

AGENDA

Pension Funding Council

Wednesday
September 20, 2006
4:00 p.m.- HHR D

Executive Session:

Adoption of Pension Contribution Rates

Members:

Victor Moore, Chair
Director, Office of Financial Management

Representative Alexander

Senator Prentice

Sandy Matheson
Director, Department of Retirement Systems

Representative Sommers

Senator Zarelli

COMMITTEE MEETING AGENDA & MINUTES
State of Washington

Pension Funding Council		Date 9-20-06	Time 4:00 pm	1 of 2
Chair: Victor Moore		Meeting Location: JLOB		
		House Hearing Room: D		
Committee Members Present: Representative. Alexander, Senator Prentice, Sandy Matheson		Other Legislators Present:		
Committee Members Absent: Representative Sommers, Senator Zarelli		Staff Present: D. Pringle, L. McCollum		
Time	Brief Title or Proposed Brief Title	Position	For each item on the agenda, report committee action taken, individuals or groups testifying and summary of their statements, etc.	
4:06 p.m.	Victor Moore	Chair	Call to order of executive session to adopt pension contribution rates. Review of memo with recommendation from the Select Committee on Pension Policy. (Exhibit 1)	
4:07 p.m.	Victor Moore	Chair	Moves to adopt the basic pension contribution rates and effective dates set forth in Attachment E of the State Actuary's memo of September 18, 2006. (Exhibit 2)	
4:08 p.m.	Senator Prentice		Seconds the motion	
4:09	Senator Prentice		Discussion: Intends to vote yes with reservations. Likes the full funding of gain sharing. Concern about the lack of time to consider the information about mortality assumption changes that would create a significant impact on schools, local governments and employees. The changes come too late now to be considered in salary negotiations with public employees.	
4:09 p.m.	Representative Alexander		Discussion: Will be voting no for only one reason with concerns about the timing of receiving information about the assumptions used in developing the recommendations. Is comfortable with the recommendation of the Select Committee on Pension Policy if it is voted to go forward with that.	

Time	Brief Title or Proposed Brief Title	Position	For each item on the agenda, report committee action taken, individuals or groups testifying and summary of their statements, etc.
4:11 p.m.	Sandy Mathleson		Discussion: Echos the same concerns with timing of the assumptions changes. Moving into a different era - people living longer, possibly working longer. Pensions and retirements are becoming an issues equal to health care. The current system has been around for many years and needs to be reexamined about when we start looking at the factors. Suggests looking at when we look at the factors, how we value them, and not put the Actuary's office in a bind with the schedule to where they have to come with the information so late in the process.
4:12 p.m.	Victor Moore	Chair	Discussion: Comments and concerns about the effects adopting rates with the revised mortality assumptions would have on local governments that have already budgeted.
4:13 p.m.	Victor Moore	Chair	Call for the vote. Chair rules the motion passed pending signatures. Signature sheets circulated to members. The motion signature sheets will be sent to Representative Sommers and Senator Zarelli. (Exhibit 3)
4:14 p.m.	Victor Moore	Chair	Meeting Adjourned.

Exhibit 3

PENSION FUNDING COUNCIL

Olympia, Washington
September 20, 2006

Motion B

Basic Pension Contribution Rates

(With Gain Sharing, without Revised Mortality Assumptions)

The following basic pension contribution rates (Attachment E of OSA memo of September 18, 2006) take effect on the dates indicated:

Percent of Member Pay	Employer Plan 2 Member	
<i>Effective July 1, 2007</i>		
Public Employees' Retirement System	6.46	4.15
Law Enforcement Officers' and Firefighters' Retirement System Plan 1	0.00	n/a
Washington State Patrol Retirement System	7.75	6.70
Public Safety Employees' Retirement System	8.66	6.57
<i>Effective September 1, 2007</i>		
Teachers' Retirement System	7.38	2.90
School Employees' Retirement System	7.76	3.89
<i>Effective July 1, 2008</i>		
Public Employees' Retirement System	8.02	4.83
Law Enforcement Officers' and Firefighters' Retirement System Plan 1	0.00	n/a
Washington State Patrol Retirement System	7.75	6.70
Public Safety Employees' Retirement System	9.54	6.57
<i>Effective September 1, 2008</i>		
Teachers' Retirement System	9.15	3.39
School Employees' Retirement System	9.06	4.31

Representative Alexander

Sandy Matheson 9-20-06

Sandy Matheson
Director, Department of Retirement Systems

V.A.M. 9-20-06

Victor Moore, Chair
Director, Office of Financial Management

Margaret Prentice 09-20-06

Senator Prentice

Helen Sommers 9/21/06

Representative Sommers

Senator Zarelli

MEMBERS VOTING YES ON MOTION B

Select Committee on Pension Policy

September 19, 2006

TO: Pension Funding Council Members
 Senator Margarita Prentice, Chair
 Ways and Means Committee
 Senator Joseph Zarelli, Ranking Minority Member
 Ways and Means Committee
 Representative Helen Sommers, Chair
 Appropriations Committee
 Representative Gary Alexander, Ranking Minority Member
 Appropriations Committee
 Ms. Sandra Matheson, Director
 Department of Retirement Systems
 Mr. Victor Moore, Director
 Office of Financial Management

FROM: Senator Craig Pridemore, Chair
 Select Committee on Pension Policy
 Representative Bill Fromhold, Vice-Chair
 Select Committee on Pension Policy

**SUBJECT: SELECT COMMITTEE ON PENSION POLICY
 RECOMMENDATION ON 2007-09 PENSION
 CONTRIBUTION RATES**

The Select Committee on Pension Policy recommends that the Pension Funding Council adopt the contribution rates set forth in Attachment E to the State Actuary's September 18, 2006 letter to you concerning pension contribution rates for the 2007-2009 biennium. These rates include gain-sharing but do not include the projected mortality assumption change recommended by the State Actuary.

- Blaine M. Banks
PERS Retirees
- Representative Barbara Bailey
- Lois Clement
PERS Retirees
- Representative Steve Conway
- Representative Larry Crouse
- Senator Karen Fraser
- Representative Bill Fromhold
Vice-Chair
- Vacant
IRS and SERS Employers
- Robert Keller
PERS Actives
- Sandra J. Matheson, Director
Department of Retirement Systems
- Corky Mattingly
PERS Employers
- Doug Miller
PERS Employers
- Victor Moore, Director
Office of Financial Management
- Senator Joyce Mulliken
- Glenn Olson
PERS Employers
- Senator Craig Pridemore
Chair
- Diane Rae
IRS Actives
- Pat Thompson
PERS Actives
- Senator Mark Schoessler
- David Westberg
SERS Actives
- Executive Committee

Attachment E

2007-09 Contribution Rates Without Mortality Improvements, With Gain-Sharing

Employer Contribution Rates

System	2007-08 Rates	2008-09 Rates	Current Rates*	2007-08 Difference	2008-09 Difference
PERS	6.46%	8.02%	5.28%**	1.18%	2.74%
TRS	7.38%	9.15%	4.56%	2.82%	4.59%
SERS	7.76%	9.06%	4.67%	3.09%	4.39%
LEOFF 1	0.00%	0.00%	0.00%	0.00%	0.00%
WSPRS	7.75%	7.75%	4.51%	3.24%	3.24%
PSERS***	8.66%	9.54%	N/A	N/A	N/A

*Includes supplemental rate increases effective 9/1/2006.

**Effective 1/1/2007. From 7/1/2006 to 12/31/2006, rate is 3.51%.

***Informational only. Contribution rates have been established through 2007-09.

Plan 2 Member Contribution Rates*

System	2007-08 Rates	2008-09 Rates	Current Rates	2007-08 Difference	2008-09 Difference
PERS	4.15%	4.83%	3.50%	0.65%	1.33%
TRS	2.90%	3.39%	3.01%	(0.11%)	0.38%
SERS	3.89%	4.31%	3.79%	0.10%	0.52%
WSPRS**	6.70%	6.70%	4.51%	2.19%	2.19%
PSERS***	6.57%	6.57%	N/A	N/A	N/A

*The member contribution rate in PERS 1 and TRS 1 is fixed at 6%. No member contribution is currently required for LEOFF 1 under current funding policy. Plan 3 members do not contribute to the defined benefit portion of their plan. Members do not pay for gain-sharing provision.

**All members

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