	PERS	TRS	SERS	PSERS	LEOFF	WSPRS
<b>Employee (Plan 2 or WSPRS)</b>	0.04%	0.03%	0.04%	0.01%	0.04%	0.09%
<b>Employer</b>						
Normal Cost	0.04%	0.03%	0.04%	0.01%	0.03%	0.09%
Plan 1 UAAL	0.01%	0.02%	0.01%	0.01%	0.00%	0.00%
<b>Total Employer</b>	<b>0.05%</b>	<b>0.05%</b>	<b>0.05%</b>	<b>0.02%</b>	<b>0.03%</b>	<b>0.09%</b>
<b>Total State</b>					<b>0.01%</b>	

Budget Impacts			
(Dollars in Millions)	2025-27	2027-29	25-Year
<b>General Fund-State</b>	\$13.2	\$13.4	\$125.4
<b>Local Government</b>	12.0	11.2	107.6
<b>Total Employer</b>	<b>\$29.9</b>	<b>\$29.1</b>	<b>\$274.7</b>

*Note: We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.*

**HIGHLIGHTS OF ACTUARIAL ANALYSIS**

- ❖ This bill results in a cost to the retirement systems because members and their survivors will retain the full month’s pension payment in the month of death, rather than having that month’s benefit prorated.
- ❖ We estimate this bill could affect roughly 650,000 members of the retirement systems including active, retired, disabled, vested terminated members, and joint-life survivors.
- ❖ Other populations such as legal order payees and Plan 3 TAP annuitants will also receive benefit improvements under this bill and increase the costs noted above. We excluded these populations from this analysis due to their limited expected impact on the results.
- ❖ We assume the distribution of deaths is uniform throughout any given month. As a result, we expect this bill will provide an additional half-month pension payment, on average, to all current and future annuitants.
- ❖ We assume DRS and the LEOFF 2 Board will adopt new administrative factors that include the provisions of this bill for future retirees who purchase optional annuities.
- ❖ The best estimate results can vary under a different set of assumptions. If we assumed all members died on the last day of the month, this bill would have no cost. In contrast, if we assumed all members died on the first day of the month, the cost of this bill would double.

*See the remainder of this fiscal note for additional details on this summary and highlights.*



## WHAT IS THE PROPOSED CHANGE?

### Summary of Bill

This bill impacts the following systems:

- ❖ Public Employees' Retirement System (PERS).
- ❖ Teachers' Retirement System (TRS).
- ❖ School Employees' Retirement System (SERS).
- ❖ Public Safety Employees' Retirement System (PSERS).
- ❖ Law Enforcement Officers' and Fire Fighters' Retirement System (LEOFF).
- ❖ Washington State Patrol Retirement System (WSPRS).

This bill requires the Department of Retirement Systems (DRS) to pay a full month of benefits for the month in which an annuitant dies.

Effective Date: January 1, 2026.

### What Is the Current Situation?

Retirement benefits are paid at the end of each month, but annuitants (retirees and survivors) only receive benefits up to their date of death. If DRS is not notified of the death before the cut-off time for processing the payment, the estate will receive a payment for the full month. In these cases, DRS sends an invoice to the estate for repayment of any benefits paid beyond the date of death.

For example, if an annuitant dies on day 25 of a 30-day month, they receive pro-rated benefits for only those 25 days. If they have already received a check for the full month, DRS will seek repayment of the remaining five days.

This is a longstanding administrative practice. While statute does not expressly state when benefits should cease after death, DRS has general authority (see e.g., [Revised Code of Washington 41.50.130](#)) to bill retirees and survivors for overpayments of benefits.

At retirement, members of Plans 3 can purchase an annuity from the Total Allocation Portfolio (TAP). The same proration of benefits in the month of death applies to members who purchase a TAP annuity.

### Who Is Impacted and How?

This bill will improve benefits for all members and survivors who receive an annuity, except for those who die on the last day of the month. Because of this, we estimate this bill could affect 648,187 members of the impacted systems. These members include active, retired, disabled, and vested terminated members, as well as all joint-life survivors.

This bill will also improve benefits for legal order payees (roughly 1,500), Plan 3 TAP annuitants (roughly 5,000), and members of both the Judicial Retirement System (71) and the Judges' Retirement Fund (7). However, we did not include the impact associated with these members in this analysis due to their limited expected impact on results. We assume

the administrative factors applied to members who purchase a TAP 3 annuity (or other optional annuities) in the future would be recalculated to include the provisions of this bill.

This bill will increase the benefits for a typical member by providing the annuitant with a full month's annuity benefit in the month of death. Continuing with the prior example, assume that a given retiree receives a monthly pension benefit of \$1,500 and dies on June 25. Under current law, DRS would prorate this member's June benefit.

If DRS had already processed the payment, the member's estate would need to reimburse DRS for the five days of June that the member was not alive. Therefore, this member's benefit in the month of death would be:

$$(25/30) \times \$1,500 = \$1,250$$

and DRS would request reimbursement of \$250. Under this bill, DRS would not prorate the member's benefit in the month of death and the member would keep the full \$1,500 benefit.

This bill impacts all employers and active Plan 2 members of these systems through increased contribution rates. With the exception of WSPRS members, this bill will not affect member contribution rates in Plan 1 since they are fixed in statute. Additionally, this bill will not affect member contribution rates in Plan 3 since Plan 3 members do not contribute to their employer-provided defined benefit.

This bill also impacts all PERS, TRS, SERS, and PSERS employers through increased Unfunded Actuarial Accrued Liability (UAAL) contribution rates.

## **WHY THIS BILL HAS A COST AND WHO PAYS FOR IT**

### **Why This Bill Has a Cost**

This bill has a cost because any member or survivor who receives an annuity would be able to retain their full benefit amount in the month of death, rather than only a prorated portion.

### **Who Will Pay for These Costs?**

For PERS, TRS, SERS, and PSERS, the costs that arise from this bill will be divided between members and employers according to standard funding methods that vary by plan:

- ❖ Plan 1: 100% employer.
- ❖ Plan 2: 50% member and 50% employer.
- ❖ Plan 3: 100% employer.

Employers of PERS, SERS, and PSERS members will realize the impacts on the PERS 1 UAAL payments, whereas employers of TRS members will realize the impacts on the TRS 1 UAAL payments.

For LEOFF 2, the costs that arise from this bill will be divided according to the standard funding method for LEOFF Plan 2: 50% member, 30% employer, and 20% state. For WSPRS, the costs that arise from this bill will be divided according to the standard funding method of 50% member and 50% employer.

The costs that arise from this bill will result in an increase to the TRS 2 and WSPRS member contribution rates. The current member maximum contribution rate is 8.65% for TRS 2 and 8.75% for WSPRS. These member maximum rates will respectively increase by the supplemental TRS and WSPRS Employee rates noted on page 1.

## **HOW WE VALUED THESE COSTS**

We modeled the current law cost of the retirement systems using our most recent Actuarial Valuation Report (AVR) – the [June 30, 2023, AVR](#) – as well as the assumptions and methods found on our [Projections](#) webpage. To analyze the impact of this bill, we then adjusted the following assumptions, methods, or data.

In our valuation software, we changed the benefit payment timing from end of month to beginning of month. This change provides a full month's annuity benefit to any annuitant who is alive on the first day of that month. However, this change also pays out all benefits at the beginning of each month, rather than at the end of each month, as is DRS's current administrative practice.

To address this, we then applied a one-month interest adjustment in Excel. This adjustment was made to all annuity-based benefits that were material to this pricing.

This method change models a full additional month of benefit payments for all members. However, under DRS's current administrative practice of prorating benefits, we assume members are, on average, already receiving a half-month pension payment in the month of their death. Therefore, we valued the cost of this bill as half of the impact from the method change described above.

For information regarding the calculation of this bill's expected fiscal impact, please see the **Appendix**.

## **ACTUARIAL RESULTS**

### **How the Liabilities Changed**

This bill will impact the actuarial funding of PERS, TRS, SERS, PSERS, LEOFF, and WSPRS by increasing the present value of future benefits payable to the members. The impact of the increasing present value of future benefits payable for current members is shown below.

<b>Impact on Pension Liability (As of 6/30/2023)</b>			
<i>(Dollars in Millions)</i>	<b>Current</b>	<b>Increase</b>	<b>Total</b>
<b>Actuarial Present Value of Projected Benefits</b>			
<i>(The Value of the Total Commitment to All Current Members)</i>			
<b>PERS 1</b>	\$10,716	\$18.7	\$10,735
<b>PERS 2/3</b>	73,765	94.8	73,860
<b>TRS 1</b>	7,810	13.8	7,823
<b>TRS 2/3</b>	35,071	36.7	35,108
<b>SERS 2/3</b>	12,198	15.9	12,214
<b>PSERS 2</b>	2,776	2.4	2,778
<b>LEOFF 1</b>	4,269	9.8	4,279
<b>LEOFF 2</b>	25,412	22.8	25,435
<b>WSPRS 1/2</b>	\$2,049	\$2.2	\$2,051
<b>Unfunded Actuarial Accrued Liability</b>			
<i>(The Portion of the Plan 1 Liability that is Amortized According to Funding Policy)*</i>			
<b>PERS 1</b>	\$566	\$18.7	\$584
<b>TRS 1</b>	208	13.8	222
<b>LEOFF 1</b>	(\$2,095)	\$9.8	(\$2,085)
<b>Unfunded Entry Age Accrued Liability</b>			
<i>(The Value of the Total Commitment to All Current Members Attributable to Past Service that is Not Covered by Current Assets)</i>			
<b>PERS 1</b>	\$2,140	\$18.7	\$2,159
<b>PERS 2/3</b>	1,653	81.5	1,735
<b>TRS 1</b>	1,075	13.8	1,089
<b>TRS 2/3</b>	2,047	28.4	2,075
<b>SERS 2/3</b>	715	13.2	728
<b>PSERS 2</b>	51	1.4	53
<b>LEOFF 1</b>	(2,095)	9.8	(2,086)
<b>LEOFF 2</b>	(331)	17.9	(313)
<b>WSPRS 1/2</b>	\$112	\$2.0	\$114

Note: Totals may not agree due to rounding.

\*PERS 1 and TRS 1 are amortized over a ten-year period.

### How the Assets Changed

This bill does not change asset values, so there is no impact on the actuarial funding of the affected plans due to asset changes.

### How the Present Value of Future Salaries (PVFS) Changed

This bill does not change the PVFS, so there is no impact on the actuarial funding of the affected plans due to PVFS changes.

### How Contribution Rates Changed

The rounded increase in the required actuarial contribution rate results in the supplemental contribution rate shown on page 1 that applies in the current biennium. However, we will use the unrounded rate increase shown below to measure the budget changes in future biennia.

Impact on Contribution Rates						
System/Plan	PERS	TRS	SERS	PSERS	LEOFF*	WSPRS
Current Members						
<b>Employee (Plan 2 or WSPRS)</b>	0.041%	0.028%	0.038%	0.015%	0.035%	0.089%
<b>Employer</b>						
Normal Cost	0.041%	0.028%	0.038%	0.015%	0.021%	0.089%
Plan 1 UAAL	0.011%	0.018%	0.011%	0.011%	0.000%	0.000%
<b>Total Employer</b>	<b>0.052%</b>	<b>0.046%</b>	<b>0.049%</b>	<b>0.026%</b>	<b>0.021%</b>	<b>0.089%</b>
<b>Total State</b>					<b>0.014%</b>	
New Entrants**						
<b>Employee (Plan 2 or WSPRS)</b>	0.006%	0.007%	0.007%	0.007%	0.008%	0.006%
<b>Employer</b>						
Normal Cost	0.006%	0.007%	0.007%	0.007%	0.005%	0.006%
Plan 1 UAAL	0.011%	0.018%	0.011%	0.011%	0.000%	0.000%
<b>Total Employer</b>	<b>0.017%</b>	<b>0.025%</b>	<b>0.018%</b>	<b>0.018%</b>	<b>0.005%</b>	<b>0.006%</b>
<b>Total State</b>					<b>0.003%</b>	

\*Since this bill does not create an unfunded liability in LEOFF 1, there is no impact to LEOFF 1 contribution rates.

\*\*Rate change applied to future new entrant payroll and used to determine budget impacts only. Current members and new entrants pay the same contribution rate.

### How This Impacts Budgets and Employees

Budget Impacts							
(Dollars in Millions)	PERS	TRS	SERS	PSERS	LEOFF	WSPRS	Total
<b>2025-2027</b>							
General Fund	\$3.0	\$7.6	\$1.8	\$0.2	\$0.6	\$0.0	\$13.2
Non-General Fund	4.4	0.0	0.0	0.0	0.0	0.2	4.7
<b>Total State</b>	<b>\$7.4</b>	<b>\$7.6</b>	<b>\$1.8</b>	<b>\$0.3</b>	<b>\$0.6</b>	<b>\$0.2</b>	<b>\$17.8</b>
Local Government	7.4	1.3	1.5	0.1	1.7	0.0	12.0
<b>Total Employer</b>	<b>\$14.8</b>	<b>\$8.9</b>	<b>\$3.3</b>	<b>\$0.4</b>	<b>\$2.3</b>	<b>\$0.2</b>	<b>\$29.9</b>
<b>Total Employee</b>	<b>\$9.2</b>	<b>\$1.9</b>	<b>\$1.5</b>	<b>\$0.2</b>	<b>\$2.3</b>	<b>\$0.2</b>	<b>\$15.2</b>
<b>2027-2029</b>							
General Fund	\$2.8	\$7.8	\$1.6	\$0.3	\$0.8	\$0.0	\$13.4
Non-General Fund	4.3	0.0	0.0	0.0	0.0	0.2	4.5
<b>Total State</b>	<b>\$7.1</b>	<b>\$7.8</b>	<b>\$1.6</b>	<b>\$0.3</b>	<b>\$0.8</b>	<b>\$0.2</b>	<b>\$17.9</b>
Local Government	7.1	1.4	1.3	0.1	1.3	0.0	11.2
<b>Total Employer</b>	<b>\$14.2</b>	<b>\$9.2</b>	<b>\$2.9</b>	<b>\$0.5</b>	<b>\$2.1</b>	<b>\$0.2</b>	<b>\$29.1</b>
<b>Total Employee</b>	<b>\$8.4</b>	<b>\$1.8</b>	<b>\$1.2</b>	<b>\$0.3</b>	<b>\$2.1</b>	<b>\$0.2</b>	<b>\$13.9</b>
<b>2025-2050</b>							
General Fund	\$26.2	\$70.7	\$14.9	\$3.5	\$10.0	\$0.2	\$125.4
Non-General Fund	39.3	0.0	0.0	0.4	0.0	1.9	41.7
<b>Total State</b>	<b>\$65.5</b>	<b>\$70.7</b>	<b>\$14.9</b>	<b>\$3.9</b>	<b>\$10.0</b>	<b>\$2.1</b>	<b>\$167.1</b>
Local Government	65.5	12.5	12.2	1.7	15.8	0.0	107.6
<b>Total Employer</b>	<b>\$131.0</b>	<b>\$83.2</b>	<b>\$27.1</b>	<b>\$5.6</b>	<b>\$25.8</b>	<b>\$2.1</b>	<b>\$274.7</b>
<b>Total Employee</b>	<b>\$86.8</b>	<b>\$27.1</b>	<b>\$13.3</b>	<b>\$4.3</b>	<b>\$25.8</b>	<b>\$2.1</b>	<b>\$159.3</b>

Note: Totals may not agree due to rounding. We use long-term assumptions to produce our short-term budget impacts. Therefore, our short-term budget impacts will likely vary from estimates produced from other short-term budget models.

If this bill passes, we recommend new Administrative Factors be calculated for optional payment forms in order to maintain actuarial equivalence. The cost of this bill will be higher if DRS and the LEOFF 2 Board do not adopt new factors for future annuity purchases.

**Please note:** The analysis of this bill does not consider any other proposed changes to the systems. The combined effect of several changes to the systems could exceed the sum of each proposed change considered individually.

### **Comments on Risk**

Our office performs risk analysis to help us demonstrate and assess the effect of unexpected experience on pension plans. Our analysis allows us to measure how certain plan health and pension risk metrics can change if actual experience varies from our assumptions. For more information, please see our [Risk Assessment](#), [Commentary on Risk](#), and [Glossary](#) webpages.

In terms of risk, we would expect this bill would worsen affordability and solvency risk because this benefit improvements will increase contribution rates and increase future benefits paid from the plan, which decreases funded status in the short term.

### **HOW THE RESULTS CHANGE WHEN THE ASSUMPTIONS CHANGE**

The best estimate results can vary under a different set of assumptions. To determine the sensitivity of the actuarial results to the best estimate assumptions selected for this pricing, we considered the impact of varying our mortality assumption.

If members live longer than expected, the cost of this bill will be less than our best estimate. This is because the additional benefit would be paid later than assumed, and the present value of this benefit amount would be more heavily discounted by interest. On the other hand, if members do not live as long as expected, the cost of this bill will be greater since the additional benefit would be paid earlier than assumed.

**ACTUARY'S CERTIFICATION**

The undersigned certifies that:

1. The actuarial assumptions, methods, and data used are reasonable for the purposes of this pricing exercise. The use of another set of assumptions, methods, and data may also be reasonable and might produce different results.
2. Unless noted otherwise in this Actuarial Fiscal Note (AFN), the disclosures included in the 2023 AVR regarding the methods used to determine a plan's actuarially determined contribution, and the expected outcome of those methods, apply to this pricing exercise and remain unchanged.
3. The risk analysis summarized in this AFN involves the interpretation of many factors and the application of professional judgment. We believe that the assumptions, methods, and data used in our risk assessment model are reasonable for the purposes of this pricing exercise. However, the use of another set of assumptions, methods, and data could also be reasonable and could produce different results.
4. The models used are appropriate for the purpose of this pricing. We are not aware of any known weaknesses or limitations of the models that have a material impact on the results.
5. We prepared this AFN based on our current understanding of the bill as of the date shown in the footer. If the bill or our understanding of the bill changes, the results of a future AFN based on those changes may vary. Additionally, the results presented here may change after our next annual update of the underlying actuarial measurements.
6. We prepared this AFN and provided opinions in accordance with Washington State law and accepted Actuarial Standards of Practice as of the date shown in the footer.

We prepared this AFN to support legislative deliberations during the 2025 Legislative Session and it may not be appropriate for other purposes. We advise readers of this AFN to seek professional guidance as to its content and interpretation, and not to rely on this communication without such guidance. Please read the analysis shown in this AFN as a whole; distribution of, or reliance on, only parts of this AFN could result in its misuse and may mislead others.

The undersigned, with actuarial credentials, meets the Qualification Standards of the American Academy of Actuaries to render the actuarial opinions contained herein. While this AFN is meant to be complete, the undersigned is available to provide extra advice and explanations as needed



Lisa A. Won, ASA, FCA, MAAA  
Deputy State Actuary

**APPENDIX**

We estimated the fiscal impact of this bill by comparing projected pension contributions under this bill to contributions under current law. The projected pension contributions reflect contributions from the current members as well as assumed future hires.

- ❖ To determine the projected contributions under current law, we relied on our base model described in the **How We Valued These Costs** section. For current members, contribution rates from the base model are multiplied by future payroll. For future hires, contribution rates under the Entry Age Normal Cost method are multiplied by future new entrant payroll.
- ❖ To determine the projected contributions under this bill, we modified the base model described above to reflect the provisions of the bill, and the methods noted in the **How We Valued These Costs** section. We then multiplied the respective new contribution rates reflecting these changes by future payroll.

We determined these projected pension contributions using a Microsoft Excel model we developed. This model uses projected salary data from our valuation model in ProVal to calculate contribution rate and budget impacts based on the change in liabilities between current law and the provisions of this bill. We assessed the reasonableness of this model as part of our annual update, and we compared the results of this model to simplified estimates made by hand as part of individual pricings.